

FIRST TIME HOMEBUYER (FTHB) HOME PROGRAM REGULATORY AGREEMENT

WHEREAS, the City of Lawton (City) has received a formula HOME Investment Partnership (HOME) Program allocation from the U.S. Department of Housing and Urban Development (HUD) to carry out eligible activities in accordance with program requirements; and

WHEREAS, The City of Lawton’s Housing and Community Development (HCD) office is authorized to use HOME Program funds for the First-Time Homebuyer (FTHB) Assistance Program, subject to HUD regulations and local policies, to provide assistance for qualified applicants; and

WHEREAS, an eligible First-Time Homebuyer is interested in participating in the City of Lawton's FTHB Assistance Program, and agrees to comply with all program rules and requirements; and

WHEREAS, the City of Lawton will provide financial and technical assistance to allow the First-Time Homebuyer to purchase affordable housing within the City of Lawton’s corporate limits; and

WHEREAS, the City of Lawton deems it desirable to enter into an agreement with the First-Time Homebuyer for the purpose of purchasing affordable housing.

NOW, THEREFORE, in consideration of the payment to be made by the City of Lawton to the First-Time Homebuyer and the obligations of the parties herein, mutually agree as follows:

This Agreement is made and entered into this [REDACTED] day of [REDACTED], [REDACTED], by and between the City of Lawton, Oklahoma, a Municipal Corporation, having a principal place of business at 212 SW 9th Street, Lawton, Oklahoma 73501, hereinafter referred to as “City”, and [REDACTED], a married person, hereinafter referred to as "FTHB" for the purchase of affordable housing.

1. AVAILABILITY, FUNDING AND USE OF HOME FUNDS

A. All payments to the FTHB contemplated by this Agreement are to be made only from HOME Program funds made available to the City by the U.S. Department of Housing and Urban Development (HUD) for use in the HOME Program. Notwithstanding any other provisions of this Agreement, payments to be made to the FTHB pursuant to this Agreement are subject to the continued availability of such HOME Program funds. This Agreement, to provide HOME Program funds to the FTHB, is conditioned on the City’s determination to proceed with, modify or cancel the project based on the results of an environmental review. The City shall be the final authority as to the availability of HOME Program funds.

B. It is expressly understood by the FTHB that the national objective to be accomplished under this Agreement and the terms of the National Housing Act is that of direct benefit to low-income families as they are defined in 24 CFR §92.2 to the exclusion of all others. Low-income families are defined as families whose annual income does not exceed 80 percent of the median income for the City of Lawton area. Income limits will not exceed HUD’s limits based on the limits in force and effect at the time of qualification. The current 80% income limit published by HUD: (see Table on following page).

FFY 2022 INCOME LIMITS

<p>Effective June 1, 2022</p> <p>Lawton, OK</p> <p>MEDIAN AREA INCOME \$47,779</p>	<p>80% of Median</p> <p>Low Income</p>	<p>50% of Median</p> <p>Very Low Income</p>	<p>30% of Median</p> <p>Extremely Low Income</p>
	<p>Eligible for: FTHB (HOME) Rehab (HOME)</p>	<p>Eligible for: FTHB (HOME) Rehab (HOME) ER (CDBG) EHIP (CDBG)</p>	<p>Eligible for: FTHB (HOME) Rehab (HOME) ER (CDBG) EHIP (CDBG)</p>
HOUSEHOLD SIZE	AMOUNT	AMOUNT	AMOUNT
1 PERSON	\$37,650	\$23,550	\$14,150
2 PERSON	\$43,000	\$26,900	\$16,150
3 PERSON	\$59,500	\$30,250	\$18,150
4 PERSON	\$53,750	\$33,600	\$20,150
5 PERSON	\$58,050	\$36,300	\$21,800
6 PERSON	\$62,350	\$39,000	\$23,400
7 PERSON	\$66,650	\$41,700	\$25,000
8 PERSON	\$70,950	\$44,400	\$26,600

FTHB=First-Time Homebuyer Program, Rehab=Homeowner Rehabilitation Program ER=Emergency Repair Program, EHIP=Exterior Housing Improvement Program

C. The City shall allocate to the FTHB an amount of HOME Program funds of not less than One Thousand Dollars and No/cents (\$1,000.00) and not to exceed Fourteen Thousand Nine Hundred Ninety-nine Dollars and 99/cents (\$14,999.99). The FTHB is receiving HOME Program funds in the form of a deferred loan. The amount of assistance provided is determined by the amount needed to insure the home is affordable and is restrictive to guidelines set by HUD. **Only the amount needed shall be provided.**

D. HOME Program funds shall be used to acquire the real property commonly known as [REDACTED], Lawton, Oklahoma [REDACTED] and legally described as: Lot [REDACTED], Block [REDACTED], [REDACTED] ADDITION, to the City of Lawton, Comanche County, Oklahoma, according to the recorded plat thereof. Assistance shall be utilized for **downpayment and closing costs**, which shall effectively allow the FTHB to acquire the real property.

