

City of Cincinnati
Department of Trade & Development

Neighborhood Stabilization Program Homebuyer Assistance

Program Guide and Procedures



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Executive Summary

The City of Cincinnati is a NSP1 and NSP3 entitlement grantee as well as a NSP2 grantee through the Cincinnati-Hamilton County NSP2 Consortium. NSP1 is authorized by Section 2301(b) of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, approved July 30, 2008) (HERA), as amended, NSP3 is authorized through an additional allocation of funds provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (Dodd-Frank Act) NSP2 is authorized through Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5, approved February 17, 2009) (Recovery Act). HUD awarded grants NSP funds to states and local jurisdictions to stabilize communities hardest hit by foreclosures and delinquencies.

NSP grantees develop their own programs and funding priorities. Within both general eligible uses *(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;* and *(E) Redevelop demolished or vacant properties* of the NSP, the City of Cincinnati created the Neighborhood Stabilization Homebuyer Assistance Program.

The NSP program aims to stabilize and revitalize communities, as well as, increase the homeownership rate. The NSP assists income-qualified buyers in the purchase of NSP-assisted homes. NSP-assisted homes are homes that have been rehabbed with NSP funds. Approved applicants receive grants up to \$14,999 in assistance (grant amount is dependent upon income and sales price). NSP will help homebuyers with the biggest hurdles to homeownership: downpayment and closing costs. NSP additionally has the potential to provide a principle write-down on an NSP property. The program was created to assist low-, moderate-, and middle-income homebuyers in purchasing single-family homes by providing direct homeownership funds to assist in a home purchase.

To be eligible for NSP assistance, individuals must be homebuyers interested in purchasing a home within the ten neighborhoods identified in the City's NSP Action Plan Amendments, AND the home must also be part of the City's NSP1, 2, or 3 Homeownership Project. NSP funds may be used to purchase a single-family home, condominium unit, cooperative unit, or manufactured housing. Households that qualify for NSP assistance must have incomes that do not exceed 120% of area median income. NSP funds may only be used to: provide up to 50% of the required downpayment; pay reasonable closing costs; and provide mortgage/principal write-down assistance. After a thorough review of the application, the City will determine the amount of assistance the household is pre-approved for based on Household Area Median Income (AMI). NSP funds are awarded as a non-interest bearing deferred loan payment with a residency requirement. All or a portion of the funds will be recaptured in the event a homeowner moves from the residence, sells or transfers ownership during the residency period.

The Neighborhood Stabilization Program (NSP) assists income-qualified buyers in the purchase of NSP-assisted homes. NSP-assisted homes are homes that have been rehabbed with NSP funds. Approved applicants are eligible to receive up to \$14,999 to be used as direct homeownership assistance in the form of a forgivable loan. (grant amount is dependent upon income— please see table below).

Household Income	Maximum Amount of Assistance
Over 101% - 120% AMI	6% of the purchase price not to exceed \$10,000
81% - 100% AMI	8% of the purchase price not to exceed \$12,500
At or below 80% AMI	10% of the purchase price not to exceed \$14,999

I. **Applicant Eligibility and Application Review Process**

- A. ***Applicants must be homebuyers*** of NSP-assisted homes. NSP-assisted homes are homes that have been rehabbed with NSP funds.

Note: Two unrelated adults purchasing together are eligible to participate in the NSP program as long as both will be residing in the place of purchase. Non-occupying co-borrowers are treated differently and are discussed later in Section III, Paragraph E.

- B. ***Separated Couples***. Separated couples will be treated as married couples. Both spouses will be required to complete the application and the incomes and assets of both will have to be considered accordingly. A copy of the divorce decree will be required for divorced couples.
- C. ***Household Income Restrictions***. Applicants' household income must be at or below 120% of the Area Median Income (AMI) as determined by HUD (See **Appendix A**). All sources of income for all adult household members both earned and unearned will be counted toward the household income. Earned income of minors (age 18 and younger) is not counted. However, unearned income attributable to a minor like child support, TANF (Temporary Assistance for Needy Families) payments and other benefits paid on behalf of a minor is included. The City will determine a household's income by reviewing the income and asset source documentation listed in the following section.
- D. ***Household Income Inclusions (See Appendix B)***. Income included in determining eligibility is income from: Wages, salaries, tips, etc.; Business Income; Interest & Dividend Income; Retirement & Insurance Income; Social Security; Unemployment & Disability Income; Welfare Assistance; Alimony, Child Support, & Reoccurring Gift Income; Armed Forces Income.
- E. ***Required Source Documentation for Income***.
- Wages, salaries, tips, etc.*** - 3 Month equivalent of pay stubs (i.e. 6 pay stubs for bi-weekly pay/ 12 pay stubs for weekly pay). If pay stubs cannot be obtained, a signed printout from the employer exhibiting pay for the past three months is acceptable. Pay stubs and/ or printouts must state gross pay.
 - Social Security*** – a current award letter from the Social Security office stating monthly benefit amount
 - Child Support*** – a payment history report from the administering agency or document from the administering agency stating the monthly benefit amount for all children
 - All other income*** – a document from the administering agency, department, etc. that states the benefit, gift, or income amount.

