

After recording, send to:
NeighborWorks Montana
PO Box 1025
Great Falls, MT 59403

DEED RESTRICTION AGREEMENT

by and between

Montana Homeownership Network dba NeighborWorks Montana, Inc

PO Box 1025, Great Falls, Montana, 59403

Hereinafter referred to as "NWMT"

AND

«B1434»

herein after referred to as the "Homebuyer"

Regarding the purchase and use of the following property:

«P1002», «P1003», «P1004» «P1005»

Said land and improvements are hereinafter collectively referred to as the "Property"

1. PURPOSE

This Deed Restriction Agreement is made and entered into this day of , 2025 by and between NeighborWorks Montana, Inc ("NWMT") and «B1434» ("Homebuyer").

Whereas the Homebuyer has purchased the Property with a Beginning Property Value of «P1207» Dollars («P1207») for the purpose of this property serving as the Homebuyer's Primary Residence; and

Whereas the Homebuyer contributed an initial Down Payment of «F1004» Dollars («UDF_Min_Borrower_Investment») contributed toward the purchase of the property; and

Whereas NWMT has loaned to the Homebuyer a HomeStretch Loan as set forth in the Note Secured by Deed of Trust of even date herewith (the "Note") in the amount «F1004» and No/100....(«F1004») for the purpose of supporting attainable deed-restricted homeownership for the property located at the above named address and legally described as follows:

«P1007»

Now therefore, in consideration of the loan and other good and valuable consideration, the parties hereto do agree as follows:

2. DEFINITIONS

- a. **“Agreement”**: means this Deed Restriction Agreement, as it may from time to time be amended.
- b. **“Appraisal”**: means a fair market valuation of the Property performed by a duly licensed appraiser, conducted by analysis and comparison of comparable properties, disregarding all the restrictions of this Agreement.
- c. **“Homebuyer Down Payment”**: means cash contribution toward the Property purchase by the Homebuyer at the initial purchase.
- d. **“Eligible Credits”**: means credits to the Homebuyer at time of sale of Property or exit from the Agreement. These include the Homebuyer’s Down Payment, principal paid on mortgages on the Property, approved Capital Improvements, and reasonable sales costs.
- e. **“Net Proceeds”**: means the sales price, minus superior loan repayment and any closing costs.
- f. **“Primary Residence”**: means Homebuyer will maintain the home as their principal residence and not move out or rent the home during the term of this Agreement.
- g. **“Term”**: means thirty (30) years or the date upon which a transfer of ownership of the property and repayment of any funds subject to repayment occurs.

3. USE, OCCUPANCY, AND MAINTENANCE OF THE PROPERTY

- a. **Primary Residence.** It is agreed that during the Term, the Homebuyer will maintain the Property as their primary residence. The Homebuyer will use the Property only for residential purposes and any activities related to residential use that are permitted by local law.
- b. **Property Use and Maintenance.** It is agreed that during the Term, the Homebuyer, at Homebuyer’s sole expense, will maintain the Property in a general state of repair at least equivalent to that on the date of this Agreement, in good working order, in a safe, sound, and habitable condition, and in full compliance with all laws and regulations.
- c. **Property Improvements.** All improvements to the property must be constructed in a professional manner and comply with all applicable laws and regulations.

- d. **Property Insurance.** The Homebuyer shall, at the Homebuyer's expense, keep the Property continuously insured against accidental direct physical loss with a coverage limit equal to the estimated full replacement cost of the Property, and with standard extended coverage endorsements, and endorsements extending coverage in favor of NWMT, that is, the amount necessary to rebuild the Property as opposed to the Property's market value. The insurance policy must satisfy all requirements of NWMT and any other Mortgage of record.

