



CITY OF CHARLOTTE
Housing & Neighborhood Services
600 E Trade St
Charlotte, North Carolina 28202

Declaration of Restrictions
Queen City Accessory Dwelling Unit Program

THIS DECLARATION OF RESTRICTIONS (the "Declaration"), made and entered into this by and between , , (the "Owner" for the benefit of and enforceable by the City of Charlotte, a municipal corporation (the "City")).

WHEREAS Owner is the owner of a certain tract of real property, more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property"); and

WHEREAS, City has made a loan to Owner with a total original amount of **Dollars (\$)** evidenced by one or more loan agreements of even date herewith (collectively, the "Loan") for the construction of an Accessory Dwelling Unit (the "Unit") on the Property; and

WHEREAS, the Loan is evidenced by a loan agreement, promissory note, and any other documents the City may require Owner to execute from time to time pursuant to the Loan (collectively, the foregoing documents being the "Loan Documents"); and

WHEREAS the Loan was made pursuant to the Queen City Accessory Dwelling Unit Program utilizing PAYGO Funds (the "Program") incorporated by reference herein; and

WHEREAS, as a condition of making the Loan to Owner, City has required, and Owner has agreed to restrict the Property as set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner hereby represents, covenants, warrants, and agrees:

RESTRICTIONS.

A. GENERAL - 15 YEARS

Upon the execution of this Declaration and for _____ (___) years following the commencement of Borrower's first lease to a tenant under the Program (the "Affordability Period"), the Property shall be subject to compliance with the Program and the Program Guidelines, and shall be subject to the following restrictions:

1. Throughout the Affordability Period, the Unit shall be rent-restricted and occupied (or if unoccupied, held for occupancy) by a family or an individual whose income is no greater than 80% of the Mecklenburg County, North Carolina area median income (the "AMI"). If, after initial occupancy, the income of the tenant of the Unit increases above 80% of AMI, the tenant shall be considered over-income ("Over-Income Tenant") and no longer compliant with the Program. Upon the expiration of the lease to the Over-Income Tenant, the Unit must be rented to an individual or family with an income that is less than or equal to 80% AMI.
2. For the first full year following the imposition of these restrictions, the rental amount charged for the Unit shall not exceed the amount indicated in the City provided Affordable Housing Maximum Rent Level table. The rental amount charged for the Unit shall not increase more than 3% per year and must be approved by the City in writing prior to any increase.
3. At the commencement of each lease of the Unit and any renewal term thereof, Owner or Property Manager must verify tenant income and provide a certification to the City reporting such tenant's income and rent. Owner must retain all records of tenant income and income verification for the duration of the Affordability Period and for three (3) years thereafter. The tenant income verification and certification requirements in this paragraph will be provided at the commencement of each lease of the Unit and any renewal term thereof by the Property Manager as defined below.
4. If the Property is sold, transferred, or conveyed without the City's consent and in violation of the Loan Documents prior to the end of the Affordability Period, the Owner must pay the City back the balance of the Loan as set forth in the Loan Documents.
5. Day-to-day management of the Property shall be overseen by a third-party property management company placed under contract by the City (the "Property Manager").
6. The property is bound by the Source of Income Protections in City Supported Housing Policy adopted by Charlotte City Council on July 11, 2022. For the duration of this Declaration,

the Property shall not disqualify a prospective tenant from renting the Unit because of a prospective tenant's lawful source of income, which may include, without limitation, vouchers directly or indirectly funded by the federal government and any other forms of rental housing subsidies.

7. Owner covenants and warrants that its maintenance, use and rental of the Unit shall comply with all applicable laws, rules, and regulations of the state, local and federal governments, and all amendments thereto (collectively, "Laws") and all applicable sections of the City of Charlotte's Code of Ordinances ("Codes"). Should Owner's maintenance, use or rental of the Property fall and remain in violation of any Laws or any Codes further than 180 days from the date Owner is notified of said violation, then the City in its sole discretion may pursue any and all remedies available to the City under this Declaration, or any of the Loan Documents, including, but not limited to, foreclosure proceedings.
8. Owner will not exclude, on the basis of race, color, religion, age, sex, national origin or handicap, any person from leasing the Property.

