

**RESTRICTIVE-USE COVENANT - TRANSFEREES ASSUMING AGENCY LOANS  
(Including loans approved prior to December 21, 1979) (§3560.662(b)(3))**

**WHEREAS,** \_\_\_\_\_,  
hereafter referred to as “Owner”, or a predecessor in interest, received a loan or loans from the United States of America, acting through the Rural Housing Service in Rural Development (Agency), U.S. Department of Agriculture which was evidenced by assumption agreements dated \_\_\_\_\_, in the original amounts of \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, and secured by a certain Mortgage dated \_\_\_\_\_, and recorded in the land records for the County of \_\_\_\_\_, State of \_\_\_\_\_ for the purpose of providing housing in accordance with Section 42 U.S.C. 1484 (Section 514) or 1485 (Section 515), whichever is applicable, and Title V of the Housing Act of 1949, as amended “Program”; and

**NOW, THEREFORE,** in consideration of the restrictions on the Property as further described in Exhibit A, the sum of Ten Dollars (\$10) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, for themselves and for their respective successors and assigns, hereby covenant and agree as follows:

- 1. Term.** The period of the restriction will be until [ \_\_\_\_\_, 2\_\_\_\_].
- 2. Use Requirement.** The Owner, and any successors in interest, agree to use the Property in compliance with 42 U.S.C. § 1484 or § 1485, whichever is applicable, and 7 CFR part 3560, and any other applicable regulations and amendments, for the purpose of housing program eligible very low-, low-, or moderate-income tenants.
- 3. Enforcement.** The Agency and Program eligible tenants or applicants may enforce these restrictions as long as the Agency has not terminated the Restrictive Use Agreement pursuant to paragraph 7 below.
- 4. Displacement Prohibition.** The Owner agrees not to refuse to lease a dwelling unit offered for rent, or otherwise discriminate in the terms of tenancy, solely because any tenant or prospective tenant is the recipient of housing assistance from the Agency or any other Federal agency.
- 5. Owner’s Responsibilities.** The Owner agrees to: set rents, other charges, and conditions of occupancy in a manner to meet the restrictions required by this Restrictive Use Covenant; post an Agency approved notice of these restrictions for the tenants of the property; to adhere to applicable local, State, and Federal laws; and to obtain Agency

*A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. The OMB Control Number for this information collection is 0575-0189. Public reporting for this collection of information is estimated to be approximately 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, completing, and reviewing the collection of information. All responses to this collection of information are voluntary. However, in order to obtain or retain a benefit, the information in this form is required under Section 515 Rural Rental Housing, which includes Congregate Housing, Group Homes, and Rural Cooperative Housing. Rural Development has no plans to publish information collected under the provisions of this program. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Information Collection Clearance Officer, Rural Development Innovation Center, Regulations Management Division at [ICRMTRRequests@usda.gov](mailto:ICRMTRRequests@usda.gov)*

concurrence for any rental procedures that deviate from those approved at the time of prepayment, prior to implementation.

- 6. Civil Rights Requirements.** The Owner will comply with the provisions of any applicable Federal, State or local law prohibiting discrimination in housing on the basis of race, color, religion, sex, national origin, handicap or familial status, including but not limited to: Title VI of the Civil Rights Act of 1964 (Public Law 90-284, 82 Stat. 73), the Fair Housing Act, Executive Order 11063, and all requirements imposed by or pursuant to Agency regulations implementing these authorities, including, but not limited to, 7 CFR 3560.104.
- 7. Release of Obligation.** The Owner will be released from the obligations under this Restrictive Use Covenant before the termination period set in paragraph 1 only when the Agency determines that there is no longer a need for the housing or that HUD Section 8 vouchers to the residents of the housing will no longer be provided due to no fault, action or lack of action on the part of the Owner.
- 8. Violations; the Agency's Remedies.** The parties further agree that upon any default under this covenant, the Agency may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against violation of this covenant or for such other equitable relief as may be appropriate, since the injury to the Agency arising from a violation under any of the terms of this covenant would be irreparable and the amount of damage would be difficult to ascertain.
- 9. Covenants to Run with Land.** The Owner hereby subjects the Property to the covenants, reservations and restrictions set forth in this covenant. The Owner hereby declares its express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land to the extent permitted by law and shall pass to and be binding upon the successors in title to the Property throughout the Term. Each and every contract, deed, mortgage 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 such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument. The Agency hereby agrees that, upon the request of the Owner made after the term of this covenant, the Agency shall execute a recordable instrument approved by the Agency for purposes of releasing this covenant of record. All costs and expenses relating to the preparation and recording of such release shall be paid by the Owner.
- 10. Superiority.** The document hereto constitutes a restrictive covenant that is filed of record, with all other Mortgages, and that, notwithstanding a foreclosure or transfer of

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title pursuant to any other instrument or agreement, the restrictive covenants and provisions hereunder shall remain in full force and effect.

- 11. Subsequent Modifications and Statutory Amendments.** The Agency may implement modifications necessitated by any subsequent statutory amendment without the consent of any other party, including those having the right of enforcement, to require that any third-party obtain prior Agency approval for any enforcement action concerning preexisting or future violations of this covenant.
- 12. Other Agreements.** The Owner represents and warrants that it has not and will not execute any other agreements with provisions contradictory or in opposition to the provisions of this covenant and that, in any event, the provisions of this covenant are paramount and controlling as to the rights and obligations set forth herein and supersede any other conflicting requirements.
- 13. Binding Effect.** Upon conveyance of the Property during the term, the Owner shall require its successor or assignee to assume its obligations under this covenant. In any event, this covenant shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and/or assigns.
- 14. Amendment.** This covenant may not be modified except by an instrument in writing executed by each of the parties that are signatories hereto.
- 15. Severability.** Notwithstanding anything herein contained, if any one or more of the provisions of this covenant shall for any reason whatsoever be held to be illegal, invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision of this covenant, but this covenant shall be construed as if such illegal, invalid or unenforceable provision had never been contained herein.
- 16. Headings.** The headings and titles to the sections of this covenant are inserted for convenience only and shall not be deemed a part hereof nor affect the construction or interpretation of any provisions hereof.
- 17. Governing Law.** This covenant shall be governed by all applicable Federal laws.

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IN WITNESS WHEREOF, the parties hereto have caused this Restrictive Use Covenant to be  
[INSERT BORROWER NAME]

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

Its: \_\_\_\_\_

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

ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
  ) ss:  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, the undersigned, a notary public in and for said State, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person on behalf of which the individual acted, executed instrument.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_.

EXHIBIT A  
LEGAL DESCRIPTION

[ATTACH]

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