

the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Commissioner. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Commissioner and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Commissioner thereof.

(b) The Owner shall have the right to charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owner and approved in writing by the Commissioner for any facilities and/or services which may be furnished by the Owner or others to such tenant upon his request, in addition to the facilities and services included in the approved "Rental Schedule." Such services may include but are not limited to furniture or furnishings, telephone operator and switchboard services, electric current, gas, air cooling and conditioning furnished by the Owner or others in connection with the operations of such housing facilities.

(c) The Commissioner will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall :

(i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which owners have no effective control, or

(ii) Deny the increase stating the reasons therefor.

5. (a) Owners shall not execute or file for record any instrument which imposes a restriction upon the sale, leasing, or occupancy of the property subject to the insured mortgage on the basis of race, color, or creed.

(b) If the mortgage is originally a Commissioner held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

(c) If the mortgage is originally endorsed for insurance under Sections 221 or 231, Owners shall in selecting tenants give to persons or families designated in the National Housing Act an absolute preference or priority of occupancy which shall be accomplished as follows :

(1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Commissioner, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;

(2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over non-preferred applicants in their placement on a waiting list to be maintained by the Owner; and

(3) Through such further provisions agreed to in writing by the parties;

(4) Without the prior written approval of the Commissioner not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons as defined by the National Housing Act.

6. Owners shall not without the prior written approval of the Commissioner:

(a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property;

(b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from "surplus cash", except for reasonable operating expenses and necessary repairs;

(c) Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits thereof, unless the transferees or assignees assume the obligations of this agreement by an instrument in writing satisfactory to the Commissioner;

(d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;

(e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except "surplus cash" and except on the following conditions:

(1) All distributions shall be made only as of and after the end of an annual or semi-annual fiscal period, and only as permitted by the law of the applicable jurisdiction;

(2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the Note or Mortgage;