



HOME HOMEBUYER ASSISTANCE AGREEMENT

Homebuyer Assistance Agreement (the “Agreement”), made as of this ***** day of *****, 2023, by and between ***** (the “Homebuyer”), whose mailing address is *****, ***** (the “Subrecipient”), having its principal offices at *****, and the Iowa Finance Authority (“IFA”) a public agency and instrumentality of the State of Iowa.

1. **PURPOSE.** The Subrecipient has applied for funds from the Iowa Finance Authority (“IFA”), as administrator of the Home Program. Home funds are provided to the Homebuyer in the form of a loan with a portion to be **conditionally-forgivable** for the purpose of assisting the Homebuyer with the purchase of an eligible home located at ***** (the “Property”) to be owned and occupied by the Homebuyer.

2. **HOMEBUYER REPRESENTATIONS AND WARRANTIES.** The Homebuyer represents and warrants to the Subrecipient as follows:

- (a) The Homebuyer household “annual income” does not exceed 80% of the area median income adjusted for family size, as determined by the Section 8 (Part 5) definition of income. In compliance with program requirements, the income of all residents in the household has been reported.
- (b) The Home buyer is a first-time homebuyer as defined in 24 CFR 92.2.
- (c) The Property to be purchased with the assistance of Home funds will be the primary residence of the Homebuyer.
- (d) That the sales price of the newly constructed single-family housing unit to be developed using Home funds cannot exceed the HUD provided limits based on 95% of the U.S. median purchase price for the MSA or County where the unit is located, which is issued by HUD on an annual basis (“Affordable Price”).
- (e) The Homebuyer shall list Subrecipient as loss payee on the homeowner’s insurance for the duration of the required ownership and occupancy period.
- (f) The Homebuyer shall contribute at least \$ 500.00 towards the purchase of the Property.
- (g) The Homebuyer acknowledges that at the time of the loan closing, no cash may go back to the Homebuyer or a family member.
- (h) The Homebuyer shall obtain a fee simple deed in favor of every Homebuyer subject to this Agreement. A spouse or other party cannot be a grantee in the deed unless included in this Agreement as a Homebuyer.

- (i) The Property purchased shall be marketable as demonstrated by a lien search, title opinion, title certificate, or any other appropriate real estate title documentation approved by Subrecipient.
- (j) The homebuyer acknowledges that should their home built prior to 1978 undergo rehabilitation or lead-based paint hazard reduction, there are limitations on entrance and occupancy. Unless specifically allowed under 24CFR Part 35 Section 35.1345, at no time can occupants be permitted into the work site, unless they are employed in the work, until after work is complete and clearance, if required, has been achieved. The homebuyer also acknowledges that they may not move their belongings into the home or occupy the home until clearance has been achieved.
- (k) The Homebuyer has read and understands the Terms and Conditions identified below and agrees to abide by such Terms and Conditions as part of this Agreement.

3. **TERMS AND CONDITIONS OF LOAN.** The loan and the **conditionally forgivable** portion of the loan shall be subject to the following terms and conditions:

- (a) **DURATION OF COMMITMENT.** This Agreement shall constitute an agreement by the Subrecipient to provide Home funds to the Homebuyer, subject to Subrecipient's receipt of Home funds, continued eligibility of the Homebuyer, and other eligibility requirements identified in this Home Homebuyer Assistance Agreement, for a period not to exceed 180 calendar days, beginning on *****, 2023. This is the date the Subrecipient determined the Homebuyer was initially income qualified. At the sole discretion of the Subrecipient, and subject to re-verification of the Homebuyer's eligibility, the Subrecipient may extend this commitment by executing a new Homebuyer Assistance Agreement for this purpose.
- (b) **AMOUNT.** The original Home loan amount shall be equal to the direct subsidy provided to the Homebuyer. Except as provided in subsection (c) below, the amount of HOME funds to be provided may not exceed \$*****.
- (c) In the event of an increase in the amount in subsection (b) above, the Home buyer must submit to the Subrecipient a request for any increase, which increase must be approved by the Subrecipient and the Homebuyer must execute a new Agreement to reflect the increased amount.
- (d) Except as provided in section 4(g) of this Agreement, the loan shall have an interest rate of zero percent (0%).
- (e) Every Homebuyer subject to this Agreement must execute the **Promissory Note** securing the Home loan and other documents specified by IFA or the Subrecipient pertaining to the processing and/or closing of the Home loan.
- (f) Every Homebuyer and spouse, if applicable, must execute and file of record a **Mortgage** and any other documents specified by IFA or the Subrecipient securing the Property as collateral for the Home loan.
- (g) If the Homebuyer ceases owning and residing in the Property within the first fifteen (15) years after the Homebuyer begins residing at the Property (the "Affordability Period") a portion of the Home funds will be subject to recapture by the Authority and must be repaid to the Authority by the Subrecipient (the "Recapture Amount"). The Recapture Amount shall be calculated as set forth in the paragraph below this paragraph. The Authority may not require Subrecipient to repay the Recapture Amount if the Subrecipient uses the Recapture Amounts in a way

consistent with a re-use plan submitted to the Authority by the Subrecipient and approved by the Authority, which may include the development and preservation of affordable housing.

The Recapture Amount is limited to what is available from net proceeds. Net proceeds are defined as the sales price minus superior non-Home loan repayments and any seller closing costs. If the Net Proceeds are insufficient to repay the un-forgiven balance of the Loan, any Net Proceeds that are available shall be distributed to the Homebuyer and the Subrecipient based on a ratio of the Home Investment (“HI”) to the sum of the HI and the Homeowner Investment (“HOI” – defined as any out-of-pocket down payment paid by the Homebuyer plus any verified capital improvements made by the Homebuyer since the purchase), as follows:

$$\frac{\text{HI}}{\text{HI} + \text{HOI}} \times \text{Net Proceeds} = \text{Home Amount to be recaptured}$$

$$\frac{\text{HOI}}{\text{HI} + \text{HOI}} \times \text{Net proceeds} = \text{amount to homeowner}$$

The Recapture Amount is reduced by 1/15th of the initial amount for each full year of the Affordability Period in which the Homebuyer owns and occupies the home as their primary residence. The pro-rata amount due and payable is calculated based solely on the period of time the Homebuyer owned and occupied the home as their primary residence measured against the required Affordability Period. For the purpose of calculating the pro-rata amount due and payable, only each full month, rounded down to the nearest full month, prior to the Homebuyer no longer owning and occupying the home as their primary residence shall be used. For instance, a Homebuyer who owned and occupied the property as their primary residence for two year and seven months would be given credit only for two years.

If there are no Net Proceeds to distribute, the recapture amount payable to the Subrecipient shall be zero.

- (h) The Homebuyer must provide immediate notice to Subrecipient when entering into a contract to sell the property so that they may be able to provide the Homebuyer with the required amount of recapture. The original Loan Amount becomes immediately due and payable to the Subrecipient if the Homebuyer, during the Affordability Period and without the Subrecipient’s prior written consent, (a) fails to occupy the Mortgaged Property as Borrower’s principal residence, or any part thereof, for a period of two consecutive months; or (b) sells, leases, rents, or abandons, or transfers, whether voluntary or involuntary, the Mortgaged Property, or any part thereof without consent of the Subrecipient. The original Loan Amount becomes immediately due and payable to the Subrecipient if the Homebuyer, during the Affordability Period, fails to occupy the Property as his/her primary residence but retains ownership of the Property during the required ownership and occupancy period, the full amount of the loan is due and payable without any pro-rata reduction.

