

**\*\* THIS IS A SAMPLE DOCUMENT. THIS MAY NOT REPRESENT A FINAL FORM OF DOCUMENT. THE CITY RESERVES THE RIGHT TO REVISE ALL DOCUMENTS AT ANY TIME. \*\***

## **CITY OF CHARLOTTE**

### **ACQUISITION, REHABILITATION & RESALE REVOLVING LOAN FUND**

#### **AGREEMENT**

THIS ACQUISITION, REHABILITATION & RESALE REVOLVING LOAN FUND AGREEMENT (the “Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 2024, by and between the City of Charlotte, a North Carolina municipal corporation (the “City”) acting by and through the City’s Housing & Neighborhood Services Department (“H&NS”) and \_\_\_\_\_, a North Carolina nonprofit corporation, with offices at \_\_\_\_\_ (the “Nonprofit”).

#### **Recitals and Background**

**WHEREAS**, the City of Charlotte has identified six under-invested areas now known as the City of Charlotte Corridors of Opportunity – Areas of Influence. These areas are individually known as Albermarle/Central, Beatties Ford/Rozzelles Ferry, Freedom/Wilkinson, West Sugar Creek, North Graham/North Tryon, and West Boulevard (the “Eligible Area”); and

**WHEREAS**, the Charlotte City Council has authorized a new program that would provide funding to nonprofit developers to acquire and/or rehabilitate unoccupied, dilapidated properties in those areas that will eventually be sold to low-income homebuyers under an acquisition, rehabilitation and resale loan program (the “ARR Program”); and

**WHEREAS**, H&NS issued a Request for Qualifications (RFQ)/Applications in August 2024 (collectively the “Application”) seeking applications from qualified nonprofits to be participants in the ARR Program; and

**WHEREAS**, in connection with the Application, the City has promulgated Acquisition, Rehabilitation, & Resale Loan Fund Guidelines, which may be amended, modified or extended in the City’s sole discretion, a copy of which is attached hereto as Exhibit A and incorporated herein (the “Program Guidelines”).

**WHEREAS**, Nonprofit submitted an application in response to the Application and the City has selected Nonprofit among others to acquire, rehabilitate, and sell homes in an Eligible Area to qualified buyers, consistent with and in compliance with the Program Guidelines.

**NOW THEREFORE**, in consideration of the foregoing recitals and background, and for good and valuable consideration, the City and Nonprofit agree on the following terms and conditions for Nonprofit’s participation in the ARR Program.

**Article 1. Definitions**

“Nonprofit” means \_\_\_\_\_.

“Nonprofit Loan Requirements” are defined in Section 3.1 and Exhibit A of this Agreement.

“Homebuyer Requirements” are described in Exhibit B of this Agreement attached hereto and incorporated herein.

“Program Guidelines” the Acquisition, Rehabilitation, & Resale Revolving Loan Fund Guidelines, which may be amended, modified or extended in the City’s sole discretion, a copy of which is attached hereto as Exhibit A and incorporated herein (the “Program Guidelines”).

“Term” means the term of this Agreement, commencing September \_\_, 2024, and terminating upon the later of (i) repayment of the loan(s) to Nonprofit at Final Closing to an Ultimate Purchaser; (ii) the date any subsidy contribution is forgiven the by the City (as set forth in Section 2.3(b) of this Agreement; or ( (ii) the expiration of the Period of Affordability.

“Ultimate Purchaser” means an eligible homebuyer who purchases the rehabilitated home constructed by Nonprofit at a Final Closing, in accordance with the Homebuyer Requirements.

**Article 2. Purchase and Sale of the Property**

2.1 Nonprofit Submission of Property Address, Plans and Specifications. In order to reserve funding, the Nonprofit shall submit to H&NS an executed purchase offer (or Deed if a subject property has been previously acquired), site information, rehabilitation quotes (including cost of remediation of any lead-based paint and/or asbestos), and financing structure for each home (collectively, the “Plans”). The Plans must, at a minimum, meet the City of Charlotte housing code and requirements detailed in the Application and the Program Guidelines. Nonprofit and City agree that the homes are to be acquired and rehabilitated for sale to eligible low-income Ultimate Purchasers , as further described in below.

