

**MODEL SECTION 184 INDIAN HOME LOAN GUARANTEE SKILLED WORKER  
DEMONSTRATION USE RESTRICTION**  
(Trust Land and Fee Simple)

This Section 184 Indian Home Loan Guarantee Skilled Worker Demonstration Use Restriction (Use Restriction), a covenant running with the land, dated this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, for good and valuable consideration, is hereby declared, covenanted and made by

\_\_\_\_\_ (*name of Indian tribe or Tribally-Designated Housing Entity*) (Borrower). The property being restricted is described in Attachment A to this Use Restriction. This Use Restriction is also imposed on any dwelling unit(s) and other improvements thereon.

This Use Restriction is imposed because the United States Department of Housing and Urban Development (HUD) has guaranteed a loan provided by a lender under the Section 184 Indian Home Loan Guarantee Skilled Worker Demonstration (Demonstration) to Borrower pursuant to Section 184 of the Housing and Community Development Act of 1992 (12 U.S.C. 1715z-13a), as amended, and the Consolidated Appropriations Act, 2017 (Public Law 115-31, approved May 5, 2017). The loan was secured by a mortgage recorded against the Property for the purpose of financing the construction of rental housing for skilled worker(s) in accordance with the program requirements established by HUD and the terms of this Use Restriction.

**1. Definitions.**

Borrower shall mean \_\_\_\_\_ (*name of Indian Tribe or Tribally-Designated Housing Entity*) and its successors and assigns.

Purchaser shall mean any subsequent owner(s) of the Property.

Property shall mean the legal description of the property as described in Attachment A.

Skilled Worker(s) shall mean the definition as provided in Attachment B.

**2. Use Restriction.** Each dwelling unit in or on the Property shall be used only for residential rental purposes and the occupancy shall be limited to an individual, or households with at least one individual, who is a Skilled Worker, as defined in Paragraph 1 and consistent with the time period in Paragraph 4 and 5 of this Use Restriction.

**3. Covenant Running with the Land.** Borrower declares and covenants on behalf of itself that this Use Restriction and all accompanying enforcement rights run with the land until it terminates.

**4. Term.** This Use Restriction shall remain in place for the entirety of the period that the Property remains guaranteed by a loan under the Demonstration. At the end of the period under

this paragraph the Use Restriction shall expire by its own terms, shall have no further force or effect, and shall be extinguished and released without execution or recording of any further documents.

**5. Prepayment; Minimum 10-Year Use Period; Termination of Use Restriction.**

Notwithstanding Paragraph 4, if the loan guaranteed under the Demonstration is paid in full in less than 10 years from the date of \_\_\_\_\_ (*insert Borrower's closing date*) this Use Restriction shall remain in effect for the remaining balance of the 10-year period that begins to run from the date of \_\_\_\_\_ (*insert Borrower's closing date*).

During the minimum 10-year use period pursuant to this paragraph this Use Restriction shall be binding against Borrower and, where applicable, Purchaser. At the end of the remaining balance of the 10-year period under this paragraph the Use Restriction shall expire by its own terms, shall have no further force or effect, and shall be extinguished and released without execution or recording of any further documents.

**6. Prepayment Due to Sale of Property to Skilled Worker; Termination of Use Restriction.**

Notwithstanding Paragraphs 4 and 5 of this Use Restriction, when the Property financed under the Demonstration is purchased by a Skilled Worker the Use Restriction may be terminated with written consent of HUD.

**7. Assumption of the Loan; Termination of Use Restriction.** Notwithstanding Paragraph 4 of this Use Restriction, when there is an assumption of loan guaranteed under the Demonstration by an eligible individual under the Section 184 Indian Home Loan Guarantee Program the Use Restriction may be terminated with written consent of HUD.

**8. Extended vacancy periods.** Notwithstanding Paragraph 2 of this Use Restriction, in the event the rental property financed under the Demonstration experiences a vacancy period of 6 months or more, the Borrower may request HUD approval to lease the Property to non-Skilled Worker(s) under an initial lease term of one year. The Borrower may continue to renew the lease of the non-Skilled Worker(s) so long as there are no eligible renters on the Borrower's waitlist for the skilled worker housing.

