MODEL FORM OF SUBSCRIPTION AND PURCHASE AGREEMENT

(Section 234, National Housing Act)

Application No. 
Family Unit No. 
Project 
Date 

WHEREAS, (name of general contractor) is the owner of the multifamily housing project known as 
located at 

and WHEREAS, the said project is proposed to be converted to a Condominium; And

WHEREAS, 80 percent of the total value of the family units in the project (or such lesser percent as may be approved by the Federal Housing Administration [hereinafter referred to as the FHA]) must be sold to purchasers approved by the FHA before its insurance of individual mortgages under Section 234(c) of the National Housing Act; and

WHEREAS, it will be necessary to establish an association of owners for the operation and regulation of the "common areas and facilities" of the Condominium.

BE IT AGREED AS FOLLOWS:

1. Subscription and Purchase Agreement

1/We , in consideration of the mutual promises of other subscribers and other good and valuable considerations, and having a bona fide intention to reside in a unit in the above-referred-to project, hereby subscribe for participation in the Condominium, and hereby agree to purchase the above-mentioned family unit and the percentage undivided interest in the common areas and facilities** for the price of $ , payable as follows: $ , upon signing this agreement; $ , within ______ days after date hereof and the balance at time of conveyance as provided in paragraph 3, hereof.

Seller hereby agrees that all sums received as payment for the purchase of the family unit shall be held in trust and shall be placed in an escrow account with the FHA. The escrow agreement shall provide that Seller shall not be entitled to receive any sum in the escrow until conveyance of title.

1/We hereby subscribe to the Plan of Apartment Ownership, Association By-Laws and Regulatory Agreement, copies of which are attached hereto and receipt of which is hereby acknowledged. 1/We hereby agree that, in addition to the purchase price above mentioned, 1/We will be liable for our proportionate share of the Association's required working capital.

2. Plan and Purpose

The Association will be established for the purpose of operating and maintaining the common areas and facilities of the Condominium. Each owner of a family unit in the Condominium will be a member of the Association and will be subject to the by-laws and regulations thereof. An act of two-thirds of the members will be based on the value of the family unit(s) which he owns to the total value of the entire project.

* This form is required in cases where subscriber seeks an insured mortgage under Section 234.
** References hereinafter made to "family unit" shall include the undivided interest in the common areas and facilities.
3. Conveyance of Title

In consideration of this subscription, the Seller agrees to convey to Subscriber good and marketable title to said family unit. Subscriber agrees to purchase and family unit from the Seller within thirty (30) days after Seller has notified Subscriber it is prepared to tender title and possession thereof to him for an amount equal to the purchase price. It is contemplated that the unpaid purchase price will be secured by an individual mortgage on the family unit insured by the FHA under Section 234. Subscriber, may, however, pay this amount in cash or may elect to finance under a conventional uninsured mortgage. It is understood that Subscriber will, at the time title is conveyed to him, pay such closing costs as are customarily paid by the purchaser of comparable real estate in this jurisdiction and taxes, assessments and insurance will be adjusted to the date of closing. The FHA estimate of value of the above-described family unit is $__________.

4. Location of Project

The above-referred-to housing project will be located at ______. Nearest public transportation in the form of (bus, streetcar, subway, train service)*** is available at the following points:

Churches, schools, shopping centers, playgrounds and other community facilities available to members of the project are located as follows:

5. Priority of Mortgage Lien

This Agreement and all rights hereunder are and at all times shall be subject and subordinate to the lien of the mortgage and accompanying documents to be executed by the Subscriber to a lending institution and to be insured under Section 234 of the National Housing Act, and to any and all modifications, extensions, and renewals there-of, and to any mortgage or deed of trust made in lieu there-of.

6. Cancellation Rights

In the event Subscriber shall have died prior to his acquisition of title to the family unit, the Seller reserves the right to return such amount or amounts to Subscriber’s estate or legal representative, and thereupon all rights of Subscriber shall cease and terminate without further liability on the part of the Seller.

It is understood that Subscriber’s credit is subject to approval by the Federal Housing Administration. In the event the FHA determines that Subscriber does not meet its credit requirements for participation in this project or Subscriber is unable to obtain an FHA-insured mortgage thereupon within thirty (30) days from date hereof, Seller shall have the privilege of withdrawal from this contract and the Seller shall return to Subscriber all of the sums paid hereunder and this Agreement shall be deemed null and void and all of Subscriber’s and Seller’s rights shall cease and terminate without further liability on the part of either party.

If Subscriber within five (5) days after the execution of this Agreement notifies the Seller in writing that Subscriber wishes to withdraw from this Agreement, the amount thereafter paid by him under this Agreement will be returned to him and thereupon all rights and liabilities of Subscriber hereunder shall cease and terminate. The right of the Subscriber to withdraw shall, however, expire unless exercised within such five (5) days period, except that if title to the family unit is not conveyed to the Subscriber in accordance with FHA requirements on or before the date hereof, the Subscriber and the Seller shall have the right to withdraw from this agreement, in which event Seller shall return to Subscriber all sums paid hereunder and Subscriber’s and Seller’s rights shall cease and terminate without further liability on the part of either party.

If the subscriber shall default in any of the payments or obligations called for in this Agreement, and such default shall continue for fifteen (15) days after notice sent by registered mail by the seller to the subscriber at the address given below, then, forthwith at the option of the seller, the subscriber shall lose any and all rights under this Agreement, and any amount paid toward the purchase price may be retained by the seller as liquidated damages, or may at the option of the seller be returned into the subscriber’s proportionate share of expenses to be determined solely by the seller.

The Seller, may, at its option, rescind the obligations of Subscriber under this Agreement in the event Subscriber shall cease to be a member subscriber who is satisfactory to the Seller and to the Federal Housing Administration. This agreement is not otherwise assignable.

*** Strike out inappropriate reference
7. Function of FHA in Connection with this Project
The FHA as insurer of the individual mortgage loan covering a family unit does not insure Seller against loss. The validity of title is the responsibility of the Seller and the parties to the mortgage transaction and not of the FHA. FHA has not examined or approved any advertising or informational material in connection with this project other than that contained in this Subscription and Purchase Agreement.

8. Oral Representations Not to be Rely Upon
This Agreement will supersede any and all understandings and agreements and constitutes the entire agreement between the parties and no oral representations or statements shall be considered a part hereof.

9. Types of Dwelling Units Available
Attached hereto as Exhibit "A" is a listing of the various family units in connection with this project, showing types, size, down payment requirements, estimated monthly assessments by the Association and estimated monthly mortgage payments, inclusive of deposit for mortgage insurance premiums and taxes, which will be applicable in the event individual mortgages are insured under Section 234 of the National Housing Act.

10. Interim Occupancy on Rental Basis
You as a subscriber may, if you desire, move into the completed dwelling unit prior to conversion of the project to Condominium ownership, provided the proposed Seller permits you to do so and the FHA approves such interim occupancy. If you do so, however, you should be mindful of the fact that prior to passage of title you will be occupying the premises merely as a tenant of the proposed Seller and you are therefore advised not to expend any sums for improvements without a written agreement and authority from the proposed Seller satisfactory to you as to the manner in which compensation or adjustments will be made for such expenditures in the event the conversion to condominium ownership does not ultimately materialize.

WITNESS:

(Signer)

(Signer)

(Address)

(Telephone)

(Home of Corporation)

(Address)

(Telephone)

(Owner or other Corporate Officer)

(Address)

(Telephone)

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