

**INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**LIEN AND RESTRICTIVE COVENANT AGREEMENT  
FOR RECIPIENT**

**CDBG AWARD #:** \_\_\_\_\_

This Lien and Restrictive Covenant Agreement (“Agreement”) is made by \_\_\_\_\_, (“Recipient”), a political subdivision of the State of Indiana and \_\_\_\_\_, the owner of certain real estate located at \_\_\_\_\_, in \_\_\_\_\_ County, State of Indiana, more particularly described in “Exhibit A” (“Real Estate”), as recipient(s) of funds from the Indiana Office of Community and Rural Affairs (“OCRA”).

Recipient enters into this Agreement for the benefit of OCRA. OCRA has the exclusive right to enforce the terms of, and protect the interests created by, this instrument.

**I. PURPOSE**

- A. Recipient applied for and received an award of Community Development Block Grant (“CDBG”) funds on behalf of Subrecipient pursuant to the State Grant Agreement (“Grant Agreement”) with grant agreement number \_\_\_\_\_ by and between Recipient and OCRA dated \_\_\_\_\_, to be used for \_\_\_\_\_.
- B. OCRA administers the state’s CDBG Program (“the Program”) pursuant to Ind. Code § 4-4-9.7-6 and awarded funds to Recipient subject to Title 1 of the Housing and Community Development Act and other certain rules, regulations, guidance, and notices relating the Program, issued by OCRA from time to time.
- C. Recipient received a grant from OCRA in the amount of \_\_\_\_\_ **and 00/100 Dollars (\$ \_\_\_\_\_ .00)** (“grant funds”) for the project described in Recipient’s Grant Agreement with OCRA (“the Project”), which is subject to all of the requirements of the Program.
- D. Recipient represents and warrants to OCRA that the Real Estate shall comply with all applicable compatible use requirements of the Program. Recipient further agrees to maintain the Real Estate in accordance with the terms and conditions set forth in the Grant Agreement and Subrecipient Agreement (collectively, the “Program Documents”).
- E. The Program standards set forth herein in accordance with 24 CFR 570.503(b)(7) and 24 CFR 570.505 apply to any real property under Recipient’s control that was acquired or improved, in whole or in part, with CDBG funds awarded by OCRA, in excess of \$25,000.

## II. AGREEMENT

Recipient hereby imposes the following restrictive covenants upon the Real Estate until Recipient is issued a Certificate of Completion for the Project, which shall be enforceable by OCRA, and Recipient shall hereby warrant, grant and convey to OCRA a lien upon the Real Estate for the period set forth in II. A. (“the Lien”). In consideration of these mutual undertakings and covenants, the parties further agree as follows:

- A. Compatible Uses. The Real Estate shall be dedicated to, and maintained for, the use(s) set forth in the Program Documents and in compliance with 24 CFR 570.505. These standards shall remain in effect from the date CDBG funds are first expended on the property until five (5) years after closeout of the applicable CDBG grant. The five- (5) year period begins from the date the Financial Settlement/Expenditure & Administrative Closeout Report (“Closeout Report”) is issued by OCRA or the Office of the Lieutenant Governor, Division of Grant Services (“Grant Services”) until the issuance of the Certification of Completion.
- B. Insurance. Recipient shall maintain property damage, comprehensive coverage, and liability insurance in the amount equal to the replacement cost of the property or improvements made with grant funds. Recipient shall be named as the loss payee of all such policies and maintain proof of such insurance until the issuance of a Certificate of Completion.
- C. Transfer, Assignment, or Liens. Recipient agrees that it shall not convey any interest in the Real Estate without the prior written consent of OCRA. The Real Estate shall not be pledged or mortgaged as collateral for loans without the prior written consent of OCRA. Recipient shall cure and otherwise perfect all liens placed against the Real Estate.
- D. Inspection. OCRA and its representatives and assigns shall have the right to enter upon the Real Estate, at reasonable times and with reasonable notice, for the purpose of inspecting the Real Estate to ensure compliance with the terms of the Program Documents.
- E. Enforcement. If the Real Estate is not maintained according to the terms of the Program Documents, the Recipient shall take measures to bring the Real Estate back into compliance.
  - a. OCRA or its representatives or assigns will notify Recipient in writing and advise the Recipient it has 60 days to correct the violation(s).
  - b. If Recipient fails to demonstrate a good faith effort to come into compliance with the terms of the Program Documents within the 60-day period, OCRA or its representatives or assigns shall enforce the terms of the Program Documents by taking any measures it deems appropriate, including but not limited to bringing an action at law or in equity in a court of competent jurisdiction.
- F. Restrictions on Change of Use. Per 24 CFR 580.489(j)(2), Recipient shall not alter, modify, or otherwise change the use or planned use of the property from that for which the acquisition or improvement was made, as set forth in the Program Documents, unless the Recipient submits a formal written request to OCRA seeking approval of the proposed change of use. Recipient shall follow Section G below regarding reimbursement for non-qualifying use.

