

Prepared by and Return to:
Piedmont Housing Alliance
682 Berkmar Circle
Charlottesville, Virginia 22901

Re: City of Charlottesville Real Estate Parcel Id. No. _____

DECLARATION
OF AFFORDABLE HOUSING COVENANTS
(HOME OWNERSHIP)

THIS DECLARATION OF AFFORDABLE HOUSING COVENANTS

(**HOME OWNERSHIP**) (hereinafter, “**Covenant**”) is made as of the _____ day of _____, 2026 (“**Effective Date**”), by GREATER CHARLOTTESVILLE HABITAT FOR HUMANITY, INC. (“**Homeownership Project Owner**”, and sometimes referred to herein as the “**Landowner**,” or “**Habitat**”), having an address of 967 2nd Street SE, Charlottesville, Virginia 22902, for the benefit of the CITY OF CHARLOTTESVILLE, a municipal corporation, 605 East Main Street, City Hall, Charlottesville, Virginia, 22902 (the “**City**”).

RECITALS

R-1. Landowner is the fee simple owner of certain real property located in the City of Charlottesville as further described in **Exhibit A** (the “**Property**”) attached to this Covenant, which Property will include the development of For Sale Affordable Units, as further defined below (the “**Project**”).

R-2. To further the public purpose of increasing the affordable homeownership housing stock within the City of Charlottesville and, in particular, on the Property, the City is willing to loan certain public funding to Piedmont Housing Alliance (“**PHA**”), in accordance with the provisions of Virginia Code §15.2-958 to facilitate the development of the Project.

R-3. The City and Homeownership Project Owner desire to set forth herein the terms, restrictions and conditions upon which Homeownership Project Owner will construct, maintain, and sell the For Sale Affordable Units within the Project.

R-4. By Ordinance adopted on _____, the City agreed to loan public funding pursuant to the provisions of Va. Code §15.2-958, to subsidize construction of streets, utilities and other site

improvements essential to the Project and to support the production of new units of residential rental and for-sale property within the Project, to be occupied following construction by Households of low and moderate income. The City's adoption of the City Ordinance was induced by PHA's representation that certain residential units within the Project will, at Project buildout, be Affordable Units.

R-5. The City, Homeownership Project Owner and Project Owner mutually acknowledge the value of assistance provided by the City and the value of the considerations rendered by the Project Owner and Homeownership Project Owner in maintaining the dwelling units at reduced costs for Households of low and moderate income.

R-6. This Covenant pertains to For Sale Affordable Units and Homeownership Project Owner agrees that all units on the Property will be For Sale Affordable Units and that Homeownership Project Owner will not lease any units except as otherwise permitted in this Covenant.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties hereby declare, covenant and agree as follows, with respect to the Property described within Exhibit A to this Covenant:

ARTICLE I

DEFINITIONS

For the purposes of this Covenant, the capitalized terms used herein shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as, the singular.

Affordability Period (Homeownership): is thirty (30) years, calculated as set forth within Article X.1.

Affordability Requirement: has the meaning given in Section 2.1.

Affordable Unit: means a residential dwelling unit for occupancy by a Qualified Purchaser which housing will be used to satisfy the Affordability Requirement.

Affordable Unit Marketing Plan: means Homeownership Project Owners' plan(s) for marketing the sale of the For Sale Affordable Units, as approved by the Agency pursuant to Section 2.3.

Affordable Unit Owner: means a Qualified Purchaser who own(s) a For Sale Affordable Unit.

Agency: means the Office of the Charlottesville City Manager, and any successor department whose mission includes administration of the City's Affordable Housing Program.

Area Median Income or AMI: means median family income limits for the City of Charlottesville, Virginia, established and adjusted by the U.S. Department of Housing and Urban Development (HUD) annually by household size.

Annual Household Income: means the aggregate annual income of a Household as determined by using the standards set forth in 24 CFR § 5.609, as may be amended, or as otherwise set forth by the Agency.

Annual Report: has the meaning given in Section 5.8.

Business Day means Monday through Friday, inclusive, other than holidays recognized by the City of Charlottesville government.

CAO means the Office of the City Attorney for the City of Charlottesville, Virginia.

Certificate of Occupant Eligibility means a certification by a Household at its initial occupancy of an Affordable Unit, in a form approved by the Agency, that shall be given to the Agency, Landowner, and the Certifying Authority, representing and warranting the following: (a) the Household is a Qualified Purchaser or occupant and has disclosed all of its Annual Household Income to the Certifying Authority, (b) the Household's Annual Household Income is at or below the maximum Annual Household Income for the applicable Affordable Unit, (c) the Household has been informed of its rights and obligations under this Covenant, (d) the Household intends to occupy the Affordable Unit as its principal residence, (e) that the Household size is within the Occupancy Standard for the Affordable Unit, and (f) any other reasonable and customary representations requested by the Agency.

