



Dear Interested Applicant,

Thank you for your interest in the **City of Stillwater's Homebuyer Assistance (HBA) Program**. Homebuyer assistance, in the form of down payment assistance or closing costs, is offered to anyone who meets the program guidelines. Applications will be reviewed on a first come first served basis. Eligible applicants will be approved based on available funds.

Attached you will find the following:

- HBA Program Overview
- HBA Application
- HBA Program Policy/Guidelines
- HBA Definitions
- Steps to Home Ownership
- Lead-Based Paint Disclosure Information

If you are interested in applying for homebuyer assistance funds, please complete the attached application form. **Return the completed application form and required documentation to the Development Services Department at the City of Stillwater Municipal Building.** Incomplete applications will not be reviewed.

All HBA applicants must attend a homebuyer education class.

The City of Stillwater offers free homebuyer education courses approximately every two months on a Saturday from 9 am to 3:30 pm at the Stillwater Public Library. Lunch and course materials are provided to pre-registered attendees. Call 405-742-8345 for dates and to pre-register. A credit counseling session is included in the homebuyer education class; however, additional credit counseling is recommended. For credit counseling contact CCCS of Central OK at 405-743-2227 or 800-364-2227.

Should you have any questions or need additional information, please don't hesitate to call Valerie Silvers at 405-742-8345 or via email at vsilvers@stillwater.org. Thank you again for your interest in this great program. We look forward to working with you!

City of Stillwater-Development Services Department
723 South Lewis Street * P.O. Box 1449
Stillwater, OK 74076
Phone: 405-742-8345 Fax: 405-742-8321
www.stillwater.org

The City of Stillwater Homebuyer Assistance Program

PROGRAM OVERVIEW

*The City of Stillwater recognizes that most people could afford to make monthly house payments, but the largest obstacle is saving money for a down payment and closing costs. The Homebuyer Assistance (HBA) Program is designed to decrease the financial barriers preventing low to moderate income individuals and families from owning homes. The Homebuyer Assistance Program will provide qualified applicants with assistance for down payment and closing costs **up to \$5,000**.*

- **The home must be located within the city limits of Stillwater, Oklahoma.**
- The home must be purchased for owner-occupancy, not for investment or rental property.
- The assistance provided is in the form of a five year forgivable deferred loan, secured by a second mortgage. If the HBA recipient occupies the purchased property as their principle residence for five years from the date of the second mortgage, the loan is forgiven, and the second mortgage will be released. If the HBA recipient sells the property during the period of affordability, the City of Stillwater will recapture the amount of assistance provided based on net proceeds of the sale at a rate of 1/60 per month from the date of purchased. If the buyer ceases to occupy the property as their principal residence by leasing the property or transferring the property, the City of Stillwater will recapture the entire amount of assistance provided.
- The property purchased must pass a minimum housing quality standard's inspection using Section 8 criteria. Any problems noted need to be addressed prior to closing. The property must be covered with flood insurance if located in the flood plain.
- All homebuyers must attend a homebuyer education course. The City offers free homebuyer education courses about once every other month on a Saturday. Call 405-742-8345 for dates and to pre-register.
- The mortgage interest rate cannot exceed 3.5% over Oklahoma Housing Finance Agency (OHFA's) 1st Gold bond rate. Adjustable rate mortgages and in-house balloon mortgages are not allowed. The origination, discount and add-on fees cannot exceed 3% of the mortgage amount. Loan underwriting ratios cannot exceed 35% front end or 50% back end.
- **HBA recipients must meet the following income limits.** Income limits are 80% of the median income for Payne County, based on size of household, as published by the U.S. Department of Housing & Urban Development. Income for co-owners not residing in the home as their primary residence will be considered when calculating the household's income. ***Current maximum income levels are effective April 2010, and are subject to annual adjustment.***

Size of Household	Maximum Annual Household Income (Gross)
1	\$31,650
2	\$36,200
3	\$40,700
4	\$45,200
5	\$48,850
6	\$52,450
7	\$56,050
8	\$59,700

Application Packets may be picked up at the Development Services Department, City of Stillwater Municipal Building, 723 S. Lewis, Mon.-Fri. 8am to 5pm or mailed to you upon request. For more information, call 742-8345 or go to stillwater.org.