2.2 Reservation of Funds. Upon H&NS’s review and approval of the Plans, the City shall provide Nonprofit with a three (3) month reservation of funds. Funding will consist of local and/or federal ARPA funds. Any reservation of funds shall be made in the City’ sole discretion. The City reserve the right to reject a Nonprofit application or Plans for any reason in its sole discretion The City reserves the right to revise the Program Guidelines and the ARR Program at any time in its sole discretion.

### 2.3 City ARR Program Financing.

(a) Acquisition Financing. If the Nonprofit requests acquisition financing from the City, the City will provide funding for the cost of the acquisition and closing costs at the closing on the property described in the approved Plans (the “Initial Closing”). The Nonprofit shall execute and deliver a promissory note to the City for the cost of the project at zero percent (0%) interest, (the “Note”), a deed of trust granted by Nonprofit securing repayment of the Note (the “Deed of Trust”), a restrictive covenants agreement providing for a thirty (30) year period of affordability (the “Deed Restrictions”), and such other documentation as may be required by the City. The Note shall not exceed the amount of \$350,000.00, and the total financing available to Nonprofit at any one time shall not exceed the amount of \$700,000.00.

At the closing of the sale of the home from the Nonprofit to an Ultimate Purchaser (the “Final Closing”), the outstanding principal balance of the Note shall be paid in full. The City’s Deed of Trust shall be in a first priority lien position and may be subordinated, if necessary, to facilitate Nonprofit’s acquisition financing; provided, however, that any such subordination shall not preclude the City’s exercise of its remedies, including any Recapture Remedies (as described in this Agreement), the City’s Deed of Trust, the City’s Deed Restrictions, or any other right of the City as set forth in any document evidencing and securing a loan to the Nonprofit, including without limitation the City’s declaration of an event of default under the Note and the Deed of Trust and the right of the City to foreclose and repossess the affected property(ies).

(b) Subsidy Contribution. The Nonprofit shall sell the properties shall be sold to an Ultimate Purchaser earning at or below 80% AMI. The property shall be sold at fair market value. If total development costs exceed fair market value, the City may make a subsidy contribution in its discretion in the form of a direct project contribution or loan write off, depending on the Nonprofit’s requested project structure. When applying for subsidy contribution, applications should submit supporting evidence of estimated market value and projected total development costs. The subsidy contribution will mirror the subsidy amount requested in the Nonprofit’s ARR Program application. This funding will be written off by the City at the Final Closing with the Ultimate Purchaser.

(c) Soft Second Financing to Ultimate Purchasers: Applicants may provide secondary financing as a deferred forgivable loan if the Ultimate Purchaser needs additional subsidy to finance the home purchaser at the Final Closing. Financial ARR Program assistance can only be used for needed principal curtailment. The loan to the Ultimate Purchaser will be forgiven at the end of a 30-year affordability period and is conditional upon the Ultimate Purchaser occupying the property. No home may be used as a rental property at any time.

Additional downpayment assistance to the Ultimate Purchaser may be secured through the North Carolina Housing Finance Agency and/or the HouseCharlotte Program. The Nonprofit and/or the Ultimate Purchaser shall apply for an obtain such financing at their own cost and expense.

2.4 City Right of First Refusal/Purchase Option. In the event that the Nonprofit wishes to sell, dispose of, or otherwise transfer the home to any party other than an Eligible Homebuyer, the City shall have a right of first refusal to purchase the Land (the “Refusal Right”) upon such terms and conditions as shall be mutually agreed upon by the City and the Nonprofit at that time. If the City and the Nonprofit cannot agree on a purchase price, then an appraisal shall be provided by a North Carolina real estate appraiser that is mutually agreed upon by the parties. The purchase price shall be the appraised value of the property.

