

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL



**BILL SCHUETTE**  
ATTORNEY GENERAL

P.O. Box 30755  
LANSING, MICHIGAN 48909

January 14, 2013

Clerk of the Court  
Ingham County Circuit Court  
Veterans Memorial Courthouse  
313 W. Kalamazoo St.  
Lansing, MI 48901

*Via Hand Delivery*

**Re: Ken Ross, Commissioner of the Office of Financial and Insurance Regulation v  
American Community Mutual Insurance Company  
Case No. 10-397-CR; Honorable William E. Collette**

Dear Clerk of the Court:

Enclosed for filing in the above-referenced case are the **Petition for Approval of the Rehabilitator's Plan to Sell Real Property Owned by American Community Mutual Insurance Company with Exhibits A-C** and the **Notice of Hearing** along with Proof of Service. This filing is being submitted via hand delivery directly to the Court.

Sincerely,

A handwritten signature in black ink that reads "Christopher L. Kerr".

Christopher L. Kerr (P57131)  
Assistant Attorney General  
Corporate Oversight Division  
(517) 373-1160

Enc

c Vik Ghei and Misha Zaitzeff, HoldCo Advisors, LP  
Carolyn R. Thagard, Trapeza Capital Management, LLC

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT  
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE  
OF FINANCIAL AND INSURANCE  
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL  
INSURANCE COMPANY,

Respondent.

---

Christopher L. Kerr (P57131)  
Jason R. Evans (P61567)  
Assistant Attorneys General  
Attorneys for Petitioner  
Corporate Oversight Division  
P. O. Box 30755  
Lansing, MI 48909  
(517) 373-1160

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**NOTICE OF HEARING**

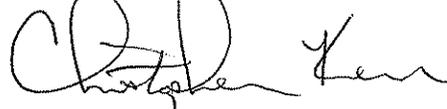
To: Clerk of the Court  
Vik Ghei and Misha Zaitzeff, HoldCo Advisors, LP  
Carolyn R. Thagard, Trapeza Capital Management, LLC  
Other Interested Parties

PLEASE TAKE NOTICE that the Petition for Approval of the Rehabilitator's Plan to Sell Real Property Owned by American Community Mutual Insurance Company, which was filed by the Petitioner, R. Kevin Clinton, Commissioner of the Office of Financial and Insurance Regulation and duly appointed Rehabilitator of American Community Mutual Insurance

Company, will be heard by the Honorable William E. Collette in the Mason Courthouse, 341 S. Jefferson, Mason, Michigan 48854 on Wednesday, January 23, 2013 at 9:00 a.m.

Respectfully submitted,

Bill Schuette  
Attorney General

A handwritten signature in black ink, appearing to read "Christopher L. Kerr". The signature is written in a cursive style with a large initial "C" and "K".

Christopher L. Kerr (P57131)  
Jason R. Evans (P61567)  
Assistant Attorneys General  
Attorneys for Petitioner  
Corporate Oversight Division  
P. O. Box 30755  
Lansing, MI 48909  
(517) 373-1160

Dated: January 14, 2013

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT  
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**PETITION FOR APPROVAL OF THE REHABILITATOR'S PLAN TO  
SELL REAL PROPERTY OWNED BY  
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY**

R. Kevin Clinton, Commissioner of the Michigan Office of Financial and Insurance Regulation, as Rehabilitator of American Community Mutual Insurance Company (the "Rehabilitator"), by and through his attorneys, Bill Schuette, Attorney General, and Christopher L. Kerr and Jason R. Evans, Assistant Attorneys General, petitions this Court pursuant to MCL 500.8114(4) to approve the Rehabilitator's plan to sell the real property, including the land and building, owned by American Community located at 39201 Seven Mile Road, Livonia, Michigan (the "Property"). In support of this Petition, the Rehabilitator states as follows:

1. On April 8, 2010, this Court entered a Stipulated Order Placing American Community into Rehabilitation, Approving Appointment and Compensation of Special Deputy Rehabilitators, and Providing Injunctive Relief (the “Rehabilitation Order”). Pursuant to MCL 500.8113(1), the Rehabilitation Order appointed the Commissioner as the Rehabilitator of American Community.

2. As required by MCL 500.8113(1), the Rehabilitation Order directed the Rehabilitator to “take immediate possession of all the assets of American Community and administer those assets under the Court’s general supervision.” Rehabilitation Order, p 4, ¶ 3.

3. According to MCL 500.8113(1), as incorporated by the Rehabilitation Order, the Rehabilitation Order “by operation of law vest[ed] title to all assets of [American Community] in the rehabilitator.” Rehabilitation Order, p 4, ¶ 4. The assets to which the Rehabilitator gained lawful title upon entry of the Rehabilitation Order include, but are not limited to, the Property.

