

Upon recording return to:

[Name]

[Address]

[City, State, Zip Code]

DEED RESTRICTION
(Rental)

This DEED RESTRICTION (this “Deed Restriction”) is granted as of _____, 20___ by BELL CAPITAL, LLC having a mailing address of 250 BITTERSWEET FARM WAY, SOUTH KINGSTOWN, RI 02879 (“Grantor”), for the benefit of the TOWN OF SOUTH KINGSTOWN having a mailing address of 180 HIGH STREET, SOUTH KINGSTOWN, RI 02879 (the “Municipality”), as such Deed Restriction may be amended from time to time.

WITNESSETH:

A. Grantor holds or will acquire legal title to that certain real property located at 485 HIGH STREET and further identified as Plat 48-3 and Lot 147 in the Tax Assessor’s Records of the TOWN OF SOUTH KINGSTOWN (the “Property”), and intends to construct a 8-unit rental housing development, consisting of 8 residential buildings, at the Property.

B. The Property is part of a project known as [NAME OF DEVELOPMENT (IF APPLICABLE)] (the “Development”). The Property was developed with a municipal government subsidy (as defined in R.I.G.L. Chapter 45-53-2.23) used to ensure the development of affordable, accessible, safe and sanitary housing (the “Program”) in accordance with the terms of the Rhode Island Low and Moderate Income Housing Act, R.I.G.L. Chapter 45-53-1 et seq. and the regulations promulgated thereunder (collectively, the “Act”), and subject to terms and conditions imposed by the Municipality).

C. As a condition to the municipal government subsidy, the Grantor has agreed that this Deed Restriction be imposed upon the Property as a covenant running with the land and binding upon any successors to the Grantor, as owner thereof.

D. NARRAGANSETT AFFORDABLE HOUSING (the “Monitoring Agent”) is obligated by the Program or has been retained to monitor compliance with and to enforce the terms of this Deed Restriction in accordance with a monitoring services agreement.

E. The rights and restrictions granted herein to the Monitoring Agent and the Municipality serve the public’s interest in the creation and retention of affordable housing for persons and households of low and moderate income and in the restricting of the resale

price of property in order to assure its affordability by future low and moderate income purchasers.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees that the Property shall be subject to the following rights and restrictions:

1. Recitals Incorporated by Reference. The foregoing recitals are incorporated by reference herein and made a part hereof.

2. Affordability and Occupancy Requirement.

(a) This Deed Restriction shall remain in effect from the date this Deed Restriction is recorded in the land evidence records of the Municipality and continuing for a period of THITY (30) years thereafter (the "Affordability Period") unless earlier terminated in accordance with Section 3 or Section 5 hereof (the "Termination Date"). On and after the Termination Date, this Deed Restriction shall be of no further force or effect.

(b) During the Affordability Period, the rents charged by the Grantor for each rental unit shall remain affordable and shall be rented to an individual or household whose gross annual household income does not exceed [___ percent (___%)] of area median income (adjusted for household size) in the [_____] Metropolitan/Non-Metropolitan Statistical Area as established from time to time by the U.S. Department of Housing and Urban Development ("HUD").

(c) During the Affordability Period, the Property, or any portion thereof, shall be available for purchase at the maximum resale price only to an individual or household whose gross annual household income does not exceed [___ percent (___%)] of area median income (adjusted for household size) in the [_____] Metropolitan/Non-Metropolitan Statistical Area as established from time to time by HUD (an "Eligible Purchaser"). For purposes of this Deed Restriction, the "Maximum Resale Price" is determined to be the monthly housing costs (including principal, interest, taxes, insurance, and condominium fees, if any) that does not exceed thirty percent (30%) of the gross income of an individual or household earning [_____]percent (___%) of area median income (adjusted for household size).

(d) To be considered an Eligible Purchaser, the individual or household must intend to occupy and thereafter must occupy the Property as his, her or their principal residence and must provide to the Monitoring Agent such certifications as to income, assets and residency as the Monitoring Agent may require to determine eligibility as an Eligible Purchaser. Any use of the Property or any activity thereon which is inconsistent with the purpose of this Deed Restriction is expressly prohibited.