**9. Right to Enforce or Recover Damages.** HUD and, where applicable, lender shall have all the rights and remedies necessary to enforce the terms of this Use Restriction against Borrower or, where applicable, Purchaser. If the terms and conditions of the Use Restrictions are violated HUD and, where applicable, the lender may seek remedies including but not limited to: (i) seeking specific performance under the Use Restriction; and (ii) where applicable, regard violations of the Use Restriction as a default under the loan guaranteed under Demonstration; and (iii) any other remedies authorized by law.

**10. Rights to Recover Other Costs.** Borrower or where applicable Purchaser shall be liable to HUD and/or where applicable lender for any and all reasonable attorney fees, costs and court expenses that HUD or the Lender may incur in any actions it takes to enforce the Use Restriction.

**11. Notice of Change in Occupancy, Pending Sale, Rental, or Conveyance or Property Cease Operating as Skilled Worker Housing.** Borrower or where applicable Purchaser shall provide to HUD and where applicable lender no less than sixty (60) days prior notice when Borrower or, where applicable, Purchaser intends to change the occupancy of the Property and such change in occupancy would result in the occupancy by an individual who does not qualify as a Skilled Worker or does not otherwise meet eligibility requirements of the Demonstration.

Additionally, Borrower or where applicable Purchaser shall provide no less than sixty (60) day prior notice to HUD when Borrower or where applicable Purchaser intends to lease, sell, or convey the Property or otherwise cease operating the Property in accordance with this Use Agreement and the Demonstration.

**12. Purchaser's Confirmation of Compliance with Use Restrictions.** After Borrower provides notice of pending sale or conveyance of the Property pursuant to Paragraph 10, fifteen (15) days prior to closing Purchaser must provide a written statement to HUD that the Property shall remain in compliance with the Use Agreement and requirements of the Demonstration.

If the Property is or will not be in compliance with the Use Agreement and Demonstration the Purchaser must provide a corrective action plan to HUD detailing when Property will return to compliance.

**13. Delivery of Notice Has No Effect on Use Restriction.** The Borrower's or Purchaser's compliance with the notice required under Paragraph 10 does not constitute HUD approval of the change in occupancy, approval of the pending sale, rental or conveyance of the Property, or approval to cease operating the Property in accordance with the Use Agreement and Demonstration.

**14. Amendment(s).** Any amendment(s) to the Use Restriction by Borrower, Lender or where applicable Purchaser shall require the written consent of HUD and if approved the amended Use Restriction must be recorded in the same manner as this Use Restriction. Evidence of recordation must be provided to HUD within five (5) days of recordation.

**15. Severability.** If any provision of this Use Restriction is held by a court of competent Jurisdiction to be invalid or unenforceable, the remaining provisions shall survive and their validity, legality and enforceability shall not in any way be affected or impaired.

**16. Fee Simple Foreclosure and Fee Simple Deed-in-Lieu of Foreclosure.** If the Lender acquires the fee simple Property by foreclosure or deed-in-lieu of foreclosure under its mortgage, or by any other lawful means, the rights and restrictions contained in this Use Restriction shall terminate, the Property shall become free from the rights and restrictions in the Use Restriction without execution or recording of any further documents.

**17. Records Request by HUD.** Borrower or where applicable Purchaser shall respond to HUD's request for records and information related to the Property so long as the Property is subject to the Use Restriction.

The records and information that must be provided to HUD includes but is not limited to producing copies of residential leases used by the Borrower or where applicable Purchaser, and documentation relied upon by the Borrower, or where applicable Purchaser, that the occupancy of the Property is by individual(s) who meet the definition of Skilled Worker(s).

BORROWER (TRIBE/TDHE): \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

WHERE APPLICABLE, APPROVED BY:

SECRETARY OF THE INTERIOR

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A**

Legal Description of Portion of the Property Covered by Use Restriction (which includes any dwelling and other improvements thereon)

## **ATTACHMENT B**

### **DEFINITION OF SKILLED WORKER(S)**