

Homebuyer Assistance Program (HBA) Policy/Guidelines

In an effort to expand homeownership opportunities for low to moderate income (LMI) households, the City of Stillwater has established the Homebuyers Assistance Program (HBA). The Program provides financial assistance for down-payment and/or closing costs to qualified homebuyers purchasing a home within Stillwater's city limits. The City of Stillwater's Development Services Department will administer the HBA Program. Following are the detailed program policy/guidelines under which HBA will operate to ensure compliance with all applicable Federal, State and local rules/regulations. Financial assistance is subject to available funding.

I. Applicant/Application Criteria

- A. City employees are eligible to participate in this program under the following guideline: The employee's application will be reviewed for eligibility by a committee of no less than three persons who will be designated by the City Manager's Office.
- B. The Applicant must submit all required information regarding the household composition and household income. The Applicant must provide all required documentation and proof of income at time of application. Failure to provide the required documentation at the time of application submittal will result in the application being denied. City staff will review all documents, verify all information, and determine eligibility. After determination of eligibility, the designated city staff will provide a notification letter of eligibility to the applicant within one week from application review. If approved, the applicant may then proceed to seek an eligible property in accordance with program guidelines.
 1. The Applicant(s) shall make full restitution to the city in the event that assistance is secured by an applicant who provided inaccurate and/or fraudulent information in order to meet eligibility requirements. Requests for further housing and community development services will be denied until restitution is made in full.
 2. When submitting an application, the applicant shall attest by his or her signature that all information provided in the application is correct and that the applicant will comply with the terms of the program. In addition the applicant will provide permission for city staff to verify all pertinent information, including social security numbers and employment information. The city reserves the right to re-verify income at any time before the contract closing. Income must be re-verified if more than six months has passed since initial determination.
 3. The Applicant must provide the following source documentation for the anticipated annual gross income of all members of the household.
 - a. Copy of most recent 90 days employment income (pay stubs) for each household member age 18 years and older.
 - b. Proof of other current income for each household member, including: Social Security, retirement pension income, business income, unemployment and disability income, child support, Temporary Assistance for Needy Families (TANF) payments and any other types of income as deemed necessary by City staff).

- c. Copies of applicant(s) government issued identification card (i.e., drivers license, military ID card, etc)
 - d. Copies of dependent(s) social security cards or birth certificates.
 - e. Other documentation as required.
- 4. Assistance is provided on a first-come, first-serve basis, subject to funding availability, to applicants that meet the program eligibility requirements. All applications received will be date and time stamped upon receipt by the City staff administering the HBA program.
- C. The Applicant's household annual gross income must not exceed the Annual LMI limits (80% of the median area income) for Payne County by family size as defined by the U.S. Department of Housing and Urban Development (HUD) at the time of the individual(s) application for HBA funds.
 - 1. The current earned income of all household members will be included in the income determination, with the exception of minors under the age of 18.
 - 2. Household size will be determined by the number of persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements, per 24 CFR 570.3. If clarification of occupancy is deemed necessary, staff will request an affidavit or additional documentation.
- D. The Applicant's obligations to the City must be current.
- E. The Applicant must purchase the property to be their principal residence.
- F. For all applicants, attendance at the following is required prior to the closing of the home. A copy of the attending certificate(s) or letter of attendance must be forwarded to the City.
 - 1. An approved Homebuyer Education Class that meets the Oklahoma Homebuyer Education Association (OHEA) standardized curriculum criteria.
 - 2. A Financial Literacy Class or Credit Counseling Session.

II. Housing Assistance Criteria

- A. Housing acquired must be used as the purchaser's principal residence and includes resale or newly constructed single-family houses, condominiums, or townhouses. Only manufactured homes that meet city code, are on a fixed permanent structure according to city code, and are located on land that is owned by the unit owner are allowed.
- B. Housing purchased by a "lease purchase" (or like contract) where the homebuyer does not take title to the property until all contract agreements have been met, is not eligible for the HBA program.
- C. Housing must be located within the corporate city limits of Stillwater.

- D. The recipient(s) as shown on the mortgage and note shall maintain the house as their principal residence throughout the applicable period of affordability.
- E. The property being purchased must pass a “minimum housing quality standards” inspection (Section 8 criteria). The inspection shall be performed by either a qualified inspector, licensed by the State of Oklahoma or upon request will be performed by the appropriate City of Stillwater Housing Authority Staff.
- F. The value of any property purchased with HBA funds may not exceed 95% of the median price for that type of property for Payne County, Oklahoma.
- G. Mortgage interest rates cannot exceed 3.5 % over the Oklahoma Housing Finance Agency’s single family mortgage “1st Gold” bond rate. Adjustable rate mortgages are not allowed.

III. Period of affordability

- A. The HBA assistance shall be in the form of a forgivable five (5) year deferred loan and will be secured by a Second Mortgage. The amount of the assistance will not exceed the program maximum. Filing fees of the HBA mortgage will be at no cost to the recipient.
- B. The period of affordability shall be five years from the date of the Second Mortgage.
- C. To ensure program compliance with the five-year affordability period, principal residence certification will be performed by City staff annually upon the mortgage anniversary date. Upon request, the HBA recipient may be required to certify their principal residence by completing a certification form and providing staff with proof of residence. Failure of the HBA recipient to certify their principal residency at the home purchased with the assistance of HBA funding will result in the mortgage being immediately due and payable in full.
- D. Upon completion of the five-year affordability period the HBA assistance will be forgiven and the mortgage released. The filing fees of the mortgage release will be at no cost to the recipient.

IV. Recapture Provisions

- A. All recipients shall repay the forgivable, deferred loan should they no longer reside at the property as their principal residence due to the sale, refinance or assignment of all or any portion of the property prior to the end of the five year period of affordability. Repayment shall also be required in the event of any violation of the HBA policies or terms of the second mortgage, including the rental or lease of the property.
- B. In the event repayment or recapture of funds is necessary due to the sale, refinance or assignment of all or any portion of the property prior to the end of the five year period of affordability, the amount of funds to be repaid to the city will be based on the net proceeds available from the sale of the property. The City of Stillwater will recapture its housing assistance investment first, with the homebuyer receiving any remaining net

proceeds. Example #1: Downpayment assistance in the amount of \$5,000 is provided by the City of Stillwater. Three years later, with two years remaining in the period of affordability, the home is sold with net proceeds resulting in \$7,000. The city would recapture their entire investment of \$5,000 and the Jones would receive the remaining \$2,000. Example #2: Downpayment assistance in the amount of \$5,000 is provided by the City of Stillwater. Two years later, with three years remaining in the period of affordability, the home is sold due to an extended illness in the family. The net proceeds are only \$2,000. The city would receive the \$2,000 in net proceeds. Example #3: Downpayment assistance in the amount of \$5,000 is provided by the City of Stillwater. Four years later, the home is sold at a loss of \$5,000 due to foreclosure. No repayment would be due the city because there were no proceeds from the sale.

- C. Repayment of the entire amount of assistance will be required in the event of any violation of the HBA policies or the terms of the second mortgage including the rental or lease of the property.

V. Miscellaneous Provisions

- A. All Program recipient files are kept and maintained at City Hall in a confidential manner.
- B. The applicable federal, state or local conflict of interest provisions shall be adhered to by City staff designated to administer the HBA Program.
- C. Upon approval of the HBA Program policy, administrative procedures and updated forms will be prepared and implemented to administer the program to assure compliance with the applicable federal, state and local policies.