- G. Non-Qualifying Use and Reimbursement. In the event OCRA determines that the requested change of use of the property does not qualify under 24 CFR §§ 570.208 or 570.483, Recipient may retain or dispose of the property for such changed use only upon reimbursement to the CDBG program in an amount equal to the current fair market value of the property, less any portion of such value attributable to expenditures of non-CDBG funds for acquisition or improvements.

If the change of use occurs after closeout, the use of reimbursed funds shall be governed by the provisions applicable to income from the disposition of real property under 24 CFR § 570.504(b)(4) or (5), as applicable.

- H. Consideration. Recipient states that the financial assistance received through the Program represents good and valuable consideration for this Agreement and that restrictions on the use of the Real Estate are consistent with the statutes, regulations, terms, conditions, and requirements for the Program.
- I. Binding Effect. This Agreement shall be binding upon the Real Estate and shall constitute a restrictive covenant. Recipient agrees that any and all requirements of the laws of the State of Indiana which must be satisfied so that the provisions of this Agreement constitute valid and binding deed restrictions and covenants on the Real Estate shall be satisfied in full. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, successors, and assigns.
- J. Governing Law; Venue. This Agreement shall be construed and governed in accordance with the laws of the State of Indiana. The parties agree to submit to the exclusive jurisdiction and venue of the courts of Marion County, Indiana for an action arising out of this Agreement.

## NON-COLLUSION AND ACCEPTANCE

The undersigned attests, subject to the penalties for perjury, that s/he is Recipient or that s/he is the properly authorized representative, agent, member or officer of Recipient, and that s/he has not, nor has any other member, employee, representative, agency or officer of Recipient, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusions or agreement to receive or pay, and that s/he has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

IN WITNESS WHEREOF, Recipient has, through it duly authorized representative, entered into this Agreement. Recipient, having read and understood the foregoing terms of this Agreement, does by its respective signature date below hereby agree to the terms thereof.

### RECIPIENT

By: \_\_\_\_\_

Printed: \_\_\_\_\_

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

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

STATE OF INDIANA )

) SS:

COUNTY OF \_\_\_\_\_ )

Before me, a Notary Public, in and for said County and State, personally appeared \_\_\_\_\_ (name), \_\_\_\_\_ (title) of \_\_\_\_\_ (Recipient) who acknowledged the foregoing Lien and Restrictive Covenant Agreement was executed as his/her voluntary act and deed and that the foregoing representations are true and correct.

WITNESS my hand and seal this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

SEAL

\_\_\_\_\_

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

My Commission Expires: \_\_\_\_\_

A Resident of \_\_\_\_\_ County, Indiana



**EXHIBIT A: REAL ESTATE**

Common Address:

State Parcel #:

Legal Description:

Instrument type:

Recording Number:

SAMPLE