### **Article 3. Nonprofit Responsibilities**

3.1 Commencement and Completion of Rehabilitation. The Nonprofit will be responsible for completing all necessary site planning and managing the rehabilitation of the homes in accordance with approved Plans. The Nonprofit shall comply with the Program Guidelines, the ARR Application and the ARR Program in all respects, including but not limited to the marketing and selling of all homes to qualified households, Construction must start within three (3) months of the Initial Closing date. If construction has not commenced within three (3) months from the Initial Closing date, the City may, at its option, exercise its Recapture Remedies as described in this Agreement, repossess the Property, and revoke the Nonprofit’s participation in the ARR Program. For each new home acquired, construction and sales shall be completed within [twelve (12)] months of the Initial Closing date consistent with the Program Guidelines. The City will not consider additional properties if the Nonprofit has two (2) homes (either completed or under construction) which are not under contract to an eligible Ultimate Purchaser at any one time.

#### 3.2 Additional Conveyances.

Once homes are under contract with an eligible Ultimate Purchaser as set forth in the Homebuyer Requirements attached hereto and incorporated herein as Exhibit B, additional funding reservations to the Nonprofit may be available but will not be awarded until homes are sold to Ultimate Purchaser(s). The City and the Nonprofit will not schedule Initial Closings for new properties if the balance owed to the City at any one time is greater than \$700,000.00. The Nonprofit shall have no more than three (3) loans through the ARR Program at any one time.

3.3 Compliance with the Program Requirements. The Nonprofit agrees that the development, construction and marketing of all of homes in the shall proceed in strict compliance with this Agreement and with the Program Guidelines and the Homebuyer Requirements.

## Article 4. Other Provisions

4.1 Amendments. No portion of this Agreement may be amended at any time after signing, except by a separate written agreement between the parties. Written and signed amendment agreements shall be attached to this Agreement and made a part of it for the duration of the Term.

4.2 Approved Plans and Quality Standards. All homes shall be built in accordance with Program Guidelines set forth in Exhibit A. All homes shall be rehabilitated and/or constructed in a workmanlike standard of quality and shall adhere to all applicable governmental building requirements.

4.3 Defaults and Remedies. In the event of default on the part of the Nonprofit as to any of the provisions within this Agreement, any Note or any Deed of Trust, the City shall give written notice and the Nonprofit shall have ten (10) calendar days to cure the default. If the default cannot reasonably be cured within ten (10) calendar days, the City may extend such time to cure such default in the City's sole and absolute discretion. If such default is not cured within such notice and cure period, the City may, at its option, and upon written notice to the Nonprofit, exercise any and all of the following remedies: (a) discontinue the Nonprofit's participation in the ARR Program; (b) discontinue any City second mortgage financing as described in this Agreement; (c) proceed with the foreclosure of any Notes and Deeds of Trust outstanding on the subject property upon which default has occurred; and (d) seek additional money damages by legal actions, in the City's sole and absolute discretion.

4.4 Recapture Remedies. In addition to the foregoing provisions, if City discovers (a) that Nonprofit has committed any act of fraud or made any false representations in its proposal in response to the ARR Application, or in any other statements to the City or any other documents related to the ARR Program, including Nonprofit's representations regarding any proposed homebuyer applicant pool in order to receive additional commitments of funds, or (b) that Nonprofit has failed to timely fulfill its responsibilities in accordance with the schedule set forth in Section 3.1 of this Agreement, the City may, in its sole discretion, consider the Nonprofit in default and revoke the Nonprofit's option to purchase subsequent houses for future development (the "Recapture Remedies"). The Nonprofit agrees that the City shall have and may exercise these Recapture Remedies, in addition to any other remedy available to the City, and that if the City exercises any such Recapture Remedies, the Nonprofit shall waive any rights to avoid foreclosure and any other rights the Nonprofit may have to avoid a recapture and foreclosure under N.C. Gen. Stat. §45-21.1 *et seq.*, and Nonprofit will also agree to convey to the City a deed in lieu of such foreclosure to any and all properties affected and recaptured by the City.

