

**LAND USE RESTRICTION/ADDENDUM**

**Case Number:** \_\_\_\_\_

**Property Address:** \_\_\_\_\_

**Purchaser:** \_\_\_\_\_

**Seller:** U.S. Department of Housing and Urban Development

This Addendum is incorporated by reference to the FHA Sales Contract for the property located at the above referenced address, executed on this same date of \_\_\_\_\_, between the above referenced Purchaser and Seller.

1. Unless an exception is granted in writing by the Seller:
  - a. The Purchaser is expected, at a minimum, to repair/rehabilitate the property according to local code, after which it shall resell the property 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 a State, government entity, tribe, or agency thereof, or a private nonprofit organization as defined in CFR 291.405.
  - b. The Purchaser shall not resell the property for an amount in excess of 110 percent of the net development cost. Net development cost is the total cost of the project, including items such as acquisition cost, architectural fees, permits and survey expenses, insurance, rehabilitation, and selling expenses, are expected to be reasonable and customary for the area in which this property is located.
  - c. The developer's fee provides for Purchaser's overhead and staffing costs related to the project, and may not exceed 10 percent of the net development cost.
  - d. The property may not be occupied by or resold to any of the Purchaser's officers, directors, elected or appointed officials, employees, business associates, or to any individual who is related by blood, marriage, or law to any of the above. This property may not be sold to an investor type purchaser within one year of the closing transferring ownership from the Seller to the Purchaser.
  - e. There may be no conflict of interest with individuals or firms that may provide acquisition or rehabilitation funding, management or sales services, or other services associated with the project.
2. Purchaser must provide upon request and periodically, as specified by 24 CFR 291.110 and in the format and frequency specified by HUD, regarding the purchase and resale of properties subject to this Addendum.
3. This Addendum survives the expiration, if any, by operation of law or otherwise, of the FHA Sales contract and the closing thereof, and shall terminate five years from the date contained herein.

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Witness

By:  
Secretary of Housing and Urban Development  
Seller

By: \_\_\_\_\_  
Name and Title