

HOME PROGRAM-HOMEBUYER WRITTEN AGREEMENT

NOTICE TO HOMEBUYER: 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 “AWARDEE”) and _____, A Single Person (Hereinafter referred to as the (“HOMEBUYER”) is to provide assistance to the HOMEBUYER 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 HOMEBUYER to purchase the residence located at _____, Oklahoma. **The home must, during the entire period of time covered by this AGREEMENT, remain the principal place of residence for the HOMEBUYER.**

Section 1. Scope of Program

The AWARDEE, by way of a deferred, forgivable loan to the HOMEBUYER, will loan the HOMEBUYER the sum of _____, which was provided to the AWARDEE through the HOME Program as a developer subsidy, thus reducing the sales price of the home to the HOMEBUYER by that same amount, and therefore representing a direct subsidy to the HOMEBUYER. 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 HOMEBUYER 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 AWARDEE.

Section 2. Affordability Period

The period of affordability for the home will be _____ years, based on the amount of the direct subsidy to the HOMEBUYER. During this _____ year period, the HOMEBUYER must maintain the home as his/her principal place of residence at all times. The HOMEBUYER 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 _____ period may not start until some time after the execution of this AGREEMENT. The HOMEBUYER and/or the AWARDEE 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. Date by which the housing must be acquired

The property that is the subject of this AGREEMENT must be acquired by the HOME BUYER by no later than _____.

Section 4. Appraised property value

The AWARDEE certifies that a certified property appraiser has appraised the property that is the subject of this AGREEMENT at a value of \$_____.

Section 5.-Interest Rate and Loan Forgiveness

The principal amount of the loan shall be reduced over the first 5 years by 1/60th 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 6. Principal residence requirement

This agreement shall remain in force throughout the affordability period as long as the home remains the principal residence of the HOME BUYER. Should the HOME BUYER not maintain the home as his/her principal residence, or rent or sell the residence to another party, the HOME BUYER 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 HOME BUYER. If the home is sold to another party, the liability of the HOME BUYER will be limited to the amount of the net proceeds of the sale as set forth in Section 7 below.

Section 7. Recapture Agreement

If HOME BUYER 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 AWARDEE. 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 HOME BUYER will be entitled to retain any remaining proceeds of the sale. If there are no net proceeds then no repayment will be required.

Section 8. Use of HOME funds

The HOME BUYER agrees that the HOME assistance will be used to lower the construction cost of the home by providing a developer subsidy to the AWARDEE to pay part of the cost of construction. This will reduce the sales price of the home to the HOME BUYER and reduce the total amount the HOME BUYER will be required to borrow in order to purchase the home.

Section 9. Low Income homebuyer

The HOME BUYER attests, and the AWARDEE has verified, that the HOME BUYER 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 10. Housing determined to be modest

The AWARDEE 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 11. Insurance requirement

The HOMEBUYER 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 AWARDEE will have the right to foreclose on its mortgage lien if necessary to protect the HOME Program investment.

Section 12. 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. If no such standards or codes apply, the property must at a minimum meet the HUD Section 8 Housing Quality Standards/Uniform Physical Condition Standards.

_____ Date _____
HOMEBUYER
_____, A Single Person

Attest:

Subscribed and sworn to before me _____, 20____.

My Commission Expires _____ . 20____.

Notary Signature

_____ Date _____
AWARDEE
_____.

Attest:

Subscribed and sworn to before me _____, 20____.

My Commission Expires _____ . 20____.

Notary Signature
