FHA Case #:

Appendix B

LAND USE RESTRICTION ADDENDUM

This addendum is incorporated into, and made part of, the FHA Sales Contract for the property located at _____

executed this same day of _____, 20__, between _____(Purchaser) and the Secretary of the United States Department of Housing and Urban Development (Seller).

I. Unless an exception is granted in writing by the Seller in an FHA approved Affordable Housing Plan, the Purchaser shall utilize the property to expand affordable housing opportunities by:

A. Completing needed repairs to bring the property in compliance with local housing code followed by resale, lease, or lease purchase only to a person who intends to occupy the property as his or her principal residence and whose income is at or below 115 percent of the median income in the area, when adjusted for family size, or State, government entity, tribe, or agency thereof.

B. If sold, the Purchaser shall resell the property for an amount not in excess of 110 percent of the Net Development Cost. Net Development Cost is the total HUD-allowable costs to purchase, rehabilitate, and resell the property.

C. The property may not be occupied by or resold to any of the Purchaser's officers, directors, elected or appointed officials, employees, or business associates, either during their tenure or for one year thereafter, or to any individual who is related by blood, marriage, or law to any of the above.

D. There may be no conflict of interest with individuals or firms that may provide acquisition or rehabilitation funding; management, sales or rehabilitation services; or other services associated with the property.

II. Purchaser must provide periodic reports, in the format and frequency specified by HUD regarding the disposition of the property subject to this Addendum.

III. This Addendum survives the expiration, if any, by operation of law or otherwise, of the FHA Sales Contract, and shall terminate five years from the date contained herein.

_____

Purchaser Witness

_____

Secretary of Housing and Urban Development Witness

By: _____

(Type Name and Sign)