This program is financed in part by funds from the U.S. Department of Housing and Urban Development as administered by the Oklahoma Housing Finance Agency on behalf of the State of Oklahoma.





City of Stillwater
Homebuyer Assistance Program
APPLICATION

For Office Use Only
Date Received:
Initials:

APPLICANT/HOUSEHOLD INFORMATION
(See HBA Definitions for household determination)

Applicant Name SSN Birth date

Co-Applicant Name SSN Birth date

Dependent Children and Other Household Residents:

Name: SSN: Birth Date:

Name: SSN: Birth Date:

Name: SSN: Birth Date:

Name: SSN: Birth Date:

Household Hispanic or Latino (circle one) Yes No

Race of Household (circle one or more)

- White Black/African American
Asian American Indian/Alaskan Native
Native Hawaiian/Other Pacific Islander American Indian/Alaskan Native & White
Asian & White Black/African American & White
American Indian/Alaskan Native & Black/African American
Other Multi-Racial

Present Mailing Address:

City, State, Zip:

Home Telephone No. Work Telephone No.

Cell Telephone No. Email Address:

Cell Telephone No. Email Address:

Do you Rent or Own? How long? Monthly Rent or Mortgage Pmt \$

First time homebuyer? (please circle) Yes No

Have you attended Homebuyer Education? Have you attended Credit Counseling?

Property Address to be purchased: Price:

Lender's Name and Phone Number:

Realtor's Name and Phone Number:

Closing Company Name and Phone Number:

HOUSEHOLD EMPLOYMENT INFORMATION

(Please provide employment income information for all household members over the age of 18. See HBA Definitions for determination of annual income.)

Applicant

Employer's Name/Address/Phone/fax-

Title: _____ How long? _____ Paid Hourly ___ Weekly ___ Bi-Weekly ___ Monthly ___

Full Time? ___ Part Time? ___ Gross monthly income: \$ _____ (Before taxes or benefits deducted)

If Paid Hourly, Hourly Wage? _____ Average hours worked per week _____ Annual Bonus: _____

Co-Applicant

Employer's Name/Address/Phone/fax _____

Title: _____ How long? _____ Paid Hourly ___ Weekly ___ Bi-Weekly ___ Monthly ___

Full Time? ___ Part Time? ___ Gross monthly income: \$ _____ (Before taxes or benefits deducted)

If Paid Hourly, Hourly Wage? _____ Average hours worked per week _____ Annual Bonus: _____

Household Member (Over 18) (Add additional sheet if needed for more household members)

Employer Name/Address/Phone _____

Title: _____ How long? _____ Paid Hourly ___ Weekly ___ Bi-Weekly ___ Monthly ___

Full Time? ___ Part Time? ___ Gross monthly income: \$ _____ (Before taxes or benefits deducted)

If Paid Hourly, Hourly Wage? _____ Average hours worked per week _____ Annual Bonus: _____

Other Current Income (Add additional sheet if needed.)

(Such as: SSA, retirement pension, business/rental parental support, or child support incomes)

Recipient: _____ Source: _____ Monthly Amount: \$ _____

Recipient: _____ Source: _____ Monthly Amount: \$ _____

ASSET INFORMATION (Add additional sheet if needed.)

(There is no limitation on assets for participants in this program.)

Bank Name: _____

Checking Account Balance: \$ _____ Savings Account Balance: \$ _____

Other Assets: _____

(Such as: capital investment equity, stocks and bonds, retirement accounts, lump-sum receipts, and mortgages)

DEBT INFORMATION

Please list **all** bills (credit cards, stores, student loans/living expense grants, car loans, garnishments, finance companies, banks) owed by the applicant(s).

Payable to _____ **TOTAL Current Balance** _____ **Monthly Payment** _____

ACKNOWLEDGEMENT

I/we attest by my/our signature that all information provided in this application is true to the best of my/our knowledge, and that I/we will occupy the purchased property as my/our principal residence. I/we acknowledge that I/we have received a copy of the City of Stillwater Homebuyer Assistance Program Policy/Guidelines and understand the policy requirements. The following requisite documents are attached:

- Copy of most recent 90 days employment income (pay stubs) for each household member over the age of 18 years, along with the name of the payroll person and phone number to reach each one. (good for 6 months)
- Other proof of current income for each household member, including: Social Security, retirement pension income, business/rental income, parental support, child support and other types of income as deemed necessary by city staff.
- Copies of government issued identification cards (i.e., drivers license, military ID card, etc) for all household members over the age of 18 years along with social security cards.
- Copies of dependent(s) social security cards or birth certificates.
- Copy of course certificate from Homebuyers Education Course (good for one year from date of attendance)
- Other documentation as required.