4. APPROVED CAPITAL IMPROVEMENTS

- a. **Eligible Capital Improvements.** Capital Improvements that may be eligible for credit to the Homebuyer include (i) any improvements that change the number of bedrooms or the footprint, square-footage, or height of the house, or increase or decrease the number of structures on the Property, or (ii) any other improvement the cost of which would exceed 10% of the Beginning Property Value of the Home and with a useful life greater than ten years subsequent to the sale or other date of exit from this Agreement. To be eligible Capital Improvements must be made with all required permits and approvals, including without limitation homeowners' association and governmental approvals obtained prior to the construction or installation of the Capital Improvement(s).
- b. **Approval of Capital Improvements.** At least 45 days prior to sale or desired date of from this Agreement the Homebuyer shall deliver to NWMT a completed Qualified Capital Improvement Application that lists the Capital Improvement(s), if any, made to the Property. NWMT shall determine whether the improvements qualify for credit as defined in Section 4.a. The value of capital improvements shall be determined by (i) documented proof of cost of improvements less depreciation, (ii) estimated cost of improvements less depreciation, or (iii) appraised value of the improvements as determined by a Qualified Appraiser approved by NWMT. The method for determination of value is dependent on the quality of documentation and is in NWMT's sole discretion. If an Appraisal is required to determine the value of Capital Improvements the appraisal provisions in Section 5.f. apply.

5. REPAYMENT PROVISIONS AND RESTRICTIONS

- a. **Term.** The term of this agreement and the shared appreciation provisions will be thirty (30) years.
- b. **Loan Repayment.** Repayment of the HomeStretch Loan principal amount noted in Section 1 will be deferred for the term of the Agreement, provided that the Homebuyer is in full compliance with this Agreement. At the time of sale of the Property at any time during the term, or to exit from this Agreement, or other Maturity Date as defined in the Note, the full amount of the Loan Principal, together with a share of appreciation as set forth in the Note will become due in full.

If the net proceeds at the time of sale or exit from this Agreement are not sufficient to recapture the full amount of the Note, NWMT will accept the Net Proceeds as full payment. In this case the Net Proceeds will be paid to NWMT, and the Homebuyer would not receive any funds.

- c. **Credits to Homebuyer at Sale.** NWMT uses an adjusted appreciation calculation to credit the Homebuyer eligible costs, payments, and improvements at the time of sale of the Property or exit from this Agreement. Eligible Credits include the Homebuyer's Down Payment, principal paid on mortgages on the Property, approved Capital Improvements, and reasonable sales costs.
- d. **Calculation of Homebuyer Equity Value.** So long as this Agreement remains in effect, the equity paid to the Homebuyer may be up to but may not be greater than 1.00% per year as defined by 90-6-147(4)(7) Montana Code Annotated calculated based on the Beginning Property Value. The Beginning Property Value is defined at the time of purchase and is (i) the price the Homebuyer paid for the Property less certain amounts including any seller credits to Homebuyer, or (ii) the appraised value of the Property determined by a Qualified Appraiser approved by NWMT or (iii) a value agreed upon between Homebuyer and NWMT in certain special circumstances, whichever is lowest. The Beginning Property Value does not include adjustments for sales commissions, closing costs, loan fees, prepaid taxes, or any other expenses (other than seller credits).
- e. **Calculation of HomeStretch Appreciation Share Value.** The HomeStretch Appreciation Share Value is calculated by taking the Ending Property Value and subtracting the balance of permitted mortgages, NWMT's HomeStretch loan principal, Eligible Credits, and Homebuyer Equity. The balance of value is the HomeStretch Appreciation Share Value. The minimum HomeStretch Appreciation Share Value is zero.

Payment of taxes, homeowner association assessment, any statutory or municipal fees due and payment, and any amounts owed to other secured lien holders are the responsibility of the Homebuyer and may be paid out of Eligible Credits to Homebuyer or Homebuyer Equity Value.

