

HOME WRITTEN AGREEMENT SELF-HELP LOAN POOL

North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

RE: **Habitat for Humanity of X County, Inc.**
Address, City, North Carolina Zipcode

THIS WRITTEN AGREEMENT (the “Agreement”) made this **1st** day of **September, 2016**, by and between the North Carolina Housing Finance Agency as grantee, (the “Agency”), and **Habitat for Humanity of X County, Inc.** (the “Member”) with offices located at: **Address City, NC Zipcode**

WITNESSETH

WHEREAS, the Agency is the recipient of HOME Investment Partnership Program Funds (“HOME Funds”) from the U.S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, the MEMBER has submitted an application through Agency’s Self-Help Loan Pool for use of HOME Funds for the purpose of assisting low income home buyers to obtain financing for housing in **X and X** County(ies) (the “Service Area”);

NOW, THEREFORE in consideration of the mutual covenants and obligations herein contained, including the Attachments, and subject to the terms and conditions hereinafter stated, the parties hereto understand and agree as follows:

TERMS AND CONDITIONS

The Agency has approved the Member to reserve funds on behalf of potential low income home buyers under the Self Help Loan Pool Program (“SHLP”) in the above referenced Service Area. This approval and all terms and conditions are based on the SHLP Participation Guidelines, both of which are incorporated herein by reference. The use of the HOME Funds shall be subject to all restrictions and limitations set forth in this Agreement.

The Member will assist homebuyers to purchase modest homes, primarily targeting homeowners below 80% of area median income, adjusted for household size, according to HUD. Activities must comply with 24 CFR Part 92 Subpart F as applicable. This includes, but is not limited to, per-unit subsidy amounts, property standards, and qualifications as affordable housing.

A. Amount of HOME funds budgeted

As a “loan pool” program, a SHLP Member is not awarded a specific amount of funding, but is awarded the opportunity to access funds for “participation loans” to homebuyers on a loan by loan basis. HOME funds will be committed on a unit by unit basis, as the total number of eligible homebuyers is unknown.

In addition to the “participation loan,” the Member is eligible to receive HOME funds per the schedule outlined in this paragraph. The total amount of HOME funds budgeted for this work is a maximum of \$1,200 per unit assisted for services rendered, up to \$6,000 for SystemVision™ Certification, and \$1,000 for attaining a Green Building Program certification. Only one Green Building fee will be funded per unit even if multiple Green Building certifications are attained. See attached budget, included as part of the written agreement.

B. The use of the funds

1. No Commitment or Expenditure Prior to Environmental Clearance – This obligation of HOME Funds is conditional upon satisfactory completion of environmental review under 24 CFR Part 58.
2. Eligible Activities –
 - a. HOME Funds shall be used to provide eligible homebuyers, as defined below, with mortgage assistance in the form of an interest free, amortizing loan. The amount of HOME Funds will be added to the Member’s additional funding in the form of a “participation loan.”
 - b. HOME funds are being provided to the Member for the purpose of:
 1. Member shall perform outreach in their disclosed service area, intake of potential homebuyers, and evaluation of potential eligibility to participate in the Program. Outreach efforts shall affirmatively further Fair Housing opportunities in Member’s service area.
 2. Member shall ensure that participating borrowers receive eight (8) or more hours of homebuyer preparation, including but not limited to: classroom education, one-on-one education, one-on-one counseling, and evaluation of home purchase readiness within six (6) months prior to closing.
 3. Member shall assemble and collect the required package of documentation for the Agency to review the potential property and underwrite the borrower’s household within six (6) months of closing or at the time the sales contract is signed for newly constructed homes. This includes but is not limited to the documentation needed to conduct the environmental review, documentation of property condition, income documentation, loan documentation, and other needed documentation to review the property, funding, or borrower household.
 4. Member shall review all documentation regarding property condition. Member shall collect sufficient documentation for existing housing including but not limited to all needed inspections, licensed contractor bids, and proof of repairs.

For properties older than 10 years old, Member shall carefully review property condition which may include but is not limited to examining photos and videos of property, site visits to property, and careful review of repair documentation, inspections, and contractor bids.

