

(iii) Any loan made subject to restrictive-use provisions as a result of accepting an incentive to not prepay as contained in this subpart.

The provisions provide protections to the same categories of tenants who were protected while the loan was in effect, to the same extent that the tenants were protected prior to the prepayment and for the length of time remaining under the restrictions prior to the prepayment.

(*Borrower Name*), herein referred to as owner, and any successors in interest agree that the (*Project Name*), herein referred to as housing, will be used only as authorized under sections 514 and 515 of title V of the Housing Act of 1949, and Rural Housing Service regulations then in existence until (*insert date shown on existing restrictive-use provisions*) for the purpose of housing low- and moderate-income people eligible for occupancy. A tenant or applicant for occupancy, as well as the Rural Housing Service, may seek enforcement of this provision. During the restricted period, no eligible person occupying or wishing to occupy the housing shall be required to vacate or be denied occupancy without cause. Rents, other charges, and conditions of occupancy will be set to meet these conditions. The owner also agrees to keep a notice posted at the project, and in a visible place available for tenant inspection, for the remainder of the restrictive-use period, stating that the project is to be used in accordance with sections 514 and 515 of title V of the Housing Act of 1949, and that management practices and rental rates will be consistent with those necessary to maintain the project for (*insert "low- and moderate-income" or "very low- and low-income" as shown on existing restrictive-use provisions*) tenants for the remainder of the restrictive-use period.

Furthermore, the owner agrees to be bound by the applicable provisions of Rural Housing Service regulations specific to tenant rights and relations for the duration of the restrictive-use period. The owner agrees to be responsible for ensuring that rental procedures, verification, and occupancy charges, and termination and eviction remain consistent with the 7 CFR part 1930, subpart C, and to adhere to applicable local, state, and Federal laws. The owner agrees to obtain Rural Housing Service concurrence with any changes to the preceding rental procedures that may deviate from those approved at the time of prepayment, prior to implementing the changes. Any changes proposed must be consistent with the objectives of the program and the regulations. Documentation, including annual income recertifications, shall be maintained to evidence compliance in the event there is a future complaint or audit. The owner must be able to document that acceptable waiting lists were maintained, units were rented to appropriate tenants, and rents were established at appropriate levels. The owner agrees to make the documentation available for Rural Housing Service inspection upon request. The owner and any successors in interest agree to provide the following signed and dated certification to the applicable Rural

Housing Service Servicing Office or other designated office within 30 days of the beginning of each calendar year until (*Date restrictive-use period ends*):

(*Name of Owner*) certifies that (*Name of Project*) is being operated in compliance with the restrictive-use provisions contained in (*Applicable release document*) and the Restrictive Use Agreement, herewith, which sets forth certain requirements for operation of the project for the benefit of low- and moderate-income people in conformance with applicable Rural Housing Service regulations. (*Name of Owner*) understands that failure to operate the project in conformance with the restrictive-use provisions may cause a tenant or the Rural Housing Service to seek enforcement of the provisions.

Date: \_\_\_\_\_  
Owner: \_\_\_\_\_  
By: \_\_\_\_\_  
(Title)

(e) *Clauses and Agreement required for prepaid housing projects, which became subject to restrictive-use provisions at the time of prepayment.* Multi-Family Housing projects that were not subject to restrictive-use provisions prior to prepayment may, generally, only be prepaid if the title to the real property is made subject to one of the following restrictive-use provisions and the provisions are filed with the security releases. The restrictive-use provisions apply to all loans made prior to December 21, 1979 that were not subsequently made subject to restrictive-use provision as a result of servicing actions after December 21, 1979. The restrictions will also be used for sales of projects at foreclosure for projects not previously subject to restrictive-use provisions, provided the project is to remain in the section 514 or section 515 program. The conditions for which restrictive-use provisions are not required are contained in § 3560.658. These provisions are used when the owner agrees to restrictive-use provisions for a minimum of a 20-year period, and agrees to offer to sell the assisted housing and related facilities to a qualified nonprofit organization or public Rural Housing Service in accordance with Rural Housing Service regulations upon termination of the 20-year period. The period is calculated from the date on which the last loan for the project was obligated or applicable servicing action taken. The borrower will also be required to execute the Restrictive-Use Agreement herein contained.

(*Owner Name*), herein referred to as owner, and any successors in interest agree to use the (*Project Name*), herein referred to as housing, as required in 7 CFR 3560, subpart N and other regulations then in existence during the 20 year period beginning (*date of last loan or servicing action*) for the purpose

of housing low- and moderate-income people eligible for occupancy. A tenant or applicant for occupancy, as well as the Rural Housing Service may seek enforcement of this provision. Prior to (*date period ends*) no eligible person occupying or wishing to occupy the housing project shall be required to vacate or be denied occupancy without cause. Rents, other charges, and conditions of occupancy will be established to meet these conditions such that the effect will not differ from what would have been, had the housing remained in the Government program. The owner also agrees to keep a notice posted at the housing project for the remainder of the restrictive-use period, in a visible place available for tenant inspection, stating that the housing project is to be used in accordance with sections 514 and 515 of title V of the Housing Act of 1949, and that management practices and rental rates will be consistent with those necessary to maintain the housing project for the protected population for the remainder of the restrictive-use period. At the expiration of this period ending (*date*), the housing project will be offered for sale to a qualified nonprofit organization or public body, as determined by the Rural Housing Service.

Furthermore, the owner agrees to be bound by the applicable provisions of 7 CFR part 1930, subpart C, and specific to tenant rights and relations for the duration of the restrictive-use period. The owner agrees to be responsible for ensuring that rental procedures, verification and certification of income or employment, lease agreements, rent or occupancy charges, and termination and eviction remain consistent with the provisions contained in 7 CFR part 1930, subpart C, and to adhere to applicable local, state, and Federal laws. The owner agrees to obtain Rural Housing Service concurrence with any changes to the preceding rental procedures that may deviate from those approved at the time of prepayment, prior to implementing the changes. Any changes proposed must be consistent with the objectives of the program and the regulations. Documentation, including annual income recertifications, shall be maintained to evidence compliance in the event there is a future complaint or audit. The owner must be able to document that acceptable waiting lists were maintained, units were rented to appropriate tenants, and rents were established at appropriate levels. The owner agrees to make the documentation available for Rural Housing Service inspection upon request. The owner and any successors in interest agree to provide the following signed and dated certification to the applicable Rural Housing Service Servicing Office or other designated office within 30 days of the beginning of each calendar year until (*insert date restrictive-use period ends*):

(*Name of Owner*) certifies that (*Name of Project*) is being operated in compliance with the restrictive-use provisions contained in (*applicable release document*) and the Restrictive-Use Agreement which sets forth certain requirements for operation of the project for the benefit of low- and moderate-income people in conformance with applicable RHS regulations. (*Name of Owner*) understands that failure to operate the project