**COVENANT OF PURPOSE, USE AND OWNERSHIP**

**THIS COVENANT OF PURPOSE, USE AND OWNERSHIP** dated this \_\_ day of \_\_\_\_, 2023 (hereinafter referred to as the “Covenant”), by and between the [**Name of Entity**], owner of the real property described in Exhibit “A” attached hereto and incorporated herein (hereinafter with all improvements called “Property”), whose address is [**Enter Property Owner’s Address]** (hereinafter with its successors and assigns called “Owner”) and the United States Department of the Treasury, Office of Gulf Coast Restoration, whose address is 1500 Pennsylvania Ave NW, Washington, DC 20220 (hereinafter with successors and assigns called “Treasury”).

**RECITALS**

WHEREAS, [Enter Recipient name] (“Recipient”) submitted an application to Treasury for financial assistance under the Direct Component program authorized by the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012, Pub. L. No. 112-141 (hereinafter the “RESTORE Act”) and Treasury made an award to Recipient on March 4, 2022, Grant No. [**Enter Grant number**] (the “Award”) in the amount of [**$X**] (hereinafter called “Award Amount”) for the construction of the [**Enter Name of the Project**] (the “Project”); and

WHEREAS, said Project includes improving the Property consisting of the construction of [**Provide a brief description of the Project**] for **[Provide a description of the purposes of the Project]** (the “Project Purposes”); and

WHEREAS, the total approved Project budget as of the time of the recordation of this Covenant is **[$X**], which includes a non-federal share of **[$X**] from [**Enter the Third-Party Entity Name**]; and

[*Include if Owner is Subrecipient*:][WHEREAS, Recipient and the Owner executed **[Enter Title of Subaward Agreement]** (the “Subaward Agreement”), dated [ ], in the amount of [**$X**], whereby Recipient agreed to disburse Award funds to the Owner to implement the Project; and]

WHEREAS, Recipient accepted the Award (together with all documents attached thereto or incorporated therein and hereinafter called “Award Agreement”) thereby binding itself and making itself subject to the terms and conditions contained in the Award Agreement, including, but not limited to, the applicable requirements of the RESTORE Act, 31 C.F.R. Part 34, and 2 C.F.R. Part 200; and

[*Include if Owner is subrecipient*:][WHEREAS, in executing the Subaward Agreement, the Owner agreed to be subject to the terms and conditions contained in the Award Agreement, including, without limitation, the applicable requirements of the RESTORE Act, 31 C.F.R. Part 34, and 2 C.F.R. Part 200; and]

WHEREAS, Owner agreed to record this Covenant in the land records of [**Enter Name of Jurisdiction**], located in the appropriate office for the recording of public records affecting real property in the jurisdiction where the Property is located so as to constitute notice to all persons of any and all restrictions on title to and use of the Project and all or part of the Property; and

WHEREAS, the **[INSERT NAME OF OFFICE TO RECORD THIS COVENANT** located at **[INSERT STREET ADDRESS]** is the proper office to record this Covenant.

NOW THEREFORE, in consideration of financial assistance provided by Treasury [*if subrecipient is the Owner add*: through a subaward from the Recipient] and of other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and to assure that the benefits of the Project will accrue to the public and be used for the Project Purposes, Owner hereby covenants and agrees as follows:

1. The Estimated Useful Life (“EUL”) of the Project is [**Enter the EUL**] years from the date of Project completion. During the EUL of the Project, the Owner agrees to hold its interest in the Property in trust to carry out the Project Purposes.

2. Owner agrees that for the EUL of the Project, set forth above, the Owner will not sell, transfer, lease, assign, encumber, convey, or mortgage any interest in the Property without Treasury’s prior written approval. Owner agrees it shall not use the Property for purposes other than the Project Purposes or use the Property in a manner inconsistent with the Project Purposes or requirements of the RESTORE Act and Treasury’s implementing regulations, 31 C.F.R. Part 34, without Treasury’s prior written approval. Such approval may be conditioned, among other things, on Owner’s payment to Treasury for the Federal Interest (as hereinafter defined) in the Property, in accordance with 2 C.F.R. 200.311(c). The Federal Interest is the current fair market value of the Property improvements made under the Award multiplied by Treasury’s percentage of participation in the Project improvements, and to the extent that the Property was purchased under the Award, the Federal Interest also includes the current fair market value of the Property multiplied by Treasury’s percentage of participation in the purchase of the Property. The Federal Interest does not include that portion of the current fair market value of the Property attributable to acquisitions or improvements that are not part of the Project.