2. HOME REGULATORY REQUIREMENTS

A. In consideration for the assistance provided, the FTHB shall agree with the following requirements in 24 CFR 92.254(a)

(1) The housing shall be single family housing as defined in 24 CFR 92.2.

(2) The acquisition of newly constructed housing or standard housing shall be modest and have a purchase price for the type of single-family housing that does not exceed 95 percent of the median purchase price for the area, in accordance with the Single-Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)).

(3) The housing shall be acquired by a first-time homebuyer whose family qualifies as a low-income family, as described in paragraph 1B above. Income eligibility shall be the adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes in accordance with 24 CFR 92.203(b)(3). If HOME program funds are used to assist a homebuyer who has entered into a contract to purchase housing to be constructed, the homebuyer must qualify as a low-income family at the time the contract is signed. The City shall re-examine the family's income if more than six months has elapsed since the City determined that the family qualified as income eligible.

(4) The housing shall be the principal residence of the low-income family throughout the period of affordability.

(5) The HOME-assisted housing must meet the affordability requirements for not less than a five (5) year period of affordability beginning after project completion. The affordability requirements shall apply without regard to the term or repayment of the loan and shall be imposed by a promissory note and mortgage, except that the affordability requirements may terminate upon foreclosure or transfer in lieu of foreclosure.

(a) If the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the City shall recapture all or a portion of the HOME assistance to the FTHB in accordance with the executed promissory note and mortgage and the provisions below.

(b) In accordance with 24 CFR 92.254(a)(5), the CITY shall use the shared net proceeds method of the recapture requirements to ensure affordability for homeownership assistance. If the FTHB decides to sell the house within the period of affordability, the City will require recapture of all or a portion of the HOME assistance that enabled the FTHB to buy the dwelling unit as follows:

Shared net proceeds: When the net proceeds are insufficient to recapture the full or a reduced amount of the HOME investment plus enable the FTHB to recover the amount of the homeowner's downpayment and any documented capital improvement investment made by the FTHB since purchase, the City and the FTHB shall proportionally divide the net proceeds as set forth in the mathematical formulas in 24 CFR 92.254(a)(5)(ii)(A)(3). The City's share of the proceeds shall not, in any case, exceed the HOME investment provided to purchase the dwelling unit. The net proceeds are defined as the sales price minus loan repayment (other than HOME funds) and closing costs.

HOME Investment	X Net Proceeds = Home Amount to be Recaptured
HOME Investment + Homeowner Investment	
Homeowner Investment	X Net Proceeds = Amount to Homeowner
HOME Investment + Homeowner Investment	

An example of the formula in practice:

A homebuyer was given \$5,000 HOME funds to help with closing costs. The homebuyer invested \$4,500 of their money for closing and down payment. The homeowner upon selling the house for an amount that provided \$9,000 net proceeds would receive \$4,230.

<u>\$5,000</u>	X \$9,000 = \$4,770 HOME Recapture
\$5,000 + \$4,500	
<u>\$4,500</u>	X \$9,000 = \$4,230 Amount to Homeowner
\$5,000 + \$4,500	

The City's share of the proceeds shall not, in any case, exceed the HOME investment provided to purchase the dwelling unit. The net proceeds are defined as the sales price minus loan repayment (other than HOME funds) and closing costs. Any and all capital improvement investment made on the part of the homeowners must be documented with receipts showing the amount of investment and the date of investment.

Although the agreement between the City of Lawton and the LUHA dated March 14,2000 entitled the LUHA to retain all money and/or assets generated, received, or recaptured from projects, the LUHA will return any money and/or assets generated, received or recaptured from the HOME investment to the City to be used to carry out HOME-eligible activities in accordance with the requirements of the HOME Program rule.

(6) The housing shall meet all applicable local codes, ordinances, and zoning ordinances at the time of project completion. Housing built before 1978 may contain lead-based paint (LBP). The HAD staff shall conduct a visual assessment of the unit to identify any deteriorated paint, dust, debris and/or residue, so that these conditions can be corrected prior to closing. If the property is new construction, it shall also comply with the Model Energy Code. The City shall inspect the property prior to approving the loan.

(7) The housing shall be acquired by the [redacted] day of [redacted], [redacted].

(8) The housing shall be within the corporate City limits.

3. CITY REQUIREMENTS

In accordance with the First-Time Homebuyer (FTHB) Assistance Program Policy the FTHB shall agree with the following City requirements:

(1) Housing shall not be located within the 100-year floodplain, airport clear zone (CZ), airport accident prevention zone (APZ), noise sensitive areas, or any other environmental hazard areas as determined by HCD staff.

(2) Housing must meet the City's property maintenance codes to be eligible for assistance. The seller is responsible for correcting any conditions identified during the HCD inspection before closing. If the seller declines to correct the unacceptable property housing deficiencies, the selected property will not be eligible for the program.

(3) Housing costs after purchase, which includes principal, interest, taxes, insurance (PITI), and estimated utility costs shall not exceed thirty (30) percent of the FTHB's monthly gross income.