4. Under the Rehabilitation Order and MCL 500.8114(2), the Rehabilitator “shall have and exercise the full and complete power” of American Community’s directors, officers, and managers, whose authority was suspended upon entry of the Rehabilitation Order. Rehabilitation Order, p 5, ¶ 7.

5. The Rehabilitation Order further provides that “[p]ursuant to MCL 500.8114(2) and (4), the Rehabilitator may take such action as he considers necessary or appropriate to reform or revitalize American Community, and is empowered to pursue all avenues of reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community to effectuate rehabilitation and maintain, to the greatest extent possible, a continuity of health care services.” Rehabilitation Order, p 6, ¶ 10.

6. The Rehabilitation Order additionally provides that “[p]ursuant to MCL 500.8114(4), if the Rehabilitator determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, he shall prepare a plan to effect those changes and shall apply to the Court for approval of such plan.” Rehabilitation Order, p 6, ¶ 11.

7. The Rehabilitator's assumption of all powers of American Community's former directors, officers, and managers, together with his broad powers with respect to reforming and revitalizing American Community, authorize and enable him—with the Court's approval—to take any action in connection with the Property that he deems necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and to maximize the protection of American Community's creditors, policyholders, and the public.

8. On August 3, 2010, this Court entered an Order approving the compensation to be paid to Summit Commercial, LLC (“Summit”) as the exclusive real estate broker for the sale or lease of the Property.

9. In its role as exclusive real estate broker, Summit previously negotiated a sale of the Property to Agree Development, LLC (“Agree”) for the purchase price of \$4,600,000, which this Court approved after hearing by Order dated December 22, 2010. The sale of the Property to Agree was never consummated, however, because Agree exercised its right to rescind the purchase agreement on August 12, 2011, during an extended inspection period.

10. Thereafter, Summit negotiated a sale of the Property to Gary Tadian (on behalf of a to-be-formed entity) for the purchase price of \$4,300,000, which this Court approved after hearing by Order dated March 21, 2012. The sale of the Property to Mr. Tadian again was not

consummated, however, because he exercised his right to rescind the purchase agreement on July 31, 2012, during an extended inspection period.

11. Following termination of the purchase agreement with Mr. Tadian, Summit negotiated a sale of the Property to Lormax Stern Development Company LLC (“Lormax Stern”) for the purchase price of \$4,000,000, which this Court approved after hearing by Order dated September 19, 2012. However, due to an adverse zoning decision by the Livonia Planning Commission at a hearing held on November 13, 2012—whereby the Planning Commission recommended to the Livonia City Council that Lormax Stern’s request to re-zone the Property from Professional Office (PO) to Commercial (C-2) be denied—Lormax Stern terminated the purchase agreement by letter dated November 15, 2012.

12. Summit resumed its marketing efforts after termination of the Lormax Stern purchase agreement, and has now negotiated an agreement to sell the Property to Schoolcraft College (“Schoolcraft”) for the purchase price of \$3,440,000. The agreement to sell the Property to Schoolcraft is evidenced by the fully-executed Real Estate Purchase Agreement (“Purchase Agreement”) between American Community and Schoolcraft attached as Exhibit A.

13. The Purchase Agreement provides, *inter alia*, for the following:

- a. Schoolcraft will pay American Community Three Million Four Hundred Forty Thousand and 00/100 Dollars (\$3,440,000.00) as the Purchase Price for the Property.
- b. Schoolcraft will deposit \$100,000 with the Title Company within three (3) business days after the Effective Date of the Purchase Agreement as an earnest money deposit toward the Purchase Price (the “Deposit”). The Purchase Agreement’s Effective Date is January 8, 2013, and Schoolcraft has made the Deposit.
- c. Schoolcraft is afforded a period of seven (7) business days after the date the Court approves the sale to inspect the Property and determine whether the Property is satisfactory for Schoolcraft’s intended use (the “Inspection Period”).

- d. If Schoolcraft is not satisfied with the Property, it may terminate the Purchase Agreement for any reason by providing written notice on or before the expiration of the seven-day Inspection Period. Upon termination within the Inspection Period, Schoolcraft is entitled to return of the entire Deposit. If Schoolcraft fails to terminate the Purchase Agreement on or before the expiration of the Inspection Period, the entire Deposit becomes non-refundable but will be credited toward the Purchase Price.
- e. Barring termination allowed by the Purchase Agreement, closing will occur within thirty (30) days after expiration of the Inspection Period. At Closing, Schoolcraft must pay the balance of the Purchase Price less the Deposit.
- f. The Purchase Agreement is expressly contingent upon and subject to this Court's approval. If and when obtained, evidence of the Court's approval must be provided to Schoolcraft as soon as possible.

14. Based on the terms of the Purchase Agreement with Schoolcraft and other considerations, the Rehabilitator has determined that entering into the Purchase Agreement and consummating the sale of the Property to Schoolcraft is necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public.