4.4. Termination. Either party may, at any time during the Term of this Agreement, or any extension thereof, terminate this Agreement by giving twenty (20) days written notice of its intention to terminate. During the twenty (20) day period, the parties agree to attempt to resolve the matter(s) which caused the request for termination. If the party giving the termination notice

does not withdraw the notice, this Agreement shall terminate upon the expiration of the twenty (20) day notice period stated above.

4.5 Delays. The Nonprofit may be granted extensions for delays that are not within its control, such as unreasonable delays in the approvals of plans or issuance of permits, shortage of materials or natural disasters, lot problems including unsuitable soils, rock, existing structural debris or subsurface remains, unsuitable services or other conditions. Such extensions shall be granted only upon a documented showing of good cause and shall be granted only at the option of the City and shall be for specific time periods.

4.6 Notices. All notices, requests for payment, or other communications arising hereunder shall be sent to the following:

To the City:

Ruth Ippolito  
Housing Program Manager  
Housing and Neighborhood Services  
City of Charlotte  
600 East Trade Street  
Charlotte, NC 28202

To the Nonprofit:

**[insert]**

4.7 Successor and Assigns; No Assignment. This Agreement may not be assigned without the express written consent of the City. The City and the Nonprofit each binds itself and its successors, executors, administrators and assigns with respect to all covenants of this Agreement. Neither the City nor the Nonprofit will assign, sublet, or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body which may be party hereto, nor shall it be construed as giving rights or benefits hereunder to anyone other than the City and the Nonprofit.

4.8 Non-Discrimination Agreement. To the extent permitted by North Carolina law, the parties hereto for themselves, their agents, officials, employees and servants agree not to discriminate in any manner on the basis of race, color, creed, national origin, sex, age, handicap, or sexual orientation with reference to the subject matter of this Agreement.

4.9 Applicable Law. All matters relating to this Agreement shall be governed by the laws of the State of North Carolina, without regard to its choice of law provisions, and venue for any action relating to this Agreement shall be in Mecklenburg County North Carolina.

4.10 Indemnity. Except to the extent caused by the sole negligence or willful misconduct of the City, the Nonprofit shall indemnify and hold and save the City, its officers, agents and employees, harmless from liability of any kind, including all claims, costs (including defense) and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, costs (including defense) and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Nonprofit in the performance of this Agreement. This representation and warranty shall survive the termination or expiration of this Agreement.

The Nonprofit shall indemnify and hold and save the City, its officers, agents and employees, harmless from liability of any kind, including claims, costs (including defense) and expenses, on account of any copyrighted material, patented or unpatented invention, articles, device or appliance manufactured or used in the performance of this Agreement.

4.11 Intellectual Property. Any information, data, instruments, documents, studies, reports or deliverables given to, exposed to, or prepared or assembled by the Nonprofit under this Agreement shall be kept as confidential proprietary information of the City and not divulged or made available to any individual or organization without the prior written approval of the City. Such information, data, instruments, documents, studies, reports or deliverables will be the sole property of the City and not the Nonprofit.

All intellectual property, including, but not limited to, patentable inventions, patentable plans, copyrightable works, mask works, trademarks, service marks and trade secrets invented, developed, created or discovered in performance of this Agreement shall be the property of the City.

Copyright in and to any copyrightable work, including, but not limited to, copy, art, negatives, photographs, designs, text, software, or documentation created as part of the Nonprofit's performance of this project shall vest in the City. Works of authorship and contributions to works of authorship created by the Nonprofit's performance of work under this Agreement are hereby agreed to be "works made for hire" within the meaning of 17 U.S.C. 201.

4.12 Advertising. The Nonprofit shall not use the existence of this Agreement or the name of the City of Charlotte, as part of any advertising without the prior written approval of the City.