5. As applicable, Member shall facilitate communication between loan officers, realtors, inspectors, builders, repair contractors, energy raters, city officials, down payment assistance program staff, closing attorneys and their paralegals, and potential borrowers. Further, the Member may need to share information including but not limited to disclosures, loan approvals, loan amounts, program requirements, and timing with any of the parties listed above. Member shall demonstrate diligence in facilitating communication throughout the entire process and make efforts to ensure information shared is accurate and current.
 6. For units attempting to receive the SystemVision™ or Green Program fees, Member shall ensure that properties meet SystemVision™ or other Green Building Program(s) performance and design standards and are approved for certification by the respective programs. Units must pass final inspection before occupancy or closing and receive certification within six (6) months of closing to be eligible to receive the fee(s).
 7. Member may incur other costs directly related to the client intake, homebuyer preparation, and collection and processing of program documentation as part of the effort to offer the Program in the Member's service area. The Member fee for service will not be adjusted based on cost documentation. For units attempting to receive the SystemVision™ or Green Building Program fees, units must receive certification to be eligible to receive the fee(s) either before closing or within six (6) months of closing.
3. HOME Funds may be used for costs related to the following HOME eligible activities: acquisition. HOME funds may be used for eligible costs related to assisting home buyers and offering home buyer programs as part of an eligible activity.
 4. Eligible Properties – The Member may only utilize HOME Funds for properties approved by the Agency. Eligible properties must have no substantial adverse environmental factors as determined by an environmental review, and must have only one dwelling unit on site.
 5. Eligible Homebuyers – Eligible properties must be sold to homebuyers whose household income must be determined to be at or below 80% of county area median income, adjusted for household size. Income is subject to third party verification. Income verification must be completed no more than 6 months prior to the date of loan approval or date of signed sales contract.
 6. Affordability Period - The minimum affordability period for each unit is 10 years for units receiving more than \$15,000 of assistance from the Agency, not to exceed \$40,000. Per Home regulations, the minimum affordability period for each unit is 5 years for units receiving less than \$15,000 of assistance from the Agency. The Agency will provide the start and end dates of the affordability period in the loan documents.

- C. **Funding Disbursements** –Member shall request disbursement of HOME Funds for eligible costs as defined in the SHLP Program Participation Guidelines. The amount of the request is limited to the fee limits set forth in the SHLP Program Participation Guidelines.
- D. **Repayment of HOME Funds by Member** - All HOME Funds are subject to repayment in the event the use does not meet the requirements as outlined in this Agreement or in the SHLP Program Participation Guidelines.
- E. **Recapture of HOME Funds During Affordability Period** – If the eligible homebuyer sells the property, or no longer occupies the home as a principal residence, prior to the end of the affordability period, the Agency will recapture the HOME Funds as follows: The pro-rata amount of remaining SHLP assistance must be repaid by the eligible homebuyer; however, in the event the homebuyer proposes to transfer the Property at a price that will not generate a sum after payment of the First Loan and all costs of the Sale, which is sufficient to pay the participation loan in full, Agency agrees to accept the funds remaining after payment of any superior lien and all costs of the sale (“Net Proceeds”) in full satisfaction of the participation loan. Notwithstanding the foregoing, if the price set out in the Proposal does not reflect the fair market value of the Property, Agency shall have the right to demand that the participation loan be paid in full.
- F. **Monitoring Requirements** - All HOME assisted properties are subject to ongoing compliance requirement for the affordability period. The Member will cause the homebuyer(s) to execute a promissory note and deed of trust for the full amount of the mortgage (this amount will include the HOME Funds in the form of the “participation loan” provided by the Agency). The note and deed of trust must be approved by the Agency prior to their being executed and after each closing occurs the Member will provide a copy of the note and recorded Deed of Trust to the Agency.
- G. **Program Regulations** - At all times during the term of participation in the Self Help Loan Pool program, the Borrower(s) and the Member shall comply with all the regulations pursuant to the HOME Program Regulations (24 CFR 92), as the same may be amended from time to time, including but not limited to the following:
1. Each unit shall qualify as and shall be maintained as "affordable housing" as prescribed in applicable HOME Regulations (see 24 CFR 92.254 and other applicable HOME regulations).
 2. Each unit shall meet the "Property Standards" as prescribed in the Program Regulations (see 24 CFR 92.251 and other applicable HOME regulations).
 3. The Member shall comply with the limitations on the uses of HOME funds as prescribed in the HOME Regulations (see 24 CFR 92.257 and other applicable HOME regulations).
 4. Income determinations for potentially eligible households shall be made in accordance with HOME Regulations (see 24 CFR 92.203 and other applicable HOME regulations).