15. Specifically, the Purchase Agreement and sale of the Property to Schoolcraft will bring significant funds totaling \$3.44 million into the American Community rehabilitation estate for the benefit of the company's policyholders and creditors. Schoolcraft has provided the Rehabilitator documentation demonstrating its financial ability to pay the Purchase Price. Moreover, Schoolcraft's seriousness about purchasing the Property is evidenced by its Board of Trustees' unanimous resolution authorizing this transaction (Exhibit B), as well as its payment of the \$100,000 Deposit. Finally, the very brief Inspection Period and prompt Closing on the sale of the Property ensures that the Property will either be sold to Schoolcraft or, if the sale does not close, the Rehabilitator can move on to seek other buyers without undue delay.

16. Since Lormax Stern terminated its agreement to purchase the Property on November 15, 2012, Summit has actively marketed the Property for sale to another buyer. During that timeframe, Summit received only one other written offer to purchase the Property, which after negotiations culminated in a December 24, 2012 offer for the purchase price of \$3,250,000.

17. The Rehabilitator rejected this alternative offer—and Schoolcraft’s offer to purchase the Property is superior—given the Rehabilitator’s goals of efficiently administering this rehabilitation proceeding and providing maximum protection to American Community’s creditors, policyholders, and the public. As compared to the rejected offer for \$3.25 million, Schoolcraft’s agreed-to Purchase Price of \$3.44 million provides an additional \$190,000 to the rehabilitation estate for the payment of policyholder and creditor claims. Moreover, Schoolcraft’s Inspection Period of just seven business days is significantly shorter than the 60-day inspection period proposed by the rejected offer. Because efforts to sell the Property have been ongoing for over two years and this is now the fourth attempt to complete the sale after execution of a purchase agreement, this shorter Inspection Period promotes the efficient administration of this rehabilitation proceeding by minimizing the time that the Property will be tied up in connection with the Purchase Agreement.

18. Prior to the Rehabilitation, American Community issued surplus notes totaling \$30 million, which remain outstanding. As the attached Proof of Service reflects, a copy of this Petition, the proposed Order approving the sale of the Property to Schoolcraft (attached as Exhibit C), and a Notice of Hearing on this Petition have been served via regular mail on the holders of the surplus notes: (1) Vik Ghei and Misha Zaitzeff, founding partners and representatives of HoldCo Advisors, L.P. on behalf of surplus note holder Financial

Restructuring Partners, Ltd.; and (2) Carolyn Thagard of Trapeza Capital Management, LLC on behalf of surplus note holders Trapeza CDO IX, Ltd. and CDO X, Ltd. The Rehabilitator has identified these individuals as the parties with the strongest potential interest in this transaction.

19. Beyond the surplus note holders, providing personalized notice of this Petition and any resulting Order to all other parties that have a general interest in American Community's rehabilitation is impractical at this time because there has been no claims submission or other process to identify such interested parties. Moreover, attempting to identify and personally notify every party having a general interest would be time-intensive and costly to American Community's rehabilitation estate. For these reasons, the Rehabilitator requests that the Court authorize and ratify service of this Petition, the Notice of Hearing, and any resulting Order on any potentially interested parties (other than the two surplus note holders) by posting electronic copies on the OFIR website, [www.michigan.gov/ofir](http://www.michigan.gov/ofir), under the section "Who We Regulate," and the subsection "American Community." Service in this manner is reasonably calculated to give these other potentially interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, the Commissioner, as Rehabilitator of American Community, respectfully requests this Court to approve the Rehabilitator's plan to sell the Property to Schoolcraft College, according to the terms contained in the attached Purchase Agreement. In addition, the Rehabilitator requests this Court to authorize and ratify service of this Petition, together with the attached Exhibits (including the proposed Order), the Notice of Hearing, and any resulting Order: (a) via regular mail on the two surplus note holders only; and (b) on other potentially interested parties (beyond the two surplus note holders) by posting electronic copies on the "American Community" section of OFIR's website.

Respectfully submitted,

Bill Schuette  
Attorney General

A handwritten signature in black ink, appearing to read "Christopher Kerr". The signature is fluid and cursive, with the first name "Christopher" written in a larger, more prominent script than the last name "Kerr".

Christopher L. Kerr (P57131)  
Jason R. Evans (P61567)  
Assistant Attorneys General  
Attorneys for Petitioner  
Corporate Oversight Division  
P. O. Box 30755  
Lansing, MI 48909  
(517) 373-1160

Dated: January 14, 2013

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## REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT ("Agreement") is made and entered into as of the date of Purchaser's acknowledgment of its receipt of a fully executed copy of this Agreement with all exhibits attached thereto (the "Effective Date"), by and between SCHOOLCRAFT COLLEGE, a Michigan Community College District whose address is 18600 Haggerty Road, Livonia, Michigan 48152 (the "Purchaser"), and AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY (the "Seller").

