MANAGEMENT OF HUD-INSURED MULTIFAMILY PROJECTS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

REGULATORY AGREEMENT FOR NONPROFIT MORTGAGEES
UNDER SECTION 236 OF THE NATIONAL HOUSING ACT, AS AMENDED

Project No.

Mortgage No.

Amount of Mortgage Note

Date

This Agreement entered into this the day of , 19

between

Whose address is

heretofore, herein and hereto, hereinafter referred to in this Agreement and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner, called Commissioner.

In consideration of the covenants and agreements herein contained, the Commissioner, mortgagee, hereinabove named, and the undersigned Secretary of Housing and Urban Development and his successors, acting by and through the Federal Housing Commissioner, called Commissioner, and the mortgagee, mortgagee hereinbefore named, do covenant and agree that:

1. Owners, except as limited by paragraph (b) hereof, shall promptly make all payments due under the mortgage and mortgage agreement, provided, however, that the Commissioner shall make payments on the mortgage as hereinabove provided according to the interest deduction contract between the mortgagee and the Commissioner.

2. (a) Owners shall establish a reserve fund for replacements, to be held by the Commissioner, and paid to the Commissioner, in each instance where the Commissioner is required to pay the same, at the rate of one dollar per month per千元 for each unit in the project or portion thereof, at the time such reserve is required to be paid to the Commissioner, and the Commissioner shall be reimbursed therefor by the Owners, at such times as the Commissioner may require and at such times as the Commissioner may require.

3. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.

4. The Owners covenant and agree that:

(a) with the prior approval of the Commissioner, they will establish for each dwelling unit (1) a basic rental charge determined on the basis of operating the project with payment of all principal and interest due under the mortgage and mortgage agreement, and (2) a fair market rental charge determined by the Commissioner, with the exception of those tenants who agree to pay the market rental;

(b) the rental charge for each unit, which shall include all utilities except telephone, shall be equal to 25% of the tenant's income at the time rental is charged, whichever is greater, but in no event shall the rental charge exceed the fair market rental;

(c) tenants shall have the right to move to the project on those families whose incomes do not exceed the limit prescribed by the Commissioner, and shall be reimbursed only by the Commissioner, who shall have the power and authority to determine that the tenant, or any tenant, be entitled to such right as the Commissioner may determine.

(d) for purposes of occupancy, shall be given a share of the funds derived from an urban renewal area, or as a result of governmental action, or as a result of a disaster determined by the Commissioner to be a major disaster, and at such time, an occupancy that is within the rentable criteria for obtaining rental units in the project;

(e) as may be approved by the Commissioner, at the discretion of the Commissioner, and as may be determined by the Commissioner, at the discretion of the Commissioner, and as may be determined by the Commissioner, at the discretion of the Commissioner, and as may be determined by the Commissioner, at the discretion of the Commissioner.
(1) No change will be made in the basic rental or fair market rental unless approved by the Commissioner.

(2) No change will be made in the basic rental or fair market rental unless approved by the Commissioner.

(3) No change will be made in the basic rental or fair market rental unless approved by the Commissioner.

(4) No change will be made in the basic rental or fair market rental unless approved by the Commissioner.

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(30) No change will be made in the basic rental or fair market rental unless approved by the Commissioner.
(c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to inspection and examination by the Commissioner or his duly authorized agents at any reasonable time. The Owner shall keep copies of all written contracts or other documents which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Commissioner or his duly authorized agents.

(4) The books and records of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Commissioner.

(a) Within thirty days following the end of each fiscal year, the Commissioner shall be furnished with a complete annual financial report based upon an examination of the books and records of the mortgagee prepared in accordance with the requirements of the Commissioner, certified to by an officer or responsible person and, when required by the Commissioner, prepared and certified by a certified public accountant, or other persons acceptable to the Commissioner.

(b) At the request of the Commissioner, his agents, attorneys, or anyone, the Owner shall furnish monthly activity reports and shall give specific answers to questions upon which information is desired from time to time relative to the income, expenses, liabilities, accounts, operation, and condition of the property and the status of the insured mortgage.

(c) All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project and remittances to the Commissioner or required under Paragraph (a) above. Any amount remaining from the project shall immediately be deposited such funds in the project bank account and failing to do so in violation of this Agreement shall hold such funds in trust. Any income receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing to do so shall hold such property in trust.

11. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, creed, or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 245), all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development 24 CFR, Subtitle A, Part III issued pursuant to that title, and regulations issued pursuant to Executive Order 11063.

12. Upon violation of any of the above provisions of this Agreement by Owners, the Commissioner may give written notice thereof to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other address as any subsequently, upon application written notice thereof to the Owner. The Commissioner, designated by the Owner as the legal representative of such Owner, at such Owner's expense, to correct any violation as is so in violation of the authority of the Commissioner within thirty days of the date such notice is mailed or within such further time as the Commissioner may reasonably determine. If such violation is not corrected to the satisfaction of the Commissioner within thirty days after the date such notice is mailed or within such further time as the Commissioner may reasonably determine, the Owner may declare a default under this Agreement effective on the date of such notice and specify such defaults the Commissioner may:

(a) Demand the return of the note — whether the whole and immediately due and payable, and thereupon proceed with the foreclosure of the mortgage.