- H. **Affirmative Marketing** - The Member shall act in accordance with the affirmative marketing and minority outreach requirements (24 CFR 92.351) if applicable.
- I. **Record keeping and Reporting** – Information and supporting documentation needed to complete the SHLP Reservation and Underwriting Package must be submitted to Agency.. In addition, copies of recorded loan documents must be received by Agency within 30 days of loan closing before HOME Funds will be disbursed. The member shall submit to the Agency such revisions and updates of documents as may be necessary. The Member shall also submit to the Agency such other information as the Agency may reasonably request in writing concerning the operations conducted under this Agreement, including but not limited to:
1. The Member agrees to submit any and all reports required by HUD or the Agency.
 2. The Member shall collect and maintain home buyer beneficiary information pertaining to household size, income levels, racial characteristics, and the presence of female headed households in order to determine low and moderate-income benefit in a cumulative and individual manner. Income documentation shall be in a form consistent with HOME requirements.
 3. The Member agrees to provide the Agency access to records at any time during active submission of requests or for five years after a request or closing for purposes of verifying compliance with HOME requirements and this agreement. Access shall be immediately granted to the Agency, HUD, or any other duly authorized representatives to any books, documents, papers, and records of the Member or its contractors which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
- J. **Performance Measures** - Funds will be disbursed to Member only in the case of successful completion of units for approved, eligible borrowers who purchase individual units meeting Program Participation Guidelines. As long as units continue to be assisted under the Program, this written agreement will remain in place until significant changes are necessary per Agency or HUD.
- K. **Default** - Agency shall have no obligation to disburse HOME Funds if Member fails to satisfy any of the terms and conditions of the Agreement.
- L. **Written Agreement with Eligible Homebuyers** - The Member will execute a HOME Written Agreement through an Agency-supplied form with each homebuyer household assisted with SHLP financing prior to providing HOME Funds to that household (see 24 CFR 92.504).
- M. **Prohibited Activities**
1. None of the HOME Funds provided under the Program shall be used for any political activity or for any candidate for public office.

2. There shall be no religious instruction conducted in connection with the Member's activities addressed in this Agreement.
3. Member will not discriminate against any person employed in the performance of this Agreement, or against any applicant for housing assisted under this Agreement, because of race, sex, age, creed, color, disability, family status, or national origin. Member will ensure that applicant households are processed and employees are treated during employment, without regard to race, sex, age, creed, color, disability, family status or national origin.
4. This Agreement shall be binding on and inure to the benefit of the Agency, its successors and assigns. The Member may not assign all or any part of its interest in this Agreement or delegate any duty or obligation hereunder without the prior written consent of the Agency.

N. Miscellaneous

1. Title and paragraph headings are for convenient reference and are not a part of this Agreement.
2. No waiver or breach of any provision of this Agreement shall constitute a waiver of a subsequent breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing.
3. The parties hereto agree that this Agreement shall be construed and enforced according to the laws of the State of North Carolina.
4. Member shall indemnify and save Agency harmless from and against any negligent claims, liabilities, losses and causes of action which may arise out of Member's activities under this Agreement, including all other acts or omissions to act on the part of Member, including any person acting for or on its behalf, and, from and against any orders, judgments, or decrees which may be entered and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claims, or in the investigation thereof.
5. Funding for this Agreement is contingent on the availability of HOME Funds and continued authorization for program activities and is subject to amendment or termination due to lack of funds, or authorization, reduction of funds, and/or change in regulations.

O. Entire Agreement – This Agreement consists of 6 pages, including the cover page, and is the entire Written Agreement between the Organization and the Member. In witness whereof, the parties below have executed this Agreement on the date first written above. It is evidence of the commitment of HOME funds to this Contract. It will expire two years from the date authorized or the 1st of September, 2018, whichever is sooner.

This Agreement consists of 7 pages, including the cover page, and is the entire Written Agreement between

IN WITNESS WHEREOF, the Agency and the Member have caused their signatures to be hereunto affixed and duly attested

MEMBER SIGNATURE

TITLE

DATE

AGENCY SIGNATURE

TITLE

DATE

HOME Budget Per Assisted Unit

Fee for service	SystemVision™ Certification fee	Green Building Program Certification fee
\$1,200	Up to \$6,000	\$1,000