

NOTICE OF RESIDENTIAL OCCUPANCY RESTRICTION

Property Address: _____

Pursuant to section 510(e) of the Housing Act of 1949, as amended, 42 U.S.C. §1480(c), the purchaser ('Grantee' herein) of the above-described real property (the 'subject property' herein) covenants and agrees with the United States acting by and through the Rural Housing Service of the Rural Development mission area of the United States Department of Agriculture, or its successor Agency (the 'Grantor' herein) that the dwelling unit(s) located on the subject property as of the date of this Quitclaim Deed will not be occupied or used for residential purposes until the item(s) listed at the end of this paragraph have been accomplished. This covenant shall be binding on Grantee and Grantee's heirs, assigns and successors and will be construed as both a covenant running with the subject property and as equitable servitude. This covenant will be enforceable by the United States in any court of competent jurisdiction. When the property complies with the following standards of the Grantor or the unit(s) has been completely razed, upon application to the Grantor in accordance with its regulations, the subject property may be released from the effect of this covenant and this covenant will thereafter be of no further force or effect. The property must be repaired and/or renovated as follows:

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This property contains a dwelling unit or units which the Rural Housing Service of the Rural Development mission area of the United States Department of Agriculture, or its successor Agency has deemed to be inadequate for residential occupancy. The Quitclaim Deed by which the property will be conveyed will contain a covenant restricting the residential unit(s) on the property from being used for residential occupancy until the dwelling unit is repaired, renovated, or razed. This restriction is imposed pursuant to section 510(e) of the Housing Act of 1949, as amended, 42 U.S.C., 1480. The property must be repaired and/or renovated as follows:

FORMS MANUAL INSERT

FORM RD 1955-44

Used by field offices to notify purchasers of Real Estate Owned (REO) property of "Decent, Safe, and Sanitary (DSS)" residential occupancy restrictions.

(see reverse)

- PROCEDURE FOR PREPARATION : 7 CFR Part 3550 and HB-1-3550
- PREPARED BY : Appropriate Rural Development official.
- NUMBER OF COPIES : Original and three.
- SIGNATURES REQUIRED : None.
- DISTRIBUTION OF COPIES : Original to be used as Attachment to Quitclaim Deed or guide in preparing restrictive covenant; copy attached to Notice of Real Property For Sale; copy to REO property file; copy for use in preparing advertisements, attaching to sales contracts, etc. Note: A copy of this form must be attached to all sales contracts involving property that does not meet DSS standards.

INSTRUCTIONS FOR PREPARATION

General: This is a multi-purpose form. The preprinted body of the original form contains different language than the copies. The original contains the appropriate language required to modify the Quitclaim Deed on properties that do not meet DSS standards and is appropriate for use as an "Attachment" to the Quitclaim Deed. The copies contain the appropriate language that must be included in listing notices, advertisements, sales contracts, etc.

When completed, the original of this form should be maintained in the former borrowers case file until the property is sold and preparation of the deed is required. If being used as an attachment to the Quitclaim Deed, it should be referenced in the deed using language similar to "See attached Form RD 1955-44, 'Notice of Residential Occupancy Restriction,' which is attached hereto and made a part hereof."

The copies may be used after completion of the form for attachment to listing notices, sales contracts, etc. Real estate brokers should be notified that when submitting a contract on a property which does not meet DSS standards, they should attach a photocopy of the form which is attached to the notice of listing.

Item 1: Insert address of property being sold. Do not use Post Office Box Numbers.

Item 2: Insert those items which are necessary to make the dwelling unit(s) meet DSS standards. Be specific. Examples include:

- Replace flooring and floor joists in kitchen and bath..
- Drill new well to provide for an adequate and potable water supply.
- Hook-up to community water and sewage system now being installed.
- Provide a functionally adequate, safe and operable ____*. *Insert heating, plumbing, electrical and/or sewage disposal system, etc., as appropriate.
- Install ____*. *Insert new roof, foundation, sump pump, bathroom fixtures, etc., as appropriate.
- Install R-____* installation in basement walls or ceiling, R-____ insulation in attic, and storm windows and doors throughout. *Insert appropriate R-Value.