RELEASE

I/we hereby authorize the City of Stillwater to obtain information concerning verification of employment and income, or any other information deemed necessary to process my application and request for the deferred loan program participation.

Applicant's Signature

Date

Co-Applicant's Signature

Date

Household Member (over 18)

Date

Household Member (over 18)

Date

**SUBMIT Complete Application and copies of All required documentation to:
City of Stillwater Development Services Department
2nd Floor of Stillwater Municipal Building, 723 S. Lewis, P.O. Box 1449, Stillwater, OK 74076
Phone: 405-742-8345**

*** INCOMPLETE APPLICATIONS WILL NOT BE REVIEWED ***

<u>For Office Use Only</u>			
Eligibility Review Date: _____			
Eligible:	Yes _____	No _____	Initials: _____
			Initials _____
Approval Review Date: _____			
Approved:	Yes _____	No _____	Initials: _____
			Initials _____

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 first time 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, along with the payroll person and phone number to reach each one. (good for 6 months)
 - b. Proof of other current income for each household member, including: Social Security, retirement pension income, business/rental income, unemployment and disability income, child support, parental support, 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) for all household members over the age of 18 years along with social security cards.
 - d. Copies of dependent(s) social security cards or birth certificates.
 - e. Copy of course certificate from Homebuyers Education Course (good for one year from date of attendance)
 - f. 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 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 including financial literacy and credit counseling that meets the Oklahoma Homebuyer Education Association (OHEA) standardized curriculum criteria.

II. Housing Assistance Criteria

- A. Housing acquired must be used as the purchaser's principal residence and includes re-sale 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. Property must be covered by flood insurance if determined to be in the flood plain designated by FEMA
- G. 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.

H. 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 and the prorated amount still owed. (One-sixtieth 1/60 will be forgiven each month from date of closing) City of Stillwater will recapture its housing assistance investment first, with the homebuyer receiving any remaining net proceeds. Example #1: Down payment assistance in the amount of \$5,000 is provided by the City of Stillwater. Three years and one month later, with one year and 11 months remaining in the period of affordability, the home is sold with net proceeds resulting in \$7,000. The city would recapture their entire amount due of \$1,917. and the Jones would receive the remaining \$5,083. Example #2: Down payment assistance in the amount of \$5,000 is provided by the City of Stillwater. Eighteen months later, with three years six months remaining in the period of affordability, the home is sold due to an extended illness in the family. The net proceeds are only \$4,000. The city would recapture their amount due of \$3,500, the remaining \$500. would go to the Jones. Example #3: Down payment 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.

CITY OF STILLWATER HOMEBUYER ASSISTANCE PROGRAM DEFINITIONS

Annual Income

- 1) Annual income means all amounts that go to any family member 18 years of age or older, or is expected to be received during the 12-month period following application. Annual income includes, but is not limited to:
 - a) the full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
 - b) the net income from the operation of a business or profession;
 - c) interest, dividends, and other net income of any kind from real or personal property;
 - d) the full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits; and other similar types of periodic receipts;
 - e) payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay;
 - f) welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program;
 - g) periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or persons not residing in the dwelling;
 - h) all regular pay and special pay of a member of the Armed Forces, except special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- 2) Annual income does not include:
 - a) income of children under 18 years of age;
 - b) foster care payments;
 - c) inheritance and lump-sum insurance income;
 - d) income of live-in aids;
 - e) student financial aid;
 - f) Self-Sufficiency Program Income;
 - g) temporary, nonrecurring gifts;

Closing Costs

Fees and expenses, over and above the price of the property, incurred by the buyer and/or the seller in the property ownership transfer. Examples are title searches, lawyer's fees, survey charges, and deed filing fees.