(b) If such demand is not complied with, receive the property, and sell the note and mortgages on the property, and the holder after receiving such notice and report, but not otherwise, may declare the whole indebtedness due and payable and proceed with the foreclosure of the mortgage, or assign the note and mortgages to the Commissioner as provided in the Regulations.

(c) Collect all rents and charges in connection with the operation of the project and use such collections to pay the mortgage's obligations under this Agreement and under the note and mortgages and the necessary expenses of preserving the property and operating the project;

(d) Take possession of the project, bring any action necessary to enforce any right of the Owner granting of the project, and operate the project in accordance with the terms of this Agreement until such time as the Commissioner, in his discretion, determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.

(e) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of this Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to estimate;

(f) Terminate the interest received payments to the mortgagee pursuant to Paragraph 1 hereof next.

13. An owner is subject to the provisions of this Agreement to the extent necessary to protect himself against any loss or liability arising from a violation of this Agreement, and to protect the Commissioner against any loss or liability arising from a violation of this Agreement, or any such other liens or held by the Commissioner.

(b) "Mortgagee" refers to the holder of the mortgage identified herein, the successors and assigns.

(c) "Mortgage" means the original mortgage under the mortgage and for successors and assigns.

(d) "Owner" refers to the person named in the first paragraph hereof and designated as Owner, their successors or assigns, or any such other lien or held by the Commissioner.

(e) "Mortgaged Property" includes all property, real, personal, or mixed, covered by the mortgage or mortgages securing the note ordered for insurance or held by the Commissioner;
MANAGEMENT OF SELF-INSURED MULTIFAMILY PROJECTS

APPENDIX I

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(6) "Project" means the mortgaged property and all other real property of whatsoever nature or character, situate, located or used by the business conducted on said mortgaged property, which business is providing housing and other such services as are incidental thereto;

(a) "Beneficial Receipts" mean any cash remaining when:

(i) the payment of:

(a) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Federal Housing Commissioner;

(b) All amounts required to be deposited in the reserve fund for replacements;

(c) All obligations of the project other than the mortgage insured or held by the Commissioner unless funds for payment are not valid or sufficient of payment has been approved by the Commissioner;

(d) Remittances due to the Commissioner as required by Paragraph 4(d); and

(ii) the segregation of:

(a) An amount equal to the aggregate of all special funds required to be segregated by the project;

(b) All tenant security deposits held;

(c) That portion of rents which must be remitted to the Commissioner in accordance with Paragraph 4(d), but not yet done.

(b) "Family" means (1) two or more persons related by blood, marriage, or adoption of law, who occupy the same unit; (2) a handicapped person who has a physical impairment which is expected to be of long continued and indefinite duration, substantially impairs his ability to live independently, and is of such a nature that his ability to live independently could be improved by more suitable housing conditions; (3) single person 62 years of age or older, or (4) a single person less than 62 years of age provided that occupancy by such person is limited to 10% of the dwelling units in the project;

(i) "Income" means the gross annual income of the family from all sources before taxes and withholdings, after giving effect to methods allowed by the Commissioner;

(ii) "Deficit" means a default declared by the Commissioner when a violation of this Agreement is not corrected in its entirety within the time allowed by this Agreement or such further time as may be allowed by the Commissioner after written notice.

10. This instrument shall bind, and the benefits shall accrue to, the respective Owners, their heirs, legal representatives, executors, administrators, assessees in office or interest, and assigns, and to the Commissioner and his successors as long as the existence of mortgage insurance continues to subsist, and during such further time as the Commissioner shall be the owner, holder, or revocatory of the mortgage, or obligated to reimburse the mortgagee.

11. In the event this Agreement is executed by a mortgagee compassionate in capacity as a co-mortgagee of the project pursuant to a bona fide Agreement with a Builder-seller mortgagee, said mortgagee corporation agrees that all of the provisions hereof shall continue to bind it in capacity as co-mortgagee of the project upon consummation of the purchase. In the event the purchase is not consummated or final endorsement or such later time as may be agreed to in writing by the Commissioner, his obligations hereunder shall terminate.

12. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements to conflicts therewith.

13. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining provisions thereof.

14. The following Owners do not assume personal liability for payment of the note and mortgage, to the reserve for replacements, or for amounts not made in the event she or he may be called on to make good the security provided, provided that such Owners shall remain liable under this Agreement only with respect to the matters hereinbefore stated, namely:

(i) the rents or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain;

(ii) for the use and occupation of the property of other Owners which they have authorized in violation of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereabove written.

[Signatures]

OWNERS

WITNESSES

[Signatures]

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

[Signature]

[Seal]

[Certificate of Authenticity]

[Seal]