1. Offer To Purchase Real Estate. Purchaser hereby offers to purchase from Seller, upon the terms and conditions hereinafter set forth, certain real property located at 39021 Seven Mile Road, Livonia, Michigan commonly known as the American Community Insurance Building, located in the City of Livonia, Wayne County, Michigan, which is more particularly described on Exhibit "A", attached hereto and made a part hereof, together with all improvements, appurtenances, furniture, fixtures, equipment and other personal property owned by Seller and benefiting, belonging or in any way appertaining to the land, including, but not limited to, all leases, security deposits, contracts, tenements, hereditaments, privileges, easements, air, mineral, subsurface, and riparian rights and all real property lying in the bed of any street, road or avenue adjoining the land and all strips, rights of way, and privileges inuring to the benefit of the land (collectively the "Property"). The Property shall be deemed to include the maximum number of land divisions permitted under the Land Division Act (formerly known as the Subdivision Control Act of 1967), as amended, Act No. 288 Public Acts of 1967 (The "Act"), with respect to The Property.

2. Purchase Price And Terms Of Payment. The purchase price for the Property shall be Three Million Four Hundred Forty Thousand and 00/100 (\$3,440,000.00) Dollars. The Purchase Price shall be payable as follows:

A. Purchaser shall, within three (3) business days after the Effective Date, deliver to First American Title Insurance Company, 100 Bloomfield Hills Parkway, Suite 195, Bloomfield Hills, Michigan 48304 (the "Title Company") an earnest money deposit in the amount of One Hundred Thousand and 00/100 (\$100,000.00) Dollars ("Deposit"). The Deposit shall be applied to the Purchase Price at Closing (as hereinafter defined), or otherwise distributed in accordance with the terms of this Agreement. If required, Purchaser and Seller shall execute the Title Company's mutually acceptable form escrow agreement regarding the holding of the Deposit. The Deposit shall be held in a non-interest bearing account.

B. At Closing, Purchaser shall pay to Seller the Purchase Price by cashier's check or by wire transfer of immediately available funds, subject to prorations and adjustments as provided for herein.

3. Evidence Of Title; Survey. As evidence of the title, Seller shall furnish Purchaser within ten (10) days after the Effective Date a commitment for an ALTA Form B owner's policy of title insurance, naming Purchaser as the proposed insured, identifying the condition of title to the Property, issued by the Title Company in an amount not less than the Purchase Price, and dated later than the Effective Date (the "Title Commitment"), accompanied by legible copies of the instruments referenced in the Title Commitment. At Closing, Seller shall convey marketable fee simple title to the Property to Purchaser free and clear of all liens and encumbrances other than zoning ordinances, building and use restrictions and easements of record. In addition, within three (3) business days after the Effective Date, Seller shall furnish Purchaser with a copy of any survey of the Property in Seller's possession.

4. Title And Survey Objections. If the Title Commitment does not confirm that title to the Property is in the condition required by Paragraph 3 above, Purchaser may object in writing to the condition of title to the Property. Seller shall then have ten (10) days following such written notice to make good faith efforts to remedy such defect(s). If Seller is unable or unwilling to remedy the defect(s) within such ten (10) day period, then; (i) Purchaser, at its option, may waive any defect(s) 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 by written notice to Seller, in which case Purchaser shall immediately receive a refund of the Deposit

and parties shall have no further liability or obligation under this Agreement. If, at closing, there exists any lien or encumbrance that seeks to enforce or secure a specified sum of money that has not been discharged or satisfied by Seller on or before closing, Purchaser may, in addition to its other rights and remedies, elect to satisfy and discharge or assume the payment of said lien or encumbrance at closing, in which event Purchaser shall, at closing, receive a credit equal to the amount expended or assumed by Purchaser. If Purchaser does not object to the condition of title as provided above, or, if Purchaser's Title objections have been satisfied or waived, the exceptions of record identified in the Title Commitment shall constitute "Permitted Exceptions" to title.

5. Inspection of Property.

A. Purchaser shall have a period of seven (7) business days from the date Seller informs Purchaser that Seller has obtained the Court Approval described in Paragraph 17 of this Agreement to inspect all aspects of the Property, including the condition of the Property and the feasibility of Purchaser's intended use of the Property (the "Inspection Period"). Seller agrees to allow Purchaser and its representatives access to the Property to conduct tests, inspections and studies of the Property that the Purchaser determines are necessary or desirable to ascertain the condition of the Property, provided, however that Purchaser shall not perform any invasive testing without Seller's prior written consent. Within three (3) business days after commencement of the Inspection Period, to the extent within Seller's possession, Seller shall provide to Purchaser copies of, or the ability to review the following documents; (a) any reports regarding the condition or value of the Property (b) any engineering plans, drawings or blueprints of the Property, (c) and contracts which bind the Property and will not be terminated at Closing and (d) any environmental assessments of the Property (collectively, the "Third Party Reports"). During Purchaser's inspections, Purchaser shall not cause any damage to the Property and, in the event any portion of the Property is disturbed or altered by virtue of 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. Purchaser shall indemnify and hold harmless Seller from any and all claims, liability, damages or costs, including, but not limited to, reasonable attorneys' fees and costs, arising out of or in connection with Purchaser's inspection activities on the Property. Notwithstanding anything to the contrary contained in this Agreement, Purchaser's indemnification and restoration obligations in this Paragraph shall survive the Closing or termination of this Agreement.