3. As of the date of recordation of this Covenant, Treasury and Owner agree that the percentage of participation in the Project is deemed to be **[Enter** **Treasury’s percentage of participation]**; however, this may change during the period of performance as a result of an amendment to the Award Agreement that increases or decreases Treasury funds or third-party funds for the Project. At any point during the Award Period of Performance, unless otherwise provided in the Award Agreement, Treasury’s percentage of participation in the project shall be equal to the amount of Treasury funds obligated for the Project under the terms of the Award Agreement, as it may be amended, divided by the total approved Project budget, expressed as a percentage.

4. Owner further agrees that if [*if subrecipient is the Owner, add*:][the Recipient notifies the Owner that] Treasury’s percentage of participation changes during the Award period of performance, the Owner shall record an updated covenant with Treasury’s updated percentage of participation in the Project no later than 120 days after the end of the Award period of performance and provide a copy of this updated and recorded covenant to Treasury.

5. Owner further agrees that during the EUL of the Project, the Owner will repay Treasury for the Federal Interest in the Property, in accordance with 2 C.F.R. 200.311(c), in the event the Property is used for purposes other than Project Purposes without the prior written approval of Treasury, or in the event the Property is sold, leased, transferred, conveyed, assigned, encumbered, or mortgaged without the prior written approval of Treasury.

6. Owner further agrees that, as a condition to accepting the disbursement of any portion of the Award Amount from Treasury [*if subrecipient is the Owner add*:][through a subaward from the Recipient], Owner shall execute and place on record against the Property this Covenant and shall provide Treasury with evidence of such recordation. Treasury will in its sole discretion determine whether this Covenant is satisfactory and may require a copy of a title insurance, title search, or title opinion from the Owner showing that the Covenant is valid and enforceable according to its terms, that there is no lien or other encumbrance superior to the Covenant, and that the Covenant has been properly recorded.

7. Owner further agrees that whenever the Property is sold, leased, or otherwise conveyed, Owner shall add to the instrument of conveyance, pursuant to 2 C.F.R. 200.316, a Covenant of Purpose, Use and Ownership to document the Federal Interest in the Property. Treasury will, in its sole discretion, determine whether such covenant is satisfactory. In connection with any such transfer, Treasury may require a copy of a title insurance, title search, or title opinion that shows the covenant is valid and enforceable according to its terms and has been properly recorded.

8. Owner understands and agrees that the Federal Interest in the Property cannot be subordinated, diminished, nullified, or released by any encumbrance of the Property, or any other conveyance or action taken by the Owner, without prior written permission from Treasury. Notwithstanding the foregoing or any other section of this Agreement, Owner may repay to Treasury an amount equal to the Federal Interest at any time during the EUL of the project, and upon receipt, Treasury shall release its Federal Interest and provide documentation evidencing the release or termination of the Federal Interest on the Property.

9. It is stipulated and agreed that the terms hereof constitute a reasonable restraint on alienation of use, control, and possession of or title to the Property given the Federal Interest expressed herein.

10. This Covenant shall run with the land.

11. This Covenant shall be construed in a manner consistent with the terms and conditions of the Award Agreement and applicable regulations; provided, however, that if there is a conflict, the terms and conditions of the Award Agreement shall control.

IN WITNESS WHEREOF, a duly authorized officer of the Owner has hereunto set their hand as of the day and year first above. A completed duly recorded copy of this Covenant shall be forwarded to Treasury.

(The appropriate acknowledgment must be included for recording in Owner’s jurisdiction.)

**[Enter Name of Owner]**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[Enter Name of Owner’s Authorized Representative]

ATTEST:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Deputy Clerk

BCC Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Exhibit A**

**Legal Description of Property**