Note: The City of Cincinnati has the right to ask for additional information or check with a third party to determine eligibility for the NSP. "Certified Eligibility" is only valid for six months. If a closing with NSP funds does not occur within this six-month time period, the applicant's eligibility will be terminated. The applicant will be required to resubmit a new application so eligibility can be reestablished. Applicants that are in collections for outstanding debt owed to the City or otherwise have a lawsuit filed against them by the City are not eligible to apply, as they are ineligible to receive NSP.

- F. ***Assets***. In general terms, an asset is a non-cash item that can be converted to cash. Note that when assets are included in the calculation of annual income, it is the income earned from the asset - not the value of the asset - that is counted (See **Appendix C** for a list of assets).
- G. ***Required Source Documentation for Assets***.
- Checking account – past six months of statements, the average six-month balance will be used
 - Savings account – most recent statement (only one month required)
 - All other assets – document from the institution or equivalent that shows the income earned from the asset or its cash value, whichever is applicable

Note: An "imputed" income will be calculated based on a Passbook Rate applied to the cash value of all assets. (The Passbook Rate is established periodically by HUD.)

- H. ***NSP Pre-Approval (See Appendix E)***. Applicants up to 120% of the AMI will be eligible to receive Downpayment and closing cost assistance for the purchase of an eligible house. Applicants are eligible to receive up to a maximum of \$14,999 for homeownership assistance. The grant amount is dependent upon Household Area Median Income (AMI) and purchase price– please see table on Page 2 of this document). The long-term affordability period for applicants receiving up to \$14,999 in homeownership assistance is five years.
- I. ***Homebuyer Counseling***. Applicants are required to complete eight (8) hours homebuyer counseling with a local HUD-Approved counseling agency (**See Appendix F for a list of approved agencies**). A certificate or letter of completion will need to be submitted to the City as documentation. Certificates older than 18 months will not be honored. It is not necessary to complete homebuyer counseling before applying to the NSP program. However, it is required before the NSP funds can be awarded.
- J. ***NSP Funds***. NSP funds are provided on behalf of the buyer at the time of closing. The homeownership assistance will be in the form of a five-year forgivable loan with a five-year residency requirement. A "forgivable loan" is one where payments are deferred over a period of time. NSP loans with a five-year residency requirement are deferred over a five-year period with 20% forgiven (not requiring repayment) each year residency is verified. Should the property be sold or transferred within the five-year term, the City will recapture all or a portion of the funds awarded toward the purchase of the property. All NSP loans are enforced by a subordinate mortgage and promissory note.
- K. ***Application Submittal***. Applications must be complete and must be submitted by mail or hand-delivered to our office. Faxed and emailed copies are not accepted. Allow 5-10 business days for processing. **Completed application packets can be mailed to:**

Roy J. Hackworth, Senior Development Analyst
Department of Trade & Development
805 Central Avenue, Suite 700
Cincinnati, Ohio 45202
P: (513) 352-6119 F: (513) 352-6123
Email: roy.hackworth@cincinnati-oh.gov