B. If Purchaser, in its sole discretion, is not satisfied with the condition of the Property for any reason, Purchaser may, at any time prior to the expiration of the Inspection Period (the "Notification Date"), elect in writing to terminate this Agreement, in which event; (i) Purchaser shall return the Third Party Reports, if any, to Seller and shall deliver to Seller copies of any surveys, studies or reports prepared by or on behalf of Purchaser with respect to the Property; (ii) the Deposit shall be promptly returned to Purchaser; and (iii) the parties shall have no further rights or obligations under this Agreement, with the exception of Purchaser's indemnity and restoration obligations under Section 5A, and Purchaser's waivers which expressly survive termination, which shall survive. If Purchaser fails to provide Seller with written notice of termination on or before the close of business on the Notification Date, Purchaser shall be deemed to be satisfied with the condition of the Property and to have elected not to terminate this Agreement. Provided Purchaser has not terminated this Agreement as permitted in this Section 5, the Deposit shall become non-refundable, but shall be applied to the Purchase Price at Closing.

6. Closing. If title can be conveyed in the condition required by Paragraph 3 above the Closing shall take place no more than thirty (30) days from the expiration of the Inspection Period or sooner if Seller is able to vacate the Property prior to the expiration of the thirty (30) day period (the "Closing" or "Closing Date"). The Closing shall take place at the office of the Title Company, or such other mutually desirable location. At the Closing, the parties shall execute the following documents and take the following actions:

A. Purchaser shall deliver to Seller the Purchase Price, subject to the required adjustments and prorations.

B. Seller shall execute and deliver to Purchaser a recordable Covenant Deed conveying to Purchaser title to the Property as required herein, accompanied by a Real Estate Transfer Valuation Affidavit.

C. Seller shall deliver a Bill of Sale conveying to Purchaser, all of the personal property which constitutes part of the Property.

D. Seller shall deliver to Purchaser an assignment of all of Seller's right, title and interest in and to any contracts which will not be terminated by Seller as of the Closing.

E. Seller shall deliver the following with respect to the Property, to the extent the following is within their possession; (1) all of the original contracts, (2) any and all available building plans, surveys, site plans, engineering plans and studies, utility plans, landscaping plans, development plans, specifications, drawings, marketing art work, rental brochures, construction drawings, soil tests, (3) all keys for the Property, with identification of the lock to which each such key relates, (4) complete warranty book including all contractors and subcontractors, (5) all accounts to tenant's security deposits, and (6) other documentation concerning all or any part of the Property and in the possession or control of seller.

F. Seller shall order and pay for a policy of title insurance, without standard exceptions, with coverage in an amount equal to the Purchase Price, subject only to the Permitted Exceptions. Seller shall deliver to the Title Company documents reasonable required by the Title Company to enable the Title Company to satisfy its Schedule B-1 requirements and delete its standard exceptions and to provide a "marked up" Title Commitment, dated as of the Closing Date.

G. Seller shall execute and deliver to Purchaser an affidavit certifying that Seller is not a "foreign person" as defined in Section 1445 of the United States Internal Revenue Code of 1986, as amended and containing Seller's taxpayer identification number.

H. Seller and Purchaser shall execute and deliver to each other a closing statement showing the amount by which the Purchase Price shall be adjusted as of closing. Seller shall pay all State and County property transfer taxes on the conveyance of the Property to Purchaser. Purchaser shall pay the recording fees for the Deed and other conveyance documents and one half of the closing costs charged by the Title Company. All escrow fees charged by the Title Company shall be shared equally by the parties.

I. Seller and Purchaser shall execute such additional documents and take such further actions as may be necessary to consummate the sale of the Property pursuant to this Agreement

#### 7. Real Estate Taxes.

A. Seller shall pay in full on or before the closing any and all real estate taxes which relate to the Property, and which are due and payable as of the Closing Date. Seller shall also pay in full, on or before the closing, all special and other assessments which were established and constituted a lien against the Property prior to the Closing Date, regardless of whether such assessments may be paid in installments after the Closing Date. Current taxes shall be prorated and adjusted between the parties as of the Closing Date on a due-date basis, as if all taxes are paid in advance.

B. At the Closing, all operating expenses relating to the Property shall be prorated based upon the principle that all items of expense that are attributable to periods prior to the Closing Date shall accrue to Seller and all items of expense that accrue from and after the Closing Date shall accrue to Purchaser.