- (i) All loan funds provided under this Agreement must be repaid immediately to IFA in the event the loan is terminated by any Homebuyer for any reason.
- (j) The Homebuyer must qualify for and obtain other primary loan financing. The primary loan(s) plus any other funding contributed by the Homebuyer or other sources, when combined with the amount of Home funds that may be provided through this Agreement, must be sufficient to complete a purchase transaction on a property meeting the eligibility requirements of the Home Program.

4. **ADDITIONAL TERMS AND CONDITIONS OF THIS AGREEMENT**

- (a) **INSPECTION.** The Subrecipient shall have the right to inspect the Property during reasonable hours prior to Home funds being provided to determine the eligibility of the Property, in accordance with the Home Program Administrative Plan.
- (b) **RECORDS.** At the request of the Subrecipient, the Homebuyer shall furnish records and other information in connection with Homebuyer and Property eligibility determinations as may be requested by the Subrecipient and/or IFA.
- (c) **INDEMNIFICATION.** The Homebuyer hereby indemnifies, holds harmless, and will defend IFA, the State, the Subrecipient, their officers, agents, and employees from all liability, including costs and expenses, for all actions or claims resulting from injuries or damages by any person or property arising directly or indirectly as a result of any error, omission, or negligent act of any Homebuyer, its contractors, or anyone directly or indirectly employed by any Homebuyer in the performance of this Agreement.
- (d) **VIOLATION OF AGREEMENT.** Upon violation of any of the provisions of this Agreement by any Homebuyer, the Subrecipient shall give written notice thereof to the Homebuyer, as provided in subsection (f) below. If such violation is not corrected to the satisfaction of the Subrecipient within thirty (30) days after the date such notice is given, or within such further time as the Subrecipient, in its sole discretion, permits, the Subrecipient may declare a default under this Agreement, effective on the date of such declaration of default and notice thereof to the Homebuyer. Upon such default the Subrecipient may:
 - (i) terminate this Agreement; or
 - (ii) exercise such other rights or remedies as may be available to the Subrecipient, at law or in equity.
- (e) **ENFORCEMENT BY IFA.** In the event the Subrecipient is unable or unwilling to enforce the terms of this Agreement upon a violation of the terms of this Agreement by the Homebuyer, IFA may, but is not required to, exercise any rights or remedies available to the Subrecipient, at law or in equity, to enforce this Agreement, as if they were the rights and remedies of IFA to enforce this Agreement.
- (f) **AMENDMENT.** This Agreement shall not be altered or amended except in writing signed by the parties hereto.
- (g) **NOTICE.** Any notice, demand, request or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing, at the addresses set forth above, by any of the following means: (a) personal service; (b) electronic communication together with confirmation of receipt; (c) overnight courier; or (d) registered or

certified United States mail, postage prepaid, return receipt requested. Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request or other communication sent pursuant to either subsection constitute one and the same agreement.

- (h) RECOVERY OF FUNDS. In the event of a default or violation of any of the terms of this Agreement by any Homebuyer, the Subrecipient may institute action to recover all or part of the funds paid under this Agreement. Repayment by the Homebuyer of loan funds under this recovery provision shall occur within thirty (30) days of demand. In addition, if the Homebuyer is required to repay the full amount or any portion of the Home funds due to a default by any Homebuyer, interest may accrue at the rate of 2% per annum from the date of default on the principal remaining unpaid until paid in full.
- (i) ASSIGNABILITY. The Homebuyer may not assign or delegate this Agreement, or any part of it, or any right to any compensation or reimbursement paid under it without the express written consent of the Subrecipient. The Subrecipient may assign or delegate this Agreement to IFA.
- (j) INCOME TAXES. The Homebuyer is responsible for any State or Federal income taxes that may be assessed as a result of this loan and is advised that a Form 1099 may be provided.

The parties hereto have caused this Agreement to be executed on the date first above written.

HOMEBUYER:

Signature: _____
***** Date

Signature: _____
***** Date

SUBRECIPIENT

Signature: _____
***** Date

IOWA FINANCE AUTHORITY

Brian Sullivan, Chief Programs Officer Date