II. The Purchase Contract and Property Requirements

- A. ***The Purchase Contract.*** A real estate purchase contract also known as a Contract to Purchase Real Estate or Residential Purchase Agreement is a binding agreement (between two or more parties with legal capacity) to purchase real property. A purchase contract should have at least a 30-day time frame established to close. A Purchase contract on any house constructed before 1978 must include a "Lead Based Paint Disclosure". NSP funds will be ready two weeks after all requirements set forth in the NSP Pre-approval have been met. After the rehab of and NSP-assisted unit is complete, a City inspector will be assigned to inspect the property.
- B. ***Voluntary Acquisition Form (See Appendix G).*** Once a purchase contract is established, this form is to be completed by the buyer/buyer's agent, submitted to the seller for signature, and returned to the City before closing.
- C. ***Property Legal Description.*** The legal description of a property is a description of the property based on a metes and bounds area, a plot map and the area of the land in question. It is more than the address. It describes the land that is the subject of the description in a manner that can be confirmed by survey, so if a boundary dispute arises it can be determined who owns what. A legal description of the property should be submitted with the purchase contract or shortly thereafter. This document will be used as an exhibit to the NSP contract and City closing documents (**See Appendix H**) that the buyer(s) will have to execute with the City. If this document cannot be obtained from the lender or the agent in a timely manner, it can be obtained from the Hamilton County Recorder's Office located at 138 E. Court Street, Cincinnati, Ohio 45202.
- D. ***Property Eligibility Requirements.*** Applicants must purchase a qualified home defined as a single-family residence, condominium unit, cooperative unit or combination of manufactured housing and lot in the City of Cincinnati limits (**See Appendix I for eligible neighborhoods**). As stated in the previous section, the contact information for the City inspector will be distributed to the buyer after a fully executed purchase contract is received. It will be the buyer's and/or his/her agent's responsibility to contact the inspector to schedule the inspection. The City inspector will inspect the home to ensure that it meets the Local Housing Code. As such, the inspector will need access to the interior of the home and all utilities will have to be on. Any property that does not pass the City inspection will be deemed ineligible for the NSP. New constructions will require a Certificate of Occupancy. Reports will be submitted to the Buyer and/or the buyer's agent within 2-4 days after the inspection is conducted. A local housing code inspection does not constitute a whole house inspection. A property sales price may not exceed the HUD single-family purchase price limit (Development Cost Limits 221(d)3-234).
- E. ***Property Located in Flood Plain.*** Property located in a FEMA designated 100-year flood plain as determined by the Lender or the City must obtain flood insurance. A copy of the policy will need to be submitted to the City before closing. If no policy is obtained, the house will be ineligible for NSP funds.

III. Mortgage Loan and Lender Requirements

- A. **Lender Financing.** NSP Program participants may obtain a loan from the lending institution of their choice. The loan must meet the following underwriting criteria: **No more than 31% of family income devoted to principal, interest, taxes and insurance and no more than 43% of family income for overall debt.** Loans may be Conventional, FHA, or VA, but must have a fixed rate and a reasonable term. Money should also be escrowed for property taxes and insurance. Adjustable Rate Mortgages (ARM) are prohibited.
- B. **Loan Documentation.** The following loan documents must be submitted to the City for review before NSP funds can be awarded, these documents can be emailed or faxed:
- a. Copy of the financing application
 - b. Copy of the Good Faith Estimate
 - c. Copy of the Truth-in-Lending Disclosure
 - d. Copy of the Transmittal/Underwriting Summary
 - e. Copy of the Loan approval/Commitment letter
 - f. Copy of Flood Insurance Policy (if applicable)

Note: These documents should demonstrate comparable industry standards of interest rates and fees.

- C. **Property Appraisal.** The City requires of copy of the appraisal for the house being purchased prior to closing. This document is needed to ensure that the appraised value does not exceed HUD's single-family purchase price limit.
- D. **Eligible Closing Costs.** NSP funds can be used to pay for financing fees, credit reports, title binders and insurance, and recordation fees.

Note: It is expected that NSP funds will be used to record the City's 2nd mortgage.

- E. **Non-Occupying Co-borrowers.** Non-occupying co-borrowers are considered to be an additional borrower that will not reside in the property purchased, but will sign the note and mortgage for the purpose of providing additional security for the lender. Non-occupying co-borrowers are permitted only if the lender is using the co-borrower as added security. This can be in the case of insufficient credit and/or short or sporadic work history of the borrower. NSP applicants whose monthly income cannot support a monthly mortgage may not utilize a non-occupying co-borrower for the sake of securing financing in order to receive NSP funds. Non-occupying co-borrowers are not permitted to be on the deed at purchase.
- F. **Ownership.** Ownership can be in the form of a fee simple title or membership in a cooperative or mutual housing project that constitutes homeownership under Ohio state law.
- G. **Future City Loan Subordinations.** The City will not subordinate to any additional debt during the term of the NSP Note. Owners will be permitted to refinance existing debt in order to obtain a better interest rate or a lower payment. Closing costs associated with that refinance must be paid by the owner and cannot be included in the refinance (See Appendix J for subordination requirements).