8. Possession. At closing Seller shall deliver to Purchaser possession of the Property, free and clear of any rights or claims of possession by Seller or any third party and deliver all keys and combinations to locks to the Property.

9. **Seller Covenants.** From the Effective Date until the earlier of the termination of this Agreement or the Closing, Seller covenants the following:

A. Seller shall continue to maintain the Property in good condition and repair.

B. Except for the items contained on Seller's Discretion List as provided in Paragraph 16, Seller shall refrain from damaging, removing and/or otherwise modifying or improving the Property or any personal property located therein, in any way other than with respect to its obligations under Paragraph 9A above.

C. Seller shall refrain from entering into any contracts concerning the Property which are not terminable on or before the Closing Date, without Purchaser's prior written consent.

10. **Default.** In the event of a breach of the terms of this Agreement by either party hereunder, the non-breaching party shall provide written notice of such breach and a ten (10) day opportunity to cure the same. In the event the breach is not cured by the end of the ten (10) day period, it shall be considered a default under this Agreement. In the event of a default by Purchaser under this Agreement, Seller's sole remedy shall be to declare a forfeiture and retain the Deposit as liquidated damages, in full termination of this Agreement. In the event of a default by Seller, Purchaser may: (1) specifically enforce the terms of this Agreement or (2) demand and be entitled to an immediate refund of the Deposit in full termination of this Agreement.

11. **Casualty.** Risk of loss up to and including the Closing Date shall be borne by Seller. In the event of any material damage to or destruction of the Property or any portion thereof, Purchaser may, at its option: (1) terminate this Agreement and immediately receive a full refund of the Deposit or (2) proceed under this Agreement, receive any insurance proceeds (including any rent loss insurance applicable to any period on and after the Closing Date) due Seller, and/or the receiver, as a result of such damage or destruction and assume responsibility for such repair, and Purchaser shall receive a credit at the closing for any deductible amount under such insurance policies that Seller has not paid. "Material damage" and "materially damaged" means damage: (A) exceeding five (5%) percent of the Purchase Price to repair, or (B) which will take longer than ninety (90) days to repair.

12. **Broker's Commission.** Seller acknowledges its exclusive obligation to pay any commission owed to Summit Commercial ("Seller's Broker"). Purchaser acknowledges its exclusive obligation to pay any commission owed to L. Mason Capitani ("Purchaser's Broker"). Seller and Purchaser acknowledge and agree that there are no other real estate brokers related to this transaction that are owed a commission at Closing. Each party agrees to indemnify and hold harmless the other party from and against any claim that a commission or fee is due to any broker who dealt with the party from whom indemnification is sought.

13. **Notices.** Any notice to be given or served upon any party to this Agreement must be in writing and shall be deemed to have been given: (i) upon receipt in the event of personal service by actual delivery (including by telecopy or delivery service); (ii) the first business day after posting if deposited in the United States mail with proper postage and dispatched by certified mail, return receipt requested; or (iii) upon receipt if notice is given other than by personal service or by certified mail. All notices shall be given to the parties at the addresses set forth below their respective signatures.

14. **Entire Agreement; Successors and Assigns; Survival.** This Agreement constitutes the entire agreement between the parties as to the Property. There are no other oral or written conditions or agreements between the parties regarding the Property. Any modifications or amendments to this Agreement shall be in writing and signed by all parties. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns. Purchaser's obligations under Paragraphs 6 and 10 shall survive the termination of this Agreement.

15. **Governing Law, Venue and Jurisdiction.** This agreement shall be interpreted and construed in accordance with the laws of the State of Michigan, and notwithstanding that the Property is located in Wayne

County, Michigan, the parties expressly acknowledge and consent to the jurisdiction and venue of the Ingham County Circuit Court for all matters arising with respect to this Agreement and/or the Property.

16. Seller's Discretion List. Seller may remove any or all of the items on the Seller's Discretion List attached as Exhibit "B" hereto, in Seller's sole discretion. Any items of personal property remaining in the Property at Closing shall be deemed to be part of the Property and included in the sale of the Property to Purchaser.

17. Court Approval. As Seller is in rehabilitation, the parties acknowledge that this Agreement and all of Seller's covenants and obligations herein are subject to and contingent upon receipt of approval from the Ingham County Circuit Court, State of Michigan. Within a reasonable period following the Effective Date, Seller shall file a petition seeking final approval of this transaction from the Ingham County Circuit Court (the "Court Approval") and shall provide evidence of such Court Approval, if and when obtained, to Purchaser as soon as possible thereafter.