Certification of Income: means a certification made by a Certifying Authority that verifies the Annual Household Income of a Qualified Purchaser meets the designated Level of Affordability for an applicable Affordable Unit and meets the requirements of Section 5 in such form as the Agency approves.

Certification of Inspection: means a certification by Homeownership Project Owner that it has performed or caused to be performed an inspection of an Affordable Unit and that, to the best of Landowner's knowledge, such For Sale Affordable Unit is in compliance with all applicable statutory and regulatory requirements, in such form as the Agency approves.

Certification of Residency: means a certification made by an Affordable Unit occupant that states that the Affordable Unit Occupant or Affordable Unit Owner occupies the Affordable Unit as its principal residence, in such form as the Agency approves.

Certifying Authority: means PHA, Habitat or any other entity or entities approved by the Agency pursuant to Section 2.4.

City Ordinance: means that certain ordinance adopted by the Charlottesville City Council on _____, pursuant to Virginia Code §15.2-958, and any amendments made thereto, to approve and establish guidelines for the production of new housing for persons of low and moderate income within the Project and to assure that such housing will be occupied following construction by low and moderate income persons throughout the Affordability Period.

Code: means the Internal Revenue Code of 1986, as amended.

For Sale Affordable Unit: means an Affordable Unit that is owned, or is to be owned, by a Qualified Purchaser.

Foreclosure Notice: is defined in Section 8.3 or Section 8.4.

Homeownership Project Owner: means Habitat, the intended developer of the For Sale Affordable Units, and all of its assignees, transferees, and successor(s) in interest to a For Sale Affordable Unit until the initial sale of the unit.

Household(s): means all individuals who will occupy the Affordable Unit, including all individuals over eighteen (18) years of age whose names will appear as purchaser(s), spouse or domestic partner and children under eighteen (18) years of age. A Household may be a single family, one (1) individual living alone, two (2) or more families living together, or any other group of related or unrelated individuals who share living arrangements as allowable by this Covenant.

Household Size Adjustment Factor (HAF): means the factor related to the number of individuals in a Household for the purpose of establishing the maximum Annual Household Income of a For Sale Affordable Unit, at settlement on the For Sale Affordable Unit, as set forth in the following table:

Household Size	Household Adjustment Factor
1	0.7
2	0.8
3	0.9
4	1
5	1.1
6	1.2

Housing Cost: means the total monthly mortgage payments, property tax, hazard insurance, if applicable, and condominium or homeowner fees for For Sale Affordable Units.

HUD: means the United States Department of Housing and Urban Development.

Land Records: means the real property records for the City of Charlottesville located in the Circuit Court for the City of Charlottesville.

Landowner: is identified in the preamble of this Covenant.

Levels of Affordability refers to the Tiers of Affordable Housing defined in terms of AMI. Families earning: between 120 and 80% AMI are considered “moderate-income”; between 80 and 50% AMI, “low-income”; between 50 and 30% AMI, “very low-income” and below 30% AMI, “extremely low-income.”

Loan Agreement: means that certain loan agreement by and between PHA and the City approved by Ordinance adopted by Charlottesville City Council on _____, including the

promise to construct the For Sale Affordable Units in accordance with this Covenant.

Market Rate Unit: means each residential unit on the Property that is not an Affordable Unit.

Maximum Sales Price: as defined in Section 5

Mortgage: means a mortgage, deed of trust, mortgage deed, or such other classes of instruments as are commonly given to secure a debt under the laws of the City of Charlottesville.

Mortgagee: means the holder of a Mortgage.

Parcel: is a portion of the Property on which the For Sale Affordable Units will be constructed, as set forth on **Exhibit A**, attached and incorporated herein by reference.

Person: means any individual, corporation, limited liability company, trust, partnership, limited partnership, or other legal entity.

Project: means the structures, landscaping, hardscape and/or site improvements to be constructed or placed on the Property, including a minimum of a total of 20 For Sale Affordable Units referred to within the definition of “**Affordability Requirement**”. The term “**Project**” includes all phases of the proposed redevelopment of the Property.

Project Owner: means any Person that has an interest in the Property and all of such Person’s (including, Homeownership Project Owner’s) assignees, transferees, sublessees, subtenants, and successors in interest.

Property: refers to the land described on Exhibit A, incorporated herein by reference, which includes the real estate identified, as of the date of this Covenant, by the City real estate parcel identification numbers _____ [to be added prior to recordation- 20 subdivided lots comprise the Property].

