

**FORSYTH COUNTY HOME
AFFORDABLE HOME OWNERSHIP PROGRAM
DECLARATION OF DEED RESTRICTIONS**

STATE OF NORTH CAROLINA
COUNTY OF FORSYTH

THIS DECLARATION OF DEED RESTRICTIONS (the "Declaration") made and entered into this _____ day of _____, 20____, by and between _____ (the "Grantor") for the benefit of and enforceable by FORSYTH COUNTY (the "Lender"):

WHEREAS, Owner is the owner of a certain tract of real property, more particular described as Exhibit "A" attached to Deed of Trust hereto and incorporated herein by reference (the "Property"); and

WHEREAS, Lender has made a loan to Owner in the original principal amount of \$ _____ (the "Loan") evidenced by a Promissory Note dated _____ and secured by a Deed of Trust of even date with the Promissory Note; and

WHEREAS, the Loan was made to provide assistance to a residential housing project with one unit to be acquired, constructed or rehabilitated with the proceeds of the Loan, and with a known street address of _____ for the Property (the "Project") pursuant to the Home Investment Partnerships Act (the "Program") and subject to the regulations promulgated as part of the Home Investment Partnerships Program (24 CFR Part 92) (the "Program Regulations"), which Program Regulations, among other things, restrict the use of Program assistance to property which will provide affordable housing for at least a minimum period of time as prescribed therein; and that the Owner occupies the Property as owners's principal residence; and

WHEREAS, as a condition of making the Loan to Owner, Lender has required and Owner has agreed to restrict the Property as set forth herein.

NOW, THEREFORE, Grantor, in consideration of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner hereby represents, covenants, warrants and agrees:

1. Minimum Program Restrictions. At all times during the term of this Declaration the Owner and the Project shall comply with all regulations affecting a recipient owner and a qualifying project pursuant to the Program Regulations, as the same may be amended from time to time including, but not limited to the following:

The Project shall qualify as and shall be maintained as "affordable housing" as prescribed in the applicable Program Regulations (24 CFR §§ 92.254, 92.255) based on the Owner's application for Program assistance and shall be suitable for occupancy.

2. Term. This Declaration shall remain in full force and effect for a period of the sell of the residence from the date hereof, which period must also equal or exceed the loan term of the HOME Program Loan to the Owner that closed on the same date of this Declaration; however, this Declaration period shall in no event be less than the required minimum period of affordability under the applicable Program Regulations (the "Period of Affordability"). This Declaration shall automatically terminate in the event of transfer of title by foreclosure or by deed in lieu of foreclosure, or if pursuant to 24 CFR § 92.254(a)(5)(i)(A) assignment of an FHA insured mortgage to HUD, subject to automatic revival if, at any time during the remainder of the original Period of Affordability, the owner of record immediately prior to the termination event, or any entity that includes such former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the Project or the Property. It is understood and agreed that the term of this Declaration may extend beyond the term of the Loan or may be terminated by the Lender upon full and satisfactory repayment of the Loan prior to the full term of the Declaration at the sole discretion of the Lender.

3. Covenants to Run with the Land. The covenants, reservations and restrictions set forth herein (i) shall be deemed covenants running with the land and, shall pass to and be binding upon Owner, the Owner's heirs, successors and assigns in title to the Property and all subsequent Owners or operators of the Project and (ii) are not merely personal covenants of the Owner. The benefits shall inure to the Lender and any present or prospective tenant of the Project during the term of this Agreement. The Owner hereby agrees that any and all requirements of the laws of the State of North Carolina to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the Property and which touch and concern the Property, shall be deemed to be satisfied in full, and that any requirements of privity of estate are intended to be satisfied, and that an equitable servitude in the form of a negative easement has been created to insure that these restrictions run with the land. Each and every contract, deed or other instrument hereinafter executed covering or conveying the Property or the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument. If a portion or portions of the Project are conveyed, all of such covenants, reservations and restrictions shall run to each portion of the Project.

4. Compliance Monitoring. The Owner agrees to permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Lender to inspect any books and records of the Owner regarding the Project which pertain to compliance with this Agreement. The Owner shall submit any other information, documents or certifications requested by Lender which the Lender shall deem reasonably necessary to substantiate the Owner's continuing compliance with the Program, Program Regulations and this Agreement.

5. Remedies; Enforceability. The Owner and Lender acknowledge that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Agreement is to assure compliance of the Project and the Owner with the Program, Program Regulations and additional Lender restrictions. AND BY REASON THEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING THE LOAN FOR THIS PROJECT HEREBY AGREES AND CONSENTS THAT THE LENDER AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER THE PROGRAM

(WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO OBTAIN SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN ANY COURT OF COMPETENT JURISDICTION. The Owner hereby further specifically acknowledges that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

6. Amendment. This Declaration shall not be amended or, except as otherwise provided herein, terminated except by a written instrument, executed by the Lender and the Owner, or their successors and assigns, which amendment shall be duly recorded in the Office of the Register of Deeds for the county in which the Property is located.

7. Severability. If any provision hereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

8. Construction. Unless the context clearly requires otherwise, as used in this Declaration, words of the masculine, feminine or neuter gender shall be construed to include any other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Declaration and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

9. Headings. The titles and headings of the sections of this Declaration have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof, nor be considered or given any effect in construing this Declaration or any provisions hereof, or in ascertaining intent if any question of intent shall arise.

10. Governing Law. This Declaration shall be governed by the laws of the State of North Carolina.

IN WITNESS WHEREOF, the Owner has executed this Declaration on the date first above written.

OWNER:

(SEAL)

(SEAL)