

---

## DECLARATION OF DEED RESTRICTIONS

THIS DECLARATION OF DEED RESTRICTIONS (the “Declaration”) is incorporated in and made part of that certain deed (the “Deed”) of certain property (the “Property”) from Self-Help Community Development Corporation, a North Carolina nonprofit corporation (“Self-Help”) to [Name] (together with her heirs, assigns, future owners or successors in interest, collectively referred to as the “Owner”) dated \_\_\_\_\_, 20\_\_:

WHEREAS, Owner is the owner of a certain tract of real property, more particularly described as 711 Mill St. Rocky Mount, NC 27804 (the “Property”); and

WHEREAS, the parties desire that the Property shall be owned, operated, and managed so as to qualify as “affordable housing;”

WHEREAS, as a condition of conveying the Property to Owner, Self-Help has required and Owner has agreed to restrict the Property as set forth herein (the “Restrictions”).

NOW, THEREFORE, 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. Term.
  - a. This Declaration shall remain in full force and effect for a period of fifteen (15) years from the date hereof (the “Affordability Period”); provided, however, if the Property is sold prior to the expiration of any Affordability Period, the Affordability Period will recommence and the provisions contained in this Declaration will be effective for an additional fifteen (15) years from the date of the subsequent sale of the Property.
  - b. Upon foreclosure by a lender or other transfer in lieu of foreclosure, the Affordability Period shall be suspended. However, if at any time following foreclosure by a lender or other transfer in lieu of foreclosure, but still during the Affordability Period, the owner of record prior to the foreclosure or deed in lieu of foreclosure, or any newly formed 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 Property, the Affordability Period shall be revived according to its original terms.
  
2. Occupancy and Income Restrictions.

- a. Each Owner hereunder must be a natural person; and each Owner must occupy the Property as a single-family principal residence;
- b. Each Owner shall, at the time of acquisition of the Property, have an income less than or equal to one hundred and twenty percent (120%) of the household "Area Median Income" as defined by the U.S. Department of Housing and Urban Development median family income figures for the Rocky Mount, NC Metropolitan Statistical Area, as determined by Self-Help;
- c. Each Owner shall, at the time of acquisition of the Property, have Household Assets in an amount not to exceed the greater of (i) \$30,000 or (ii) twenty percent (20%) of the contracted purchase price of the Property, as determined by Self-Help. "Household Assets" include financial assets such as savings accounts, checking accounts, trusts, investment assets (stocks, bonds, etc.), cash savings, miscellaneous investment holdings, etc. (Balances in specifically designated retirement funds and college savings accounts are not subject to the asset limit, but are counted when calculating income from assets.) Household Assets shall also be deemed to include any monetary gifts but shall exclude any downpayment assistance grants from government entities or agencies, nonprofit organizations or community development financial institutions.
- d. Any monetary gifts to an Owner in connection with the purchase of the Property must be evidenced by a notarized gift letter and matched by the Owner's funds applied to the purchase. Gift funds may not exceed two and one half percent (2.5%) of the contracted purchase price of the Property.
- e. In connection with any conveyance of the Property during the Affordability Period, prospective Owners shall submit evidence of qualification pursuant to the foregoing restrictions to Self-Help. Following receipt of all required and requested information, Self-Help shall determine whether the prospective Owner qualifies and provide notice in writing to both the current Owner and any prospective Owner.

3. Provisions of Resale.

- a. During the Affordability Period, the Property, or any portion thereof, shall be available for purchase at the Maximum Resale Price only to an individual or household meeting the requirements of Section 2 above.
- b. For purposes of this Deed Restriction, the "Maximum Resale Price" is determined to be the "Sales Price Limit" for "Existing Properties" in the year of sale as defined by the HOME Investment Partnerships Program (HOME) homeownership value limits for Edgecombe County.
- c. Owner hereby grants Self-Help and its affiliates the right and option to purchase the Property (the "Option") at the list price, not to exceed the Maximum Resale Price. Owner shall provide a notice of intent to sell the Property (a "Notice") to Self-Help prior to entering into any agreement for purchase and sale of the Property with any such third party purchaser or commencing any conveyance of the Property. Self-Help shall respond indicating whether it elects to exercise its Option within ten (10) business days of receipt of any Notice. Following exercise of the Option, Owner and Self-Help or its affiliate shall enter into a standard agreement for purchase and sale. This Option shall apply to each and every sale of the Property by any Owner during the Affordability Period.