Qualified Purchaser: each means a Household that (i) has an Annual Household Income, as certified by the Certifying Authority, less than or equal to the maximum Annual Household Income for the applicable Affordable Unit at the time of initial qualification, (ii) shall occupy the Affordable Unit as its principal residence, (iii) shall not permit exclusive occupancy of the Affordable Unit by any other individual(s), (iv) shall use and occupy the Affordable Unit as an Affordable Unit subject to the Affordability Requirement and this Covenant and (v) shall occupy the Affordable Unit within the Occupancy Standard.

Sale: is defined in Section 5.

Utilities: means water, sewer, electricity, and natural gas.

ARTICLE II

AFFORDABILITY REQUIREMENT

2.1 Requirement of Affordability. All of the Affordable Units within the Project shall be constructed and reserved as For Sale Affordable Units, subject to the Affordability Requirement. The Project shall include a total minimum of 20 For Sale Affordable Units (“**Required Affordable Units**”). For all purposes of this Covenant, the term “Affordability Requirement” means and refers to all of the following:

2.1.1. All For Sale Affordable Units are subject to the Affordability Period as further detailed in Article V of this Covenant.

2.1.2. For Sale Affordable Units shall be subject to the following:

(a) No fewer than 20 of the Affordable Units within the Project shall be For Sale Affordable Units (“**Required For Sale Affordable Units**”) developed by Habitat. The Required For Sale Affordable Units are further subject to all of the following:

(i) no fewer than 20 Required For Sale Affordable Units shall be sold to Households with a maximum Annual Household Income of 60% Area Median Gross Income.

(b) Additional For Sale Affordable Units may be provided within the Project.

(c) The provisions of 2.1.2(a) and (b), above, are, unless otherwise provided, subject to subsection (g)(1)(C) of Section 42 of the Code and the federal Average Income Test.

2.2 Affordable Unit Standards and Location.

2.2.1 *Exterior Finishes.* Exterior finishes of Affordable Units within the Project will be substantially consistent across tiers of affordability.

2.3 Marketing Affordable Units. Homeownership Project Owner shall create a marketing plan that sets forth its plan for marketing the Affordable Units to Households who may be Qualified Purchasers. The Affordable Unit Marketing Plan shall be subject to the Agency’s prior written approval prior to marketing any Affordable Units for sale.

2.4 Certifying Authority. Homeownership Project Owner shall be a Certifying Authority. The Certifying Authority shall review documentation and verify a Household’s Annual Household Income and Household’s size in order to determine whether that Household is a Qualified Purchaser.

ARTICLE III

USE

3.1 Use. Except as provided herein, all Affordable Unit Owners shall have the same and equal use of all the amenities within the Project and services provided to residents within the Project (except if unique services are required for certain residents as approved by the Agency). No restrictions, requirements or rules shall be imposed on Affordable Unit Owners at any tier of affordability that are not imposed equally on the Affordable Unit Owners within other tiers of affordability. If amenities, services, upgrades, or ownership or rental of parking and other facilities are offered as an option to Affordable Unit Owners at any tier of affordability, such amenities, services, upgrades, or rental of parking and other facilities shall be offered to the Affordable Unit Owners at other tiers of affordability. If there is no cost or fee charged to Affordable Unit Owners at one tier of affordability for such amenities, services, upgrades, or rental of parking and other facilities, there shall not be a cost or fee charged to Affordable Unit Owners at other tiers of affordability.

3.2 Demolition/Alteration. Affordable Unit Owners shall maintain, upkeep, repair and replace interior components (including fixtures, appliances, flooring and cabinetry).

ARTICLE IV

[RESERVED]

ARTICLE V

SALE OF AFFORDABLE UNITS

5.1. Sale of For Sale Affordable Units. The Homeownership Project Owner shall comply with the provisions of this Article V for the sale of the For Sale Affordable Units.

5.1.1. Maximum Sales Price. The sale price of each For Sale Affordable Unit upon an initial closing (“Sale”) shall not exceed 120% of fair market value as established by an appraisal of the Affordable Unit (the “Maximum Sales Price”) prior to Sale, notwithstanding that the initial Housing Cost for a purchaser with an Annual Housing Income at the designated Level of Affordability shall not exceed 30% of the purchaser’s gross family income. The Housing Cost includes mortgage payments, property taxes, condominium and homeowner fees, and hazard insurance, if applicable.

