updated June 2007

APPENDIX C-2

RESTRICTIVE COVENANT REQUIRED BY SECTION 5:80-26.5(d)

Declaration Of Covenants, Conditions And Restrictions Implementing Affordable Housing Controls On State Regulated Property

DEED-RESTRICTED AFFORDABLE HOUSING UNIT WITH RESTRICTIONS ON RESALE AND REFINANCING

For 95/5 Units

Fair Housing Act Required Covenants Restricting Use, Conveyance And Mortgage Debt

THIS DECLARATION is made this _____ day of _____, 200_, by _____, a ___(State of domicile)___ ("condominium/homeowners association"), having its principle address at _____ (hereinafter referred to as "Grantor").

WHEREAS, Grantor is the owner of an affordable housing unit, more fully described on Schedule A attached hereto and made a part hereof (hereinafter referred to as the "Affordable Unit") which are situated within _____ a (condominium or residential development) consisting of a total of ____dwelling units, located in the Municipality of _____, County of _____, State of New Jersey; and

WHEREAS, municipalities within the State of New Jersey are required by the Fair Housing Act (P.L. 1985, c. 222) (hereinafter the "Act") to provide for their fair share of housing that is affordable to households with low- or moderate-income in accordance with the provisions of the Act; and

WHEREAS, the Act requires that municipalities insure that such designated housing remains affordable to low- and moderate-income households;

WHEREAS, pursuant to the Act, the Affordable Units described in Exhibit A attached to this Agreement have been designated as low- and moderate-income housing as defined by the Act; and

WHEREAS, the purpose of this Declaration is to insure that the described Affordable Units remain affordable to low- and moderate-income eligible households for that period of time described in Section ____ of this Declaration.

NOW, THEREFORE, it is the intent of this Declaration to insure that the affordability controls are recorded on each of the affordable units so as to bind the owners of the Affordable Units of the covenants, conditions and restrictions which they shall be required to comply and to notify all future purchasers of the affordable units that the housing unit is encumbered with affordability controls.

Article 1. Affordable Housing Covenants

The sale and use of each Affordable Unit subject to this Declaration is governed by regulations governing controls on affordability, which are found in New Jersey Administrative Code at Title 5, chapter 93, subchapter 9 (N.J.A.C. 5:93-9.1, *et seq*), and chapter 80, subchapter 26 (N.J.A.C. 5:80-26.1, *et seq*) (the "Regulations"). Consistent with the Regulations, the following covenants (the "Covenants") shall run with the land, for each respective Affordable Unit, for the period of time commencing upon the earlier of (a) the date hereof or (b) the prior commencement of the "Control Period", as that term is defined in the Regulations, and terminating upon the expiration of the Control Period as provided in the Regulations.

A. The Affordable Unit may be conveyed only to a household who has been approved in advance and in writing by _____, an administrative agent appointed under the Regulations (hereinafter, collectively, the "Administrative Agent").

B. No sale of the Affordable Unit shall be lawful, unless approved in advance and in writing by the Administrative Agent, and no sale shall be for a consideration greater than maximum permitted price ("Maximum Resale Price", or "MRP") as determined by the Administrative Agent.

C. No refinancing, equity loan, secured letter of credit, or any other mortgage obligation or other debt (collectively, "Debt") secured by the Affordable Unit, may be incurred except as approved in advance and in writing by the Administrative Agent. At no time shall the Administrative Agent approve any such Debt, if incurring the Debt would make the total of all such Debt exceed Ninety-Five Percent (95%) of the applicable MRP.

D. The owner of the Affordable Unit shall at all times maintain the Affordable Unit as his or her principal place of residence.

E. Except as set forth in F, below, at no time shall the owner of the Affordable Unit lease or rent the Affordable Unit to any person or persons, except on a short-term hardship basis as approved in advance and in writing by the Administrative Agent.

F. If the Affordable Unit is a two-family home, the owner shall lease the rental unit only to income-certified low-income households approved in writing by the Administrative Agent, shall charge rent no greater than the maximum permitted rent as determined by the Administrative Agent, and shall submit for written approval of the Administrative Agent copies of all proposed leases prior to having them signed by any proposed tenant.

G. No improvements may be made to the Affordable Unit that would affect its bedroom configuration, and in any event, no improvement made to the Affordable Unit will be taken into consideration to increase the MRP, except for improvements approved in advance and in writing by the Administrative Agent.

H. The affordable housing covenants, declarations and restrictions implemented by this Declaration and by incorporation, N.J.A.C. 5:80-26.1 *et seq*., shall remain in effect despite the entry and

enforcement of any judgment of foreclosure with respect to the Affordable Unit so long as the Affordable Unit remains subject to the affordability controls being implemented by this Declaration.

I The Affordable Units are subject to a _____ year affordability control period that commenced on the date of first conveyance of title, which is _____, of this Affordable Unit governed by this Declaration to a certified affordable purchaser who has executed the documents required by N.J.S.A. 5:80-26.1 et seq.

Article 2. Remedies for Breach of Affordable Housing Covenants

A breach of the Covenants will cause irreparable harm to the Administrative Agent and to the public, in light of the public policies set forth in the New Jersey Fair Housing Act, the Uniform Housing Affordability Control rules found at N.J.A.C. 5:80-26, and the obligation for the provision of low and moderate-income housing. Accordingly, and as set forth in N.J.A.C. 5:80-26.10A(b):

A. In the event of a threatened breach of any of the Covenants by the Grantee, or any successor in interest or other owner of the Affordable Unit, the Administrative Agent shall have all remedies provided at law or equity, including the right to seek injunctive relief or specific performance.

B. Upon the occurrence of a breach of any Covenants by the Grantee, or any successor in interest or other owner of the Property, the Administrative Agent shall have all remedies provided at law or equity including but not limited to forfeiture, foreclosure, acceleration of all sums due under any mortgage, recouping of any funds from a sale in violation of the Covenants, diverting of rent proceeds from illegal rentals, injunctive relief to prevent further violation of said Covenants, entry on the premises, those provided under Title 5, Chapter 80, Subchapter 26 of the New Jersey Administrative Code and specific performance.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its duly authorized partners and proper officers, respectively, this __ day of _____20 .

ATTEST:

(GRANTOR)

By:_____