4. Covenants to Run With the Land. The Restrictions, the grant of the Option, and the consent right of Self-Help, as set forth herein, shall be deemed covenants running with the land and shall pass to and be binding upon Owner, its heirs, personal representatives, successors and assigns in title to the Property and are not merely personal covenants of the Owner. The benefits shall inure to the Property during the Affordability Period. The Owner hereby agrees that any and all requirement of the laws of the State of

North Carolina are satisfied in order for the provisions of the Restrictions 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 ensure that these Restrictions run with the land. Each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to the Restrictions, regardless of whether the Restrictions are set forth or referred to in such contract, deed or other instruments. If a portion or portions of the Property are conveyed, all of the Restrictions shall run to each portion of the Property.

5. Default and Remedies.

- a. Owner shall be in default herein if Owner fails to comply with any of the Restrictions and such failure shall continue for a period of sixty (60) days after Owner's receipt of written notice from Self-Help specifying the default.
- b. If Owner shall be in default hereunder, then in addition to any other rights or remedies available at law or equity, Self-Help shall have the right to repurchase the Property at a price equal to the Fair Market Value at the time of the repurchase and subject to these Restrictions by sending Owner written notice of its intent to repurchase (the "Repurchase Notice"). For the purposes of this section "Fair Market Value" shall be determined as follows:
  - i. Within thirty (30) days after Owner's receipt of the Repurchase Notice, each of Owner and Self-Help shall appoint an appraiser who shall be a Member of the Appraisal Institute ("MAI") who has at least ten (10) years' experience in residential appraisals in the Rocky Mount, North Carolina area.
  - ii. Within twenty (20) days after appointment, each appraiser so chosen shall submit its written appraisal of the Property to Owner and Self-Help. If the difference between the appraisals shall be ten percent (10%) or less of the lower appraisal, the Fair Market Value shall be the average of the two appraisal amounts.
  - iii. If the difference between the appraisals shall be more than ten percent (10%) of the lower appraisal, the two appraisers shall appoint a third appraiser with the qualifications set forth in section 7(b)(i) above.
  - iv. Within twenty (20) days after appointment, the third appraiser shall submit his or her written appraisal of the Property to Owner, Self-Help, and the other appraisers. The Fair Market Value shall be the average of the two appraisals (of the three) that are closest to each other in amount.
- c. The closing of Self-Help's repurchase of the Property shall occur within sixty (60) days following the date that the Fair Market Value is set as provided above. At the repurchase closing, Owner shall deliver a special warranty deed to the Property to Self-Help conveying the same quality of title by which Owner acquired the Property, and Self-Help shall pay the Fair Market Value by wire transfer of immediately available funds. Owner shall cause, at its own expense, all monetary liens placed on the Property in connection with Owner's financing or in connection with work or materials provided in connection with Owner's development of the Property to be removed prior to the repurchase closing. Owner shall assign all then-existing leases of the Property to Self-Help.

6. Amendment. These Restrictions shall not be amended or, except as otherwise provided herein, terminated except by a written instrument, executed by Self-Help and the Owner, or their successors or 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. Short Term Exception. Notwithstanding anything else herein to the contrary, the terms of these Restrictions shall not apply in and during the event that any Grantee Temporarily does not occupy the Property as his/her principal residence. For purpose of the preceding sentence, “Temporarily” means one year or less. The Short Term Exception described in this paragraph shall be available only with advance written permission from Self-Help.
8. Reporting Requirements. Upon written request by Self-Help, Owner shall within thirty (30) days prepare and submit to Self-Help such additional reports as Self-Help may deem necessary to ensure compliance with the requirements of these Restrictions.
9. Notice. Any notice required or permitted under these Restrictions or under state law shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Self-Help:

Self-Help CDC  
301 W. Main Street  
Durham, NC 27701

If to Owner:

[Owner’s Name]  
711 Mill Street  
Rocky Mount, NC 27804

10. Severability. If any portion 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.

Executed under seal as of the date set forth above.

OWNER:

By: \_\_\_\_\_  
[Name]