5.1.2. Resale. In accordance with a Zoning Determination letter issued by the City of Charlottesville to Habitat for Humanity of Greater Charlottesville dated February 22, 2024 and attached as Exhibit B to this Covenant, all Affordable Units shall have the following provisions incorporated into the deed of bargain and sale:

A. A provision granting Habitat both (i) a right of first refusal to repurchase the Affordable Unit from the initial Qualified Purchaser, and (ii) the right to share in appreciation

realized upon transfer of the Affordable Unit to a third party (the “**Appreciation in Value**” as the Appreciation in Value is more particularly defined in Habitat’s standard deed to be delivered in accordance with Section 5.3.3 below), which rights will run with and burden the title to the Affordable Unit, and bind the grantees, successors, and assigns for a period of time of 40 years from the date of recordation date of the deed from Habitat to the Qualified Purchaser in the Land Records.

B. If the Affordable Unit is transferred for the first time:

- a. Within 60 months after the recordation date of the deed from Habitat to the Qualified Purchaser, then 100% of the Appreciation in Value shall be paid to Habitat;
- b. Within 61 to 120 months after the recordation date of the deed from Habitat to the Qualified Purchaser, then 75% of the Appreciation in Value shall be paid to Habitat;
- c. Within 121 to 240 months after the recordation date of the deed from Habitat to the Qualified Purchaser, then 50% of the Appreciation in Value shall be paid to Habitat;
- d. Within 241 to 300 months after the recordation date of the deed from Habitat to the Qualified Purchaser, Habitat shall be entitled to 40% of the Appreciation in Value;
- e. Within 301 to 480 months after the recordation date of the deed from Habitat to the Qualified Purchaser, Habitat shall be entitled to 30% of the Appreciation in Value;
- f. Within 481 months after the recordation date of the deed from Habitat to the Qualified Purchaser, Habitat shall be entitled to 0% of the Appreciation in Value.

C. In the event of a sale before the expiration of 30 years from the date hereof, Habitat will either repurchase and sell the home to another Qualifying Purchaser or reinvest Habitat’s share of the Appreciation in Value back into the production of affordable housing in the City as demonstrated by the production of another affordable For Sale Affordable Unit within five years of such sale. In the case of the latter – i.e. the home sells to a non-income-qualified purchaser and Habitat reinvests proceeds in another For Sale Affordable Unit located in the City – the subsequent deed of bargain and sale will not be required to include a right of first refusal or Appreciation in Value covenant.

D. If another home is not built within five years of such sale, then Habitat will provide an in-lieu of payment equal to 50% of its share of the appreciation into the City’s housing fund.

E. Nothing in the above shall preclude the ability of the owner to transfer the property to their lineal descendants. In the case of such a transfer, no appreciation in value shall be due to Habitat.

5.1.3. Housing Purchase Assistance Program and other Subsidized Funding. The Maximum Sales Price and Resale Provisions of a For Sale Affordable Unit shall be determined without regard to the prospective purchaser’s use of Housing Purchase Assistance Program and/or other subsidized funding for the purchase of the For Sale Affordable Unit, unless otherwise provided by the Covenant.

5.2. Procedure for Sales. The following procedures shall apply with respect to the initial Sale of a For Sale Affordable Unit.

5.2.1. Income Eligibility. For any Qualified Purchaser, the Annual Household Income shall be determined as of the date of the sales contract for such For Sale Affordable Unit. If Sale of a For Sale Affordable Unit will not occur within 90 days after the effective date of the sales contract for that Affordable Unit, the Annual Household Income of the prospective Qualified Purchaser shall be determined again within 90 days prior to Sale. A Household's eligibility to purchase a For Sale Affordable Unit is determined as follows: The front-end ratio for the purchaser shall be no greater than 30%. For clarity, the Homebuyer's monthly Housing Cost payment at the time of Sale shall be no more than 30% of the Homebuyer's total gross monthly income. Housing Cost payment will include principal, and escrows for real estate taxes, homeowner insurance, HOA or Condo dues, and exterior maintenance fees (if applicable). The back-end ratio (i.e. the purchaser's total debt to income ratio including housing expenses) at purchase shall be 43% or less.

5.3. Closing Procedures and Form of Deed.

5.3.1. Owner to Provide Copy of Covenant. Homeownership Project Owner or Affordable Unit Owner, as applicable, shall provide the Qualified Purchaser a copy of this Covenant prior to or at the closing on the Sale of the For Sale Affordable Unit.

5.3.2. Form of Deed. All deeds used to convey or otherwise transfer title to a For Sale Affordable Unit must have a fully executed Certificate of Purchaser Eligibility attached, if the sale or other transfer of title is to a Qualified Purchaser. Every deed shall include the following statement in twelve (12) point or larger type, in all capital letters, on the first page of the deed:

THIS DEED IS DELIVERED AND ACCEPTED SUBJECT TO THE PROVISIONS AND CONDITIONS SET FORTH IN THAT CERTAIN AFFORDABLE HOUSING COVENANT, DATED AS OF _____, __, 202____ RECORDED AMONG THE LAND RECORDS OF THE CITY OF CHARLOTTESVILLE, VIRGINIA AS INSTRUMENT NUMBER _____, ON _____, __, 202____, WHICH AMONG OTHER THINGS IMPOSES RESTRICTIONS ON THE SALE AND CONVEYANCE OF THE SUBJECT PROPERTY.