B. **INTENTIONALLY DELETED.**

C. **TERM**

This Declaration shall remain in full force and effect for _____ (___) years as outlined in A. above, whereupon the Declaration shall expire and automatically terminate without further action of Owner and City following the conclusion of such term.

D. **COVENANTS TO RUN WITH THE LAND**

The covenants, reservations, and restrictions set forth herein:

1. Shall, subject to Section C. above, be deemed covenants running with the land and Property and, shall pass to and be binding upon Owner, the Owner's heirs, successors, and assigns in title to the Property and all subsequent owners or operators of the Property; and
2. Are not merely personal covenants of the Owner. The benefits shall inure to the City during the term of this Declaration. The Owner hereby agrees that any and all requirements of the laws of the State of North Carolina to be satisfied in order for the provisions of this Declaration to constitute deed restrictions and covenants running with the Property and

which touch and concern the Property shall be deemed to be satisfied in full, and that any requirements of privity of the estate are intended to be satisfied, and that an equitable servitude in the form of a negative easement has been created to ensure that these restrictions run with the land. Each and every contract, deed, or other instruments hereafter executed covering or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered, and accepted subject to such covenants, reservations, and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. If a portion or portions of the Property are conveyed, all of such covenants, reservations, and restrictions shall run to each portion of the Property.

E. COMPLIANCE MONITORING

The Owner agrees during the Affordability Period and for a period of three years thereafter to permit, during normal business hours and upon reasonable notice, any duly authorized representative of the City to inspect any books and records of the Owner regarding the Unit which pertain to compliance with this Agreement to require Owner to submit any other information, documents or certifications requested by City which the City shall deem reasonably necessary to substantiate the Owner's continuing compliance with the Program, if any, and this Declaration.

Further, during the Affordability Period and for a period of three years thereafter, all such books, records, and other documents shall be available for inspection, copy and audit, and examination at all reasonable times by any duly authorized representative of the City.

F. REMEDIES; ENFORCEABILITY

The Owner and City acknowledge that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Declaration is to assure compliance of the Property and the Owner with the Program, and additional City restrictions. **BY REASON HEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING THE LOAN HEREBY AGREES AND CONSENTS THAT THE CITY SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO OBTAIN SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS DECLARATION IN ANY COURT OF COMPETENT**

JURISDICTION. The Owner hereby further specifically acknowledges that City cannot be adequately compensated by monetary damages in the event of default hereunder.

1. Owner agrees that if at any time during the Affordability Period the above the Restriction requirements are not met, City of Charlotte shall have the right, subject to any applicable cure periods, to require Owner to pay in full all amounts owed on the Loan 's promissory note, plus 3% interest.
2. The provisions hereof are imposed upon and made applicable to the Property and shall run with the land and shall be enforceable against Owner or any other person or entity that has or had an ownership interest in the Property at the time of such violation or attempted violation. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach of violation hereof at any later time or times.

G. AMENDMENT

This Declaration shall not be amended or, except as otherwise provided herein, terminated except by a written instrument, executed by the City and the Owner, or their successors or assigns, which amendment shall be duly recorded in the office of the Register of Deeds of Mecklenburg County.

H. SEVERABILITY

If any portion of the Declaration hereby shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

I. CONSTRUCTION

Unless the context clearly requires otherwise, as used in this Declaration words of the masculine, feminine, or neuter gender shall be construed to include any other gender when appropriate, and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Declaration and all the terms and provisions hereof shall be construed to effectuate the purposes set forth and to sustain the validity hereof.

J. **SUCCESSORS AND ASSIGNS**

This Declaration shall be binding on Owner, its successors, and assigns and shall inure to the benefit of City, its successors, and assigns and may be enforced by City or any other persons specifically given enforcement rights herein.

K. **HEADINGS**

The titles and headings of the sections of this Declaration have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof, nor be considered or given any effect in construing this Declaration or any provisions hereof, or in ascertaining intent if any questions of intent shall arise.

L. **GOVERNING LAW**

This Declaration shall be governed by the laws of the State of North Carolina.

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IN WITNESS WHEREOF, Owner has executed this Declaration by duly authorized representatives, all on the date first above written.