(4) Housing built before 1978 may contain lead-based paint (LBP). The HAD staff shall conduct a visual assessment of the unit to identify any deteriorated paint, dust, debris and/or residue, so that these conditions can be corrected prior to closing. The seller is responsible for correcting any conditions identified in the visual assessment before closing. If the seller declines to correct the unacceptable lead safe housing deficiencies, the selected property will not be eligible for the program and the FTHB will be afforded an opportunity to select another property.

(5) FTHB must attend a certified Homeowner Education Class and provide HCD a certificate of attendance before any HOME Program funds are committed to a FTHB Assistance Program activity. FTHB must attend the first available course or a course within one (1) year of the purchase date.

(6) FTHB shall secure financing for the primary mortgage from a private lending institution.

(7) FTHB is required to list the City as a co-insured with the insurance company. The property being purchased will be covered by a Homeowner's Insurance Policy before FTHB assistance can be provided. The maximum allowable deductible amount on the policy shall not be more than \$1,000.00. Homeowner's insurance on the property must be maintained for the duration of the loan. The homeowner will be considered in default if the homeowner's insurance lapses due to failure to pay the premium.

(8) FTHB shall comply with all applicable terms, conditions, requirements, and guidelines of the City's First-Time Homebuyer (FTHB) Assistance Program Policy.

4. FINANCIAL ASSISTANCE

(1) Financial assistance for FTHB projects will be in the form of a zero-interest forgivable loan. A forgivable loan is forgiven over a five-year period with 1/60 of the forgivable portion being forgiven each month provided that the homeowner resides in the property as their principal residence and meets the requirements of the Loan Documents. The loan shall be secured by a mortgage on the property for the duration of the period of affordability. If the homeowner(s) attempts to sell, rent, assigns or if the homeowner(s) no longer reside in the property as their principal residence, payment in full is due within 30 days of notification of the breach of contract.

(2) The City will subordinate the loan to the purchase loan on the property. Further subordination may be agreed to if the first mortgage is being refinanced. We will not subordinate for debt consolidation loans, unless the debts being consolidated are for housing expenses, and the total amount of all liens is less than 95 percent of the appraised value of the house. Under no circumstance will the City accept less than a second lien position.

4. MISCELLANEOUS

A. Interpretation and Enforceability: Should it become necessary to determine the meaning or otherwise interpret any word, phrase or provision of this Agreement, or should the terms of this Agreement in any way be the subject of litigation in any court of law or equity, it is expressly agreed where definitions are provided by federal law then federal law shall control; however, where definitions are not provided by federal law then the laws of the State of Oklahoma shall control same.

B. Governing Law And Severability: Federal law and the laws of the State of Oklahoma shall govern this Agreement. In the event that any provisions or clauses of this Agreement shall be adjudicated by a court of competent jurisdiction to conflict with applicable law, such conflict shall not affect any other provisions or clauses of this Agreement, which shall be given full force and effect without the conflicting provisions or clauses. To this end, the provisions and clauses of this Agreement are declared severable.

C. Non-Waiver of Defaults: Any failure by the City, at any time, to enforce or require the performance of any of the terms or conditions of this Agreement, or to exercise a right hereunder, or to make payment to the FTHB, shall not, nor shall it be construed to constitute a waiver or limitation of any terms, conditions or rights of the City or HUD hereunder or at law.

D. Binding Effect: The terms and conditions of this Agreement shall extend and inure to the benefit of and be binding upon the parties, their heirs, executors, administrators, trustees, successors and assigns.

E. General: The captions and headings used in this Agreement are intended for convenience only and shall not be used for purposes of construction or interpretation.

F. Points of Contact:

Housing and Community Development
Attn: Federal Grants and Housing Programs Coordinator
212 SW 9th Street
Lawton, Oklahoma 73501

G. Agreement Composition: This Agreement constitutes the entire Agreement between the parties. No verbal agreements or conversations with any officer, agent or employee of the City prior to execution of this Agreement shall affect or modify any of the terms or obligations contained in any documents comprising this Agreement. Any such verbal agreement shall be considered as unofficial information and in no way binding upon the City.

5. MODIFICATION OR AMENDMENTS TO AGREEMENT

A. Written agreement required: This Agreement may be extended, renewed or otherwise modified or amended only by the written agreement of the duly authorized representatives of the City and the FTHB.

B. Prior approval of City required: All proposed modifications or amendments to this Agreement, including the waiver of any provision herein, must be submitted to the City, in writing, and approved by the City prior to the desired effective date of the amendment.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first hereinabove set forth.

By: _____ Date

By: _____ Date

ACKNOWLEDGMENT

Before me, a Notary Public in and for said County and State, on this day of , , personally appeared , FTHB, to me known to be the identical person(s) who execute the within and foregoing instrument, and acknowledgement to me that executed the same as free and voluntary act and deed for the uses and purposes therein set forth.

Notary Public _____

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