5.3.3. Deed for a For Sale Affordable Unit. A deed for a For Sale Affordable Unit shall not be combined with any other property, including parking spaces or storage facilities, unless the price of such property is included in the Maximum Sales Price (for initial Sales). Each Deed to a Qualified Purchaser for a For Sale Affordable Unit will include Habitat's then current right of first refusal and definition of Appreciation in Value.

5.3.4. Post Closing Obligations. The Homeownership Project Owner and the purchaser of a For Sale Affordable Unit shall submit to the Agency within thirty (30) days after the closing a copy of the final executed HUD settlement statement, a copy of the deed recorded in the Land Records (including the Instrument Number assigned to the deed at recordation, when available), the Certificate of Purchaser Eligibility, and the Certification of Income.

5.4. Representations of Owner. By execution of a deed conveying or otherwise transferring legal title to a For Sale Affordable Unit to a Qualified Purchaser, the Homeownership Project Owner or

Affordable Unit Owner shall be deemed to represent and warrant to, and agree with, the Agency and, if applicable, the title company, each of whom may rely on the following: that (i) the Household is determined to be a Qualified Purchaser by Habitat at the applicable designated Level of Affordability, and (ii) the sale price satisfies the terms of this Covenant.

5.5. Leasing For Sale Affordable Units. An Affordable Unit Owner shall not lease a For Sale Affordable Unit without Habitat's prior written approval, in Habitat's sole and absolute discretion. If Habitat approves the lease of a For Sale Affordable Unit, then, to the extent permitted by applicable law, that Affordable Unit shall be leased affordably to an income qualified tenant at or below 80% AMI.

5.6. Transfers and Conveyances. This Covenant shall run with the Property and shall be binding upon the Landowner and Homeownership Project Owner and all their heirs, successors and assigns for the Affordability Period. Except as otherwise expressly provided in this Covenant, in the event that the right, title and interest of an Affordable Unit Owner is, in whole or in part, transferred to a third party by operation of law (such as, without limitation: by court order, administration of an estate, intestate succession, etc.) (each third party receiving such interest, a "Transferee"), then such Transferee, shall automatically be bound by all of the terms, obligations and provisions of this Covenant.

5.7. Progress Reports. Until all initial Sales of For Sale Affordable Units are completed, the Homeownership Project Owner shall provide Agency with annual progress reports, or more frequently upon request, on the status of its initial sale of the For Sale Affordable Units. Upon conversion of a Rental Affordable Unit to a For Sale Affordable Unit, then the first sale of that Unit to a Qualified Purchaser, and each subsequent sale of such Affordable Unit, and the occupancy of such Unit, shall be governed by this Article V.

5.8. Annual Reporting Requirements. Beginning in the first year that any For Sale Affordable Unit is occupied, the Homeownership Project Owner shall provide an annual report ("Annual Report") to the Agency regarding the For Sale Affordable Units, which shall be submitted on each anniversary date of the Effective Date of this Covenant. The Annual Report shall include the following:

- (a) the number and identification of Homeownership Project Owner's For Sale Affordable Units, by bedroom count, that are occupied;
- (b) the number and identification of Homeownership Project Owner's For Sale Affordable Units, by bedroom count, that are vacant;
- (c) a sworn statement that, to the best of Homeownership Project Owner's information and knowledge, the Household occupying each For Sale Affordable Unit meets the eligibility criteria of this Covenant for a Qualified Purchaser;
- (d) the address and price and Annual Household Income of each Qualifying Purchaser of a For Sale Affordable Units sold in the prior calendar year; and
- (e) a copy of all forms, policies, procedures, and other documents reasonably requested by the Agency related to the Affordable Units.

The Annual Reports shall be retained by Homeownership Project Owner for a minimum of five (5) years after submission and shall be available, upon reasonable notice, for inspection by the Agency or its designee. Notwithstanding anything contained herein to the contrary, in the event that Homeownership Project Owner provides a report to an agency within the City government with content substantially similar to the content of the Annual Reports described in this section, subject to the Agency's prior written approval, then the reporting requirements under this section shall be satisfied upon Homeownership Project Owner's delivery of such report to the Agency. The Agency may request Homeownership Project Owner to provide additional information in support of its Annual Report, as necessary for the Homeownership Project Owner to verify compliance with the requirements of this Covenant.