4.13 Cancellation. Notwithstanding any other provisions in this Agreement, the City may terminate this Agreement at any time by providing thirty (30) days written notice to the Nonprofit. In addition, if Nonprofit shall fail to fulfill in timely and proper manner the obligations under this

Agreement for any reason, including the voluntary or involuntary declaration of bankruptcy, the City shall have the right to terminate this Agreement by giving written notice to the Nonprofit and termination will be effective upon receipt. Nonprofit shall cease performance immediately upon receipt of such notice.

4.12 Applicability of North Carolina Public Records Law. Notwithstanding any other provisions of this Agreement, this Agreement and all materials submitted to the City by the Nonprofit are subject to the public records laws of the State of North Carolina and it is the responsibility of the Nonprofit to properly designate materials that may be protected from disclosure as trade secrets under North Carolina law as such and in the form required by law prior to the submission of such materials to the City. Nonprofit understands and agrees that the City may take any and all actions necessary to comply with federal, state, and local laws and/or judicial orders and such actions will not constitute a breach of the terms of this Agreement. To the extent that any other provisions of this Agreement conflict with this paragraph, the provisions of this section shall control.

4.13 Iran Divestment Act Certification.

Nonprofit certifies that, as of the date listed below, it is not on the Final Divestment List as created by the State Treasurer pursuant to N.C.G.S. § 147-86.55, *et seq.* In compliance with the requirements of the Iran Divestment Act and N.C.G.S. § 147-86.59, Nonprofit shall not utilize in the performance of the Agreement any subcontractor that is identified on the Final Divestment List.

4.14 Audits.

The City of Charlotte Internal Audit Office may conduct an audit of Nonprofit's financial, performance and compliance records maintained in connection with the operations and services performed under this Agreement. The City or its designee may conduct such audits or inspections throughout the Term of this Agreement and for a period of three (3) years thereafter or longer if required by law.

In the event of such an audit, Nonprofit agrees that the City, or its designated representative, shall have the right to review and to copy any work, materials, payrolls, records, data, supporting documentation, or any other sources of information and matters that may in City's judgment have any bearing on or pertain to any matters, rights, duties or obligations under or covered by any contract document in connection with this Agreement. The Nonprofit agrees that the City, or its designated representative, shall have access to Nonprofit personnel pertaining to the performance of this Agreement, including but not limited to financial, performance, operations and compliance records. Nonprofit agrees to maintain such records for possible audit for a minimum of three (3) years after expiration of the Term, unless a longer period of records retention is stipulated. Nonprofit agrees to allow the City's auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such



records. The City's authorized representative or designee shall have reasonable access to the Nonprofit's facilities, shall be allowed to interview all current or former employees to discuss matters pertinent to the performance of this Agreement and shall be provided adequate and appropriate workspace, in order to conduct audits in compliance with this article. Further, Nonprofit agrees to include a similar right to the City to audit and interview staff in any subcontract related to performance of this Agreement.

Nonprofit shall require all payees to comply with the provisions of this article by including the requirements hereof in a written contract agreement between Nonprofit and payee. Nonprofit will ensure that all payees have the same right to audit provisions contained in this Agreement.

The City agrees to provide Nonprofit with an opportunity to discuss and respond to any findings before a final audit report is issued.

The City's rights under this provision shall survive the termination of this Agreement. The City may conduct an audit up to three (3) years after this Agreement terminates.

#### 4.15 E-Verify.

Nonprofit shall comply with E-Verify, the federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and as in accordance with N.C.G.S. §64-25 et seq. In addition, to the best of Nonprofit's knowledge, any subcontractor employed by Nonprofit as a part of this Agreement shall be in compliance with the requirements of E-Verify and N.C.G.S. §64-25 et seq.

#### 4.16 No Conflict of Interest.

No employees of the City of Charlotte staff, members of local governing bodies or other public officials in the locality which the project is situated, shall be admitted to any share or part of this Agreement, or shall have any financial interest directly or indirectly in any contract or subcontract, or receive any proceeds or benefits under this Agreement. Immediate family members of said members, officers, employees, agents or officials, are similarly barred from having any financial interest in or benefit from the Development. All parties to this Agreement shall incorporate or cause to be incorporated in all subcontracts, this provision prohibiting such interest pursuant to the purpose of this section.