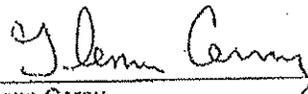
18. Miscellaneous. The parties may execute this Agreement in any number of counterparts, each of which when executed shall have the force and effect of an original, but all such counterparts shall constitute one and the same agreement. For purposes of this Agreement, a facsimile signature shall be deemed the same as an original. The provisions of this Agreement are severable. If any paragraph, subparagraph, sentence or provision shall be invalid or unenforceable, it shall not affect any of the remaining provisions of this Agreement, and all provisions shall be given full force and effect separately from the unenforceable or invalid paragraph, subparagraph, sentence or provision as the case may be. Time is deemed to be of the essence of all undertakings and agreements of the parties hereto.

19. Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller that prior to executing this Agreement, Purchaser has taken all necessary action and secured all necessary approvals to authorize Purchaser's execution and delivery of this Agreement, and if this Agreement is not otherwise terminated, shall obtain the approvals necessary to consummate the purchase of the Property prior to the expiration of the Inspection Period. Upon execution of this Agreement and delivery to the parties, the obligations under this Agreement are legal, valid, and binding upon both Purchaser.

"PURCHASER"

Schoolcraft College, a Michigan Community College District

By:

  
Glenn Cerny

Its: Authorized Representative

Address: 18600 Haggerly Road  
Livonia, Michigan 48152

Dated:

~~1/7~~ 2013

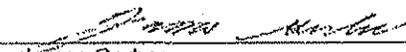
1/8/2013

GRC

The foregoing Offer to Purchase Real Estate is hereby accepted and Seller agrees to sell the Property to Purchaser upon the terms stated above.

"SELLER"

American Community Mutual Insurance Company

By: 

James Gerber

Its: Deputy Rehabilitator

Address: Office of Financial and  
Insurance Regulation  
P.O. Box 30220  
Lansing, MI 48909

Dated: January 8, 2013

ACKNOWLEDGMENT OF PURCHASER

By execution below, Purchaser acknowledges receipt of a fully executed copy of the Purchase Agreement with all Exhibits attached thereto as of the date set forth below.

Schoolcraft College, a Michigan Community  
College District

By:   
Glenn Cerny

Its: Authorized Representative

Date signed by Purchaser: 1/7, 2013

1/8/2013 GEC

**EXHIBIT "A"**  
**(Legal Description of Real Estate)**

THE EAST 715.05 FT OF THE WEST 780.05 FT OF THE SOUTH 573 FT OF THE NORTH 633 FT OF THE  
NW 1/4 OF SEC 7 T1S R9E. 9.41 ACRES

Commonly known as: 39201 Seven Mile Road, Livonia, Michigan

Tax Parcel ID No. 026-99-0001-000

## EXHIBIT "B"

### SELLER'S DISCRETION LIST

1. All computer equipment, including hardware, software, servers, network switches, appliances, video/audio conferencing projection systems, telecommunication systems, etc., excluding, however, any in-wall wiring/cabling.
2. All Server Room facilities equipment, including mini chiller, mini air handler, raised flooring, hanging cable track, etc.
3. All free standing cabinetry, including custom, storage, (excluding kitchen and bathroom installed cabinetry).
4. Pathway (Steelcase) removable office walls, doors and tracks.
5. Cubicle walls.
6. All storage and shelving racks, including rolling systems and stationary.
7. Hydraulic lift in forms storage area.
8. left blank
9. left blank
10. Ice machines.
11. Digital scrolling Spectrum wall boards.
12. Whiteboards, bulletin boards.
13. Coat racks.

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# SCHOOLCRAFT COLLEGE

18600 Haggerty Road, Livonia, Michigan 48152-2696

AGENDA ITEM NO. 3

MOTION NO. 2013-3

SPECIAL BOARD MEETING  
Board of Trustees  
January 9, 2013

**SUBJECT: Consider Land & Building Purchase - 39201 Seven Mile Road, Livonia**

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**BRIEF:** The College requests approval to purchase the land and building located at the property address of 39201 Seven Mile Road in Livonia for a purchase price of \$3,440,000 plus standard tax and expense prorations, costs, brokerage commissions and legal fees. The property is comprised of an 110,150 SF building, which sits on 9.4 acres and is located at the southeast corner of 7 Mile and Haggerty. This purchase will facilitate continued growth in our main Livonia campus.

The College retained L. Mason Capitani of Troy, Michigan as broker for the purchase to review opportunities, develop strategies and assist in the negotiation and acquisition of the property. After thorough review and investigation, negotiations with the rehabilitator, and legal reviews by Seyburn, Kahn, Ginn, Bess & Serlin, P.C., the Administration concurs that this purchase is in the best interest of the College.

Therefore it is the recommendation of the President to authorize the Vice President & Chief Financial Officer to execute all agreements and other necessary documentation to complete the purchase as described above.

Presented to the Board with the recommendation of the President.

**RECOMMENDATION:**

Moved by Trustee Strom Seconded by Trustee Fausone

BE IT RESOLVED that the Board of Trustees authorizes the Vice President & Chief Financial Officer to execute all agreements and other necessary documentation to complete the purchase of the above referenced property for a purchase price of \$3,440,000 plus standard tax and expense prorations, costs, brokerage commissions and legal fees.