ARTICLE VI

DEFAULT; ENFORCEMENT AND REMEDIES

6.1 Default; Remedies. In the event Homeownership Project Owner defaults under any term of this Covenant, and Homeownership Project Owner does not cure such default within sixty (60) days following written notice of such default from the Agency, the City shall have the right to seek specific performance, injunctive relief or other equitable remedies, including compelling the re-sale or leasing of an Affordable Unit and the disgorgement of rents and sale proceeds in excess of the rental rates and sale prices permitted hereunder, for any default(s). In the event such cure cannot reasonably be affected within the 60-day period, the Homeownership Project Owner may request such additional time as may reasonably be necessary to cure such default provided the Homeownership Project Owner has promptly initiated and diligently pursued such cure. Homeownership Project Owner shall give notice of any such default to PHA, and any cure provided by PHA shall be acceptable to the City as if rendered by Homeownership Project Owner directly.

If Homeownership Project Owner is in default under the terms of the Covenant, prior to exercising any remedies thereunder, the City shall provide simultaneous written notice of such default to PHA. PHA shall have the independent right to cure any defaults within the time periods set forth above. City hereby agrees that any cure of any default made or tendered by PHA shall be (i) deemed to be a cure by Homeownership Project Owner, and (ii) accepted or rejected on the same basis as if made or tendered by Homeownership Project Owner.

6.2 Right to Attorney's Fees. In any legal action to enforce this Covenant, the non-prevailing party shall pay the prevailing party's reasonable attorney fees and litigation costs incurred in connection with the prevailing party's efforts to enforce this Covenant. If the Charlottesville City Attorney's Office (CAO) serves as counsel for the City in such legal action, the reasonable attorney fees for the City shall be calculated based on the then applicable hourly rates prevailing within private practice within the City of Charlottesville, Virginia (taking into account the classification of the City employee performing the work), and the number of hours that employees of the CAO prepare for or participated in any such action.

ARTICLE VII

COVENANT BINDING ON SUCCESSORS AND ASSIGNS

This Covenant is and shall be binding upon the Property and shall run with the land and any interest therein as of the Effective Date through the Affordability Period. The rights and obligations of City, Homeownership Project Owner, and any Affordable Unit Owner, shall be binding upon and inure to the benefit of the said parties and their respective heirs, successors, and assigns; provided however that all rights of City pertaining to the monitoring and/or enforcement of the obligations of Homeownership Project Owner or any Affordable Unit Owner shall be retained by City, or such designee of the City as the City may so determine. No sale, transfer or foreclosure shall affect the validity of this Covenant, except as otherwise expressly provided within this Covenant.

ARTICLE VIII

MORTGAGES

8.1 **Subordination of Mortgages.** The provisions of this Article VIII shall only apply to For Sale Affordable Units, if applicable. All Mortgages placed against the Property, or any portion thereof, shall be subject to this Covenant, except as provided in Section 8.4.

8.2 **Amount of Mortgage.** In no event shall the aggregate amount of all Mortgages placed with respect to an Affordable Unit exceed an amount equal to one hundred twenty percent (120%) of the Maximum Sale Price for such For Sale Affordable Unit.

8.3 **Default of Mortgage and Foreclosure.**

8.3.1 **Notice of Default.** The Mortgagee shall provide the Agency written notice of any default and notice of intent to foreclose under the Mortgage on any For Sale Affordable Unit.

Notwithstanding the foregoing, in no event shall failure to provide such notices preclude the Mortgagee's right to proceed with its remedies for default under the Mortgage.

8.3.5 *[Reserved]*

8.4. **Subordination of Covenant.** Habitat must obtain City approval prior to obtaining any financing for a For Sale Affordable Unit which would be senior in priority to this Covenant.

8.5. **Release of Covenant.** In the event that a For Sale Affordable Unit is sold to an arms-length purchaser who is not a Qualifying Purchaser, upon written request of Habitat, and subject to the provisions of Article V of this Covenant, the City shall execute a Release from this Covenant of such For Sale Affordable Unit, in a commercially reasonable, customary form reasonably acceptable to the City and approved as to form by the Office of the City Attorney, to be recorded at Habitat's sole cost and expense in the land records of the City of Charlottesville, Virginia.

ARTICLE IX

AMENDMENT OF COVENANT

Except as otherwise provided herein, neither this Covenant, nor any part hereof, can be amended, modified or released, unless such amendment, modification or release is set forth within a written instrument executed by a duly authorized official of the Agency on behalf of the City, and by a duly authorized representative of a Homeownership Project Owner and recorded in the Land Records. Any amendment to this Covenant that alters the terms and conditions set forth herein shall be recorded among the Land Records before it shall be deemed effective.