- f. **Determining Ending Property Value.** If the sale is a Standard Sale, the Ending Property Value shall be the Sales Price. If the sale is not a Standard Sale or the Homebuyer wishes to exit this Agreement through a buyout of the deed restriction an appraisal will be required. In the case of an appraisal (i) NWMT shall approve the Qualified Appraiser, (ii) Homebuyer may obtain additional appraisals if Homebuyer believes the original appraisal contains material omissions or errors; provided that such additional appraisals are conducted by a Qualified Appraiser approved by NWMT. In the event that there is more than one appraisal, the Ending Property Value will be the average of such appraisals; (iii) Homebuyer must cooperate in good faith to facilitate inspections and appraisals;

(iv) each party must promptly provide to the other copies of all appraisals and related inspection reports; (v) Homebuyer shall pay all expenses associated with appraisals and/or inspections obtained by it or at its request, or reasonably obtained or requested by NWMT.

- g. **Standard Sale.** A “Standard Sale” is a sale of the Property that meets all of the following conditions: (i) it is made under a purchase contract that provides for payment of a sales commission to a licensed real estate broker or agent (the “Listing Agent”) who, during the immediately preceding two years, has sold at least five residences located within the same County as the Property; (ii) at least 14 days prior to the buyer signing the sales contract, the Listing Agent had properly listed the Property on the Multiple Listing Service for the community where the Property is located; (iii) prior to the buyer signing the sales contract, the Listing Agent had publicly advertised the Property in the manner customary for the community where the Property is located; and (iv) the buyer is not Homebuyer’s friend, family member, or associate, or an entity or agent acting on behalf of any such person.
- h. **Repayment Upon Exercise of Remedies by Mortgagees.** An agreement detailing the HomeStretch Loan Appreciation Share will be secured through a Deed of Trust recorded against the property at the time of assistance. Those HomeStretch Appreciation Share provisions will terminate upon the occurrence of a Foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insurance mortgage to HUD. NWMT may use purchase options, rights of first refusal or other preemptive rights to purchase the Property before foreclosure to preserve affordability. The Appreciation Share provisions will be revived according to the original terms if during the term of the loan the owner of record before the termination event, or any entity that includes the former owner (the Homebuyer) or those with whom the former owner has or had family or business ties, obtains an ownership interest in the property.

6. DEFAULT

- a. **Events of Default.** It shall be an event of default if the Homebuyer fails to abide by any other requirement or restriction stated in this Agreement, the HomeStretch Loan documents, and/or any other document or record encumbering the Property, and such failure is not cured by the Homebuyer within 60 days after notice of such failure is given by NWMT to the Homeowner.
- b. **Cure Period.** The cure period may be extended beyond 60 days based on the sole discretion of NWMT for as much additional time as may be reasonably required to complete the cure but not exceeding a total cure period of 120 days. Notwithstanding the foregoing, a default on the Note or Deed of Trust constitutes a default on this Agreement and is not entitled to a cure period but rather follows the remedies allowed in the Note and Deed of Trust

- c. **Default Procedures.** In the event a default is not cured the Note is due in full including all principal and HomeStretch Appreciation Share set forth in Section 5 hereof following the repayment calculations and terms in Section 5.

7. REPRESENTATIONS AND WARRANTIES OF HOMEBUYER

- a. The Homebuyer represents and warrants that they have validly executed this Agreement and the same constitutes the binding obligation of the Homebuyer. The Homebuyer has full power, authority, and capacity to enter into the Agreement, to carry out the Homebuyer's obligations as described in this Agreement, and to assume responsibility for compliance with all applicable federal rules and regulations.
- b. To the best of the Homebuyer's knowledge, the making of this Agreement and the Homebuyer's obligations hereunder:
 - 1. Will not violate any contractual covenants or restrictions between the Homebuyer or any third party affecting the Property;
 - 2. Will not conflict with any of the instruments that create or establish the Homebuyer's authority;
 - 3. Will not conflict with any applicable public or private authority;
 - 4. Do not require any consent or approval of any public or private authority which has not already been obtained; and
 - 5. Are not threatened with invalidity or unenforceability by any action, proceeding, or investigation pending or threatened, by or against the Homebuyer, without regard to capacity, any person with whom the Homebuyer may be jointly or severally liable, or the Property or any part thereof.
- c. No litigation or proceedings are pending or to the best of the Homebuyer's knowledge, threatened against the Homebuyer which, if adversely determined, could individually or in the aggregate have an adverse effect on the title to or the use and employment or value of the Property, or any portion thereof, or which could in any way interfere with the consummation of this Agreement.
- d. The Homebuyer agrees to indemnify and hold harmless NWMT from and against all liabilities, losses, claims, damages, judgements, costs, and expenses (including, without limitation, reasonable attorney's fees) incurred by NWMT as a result of any material inaccuracy in any of the representations and warranties contained in this Agreement.