(e) Except as provided in Section 3(a) hereof, the Property shall remain affordable during the Affordability Period without regard to the term of any mortgage on the Property or to any transfer of ownership thereof.

(f) This Deed Restriction's compliance with the affordability requirements shall be monitored and enforced by the Monitoring Agent.

3. Rights of Mortgagees.

(a) Notwithstanding anything herein to the contrary, but subject to Section 3(b) hereof, if the holder of any mortgage on the Property (each, a "Mortgagee") shall acquire the Property by reason of foreclosure or similar remedial action under the provisions of such mortgage or upon conveyance of the Property in lieu of foreclosure, *provided, that* such Mortgagee has given the Monitoring Agent not less than sixty (60) days prior written notice of its intention to foreclose upon its mortgage or to accept a conveyance of the Property in lieu of foreclosure, and the Monitoring Agent does not exercise its right of first refusal to purchase the Property as provided in Sections 3(b) and (c) hereof, and *provided, further* that the principal amount secured by such mortgage does not exceed one hundred percent (100%) of the Maximum Resale Price calculated at the time of the granting of the mortgage (the "Permitted Indebtedness"), then the rights and restrictions contained herein shall terminate and not apply to such Mortgagee upon acquisition of the Property, or to any purchaser of the Property at a foreclosure sale conducted by such Mortgagee, or any purchaser of the Property from such Mortgagee, and the Property shall then be free from all such rights and restrictions. A Mortgagee of Permitted Indebtedness is referred to herein as a "Permitted Mortgagee."

(b) A Permitted Mortgagee shall notify the Monitoring Agent in the event of any default for which the Permitted Mortgagee intends to commence foreclosure proceedings, which notice shall be sent to the Monitoring Agent as set forth in this Deed Restriction (the "Foreclosure Notice"). Failure to notify the Monitoring Agent pursuant to the previous sentence shall not impair the validity of the foreclosure.

(c) Grantor grants to the Monitoring Agent or designee the right and option to purchase the Property upon receipt of the Foreclosure Notice. In the event the Monitoring Agent intends to exercise its option to purchase, the Monitoring Agent shall purchase the Property at a price equal to the greater of the Maximum Resale Price or the Mortgage Satisfaction Amount (as defined below) within sixty (60) days of receipt of the Foreclosure Notice. Any excess received by the Permitted Mortgagee over the greater of the Maximum Resale Price or the Mortgage Satisfaction Amount shall be paid to Grantor (provided, that in the event that such excess shall be paid to Grantor, Grantor shall thereafter indemnify such Permitted Mortgagee against loss or damage to such Permitted Mortgagee resulting from any claim made by any other party to the extent that such claim is based upon payment of such excess by such Permitted Mortgagee to Grantor in accordance herewith; provided, that such Permitted Mortgagee shall give Grantor prompt notice of any such claim and shall not object to intervention by Grantor in any proceeding relating thereto).

For purposes of this Section 3, “Mortgage Satisfaction Amount” shall mean the sum of the outstanding principal balance of the note evidencing the Permitted Indebtedness and secured by the mortgage securing such note, plus accrued interest and all reasonable costs and expenses which the Permitted Mortgagee is entitled to recover pursuant to the terms of such mortgage.

4 Restrictions Against Leasing, Refinancing and Junior Encumbrances. The Property shall not be leased, rented, refinanced, encumbered (voluntarily or otherwise) or mortgaged without the prior written consent of the Monitoring Agent; provided that this provision shall not apply to a first mortgage granted in connection with the conveyance of the Property.

5. Purchase and Resale Options.

(a) If Grantor or any successor in title to Grantor shall desire to sell, dispose of or otherwise convey the Property, or any portion thereof, Grantor shall notify the Monitoring Agent in writing of Grantor’s intention to convey the Property (the “Conveyance Notice”). Upon receipt of the Conveyance Notice, the Monitoring Agent shall (i) calculate the Maximum Resale Price, which Grantor may receive on the sale of the Property and (ii) promptly begin marketing efforts. Pursuant to a purchase and sale agreement, sale to an Eligible Purchaser or the Monitoring Agent at the Maximum Resale Price shall occur within ninety (90) days after the Monitoring Agent receives the Conveyance Notice, or such further time as reasonably requested to arrange for details of closing. If Grantor fails to cooperate in such resale efforts, including a failure to agree to reasonable terms in a purchase and sale agreement, the Monitoring Agent may extend the 90-day period for a period commensurate with the time the lack of cooperation continues, as determined by the Monitoring Agent in its reasonable discretion. In such event, the Monitoring Agent shall give Grantor written notice of the lack of cooperation and the length of the extension added to the 90-day period.