ARTICLE X

AFFORDABILITY PERIOD

10.1. The Affordability Period for each For-Sale Affordable Unit shall commence on the date of recordation of the deed transferring the initial ownership of the For-Sale Affordable Unit to a Qualified Purchaser and shall continue for the Affordability Period. Notwithstanding the foregoing, this Covenant may be released and extinguished upon the written approval of the Agency, in its sole and absolute discretion.

ARTICLE XI

NOTICES

11.1 Any notices given under this Covenant shall be in writing and delivered by United States mail (return receipt requested, postage pre-paid), delivered by hand, or delivered by private overnight commercial courier service to the applicable Person at the addresses specified in this Article, or to such other persons or locations as may be designated in writing by the City or the Project Owner from time to time. All notices to be sent to the City shall be sent to the following address:

CITY: Charlottesville City Manager
 P.O. Box 911, Charlottesville, Virginia 22902

With a copy to: Charlottesville City Attorney
P.O. Box 911, Charlottesville, Virginia 22902

All notices to be given to Homeownership Project Owner shall be given by mail or delivery to:

Greater Charlottesville Habitat for Humanity, Inc.
967 2nd Street SE
Charlottesville, Virginia, 22902
Attention: Executive Director

All notices to be given to PHA shall be given in accordance with the notice provisions in the Loan Agreement

All notices to be given to an Affordable Unit Owner shall be given by mail or delivery to the physical address of the For Sale Affordable Unit. It shall be the responsibility of the applicable person and any successor to give written notice to the City of its mailing and delivery addresses. The failure of the applicable person to keep the City apprised in writing of its mailing and delivery address(es) shall constitute a default under this Covenant.

11.2 Notices shall be deemed delivered as follows: (i) if hand-delivered, then on the date of delivery or refusal thereof; (ii) if by overnight courier service, then on the next business day after deposit with the overnight courier service; and (ii) if by certified mail (return receipt requested, postage pre-paid), then on the date of actual delivery or refusal thereof.

ARTICLE XII

MISCELLANEOUS

12.1 **Applicable Law; Venue.** This Covenant shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without reference to the conflicts of laws provisions thereof. Each of the parties whose signatures are affixed to this Covenant irrevocably agrees, on behalf of itself and each of its heirs, successors in interest and assigns, to submit to the jurisdiction of the Circuit Court for the City of Charlottesville, Virginia for the purposes of any suit, action or other proceeding arising out of this Covenant or any transaction contemplated hereby. Each of the parties whose signatures are affixed to this Covenant, on behalf of itself and each of its heirs, successors in interest and assigns, irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Covenant or the transactions contemplated hereby in the Circuit Court of the City of Charlottesville and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

12.2 **Counterparts.** This Covenant may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument.

12.3 **Time of performance.** All dates for performance (including cure of any default) shall expire at 5:00 p.m. (Eastern Time) on the performance or cure date. A performance date which falls on a Saturday, Sunday or City holiday is automatically extended to the next Business Day.

12.4 **Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS COVENANT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

12.5 **Further Assurances.** Each party agrees to execute and deliver to the other party such additional documents and instruments as the other party may request in order to fully carry out the purposes and intent of this Covenant; provided that such additional documents and instruments do not

materially increase the obligations or burdens upon the second party.

12.6 Severability. If any provision of this Covenant is held to be unenforceable or illegal for any reason, said provision shall be severed from all other provisions; all other provisions shall be and remain in effect without reference to the unenforceable or illegal provision.

12.7 Limitation on Liability. Provided that Homeownership Project Owner has exercised due diligence in the performance of its obligations and duties herein, Homeownership Project Owner shall not be liable in the event a Household submits falsified documentation, commits fraud, or breaches any representation or warranty contained in this Covenant. Notwithstanding the foregoing, Homeownership Project Owner or Affordable Unit Owner shall be liable if Homeownership Project Owner or Affordable Unit Owner has knowledge, or should have knowledge, that a Household submitted falsified documentation, committed fraud, or breached any representation or warranty contained in this Covenant.

12.8 Agency Limitation on Liability. Any review or approval by the City or the Agency shall not be deemed to be an approval, warranty, or other certification by the City or the Agency as to compliance of such submissions, the Project, any Affordable Unit or the Property with any building codes, regulations, standards, laws, or any other requirements contained in this Covenant, or any other covenant granted in favor of the City that is filed among the Land Records or otherwise contractually required. The City shall incur no liability in connection with the Agency's review of any submissions required under this Covenant as its review is solely for the purpose of protecting the City's interest under this Covenant.