**ROLL CALL VOTE**

**VOTE:** AYES Alaniz, Broderick, Gilligan, Fausone, Strom

NAYS \_\_\_\_\_

ABSTAINED \_\_\_\_\_

ABSENT Gebhardt, Stempien

MOTION CARRIED X MOTION DEFEATED \_\_\_\_\_

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STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT  
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE  
OF FINANCIAL AND INSURANCE  
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL  
INSURANCE COMPANY,

Respondent.

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Christopher L. Kerr (P57131)  
Jason R. Evans (P61567)  
Assistant Attorneys General  
Attorneys for Petitioner  
Corporate Oversight Division  
P. O. Box 30755  
Lansing, MI 48909  
(517) 373-1160

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**ORDER APPROVING THE REHABILITATOR'S PLAN TO  
SELL REAL PROPERTY OWNED BY  
AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY**

At a session of said Court held in the  
Circuit Courtrooms for the  
County of Ingham, State of Michigan  
on the \_\_\_\_ day of January, 2013

PRESENT: HONORABLE WILLIAM E. COLLETTE, CIRCUIT COURT JUDGE

**WHEREAS**, R. Kevin Clinton, the Commissioner of the Michigan Office of Financial  
and Insurance Regulation and duly appointed Rehabilitator of American Community Mutual  
Insurance Company (the "Rehabilitator") has filed a Petition for Approval of the Rehabilitator's

Plan to Sell Real Property Owned by American Community Mutual Insurance Company (the "Petition"); and

**WHEREAS**, the Rehabilitator has served the Petition, together with the attached Exhibits (which included a copy of this proposed Order) and a Notice of Hearing: (a) via regular mail on American Community's surplus note holders; and (b) on other potentially interested parties (beyond the surplus note holders) by posting electronic copies on the "American Community" section of OFIR's website; and

**WHEREAS**, MCL 500.8114(4) authorizes the Rehabilitator, upon making a determination that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, to prepare a plan to effect such changes and to apply for this Court's approval of the plan; and

**WHEREAS**, the Rehabilitator has determined that entering into a Purchase Agreement with Schoolcraft College for the sale of the real property, including the land and building, owned by American Community located at 39201 Seven Mile Road, Livonia, Michigan (the "Property") is necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public; and

**WHEREAS**, the Court having reviewed the Petition and any objections or responses filed thereto, having heard oral arguments on January 23, 2013 at 9:00 a.m., and being otherwise fully advised;

**NOW, THEREFORE, IT IS HEREBY ORDERED** that the Court APPROVES the Rehabilitator's plan to sell the Property to Schoolcraft College, according to the terms contained in the executed Real Estate Purchase Agreement attached as Exhibit A to the Petition;

**IT IS FURTHER ORDERED** that the Court authorizes, approves, and/or ratifies the Rehabilitator's service of the Petition, together with the attached Exhibits, the Notice of Hearing, and this Order, via regular mail on American Community's surplus note holders only;

**IT IS FURTHER ORDERED** that due to the difficulty and prohibitive cost associated with providing personalized notice of the Petition, Notice of Hearing, and this Order to all other parties having a general interest in the American Community rehabilitation, the Court authorizes, approves, and/or ratifies the Rehabilitator's service of these papers on other potentially interested parties (beyond the surplus note holders) by posting electronic copies on the OFIR website, [www.michigan.gov/ofir](http://www.michigan.gov/ofir), under the section "Who We Regulate," and the subsection "American Community." The Court finds that service in this manner is reasonably calculated to give these other potentially interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

**IT IS SO ORDERED.**

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Honorable William E. Collette  
Circuit Court Judge

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT  
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE  
OF FINANCIAL AND INSURANCE  
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETE

AMERICAN COMMUNITY MUTUAL  
INSURANCE COMPANY,

Respondent.

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**PROOF OF SERVICE**

The undersigned certifies that a copy of the **Petition for Approval of the Rehabilitator's Plan to Sell Real Property Owned by American Community Mutual Insurance Company along with Exhibits A-C** and the **Notice of Hearing**, together with this Proof of Service, was served upon the parties listed below by mailing the same to them at their respective addresses with first class postage fully prepaid thereon, on the 14th day of January, 2013:

Vik Ghei  
Misha Zaitzeff  
HoldCo Advisors, LP  
32 Broadway, Suite 1112  
New York, NY 10004

Carolyn R. Thagard, CFA  
Trapeza Capital Management, LLC  
15 Alden Lane  
Birmingham, AL 35213

And on all other parties in interest by posting electronic copies on the OFIR website, [www.michigan.gov/ofir](http://www.michigan.gov/ofir), under the section "Who We Regulate" and the subsection "American Community."

  
\_\_\_\_\_  
Linda S. Miers, Legal Secretary