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Daneen Schindler, RECORDER/REGISTRAR
DELAWARE COUNTY IOWA

**Prepared By/Return To: Phillip C. Larabee, Citizens State Bank, PO Box 517, Monticello, IA 52310 ~**

2015-155a

**DEED RESTRICTION**

THE STATE OF Iowa

COUNTY OF Delaware

The undersigned, Natalie Hermsen ("Owner"), is the owner of certain real property and improvements located at 915 Sherman Ave, in Manchester, Delaware County, State of Iowa, and more particularly described on Exhibit A attached hereto and incorporated herein for all purposes (the "Property"). For value received, the adequacy and sufficiency of which are hereby acknowledged, Owner does hereby impress the Property with the following deed restrictions:

1. For purposes of these restrictions, the following terms have meaning indicated:

"Retention Period" means a period of five (5) years beginning on the date hereof.

"Lender" means: Citizens State Bank.

"Bank" means The Federal Home Loan Bank of Des Moines ATTN: Community Investment Department 801 Walnut St Suite 200 Des Moines, IA 50309-3515.

"AHP" means the affordable housing program of the Bank.

"Direct Subsidy" means the amount funded by the Bank, in association with its AHP as prescribed by the applicable rules and regulations of the Federal Housing Finance Agency (FHFA), for the

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benefit of the prospective Owner and for the purpose of assisting such Owner in the purchase, construction, or rehabilitation of the property.

"Very low-, low-, or moderate-income household" means a family with an income at or below 30%, 50% or 80%, respectively, of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard.

2. The Lender is to be given notice of any sale or refinancing of the Property that occurs prior to the end of the Retention Period.

3. In the event of a sale or refinancing of the Property prior to the end of the Retention Period, an amount equal to a pro rata share of the $2,500.00 Direct Subsidy, reduced by 1/60 for every month the selling Owner owned the Property, shall be repaid to the Lender from any net gain realized upon the sale or refinancing of the Property after deduction for sales expenses, unless:

   i. the Property was assisted with a permanent mortgage loan funded by an AHP subsidized advance;
   ii. the Property is sold to a very low-, low-, or moderate-income household, or;
   iii. following a refinancing, the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism.

4. Repayment of the Direct Subsidy shall be made to the Lender. Lender is required by Federal Housing Finance Agency regulations to remit any payments received to the Bank.

5. This instrument and these restrictions are subordinate to the rights and liens, if any, under any valid outstanding Mortgage or Deed of Trust, currently of record. The obligation to repay the Direct Subsidy shall terminate after any foreclosure, deed-in-lieu of foreclosure, or assignment of first Mortgage or Deed of Trust to the Secretary of the U.S. Department of Housing and Urban Development (HUD).

6. Owner understands and agrees that this instrument shall be governed by the laws of the State of Iowa and that venue for any action to enforce the provisions of this instrument shall be in Delaware County.

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**EXECUTED this 15th day of June, 2015.**

By: Natalie Hermsen

Title: Owner Printed Name: Natalie Hermsen

By: _____

Title: Owner Printed Name:

**[Owner Acknowledgment]**

THE STATE OF Iowa

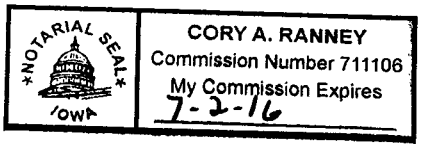
COUNTY OF Delaware

This instrument was acknowledged before me on this 15th day of June, 2015 by Natalie Hermsen (Owner).

By: Cory A. Ranney

Title: Notary Public, State of Iowa

Printed Name: Cory A. Ranney




My commission expires (m/d/yyyy): 7/2/2016

## Exhibit A

## Please Insert Legal Description of Property

LOT SEVEN (7), BLOCK THREE (3), SHELDEN AND HARRIS ADDITION TO MANCHESTER, IOWA ACCORDING TO PLAT RECORDED IN BOOK 1 PLATS, PAGES 97-98