

PREPARED BY: CDBG Program Division
City of Rapid City
300 Sixth Street
Rapid City, SD 57701
(605) 394-4181

CITY OF RAPID CITY INDENTURE OF RESTRICTIVE COVENANTS

THIS INDENTURE, dated this _____ day of _____, 2020, is by and between **RURAL AMERICA INITIATIVES**, a domestic nonprofit corporation organized under the laws of the State of South Dakota, of 2112 South Valley Drive, Rapid City, SD 57703 (“Owner”) AND the **CITY OF RAPID CITY**, a South Dakota municipal corporation, with principal offices at 300 Sixth Street, Rapid City, South Dakota 57701 (the “City”).

WITNESSETH:

WHEREAS, the Owner holds title to property located at 2112 South Valley Drive, Rapid City, South Dakota, 57703 (hereinafter “the Property”), and legally described as:

Lot B, Johnson Ranch Subdivision, Rapid City, Pennington County, South Dakota

WHEREAS, based on Owner’s representations, Owner has received, pursuant to Section 42 of the United States Code, an allocation of Community Development Block Grant Funds in the amount of **Twenty-Nine Thousand Nine Hundred Ninety-Three Dollars (\$29,993.00)** from the City which allocation is subject to Owner executing, delivering and recording in the official land deed records of Pennington County this Indenture that creates certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the United States Code by regulating and restricting the use, occupancy and transfer of the Property as set forth herein; and

WHEREAS, Owner under this Indenture, intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Property shall be and are covenants running with the Property for the term stated herein and binding upon all subsequent owners of the Property for such term.

NOW, THEREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I DEFINITIONS

All words and phrases defined in Section 42 of the United States Code and in the Regulations (as such term is herein defined) pertaining thereto promulgated by the U.S. Department of Treasury and the U.S. Department of Housing and Urban Development shall have the same meanings in this Indenture.

ARTICLE II OWNER’S REPRESENTATIONS AND WARRANTIES

- A. Owner is and shall continue to be duly organized under the laws of the State of South Dakota as the type of entity it represents itself to be and authorized to perform the activities contemplated by the Property Financing.

- B. All statements and representations made by Owner to the City in connection with the Community Block Grant Funding allocation or relating to the Property were true and correct in all material respects when made by the Owner.
- C. Owner has and shall continue to have good and marketable title to the Property.
- D. Owner acknowledges that the Property is and shall remain in accordance with Section 42 of the United States Code and the regulations (proposed, temporary and final), which shall include, but are not limited to compliance monitoring regulations, promulgated by the United States Treasury Department thereunder, as well as all public rulings, notices, procedures, announcements, and bulletins issued by the Internal Revenue Service (collectively, the "Regulations") for the term of this Indenture. Owner will not knowingly take or permit to be taken any action which would, either directly or indirectly, subject Owner or the Property to non-compliance with Section 42 of the United States Code or the Regulations.
- E. During the term of this Indenture, Owner agrees and warrants that the **Rural America Initiatives** facility is and will remain suitable for occupancy and the agreed upon use thereof. In addition, Owner agrees and warrants that the use of such facility will comply with Section 42 of the United States Code.
- F. Owner warrants that it has not and will not execute any other agreement with any provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Indenture are paramount and controlling as to the rights and obligations set forth, and supersede any other requirements in conflict herewith.

ARTICLE III
USE RESTRICTIONS

Owner represents, warrants and covenants throughout the term of this Indenture that the land and facility purchased with CDBG funds will be used in accordance with Section 42 of the United States Code. Further, Owner agrees that the use of such Property may not change from that for which the acquisition was made unless the Owner provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either (1) the new use of such Property qualifies as meeting one of the national objectives in Volume 24 of the Code of Federal Regulations, Section 570.208 (24 CFR §570.208), or (2) if the Owner determines, after consultation with affected citizens, that it is appropriate to change the use of the Property to a use which does not qualify under 24 CFR, Section 570.208, it may retain or dispose of the Property for the changed use if the Owner's CDBG program is reimbursed in the amount of the current fair market value of the Property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the Property.

ARTICLE IV
TERM OF INDENTURE

- A. Except as otherwise provided herein, the term of this Indenture shall begin once both Parties' signatures are affixed to this Indenture. The term of this Indenture shall terminate **thirty (30)** years after the first day of the term of Indenture (such period being hereinafter referred to as the "Compliance Period").
- B. Notwithstanding paragraph A above, Owner shall comply with all relevant laws and regulations relating to the Compliance Period, provided, however, that the Compliance Period for any building that is part of the Property shall terminate on the date the Property is acquired by foreclosure or transferred by a deed or other instrument in lieu of foreclosure unless the City or its designee determines that such acquisition is part of an arrangement with Owner for the purpose of terminating such Compliance Period.

