

# HOME PROGRAM-HOMEOWNER WRITTEN AGREEMENT

**NOTICE TO HOMEOWNER:** This AGREEMENT contains a number of requirements you must fulfill in exchange for the federal assistance you are receiving through the Home Investment Partnerships Program (HOME Program). You should read each paragraph carefully and ask questions regarding any sections you do not fully understand. This AGREEMENT will be enforced by a forgivable loan and mortgage as set forth in Section 1 below. You should be sure that you thoroughly understand these documents before you sign them.

**THIS AGREEMENT** made and entered into by and between \_\_\_\_\_ (hereinafter referred to as “CITY”) and \_\_\_\_\_, A Single Person (Hereinafter referred to as the (“HOMEOWNER”)) is to provide assistance to the HOMEOWNER through funding made available through the HOME Program, a federal program administered by the U.S. Department of Housing and Urban Development (HUD). For the State of Oklahoma, the Oklahoma Housing Finance Agency (OHFA) administers the HOME Program for HUD. The HOME Program assistance is to help make it possible for the rehabilitation or reconstruction of HOMEOWNER’s residence located at \_\_\_\_\_, Oklahoma. The legal description of the property is as follows: \_\_\_\_\_.

**(Note to users of this template: if lengthy, the legal description may be an attachment.)**

**The home must, during the entire period of time covered by this AGREEMENT, remain the principal place of residence for the HOMEOWNER.**

## **Section 1. Scope of Program**

The CITY, by way of a deferred, forgivable loan to the HOMEOWNER, will loan the HOMEOWNER the sum of \_\_\_\_\_. The deferred, forgivable loan will be protected by a mortgage filed against the residence located at \_\_\_\_\_, Oklahoma. The mortgage will be released once the period of affordability, as described in Section 2 below, has expired. At that time, if the HOMEOWNER has complied with the terms of this AGREEMENT, the deferred, forgivable loan will have been completely forgiven and no further sums will be due to the CITY.

## **Section 2. Affordability Period**

The period of affordability for the home will be five (5) years. During this five (5) year period, the HOMEOWNER must maintain the home as his/her principal place of residence at all times. The HOMEOWNER should be aware that according to HUD regulations, the period of affordability does not begin until the activity is shown as completed in HUD’s Integrated Disbursement and Information System (IDIS). Therefore, the five (5) year period may not start until some time after the execution of this AGREEMENT. The HOMEOWNER and/or the CITY must contact OHFA in order to determine the exact date on which the period of affordability will expire. The duration of this AGREEMENT and the affordability period will be the same.

## **Section 3.-Interest Rate and Loan Forgiveness**

The principal amount of the loan shall be reduced over the first 5 years by 1/60<sup>th</sup> of the original principal balance of the Loan for each month the Loan is outstanding. Such monthly reductions shall

take effect in arrears on the same day of the month the loan was originally made. The interest rate for the loan is zero (0%). **(Note to users of this template: The note may be forgiven at a different rate than indicated here, or the grantee may wait until the end of the note to forgive the entire amount.)**

#### **Section 4. Principal residence requirement**

This agreement shall remain in force throughout the affordability period as long as the home remains the principal residence of the HOMEOWNER. Should the HOMEOWNER not maintain the home as his/her principal residence, or rent or sell the residence to another party, the HOMEOWNER will be in breach of this agreement and will be required to repay any amount that has not yet been forgiven, as set forth in Section 5 of the AGREEMENT, as of the day the home is no longer the principal place of residence of the HOMEOWNER.

#### **Section 5. Net Proceeds**

If HOMEOWNER sells the home, or if the home is foreclosed, then the HOME assistance to the buyer (entire loan amount-less forgiven amounts in accordance with Section 5) will be recaptured by OHFA through the CITY. If the net proceeds are sufficient (amount of proceeds remaining after any superior loans plus any legal fees and closing costs are paid) the proceeds will be used to repay the HOME assistance. Consequently, if the proceeds exceed the loan amount as set forth herein, the HOMEOWNER will be entitled to retain any remaining proceeds of the sale. If there are no net proceeds then no repayment will be required.

#### **Section 6. Use of HOME funds**

The HOMEOWNER and the CITY agree that the HOME assistance will be used to pay all of the costs of rehabilitating or reconstructing the HOMEOWNER's home.

#### **Section 7. Low Income HOMEOWNER**

The HOMEOWNER attests, and the CITY has verified, that the HOMEOWNER qualifies as a low-income individual or household as defined by the HOME Program. "Low-income" is defined as an individual or household whose total income does not exceed 80% of the Area Median Income (AMI) as defined by HUD.

#### **Section 8. Housing determined to be modest**

The CITY has verified that the purchase price of the housing does not exceed 95 percent (95%) of the median purchase price of homes for the area, as set forth in 24 CFR Part 92.254(a).

#### **Section 9. Insurance requirement**

The HOMEOWNER must at all times during the duration of this AGREEMENT maintain a valid and current insurance policy on the home for the current appraised or assessed value of the home. Failure to maintain a valid and current insurance policy will be considered a breach of this AGREEMENT, and the CITY will have the right to foreclose on its mortgage lien if necessary to protect the HOME Program investment. **(Note to users of this template: there are certain instances where insurance is not required. Please contact OHFA Staff if the assistance to the homeowner will be \$25,000 or less and the home will be rehabilitated and not reconstructed.)**

**Section 10. Property standards**

Pursuant to HOME Program rules, the property that is the subject of this AGREEMENT must meet all State and local housing quality standards and code requirements once rehabilitation or reconstruction is complete. If no such standards or codes apply, the property must at a minimum meet the HUD Section 8 Housing Quality Standards. In addition, when rehabilitation or reconstruction is complete, the property must meet OHFA's Written Rehabilitation Standards. OHFA's Written Rehabilitation Standards may be accessed from OHFA's website, [www.ohfa.org](http://www.ohfa.org).

\_\_\_\_\_ Date \_\_\_\_\_  
HOMEOWNER  
\_\_\_\_\_, A Single Person

Attest:

Subscribed and sworn to before me \_\_\_\_\_, 20\_\_\_\_.

My Commission Expires \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Signature

\_\_\_\_\_ Date \_\_\_\_\_  
CITY  
\_\_\_\_\_.

Attest:

Subscribed and sworn to before me \_\_\_\_\_, 20\_\_\_\_.

My Commission Expires \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Signature