8. MISCELLANEOUS

- a. **Notices.** All notices required or permitted to be given under the Agreement must be made in writing and will be deemed to have been duly given if delivered personally or mailed, postage prepaid, by registered or certified United States mail, return receipt requested, addressed to the parties at the following address:

FOR NWMT
PO Box 1025
Great Falls, MT 59403

FOR HOMEBUYER
«B1042» «B1044», «B1045» «B1046»
«B1042_2» «B1044_2», «B1045_2» «B1046_2»
«B1042_3» «B1044_3», «B1045_3» «B1046_3»
«B1042_4» «B1044_4», «B1045_4» «B1046_4»
«B1042_5» «B1044_5», «B1045_5» «B1046_5»

- b. **Binding Effect: Covenants Running with the Land.** During the Term, this Agreement and the covenants, reservations, and restrictions contained herein shall be deemed covenants running with the land for the benefit of NWMT and its successors, and shall pass to and be binding upon the Homebuyer's heirs, assigns, and successors in title to the Property, or if the property shall not include title to land, but shall include a leasehold interest in land, this Agreement and the covenants, reservations et. al. shall bind the leasehold interest as well as the Property and shall pass to and be binding upon all heirs, assigns and successors to such interest; provided, however, that upon expiration of the Term in accordance with the terms hereof said covenants, reservations, and restrictions shall expire.

Each and every contract, deed, or other instrument hereafter executed converting or conveying the Property or any portion thereof by Homebuyer 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 such covenants, reservations, and restrictions shall run to each portion of the Property. NWMT, at the Homebuyer's cost and expense, shall cause this Agreement to be duly recorded or filed and re-recorded or re-filed in such places, and the Homebuyer shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law, in the opinion of qualified counsel, in order to establish, preserve and protect the ability of NWMT to enforce this Agreement.

Notwithstanding anything to the contrary set forth herein, in the event of a sale by foreclosure or transfer in lieu of foreclosure under any mortgage encumbering the

Property that has priority over this Agreement, these covenants shall terminate the restrictive covenants set forth in this Agreement.

- c. **Severability.** Suppose any provision of this Agreement is determined to be void by a court of competent jurisdiction. In that case, such determination shall not affect any other provision hereof, and all the other provisions shall remain in full force and effect.
- d. **Governing Law and Venue.** This Agreement shall be governed by the laws of the State of Montana, and any legal action concerning the provisions hereof shall be brought in Cascade County, Montana.
- e. **Assignment.** There shall be no transfer or assignment of any of the rights or obligations of the Homebuyer under this Agreement without the prior written approval of NWMT.
- f. **Amendments.** There shall be no amendments unless in writing. Throughout the term this Agreement may not be amended, nor may any obligation hereunder be waived or released, without first obtaining the written consent of NWMT and the Homebuyer, which consent shall not be unreasonably withheld or delayed.

In Witness whereof, the undersigned has hereunto affixed their signatures and seals as of the date first above written.

Homebuyer(s)

STATE OF MONTANA)

:s

County of _____)

On this day of , before me, a Notary Public for the State of Montana, personally appeared «**B1434**», known to me to be the person(s) described in and who executed the foregoing instrument and acknowledged that **they** executed the same as **their** free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(SEAL)

Notary Public for the State of Montana