

HOMEBUYER AGREEMENT AUTHORIZATION FORM

I/we; *[insert homebuyer/program participant's name(s)]*, have read and understand the following conditions and program requirements and authorizations that apply to my/our participation in the HOMEownership Down Payment & Closing Cost Assistance Program:

1. Funds in the amount of *[enter amount]* will be reserved to the extent they are available in the form of a federal HOME Program funded forgivable HOME loan secured against the home, forgivable upon completion of mandatory residency and affordability compliance requirements to subsidize the purchase of a home by providing *[enter down payment and/or closing costs assistance amount]*. Purchaser must provide the administrator with a loan proposal letter from VHDA, US Rural Development or a VHDA-approved lender *license as needed in accordance with Section 6.1-432.1 of the Code of Virginia and/or the Federal Mortgage S.A.F.E. Act*. The final reservation amount of HOME funds will be determined at this point based on the type of loan obtained by the purchaser and will be valid for not more than 90 days. If the 90-day period expires before a home for purchase is identified, the reservation of forgivable HOME loan funds will be canceled. Credit reports, income verifications, income documents, and bank statements are valid for only 90 days, and if the period expires and the process is restarted, updated documentation is required, and an additional fee for the credit report may be required, if applicable.
2. Homebuyer must qualify as low income (at or below 80% AMI) and must be a first time homebuyer, as defined by one of the following:
 - a. have never owned a home before; or
 - b. have not held primary ownership in a principle residence within the most recent three year period;
3. The housing must be single-family, 1-2 units. If two units, one of the units must be owner-occupied and the second unit must be a HOME-assisted rental unit. The rental requirements that apply include the rent must be restricted to someone below 80% of area median income, the maximum rent is the High HOME rent minus tenant paid utilities, there must be an executed lease that is for one-year and does not contain prohibited lease provisions, and the unit must meet housing quality standards (HQS) unless there is a local housing code that is more restrictive on occupancy. The income-certified low-income households must be approved in writing by the Local Administrator, with approval from DHCD, and homebuyer shall submit for written approval of the Local Administrator and the Department copies of all proposed leases prior to having them signed by any proposed tenant.
4. Homeownership Counseling is a requirement to receive down payment and/or closing cost assistance. Participation in this program requires the completion of a HUD-certified Homebuyer Education Course through a VHDA or Neighborworks® certified course, including demonstration of completion of the class. Generally, completion is documented by the issuance of a certificate of completion.

5. All HOME-assisted properties purchased must meet certain minimum property standards at project completion, and be free of any deficiencies in accordance with UPCS (Uniform Physical Condition Standards) as established by HUD pursuant to 24 CFR 5.703 to ensure that housing is decent, safe, sanitary and in good repair prior to settlement. These property standards address all major systems- structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. *No repairs and re-inspections will be performed after settlement.*
6. All properties built prior to 1978 must have a visual lead base paint assessment conducted by a third party **HUD Certified, VA Lead Inspector or VA Risk Assessor**. All properties must follow HUD lead-safe provisions that includes a notice of lead hazard, remedy of any lead problems, and re-inspection if applicable.
7. Program participants will be required to contribute **one percent** of the sales price if the income is between **50%-80%** of the AMI, and households earning *less than 50%* of the AMI, must contribute **\$500** into the transaction from their personal funds. Fees the homebuyer pays directly such as those paid for credit report, flood certification, appraisal, earnest money deposit, and intake fee may be applied toward and account for this one percent contribution from personal funds, but may not be *reimbursed* along with any other fees.
8. If purchaser puts down more than the required amount of cash to purchase a home, the additional cash will go towards the purchase of the home. If it is determined the purchaser will receive funds back at closing, then the HOME funds **MUST** be reduced by that amount. No **FUNDS** will be **RETURNED** or **REIMBURSED (regardless of the source)** to the purchaser at closing/settlement when HOME funds are awarded for down payment and/or closing cost assistance. If the purchaser is required to pay any cost up front that would have an effect on settlement, the administrator must make appropriate adjustments to prevent cash back at closing.
9. Program participants who have access to an amount equal to **TEN PERCENT** or more of the sales price in their current checking, savings, and liquid assets or who exceed this limit through an eligible gift of funds, **ARE NOT** eligible to receive down payment or closing cost assistance.
10. The maximum amount of secondary financing and other subsidies will be restricted to the lesser of 20% (including DHCD HOME funds) of the purchase price or appraised value. Also, the sales price of the home must not exceed five times the borrowers' household income, and the area median purchase price limits must be met.
11. The homebuyer(s) may prepay the whole unpaid balance of this indebtedness at any time without penalty. However, the provisions of the HOME homebuyer agreement will not be released during the affordability period.

- 12. The forgivable HOME loan **MAY NOT** be subordinated to refinancing of the 1st lien position primary mortgage or an equity loan or line of credit.
- 13. If the homebuyer sells or transfers title of the HOME assisted property, either voluntarily or involuntarily, during the Period of Affordability, the state will recapture, from the available net proceeds, the entire amount of the HOME investment from the homebuyer. If there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, the state can only recapture the amount of the net proceeds, if any. Net proceeds are defined as the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

- 14. The Period of Affordability is based on the *direct* HOME subsidy provided to the homebuyer that enabled the homebuyer to purchase the unit. A direct subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price or otherwise subsidizes the purchase (e.g., down payment or closing cost assistance). The affordability period for this purchase will be **[enter the number of years]** expiring **[enter the number of years]** from the date of closing.

Amount of Assistance or Subsidy	Years in the Period of Required Occupancy and Affordability
\$1,000 – \$14,999	5 Years
\$15,000 - \$40,000	10 Years
Amounts over \$40,000	15 Years

- 15. The forgivable HOME loan IS NOT Assumable. If the homebuyer receives an Assumable 1st lien position primary mortgage giving the borrower the right to assign the unpaid balance of his obligation, without prepayment penalty, to another person upon sale of the mortgaged property, the forgivable HOME loan **MAY NOT** be assumed and the recapture provision is triggered. The state will recapture, from the available net proceeds, the entire amount of the HOME investment from the original homebuyer.
- 16. Failure of the homebuyer to occupy the HOME assisted unit as his or her principal residence (i.e., unit is rented or vacant) during the Period of Affordability will trigger the repayment of the entire outstanding forgivable HOME loan investment. The homebuyer must return the entire HOME investment to the State of Virginia.
- 17. All homes purchased with assistance through the HOMEownership Down Payment & Closing Cost Assistance Program are subject to the property eligibility regulations promulgated at 24 CFR 254 regarding maximum sales price. The sales price of the property is **[Insert price of property]** and has been determined to be below the 95% median limit as required by the HOME program.

APPENDIX H

I/We hereby authorize (insert name of your agency) & its partner representatives to receive and discuss any information on my/our behalf regarding my/our loan and income with my/our lender (insert name of mortgage lender) for purposes of loan processing and program documentation.

I/We have read and understand the contents of this agreement and give my/our authorization to execute this agreement. All questions I had were clarified at the time of signature.

Homebuyer: _____ *Date:* _____

Homebuyer: _____ *Date:* _____

As the administrator, all items above 1-15 have been discussed with the above homebuyer(s) and all questions have been answered and authorization has been granted.

Administrator: _____ *Date:* _____