Deferred Loan

These loans are not fully amortized. Payments may be deferred to some point in the futures. If the deferred loan is forgivable, forgiveness will occur upon completion of the period of affordability. Repayment of the deferred loan may be required if the property is sold or the recipient ceases to occupy the property as their principal residence prior to the end of the period of affordability.

Down payment

The part of the purchase price paid in cash up front, reducing the amount of the loan or mortgage.

Household Size

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.

Low to Moderate Income

Low to moderate income is 80% of the median income for an area (Payne County) as defined by the U.S. Department of Housing and Urban Development.

Housing Type

Housing types includes re-sale 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 will be allowed.

Mortgage

A loan to finance the purchase of real estate, usually with specified payment periods and interest rates. The borrower (mortgagor) gives the lender (mortgagee) a lien on the property as collateral for the loan.

Period of Affordability

Period of time the homeowner is required to occupy the property as their principal residence. For the City of Stillwater's Homebuyer Assistance Program, the period of affordability is five years.

Underwriting

Underwriting is the process of evaluating your credit history, debts, assets, income, and information about the property you are looking to purchase, in order to make a mortgage loan decision. There are two sets of ratios that enable lenders to evaluate whether you are able to afford a mortgage payment in addition to your other financial obligations.

The First Ratio (often referred to as the Front Ratio) is your Housing-to-Income Ratio.

This involves measuring your proposed monthly housing expenses (housing) against how much you earn (income). This ratio is calculated by dividing your proposed monthly housing expenses by your gross monthly income. Front ratios cannot exceed 35% for the HBA program.

The Second Ratio (often referred to as the Back Ratio) is your Debt-to-Income Ratio

This involves measuring how much you owe (debt) against how much you earn (income). The Debt-to-Income ratio is determined by dividing your total monthly debt (to include your proposed monthly mortgage payment, minimum payments on all revolving credit accounts and monthly installment payments) by your gross monthly income. Back ratios cannot exceed 50% for the HBA program.

**Steps to Home Ownership
City of Stillwater
Homebuyer Assistance Program**

Attend Home Buyer Education Class

All applicants for the City of Stillwater's Homebuyer Assistance Program are required to take a Homebuyer Education Class early in the process. The objective of the City's Homebuyer Education class is to help answer the many questions you will have and prepare you for the home buying process.

Review Your Finances

Review your budget and your credit. Determine how much you have available for your down payment, closing costs and other expenses associated with purchasing and moving.

Pre-qualify

Before looking for a home you should shop for a lender and pre-qualify for a Mortgage Loan. Be sure to take documents that explain your current income and debt in detail. You and your lender will determine what mortgage payment you can afford and what price range of home you can purchase.

Choose a Home

A real estate agent can show you properties in the area and help you choose the right house for you. The real estate agent can help you make an offer and negotiate a price.

Complete the Loan

Notify your lender of the contract, closing date, and the contract price of the home and obtain approval for a mortgage.

Have the Home Inspected

The property being purchased must pass a minimum housing quality standards inspection (Section 8 criteria). In addition, you are encouraged to hire a professional real estate inspector, especially if you are considering the purchase of an older home.

Close the Deal

Your Realtor and/or lender will set a closing date and make arrangements with a title/closing company. Please inform the title/closing company that you are receiving down payment assistance and, if applicable, closing cost assistance from the City of Stillwater. The title company will prepare documents to convey ownership and disburse all funds to the appropriate parties.

Should you have any questions regarding the home buying process, please call 405-742-8345. The City is pleased you have chosen to invest in the City of Stillwater and we look forward to working with you!

Are You Planning to Buy or Rent a Home Built Before 1978?

Many houses and apartments built before 1978 have paint that contains lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.

Federal law requires that individuals receive certain information before renting or buying pre-1978 housing. **Landlords** and **sellers** are required to:

- Provide an Environmental Protection Agency (EPA) approved “Protect Your Family From Lead in Your Home” pamphlet.
- Disclose any known information concerning lead-based paint or lead-based paint hazards.
- Provide any records and reports on lead-based paint and/or lead-based paint hazards.
- Include an attachment to the contract, which includes a Lead Warning Statement and confirms that the seller or landlord has complied with all notification requirements.
- Provide a 10-day period to conduct a paint inspection.

If you do not receive disclosure information on lead-based paint and/or lead-based paint hazards, contact 1-800-424-5323.