4.17 City's Governmental Powers Reserved. It is specifically understood and agreed that the City's Housing and Neighborhood Services Department and all other departments and divisions of the City of Charlotte, in the exercise of their governmental and police powers or by separate agreement or contract, may reasonably require or contract for actions, approvals or consents which are in addition to those provided herein, and that any such other contracts or agreements as well as the exercise of governmental and police powers, to the reasonable extent otherwise valid, are not

hereby limited in any respect; provided, however, that the foregoing shall not in any way diminish any requirement(s) expressly stated herein for the City to act in a reasonable manner, and such requirement(s) for the City to act in a reasonable manner shall extend to such other contracts or agreements as well as the exercise of governmental and police powers to the extent legally possible.

4.18 Minority and Women Owned Business Participation The City of Charlotte prohibits discrimination in any manner on the basis of race, color, creed, national origin, sex, age, or handicap or sexual orientation and will pursue an affirmative policy of fostering, promoting, and conducting business with women and minority owned business enterprises. The City encourages participation by certified minority and women owned businesses.

[Signature pages follow]

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Agreement the day and year first written above:

CITY OF CHARLOTTE:

\_\_\_\_\_(SEAL)  
City Manager or Authorized Designee

ATTEST BY:

\_\_\_\_\_  
City Clerk

Approved as to form:

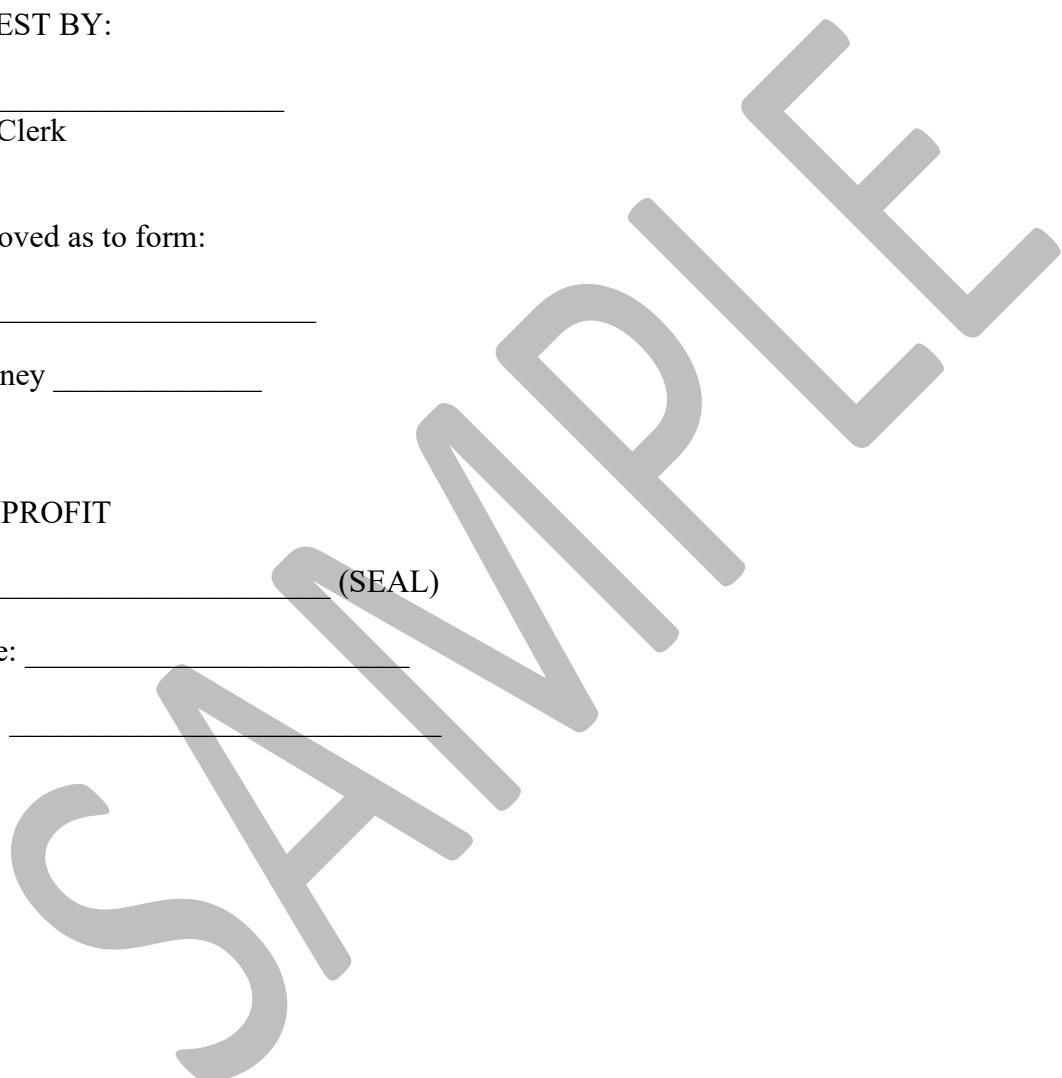
\_\_\_\_\_  
Attorney \_\_\_\_\_

NONPROFIT

By: \_\_\_\_\_ (SEAL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Exhibit A**

**Program Guidelines**

**THE CITY RESERVES THE RIGHT AMEND, MODIFY OR EXTEND THE PROGRAM GUIDELINES AT ANY TIME.**

**ATTACH CITY’S LOAN FUND GUIDELINES HERE**

**Exhibit B**

**Homebuyer Requirements**

THE CITY RESERVES THE RIGHT TO AMEND, MODIFY OR EXTEND THE HOMEBUYER REQUIREMENTS AT ANY TIME.

1. Income Limits. Nonprofit and/or its marketing professionals should be familiar with the HUD Income Limits. Current income limits for qualified low and moderate income families (80% of Area Median Income, or 80% AMI) are:

<u>Household Size</u>	1	2	3	4	5	6
<u>Income Limits (80% AMI)</u>	\$59,400	\$67,850	\$76,350	\$84,800	\$91,600	\$98,400

(Limits will be adjusted by HUD annually; current income limits can be found at:

<http://www.huduser.org/portal/datasets/il.html>)

2. Home Price Limits. Home prices for units available for purchase by buyers earning less than 80% AMI cannot exceed the HUD HOME Homeownership Sales Price Limit for Mecklenburg County which is in effect at the time the homebuyer purchases the home from the Nonprofit. The HUD HOME Homeownership Sales Price Limit chart can be found at: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

The home price limits are subject to change periodically based on changes in the HUD HOME Homeownership Sales Price Limit which is periodically updated by HUD. The City will publish any updates and effective dates to sales price limits to Nonprofits which are selected through this RFQ. Current established limit is \$342,000 for the Charlotte-Concord-Gastonia HUD Metro Area.

3. Homebuyer Deed Restrictions. The Nonprofit shall sell all homes according to the Program Guidelines set forth in Exhibit A attached to this Agreement and incorporated herein. Homebuyers to share a percentage of the appreciation in the homebuyer’s future sale of the property and which rental during the term of homeownership, as further stated in a Homeowners Deed Restrictions and Sharing Agreement in the form as set forth in Exhibit C. The deed

restrictions will include a shared appreciation clause that will share the equity as follows for the first 10 years of homeownership:

	<u>Owner's Equity Share</u>	<u>Nonprofit's Share</u>
Year 1	0%	100%
Year 2	0%	100%
Year 3	0%	100%
Year 4	40%	60%
Year 5	40%	60%
Year 6	40%	60%
Year 7	66%	34%
Year 8	66%	34%
Year 9	66%	34%
Year 10	66%	34%
Year 11	100%	0%

4. Financing Assistance. To ensure that homes are affordable to buyers with incomes less than 80% AMI, various forms of assistance may be available through the City's House Charlotte program (<https://dreamkeypartners.org/house-charlotte-program/>). House Charlotte offers up to \$30,000 in deferred and forgivable loan options for qualified potential homebuyers. Homebuyers would need to contact Dreamkey Partners to apply for assistance.