(b) Grantor shall ensure that diligent marketing efforts are made to locate an Eligible Purchaser ready, willing, and able to purchase the Property, or any portion thereof, at the Maximum Resale Price within the time provided for in Section 5(a) above and to enter into the requisite purchase and sale agreement.

(c) In lieu of sale to an Eligible Purchaser, the Monitoring Agent or designee shall also have the right to purchase the Property at the Maximum Resale Price within the time and conditions provided for in Section 5(a) above, and to enter into the requisite purchase and sale agreement. In the event of such a sale to the Monitoring Agent or designee, the Property shall remain subject to this Deed Restriction.

(d) Grantor understands and acknowledges that this Deed Restriction is not a promise or guarantee by the Monitoring Agent that Grantor shall receive the Maximum Resale Price for the Property or any other price for the Property.

(e) If an Eligible Purchaser is selected to purchase the Property, or if the Monitoring Agent elects to purchase the Property, the Property shall be conveyed by Grantor to such Eligible Purchaser or to the Monitoring Agent, by a good and sufficient warranty deed conveying a good and clear record and marketable title to the Property free from all encumbrances except (i) such taxes for the then current year as are not due and payable on the date of delivery of the deed, (ii) any lien for municipal betterments assessed after the date of the Conveyance Notice, (iii) provisions of local building and zoning laws, (iv) all easements, restrictions, covenants and agreements of record, and (v), except as otherwise provided in a certificate of compliance, a Deed Restriction identical in form and substance to this Deed Restriction.

6. Resale and Transfer Restrictions.

(a) Except as otherwise provided herein, the Property or any interest therein shall not at any time be sold by Grantor, Grantor's successors and assigns, and no attempted sale shall be valid, unless (i) the aggregate value of all consideration and payments of every kind given or paid by the Eligible Purchaser or the Monitoring Agent as the case may be, to the then owner of the Property for and in connection with the transfer of such Property, is equal to or less than the Maximum Resale Price for the Property, and (ii) a Certificate of Compliance (the "Certificate") is obtained and recorded, signed and acknowledged by the Monitoring Agent, which Certificate refers to the Property, Grantor, the Eligible Purchaser, and the Maximum Resale Price, and states that the proposed conveyance, sale or transfer of the Property to the Eligible Purchaser is in compliance with this Deed Restriction, and (iii) a new deed restriction is recorded and executed by the Eligible Purchaser, which new deed restriction is identical in form and substance as this Deed Restriction.

(f) Grantor, any good faith purchaser of the Property, any lender or other party taking a security interest in such Property and any other third party may rely upon a Certificate as conclusive evidence that the proposed conveyance, sale or transfer of the Property to the Eligible Purchaser is in compliance with this Deed Restriction, and may record such Certificate in connection with conveyance of the Property; provided, that the consideration recited in the deed or other instrument conveying the Property upon such resale shall not be greater than the consideration stated in and authorized by the Certificate.

(g) Within ten (10) days of the closing of the conveyance of the Property, Grantor or Grantor's successors or assigns shall deliver to the Monitoring Agent a copy of the deed to the Property with the recording information affixed. Failure of Grantor or Grantor's successors or assigns to comply with the preceding sentence shall not affect the validity of such conveyance or the enforceability of the restrictions herein.

7. Enforcement.

(a) The rights hereby granted shall include the right of the Monitoring Agent to enforce this Deed Restriction independently by appropriate legal proceedings and to obtain injunctive and other appropriate relief against any violations including without

limitation relief requiring restoration of the Property to its condition prior to any such violation (it being agreed that there shall be no adequate remedy at law for such violation), and shall be in addition to, and not in limitation of, any other rights and remedies available to the Monitoring Agent. Notwithstanding the foregoing, the Monitoring Agent may not enforce this Deed Restriction by: (i) voiding a conveyance by Grantor; (ii) terminating Grantor's interest in the Property; (iii) accelerating Grantor's mortgage; (iv) increasing the interest rate of Grantor's mortgage or (v) subjecting Grantor to contractual liability such as damages, specific performance or injunctive relief.