Owner

**STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG**

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Name

WITNESS my hand and official stamp or seal, this ____ day of _____ 2025.

[NOTARY SEAL]

Notary Public
Print Name:
My Commission Expires:

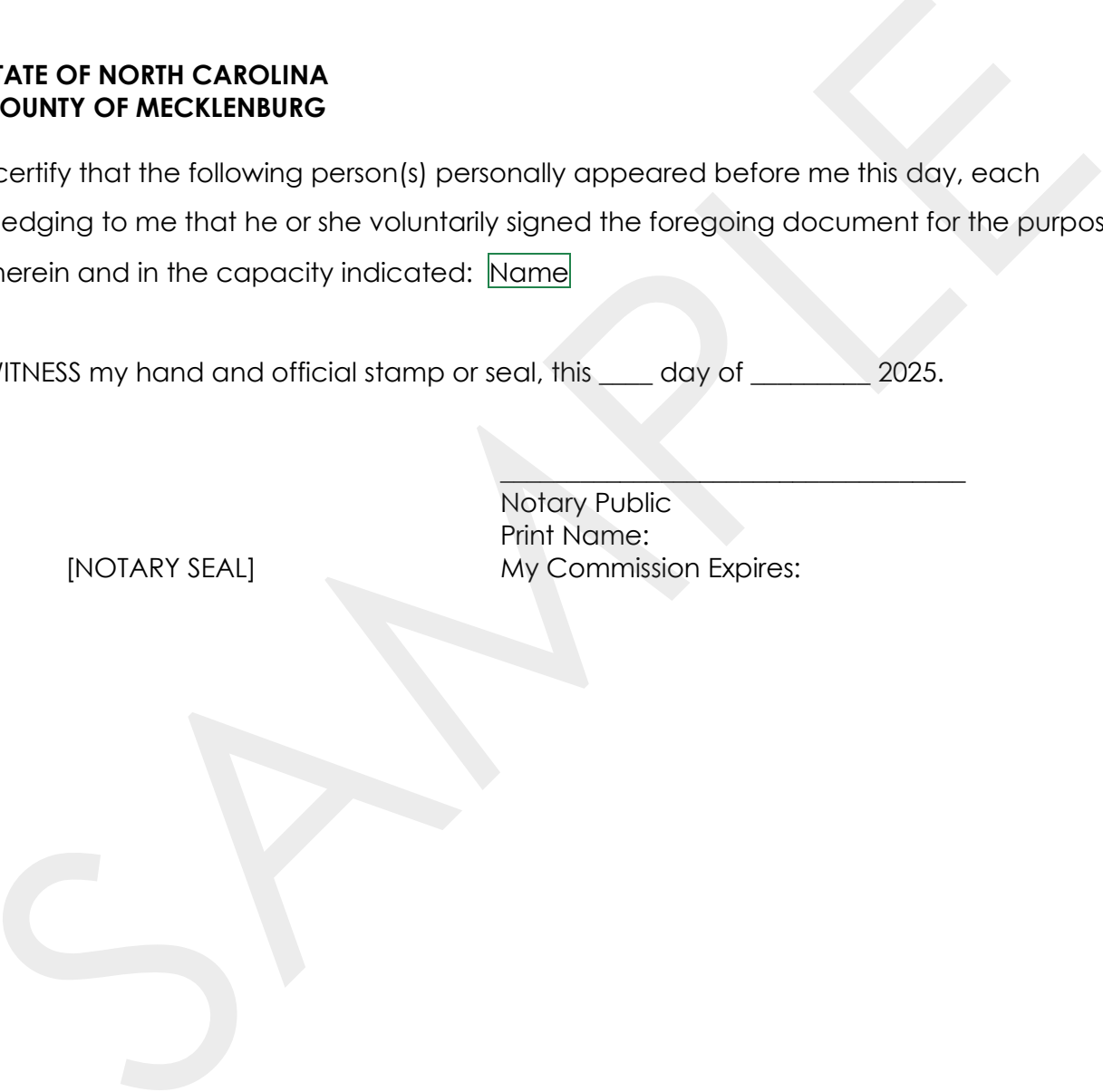


EXHIBIT A

Legal Description

SAMPLE