HouseCharlotte funds may be used for down payment, closing costs and/or interest rate buy-down. Borrowers interested in qualifying for the program are required to complete homebuyer education from a HUD-approved financial education and counseling agency.

**Exhibit C**

**\*\* THIS IS A SAMPLE DOCUMENT. THIS MAY NOT REPRESENT A FINAL FORM OF DOCUMENT. THE CITY RESERVES THE RIGHT TO REVISE ALL DOCUMENTS AT ANY TIME. \*\***

SAMPLE Homeowner Deed Restrictions and Equity Sharing Agreement

MECKLENBURG COUNTY

NORTH CAROLINA

This Agreement, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 202\_\_ by and between the City of Charlotte (City), \_\_\_\_\_ (Non Profit) and \_\_\_\_\_ (Homeowners);

WITNESSETH

WHEREAS, the Nonprofit has purchased the property located at \_\_\_\_\_ and has made the property available to Homeowners as a part of a City of Charlotte program to provide low cost housing to eligible homebuyers, and

WHEREAS, the Nonprofit has made this property available to the Homeowners at as low a price as possible with the assistance of funding from the City, and

WHEREAS, the parties acknowledge that in the event the property is sold to a third party within a period of ten (10) years from the date hereof that the Nonprofit will receive a portion of the increase, if any, realized by such sale.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto do agree as follows:

1. That the Homeowners have, on this date, purchased the subject property known as from \_\_\_\_\_ (the Nonprofit) for a purchase price of \$\_\_\_\_\_.

2. That the parties further agree that if the subject property is sold to a third party within ten (10) years of the date hereof, in addition to the collection of the remaining balance of City's second mortgage, if any, the Nonprofit will receive from said sale a percentage of the increase, if any, as computed by subtracting the Homeowners' purchase price mentioned above from the purchase price of the sale to the third party purchaser. The percentage of the increase to be received by the Nonprofit is based upon the schedule listed below:

<u>Sharing Period</u>	<u>Percentage of Appreciated Value</u> <u>Due to Nonprofit at Sale</u>
First 36 months of home ownership	100% of the increase
Second 36 months	66% "
Final 4 years of recapture period	34% "

3. At the time of closing of the conveyance of the subject property to the third party purchaser, the Homeowners shall pay to the Nonprofit, [insert nonprofit name and address] the percentage of the increase to which the Nonprofit is entitled.

4. Until the percentage of increase is paid to and received by the Nonprofit, the amount of such funds, computed as stated above, shall constitute a lien upon the subject property. A certificate of receipt from the Nonprofit acknowledging receipt of said funds shall be sufficient to extinguish said lien.

5. As stated above, the primary purpose of this program is to provide low and moderate income homebuyers with affordable housing. This property is restricted to occupancy by the Homeowners and is prohibited from being used as rental property. In the event the Homeowners are either leasing or renting the property, the Nonprofit is hereby given the same right to receive the Nonprofit's share of value as specified above concerning a sale of the property. If the property is rented or leased, the Nonprofit would have, in addition to all other remedies, the right to receive a percentage of the rental income based on the percentage chart listed in Paragraph 2 above.

6. The Nonprofit's collection of the percentage of the rental payments shall constitute a lien on the subject property until paid in the same manner as provided in Paragraph 4 above.

7. This Agreement may be signed in any number of counterparts each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

8. A copy of this Agreement shall be attached to and recorded as a part of the Deed conveying the subject property to the Homeowners.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto do hereunto set their hands and seals the date first written above.

[Nonprofit]:

By: \_\_\_\_\_

Title: \_\_\_\_\_

Homeowners:

\_\_\_\_\_

\_\_\_\_\_

SAMPLE