(b) Without limitation of any other rights or remedies of the Monitoring Agent or its successors and assigns, in the event of any sale, conveyance or other transfer or occupancy of the Property in violation of the provisions of this Deed Restriction, the Monitoring Agent shall be entitled to the following remedies, which shall be cumulative and not mutually exclusive:

(i) reimbursement for all sums received by Grantor in excess of the Maximum Resale Price, if applicable; and

(ii) if the violation is a sale or an attempted sale of the Property at a price greater than the Maximum Resale Price as provided herein, the Monitoring Agent shall have the option to locate an Eligible Purchaser to purchase or itself purchase the Property on the terms and conditions provided herein; the purchase price shall be a price which complies with the provisions of this Deed Restriction.

(c) In addition to the foregoing, in the event of a violation of the provisions of this Deed Restriction, the Monitoring Agent may take appropriate enforcement action against Grantor or Grantor's successors in title or assigns, including, without limitation, legal action to compel Grantor to comply with the requirements of this Deed Restriction, unless otherwise prohibited by this Deed Restriction.

(d) Grantor for itself and Grantor's successors and assigns, hereby grants to the Monitoring Agent the right to enter upon the Property for the purpose of enforcing the restrictions herein contained, or of taking all actions with respect to the Property, which the Monitoring Agent may determine to be necessary or appropriate pursuant to court order, or with the consent of Grantor to prevent, remedy or abate any violation of this Deed Restriction.

8. Covenants to Run With the Property.

(a) A copy of this Deed Restriction, as recorded, shall be provided to the Monitoring Agent and the appropriate official of the Municipality.

(b) This Deed Restriction shall be deemed to be a low or moderate income housing deed restriction as that term is defined in Chapter 53 of Title 45 of the Rhode Island General Laws, and is enforceable as such.

(c) Grantor acknowledges, declares and covenants on behalf of Grantor and Grantor's successors and assigns (i) that this Deed Restriction shall be and are covenants running with the land, encumbering the Property for the Affordability Period, and are binding upon Grantor's successors in title and assigns, (ii) are not merely personal covenants of Grantor, and (iii) shall bind Grantor, and Grantor's successors and assigns, and inure to the benefit of and be enforceable by the Monitoring Agent, the Municipality and its successors and assigns, for the Affordability Period.

9. Miscellaneous Provisions.

(a) Amendments. This Deed Restriction may not be rescinded, modified or amended, in whole or in part, without the written consent of the current owner of the Property, the Monitoring Agent and the Municipality.

(b) Notice. Any notices, demands or requests that may be given under this Deed Restriction shall be sufficiently served if given in writing and delivered by hand or mailed by certified or registered mail, return receipt requested, or via reputable overnight courier, in each case postage prepaid and addressed to the parties at their respective addresses set forth below, or such other addresses as may be specified by any party (or its successor) by such notice. All such notices, demands or requests shall be deemed to have been given on the day it is hand delivered or mailed:

Grantor:

BELL CAPITAL, LLC
250 BITTERSWEET FARM WAY
SOUTH KINGSTOWN, RI 02879
Attn: HARRISON BELL

Monitoring Agent:

NARRAGANSETT AFFORDABLE HOUSING
25 FIFTH STREET
NARRAGANSETT, RI 02882

Municipality:

TOWN OF SOUTH KINGSTOWN
180 HIGH STREET
SOUTH KINGSTOWN, RI 02879

(c) Further Assurances. Grantor agrees from time to time, as may be reasonably required by the Monitoring Agent, to furnish the Monitoring Agent, upon its request, with a written statement, signed and, if requested, acknowledged, setting forth the

condition and occupancy of the Property, information concerning the resale of the Property and all other material information pertaining to the Property or Grantor's conformance with the terms of this Deed Restriction.