ARTICLE V
OWNER'S COVENANTS

- A. Owner further acknowledges and agrees that this Indenture shall inure to the benefit of those individuals who are **low-moderate income**, and can benefit from the **facility**.
- B. Owner shall not discriminate on the basis of race, creed, color, gender, age, handicap, marital status, national origin, family status or religion in the lease, sale, rental, use or occupancy of the Property or in connection with the employment or application for employment of persons for the operation and management of the Property or in connection with any improvements to be erected thereon or in connection with maintenance of the Property.
- C. If Owner becomes aware of any situation, event or condition that would result in non-compliance with Section 42 of the United States Code or the Regulations, Owner shall promptly submit written notice thereof to the City.
- D. Owner, for itself, its successors and assigns, agrees that the terms, conditions and restrictions of this Indenture shall be covenants running with the land, and that in any deed of conveyance of the Property or any part thereof, said terms, conditions and restrictions shall be incorporated by reference to this Indenture and the record hereof as fully as the same are contained herein for the Compliance Period as defined herein.
- E. Subject to the requirements of Section 42 of the United States Code and this Indenture, Owner may sell, transfer or exchange the entire Property at any time, but, unless the Compliance Period has terminated in accordance with Article IV hereof, Owner (and its successors and assigns) shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Property or any interest therein that such acquisition is subject in the requirements of this Indenture and to the requirements of Section 42 of the United States Code and Regulations. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Property.
- F. Owner agrees to notify the City in writing of any sale, transfer or exchange of the Property.

ARTICLE VI
ENFORCEMENT OF PROVISIONS

Owner acknowledges that the primary purpose for requiring compliance with the restrictions provided in this Indenture are to assure compliance of the Property and Owner (and its successors and assigns) with Section 42 of the United States Code and the Regulations. Owner, in consideration for receiving **Twenty-Nine Thousand Nine Hundred Ninety-Three Dollars (\$29,993.00)** of Community Development Block Grant Funding, hereby agrees and consents that the (i) City of Rapid City, and/or the United States of America shall be entitled to enforce specific performance by Owner, its successors and assigns, of Article III of this Indenture in addition to all other remedies provided by law or in equity with regard to any breach of this Indenture. In the event the City is required to undertake any action to enforce the terms of this Indenture, Owner agrees that the City may recover from the Owner its reasonable expenses, including attorney's fees, incurred with respect to such action.

ARTICLE VII
MISCELLANEOUS

- A. This Indenture shall not be amended without the prior written agreement of the parties hereto.
- B. The City of Rapid City or its agents shall have the right of entry and inspection for the Property and shall have access to inspection and reproduction of all records, books and accounts related to the use of the Property during regular business hours.
- C. The invalidity of any clause, part or provision of this Indenture shall not affect the validity of the remaining portions thereof if they can be given effect without the invalid clause, part or provision.

- D. Failure of the City to insist upon adherence to any term of this Indenture on any occasion shall not be considered a waiver, or deprive the City of the right thereafter to insist upon adherence to that term, or any other term of this Indenture.
- E. If any party is a corporation, it has the power to enter into this Indenture and its officer(s) signing for it have full power and authority to do so.
- F. This Indenture and all matters relating thereto shall be governed by and construed and interpreted in accordance with the laws of the State of South Dakota and, where applicable, the laws of the United States of America. In the event of any conflict of laws, the laws of the State of South Dakota shall be controlling without regard to the principles of conflict of laws. Any legal action arising out of or relating to this Indenture shall be brought only in the Circuit Court for the State of South Dakota, Seventh Judicial Circuit located in Rapid City, Pennington County, South Dakota.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be signed on the date first written above.

Dated this ____ day of _____, 2020.

CITY OF RAPID CITY

Steve Allender, Mayor

ATTEST:

Pauline Sumption, Finance Officer
Federal I.D. #: 46-6000380

State of South Dakota)
 SS.
County of Pennington)

On this the _____ day of _____, 2020, before me, the undersigned officer, personally appeared **Steve Allender and Pauline Sumption**, who acknowledged themselves to be the Mayor and Finance Officer, respectively, of the City of Rapid City, a municipal corporation, and that they as such Mayor and Finance Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the City of Rapid City by themselves as Mayor and Finance Officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public, South Dakota

My Commission Expires:

(SEAL)

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By:
Its: City Attorney or Assistant City Attorney