12.9 No Third Party Beneficiary. Except as expressly set forth in this Covenant, there are no intended third party beneficiaries of this Covenant, and no Person other than City shall have standing to bring an action for breach of or to enforce the provisions of this Covenant.

12.10 Non-Waiver. The failure of any party to this Covenant to enforce any rights, reservations, restrictions, easements or conditions contained in this Covenant, regardless of how long such failure shall continue, shall not constitute a waiver of or bar of such right to enforcement. The remedies granted hereunder are cumulative, and the exercise of any one or more shall not be deemed an election of remedies or waiver of the right to pursue other remedies.

12.11 Representations of Homeownership Project Owner. As of the date hereof, Homeownership Project Owner hereby represents and warrants to City as follows:

- (a) This Covenant has been duly executed and delivered by Homeownership Project Owner and Landowner, and constitutes the legal, valid and binding obligation of said persons, enforceable against said persons, and their heirs, successors and assigns; and
- (b) Neither the entering into of this Covenant nor performance hereunder will constitute or result in a violation or breach by Homeownership Project Owner of any agreement or order which is binding on Homeownership Project Owner; and
- (c) The Homeownership Project Owner (i) is duly organized, validly existing and in good standing under the laws of its state of jurisdiction and is qualified to do business and is in good

standing under the laws of the Commonwealth of Virginia and the City of Charlottesville; (ii) is authorized to perform under this Covenant; and (iii) has all necessary power and authority to execute and deliver this Covenant.

12.12 Federal Affordability Restrictions. In the event the Property is encumbered by other affordability restrictions (“**Federal Affordability Restrictions**”) as a result of federal funding or the issuance of Low-Income Housing Tax Credits for the Project, it is expressly understood that, to the extent, if any, that such Federal Affordability restrictions, requirements, and provisions conflict with any provision(s) of this Covenant, then in the event the conflicting provision(s) in this Covenant would cause a default of or finding of non-compliance with the Federal Affordability Restrictions during the compliance period for the Federal Affordability Restrictions, then the requirements of the Federal Affordability Restrictions shall control to the extent of the conflict. In all other instances, the requirements of this Covenant shall control.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Declaration of Affordable Housing Covenants (Homeownership) as of the day and year first above written.

HOMEOWNERSHIP PROJECT OWNER:

GREATER CHARLOTTESVILLE HABITAT FOR HUMANITY, INC.
a Virginia non-stock corporation

By: _____,
Daniel H Rosensweig,
its CEO

COMMONWEALTH OF VIRGINIA)
)
)
CITY/COUNTY OF _____)

On _____, 2026, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their capacity as Designated Representative of _____, and that by their signature on the instrument, the entity, individual or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Commission expires: _____

Registration No.: _____

ACKNOWLEDGED AND AGREED TO:

CITY OF CHARLOTTESVILLE, VIRGINIA

By: _____
City Manager

Approved as to Form:

By: _____
Title: _____
Date: _____

EXHIBIT A
TO DECLARATION OF AFFORDABLE HOUSING COVENANTS

Legal Description of Homeownership Property

All that those certain lots or parcels of land, together with all improvements thereon and rights and appurtenance thereto, located in the City of Charlottesville, Virginia, shown and described on a plat entitled "PLAT SHOWING MAJOR SUBDIVISION KNOWN AS MACAA REDEVELOPMENT AND BEING CITY PIDS 470007100, 470008000, & 470011000 IN THE CITY OF CHARLOTTESVILLE, VIRGINIA" prepared by Timmons Group, dated December 22, 2023, last revised October 25, 2024, and recorded with a deed in the Clerk's Office of the Circuit Court of the City of Charlottesville, Virginia, as Instrument No. 202400003048 as follows:

LOTS A1 through A8
LOTS C1 through C6
LOTS D1 through D6

BEING a portion of the same real estate conveyed to Monticello Area Community Action Agency, a Virginia nonstock corporation, by the following instruments: (a) deed from Charlottesville-Albemarle YMCA Inc., a Virginia non-stock corporation, and Christine C. Chapman, Substitute Trustee under Agreement dated April 10, 1989, creating The McIntire Land Trust, dated May 19, 1993, recorded June 10, 1993 in the Clerk's Office, Circuit Court, Charlottesville, Virginia in Deed Book 604, Page 568; (b) deed from Rebecca W. West dated November 22, 2016, recorded December 2, 2016 in said Clerk's Office as Instrument No. 201600004608; and (c) from 1023 Park Street, LLC, a Virginia limited liability company, by a Deed of Gift of Boundary Line Adjustment dated December 18, 2024, recorded December 19, 2024, in said Clerk's Office as Instrument No. 202400003048.