(d) Monitoring Agent Services. The Monitoring Agent shall monitor compliance of the Property, and enforce the ongoing requirements of this Deed Restriction, including the requirement that the Property be sold and resold to an Eligible Purchaser (or to the Monitoring Agent) in accordance with the terms of this Deed Restriction.

(e) Severability. If any provisions hereof or the application thereof to any person or circumstance shall come, to any extent, to be invalid or unenforceable, the remainder hereof, or the application of such provision to the persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and enforced to the fullest extent permitted by law.

(f) Waiver by Monitoring Agent: No waiver by the Monitoring Agent of any breach of this Deed Restriction shall be deemed to be a waiver of any other or subsequent breach.

(g) Third Party Beneficiary. The Monitoring Agent and the Municipality shall be entitled to enforce this Deed Restriction and may rely upon the benefits hereof.

(h) Gender; Captions. The use of the plural in this Deed Restriction shall include the singular, the singular, the plural and the use of any gender shall be deemed to include all genders. The captions used in this Deed Restriction are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of this Deed Restriction.

(i) Binding Successors. This Deed Restriction shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors, and assigns; provided, that Grantor may not assign this Deed Restriction or any of its obligations hereunder without the prior written approval of the Monitoring Agent and the Municipality pursuant to the terms of this Deed Restriction.

(j) Governing Law. This Deed Restriction is being executed and delivered in the State of Rhode Island and shall in all respects be governed by, construed and enforced in accordance with the laws of said State without giving effect to any conflict of law provision or rule.

(k) Independent Counsel. GRANTOR ACKNOWLEDGES THAT HE, SHE, OR THEY HAVE READ THIS DOCUMENT IN ITS ENTIRETY AND HAS HAD THE OPPORTUNITY TO CONSULT LEGAL AND FINANCIAL ADVISORS OF HIS, HER OR THEIR CHOOSING REGARDING THE EXECUTION, DELIVERY AND PERFORMANCE OF THE OBLIGATIONS HEREUNDER.

(l) Counterparts. This Deed Restriction may be executed in several counterparts, each of which shall be deemed to be an original copy of all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

[signatures appear on next page]

IN WITNESS WHEREOF, the parties hereto each caused this Deed Restriction to be duly executed and delivered by themselves or their respective duly authorized representatives as of the day and year set forth above.

GRANTOR(S):

HARRISON BELL
BELL CAPITAL, LLC

[CORPORATE NOTARY CLAUSE]

STATE OF RHODE ISLAND
COUNTY OF WASHINGTON

In _____ on this ____ day of _____, 20__, before me personally appeared _____, the _____ of _____, to me known, and known by me to be the party executing the foregoing instrument and he/she acknowledged said instrument, by him/her executed to be his/her free act and deed, in said capacity, and the free act and deed of _____.

Notary Public
Printed Name: _____
My Commission Expires: _____

The terms of this Deed Restriction are acknowledged by:

MUNICIPALITY:

TOWN OF SOUTH KINGSTOWN

By: _____

Name: _____

Title: _____

STATE OF RHODE ISLAND
COUNTY OF WASHINGTON

In _____ on this _____ day of _____, 20____,
before me personally appeared _____, the _____ of the
TOWN OF SOUTH KINGSTOWN to me known, and known by me to be the party
executing the foregoing instrument, and he/she acknowledged said instrument, by
him/her executed to be his/her free act and deed, in said capacity, and the free act and
deed of the TOWN OF SOUTH KINGSTOWN.

Notary Public

Printed Name: _____

My Commission Expires: _____

MONITORING AGENT:

NARRAGANSETT AFFORDABLE HOUSING

By: _____
Name: _____
Title: _____

STATE OF RHODE ISLAND
COUNTY OF WASHINGTON

In _____ on this _____ day of _____, 20____,
before me personally appeared _____, the _____ of
NARRAGANSETT AFFORDABLE HOUSING to me known, and known by me to be
the party executing the foregoing instrument, and he/she acknowledged said instrument,
by him/her executed to be his/her free act and deed, in said capacity, and the free act and
deed of NARRAGANSETT AFFORDABLE HOUSING.

Notary Public
Printed Name: _____
My Commission Expires: _____

Exhibit A

Copy of Deed

DRAFT