IV. Loan Closing

- A. **HUD Settlement Statement (OMB No. 2502-0265).** This document must be submitted to the City for review 24 hours prior to closing.
- a. It should list the NSP funds as either "NSP Homebuyer Assistance" or "City of Cincinnati".
 - b. It should include a recording fee for the City mortgage, the City 2nd mortgage is typically two-pages including the legal description
 - c. The buyer is not allowed any cash back at closing, potential cash back should be applied as a principal reduction or applied to additional closing costs
- B. **City Closing Documents & Deliverance of NSP Funds.** The buyer(s) at closing will be required to execute a Mortgage and Promissory Note in favor of the City (**See Appendix G for sample documents**). A recordation/filing fee for the City's mortgage should be included on the HUD 1 as a closing cost. The original City mortgage will be left with the closing title company to be recorded along with the first mortgage. The City will maintain its mortgage for five-years or until the homeowner pays the City's mortgage off, whichever come first. The City will recapture all or a portion of the funds in the event that the buyer does not maintain the property as a principle residence or transfers ownership within the five-year affordability period. NSP funds are structured as a five-year non-interest bearing deferred payment loan with 20% of the funds forgiven each year the homeowner resides in the property. To monitor this requirement, the homeowner will be mailed a Residency Certification notice annually on or about the anniversary of the closing date. The homeowner will be required to sign and return the notice. Failure to do so will result in a loan default, recapture of NSP funds, and possible legal action. A representative of the City will deliver the NSP funds to closing in the form of a City of Cincinnati check. The check will be endorsed over to the closing title company once the Settlement Statement and City closing documents are executed. The City will also secure a copy of the signed deed as evidence of ownership.

2014 HUD Cincinnati NSP Household Income Limits

<u>Household</u> <u>Size</u>	1	2	3	4	5	6	7	8
120%AMI	\$57,550	\$65,750	\$74,000	\$82,200	\$88,800	\$95,350	\$101,950	\$108,500
100%AMI	\$48,000	\$54,800	\$61,700	\$68,500	\$74,000	\$79,500	\$85,000	\$90,400
80%AMI	\$38,400	\$43,850	\$49,350	\$54,800	\$59,200	\$63,600	\$68,000	\$72,350

A home purchase price may not exceed \$256,500.

Household Income Inclusions

General Category	Description
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	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, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> ▶ Qualify as assistance under the TANF program definition at 45 CFR 260.31; and ▶ Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> ▶ the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <i>plus</i> ▶ the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except the full amount of student financial assistance paid directly to the student).

Asset Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty).
6. Retirement and pension funds.
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Asset Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

City of Cincinnati Department of Trade & Development
Neighborhood Stabilization Program Homebuyer Assistance Application Packet

Complete all applicable entries. Failure to supply all necessary information will delay processing of your application. All responses are confidential.

<i>Applicant:</i>			
Last Name/First Name/Middle Initial	Date of Birth / /	Marital Status (circle) Single Married Divorced	
Address	City/State/Zip	Phone/Mobile #	Social Sec. #
Do you currently live in subsidized housing? (circle)		Yes	No
<i>Spouse/Co-Applicant</i>			
Last Name/First Name/M.I.	Date of Birth / /	Marital Status (circle) Single Married Divorced	
Address	City/State/Zip	Phone/Mobile #	Social Sec. #
Do you currently live in subsidized housing? (circle)		Yes	No

Race/Ethnicity-Complete the following for the head of household. Circle appropriate response.

Single Race:	Alaskan Native or American Indian	Asian	Black or African American	Native Hawaiian or Pacific Islander	White
Multi-Race:	Alaskan Native or American Indian and White	Asian and White	Black or African American and White	Alaskan Native or American Indian and Black or African American	Other Multi-Racial Group
Ethnicity (to be completed by all applicants):	Hispanic	Non-Hispanic			

Other Household Members-List requested information for all other members of household. If additional space is required, attach separate sheet.

Last Name, First Name, M.I.	Relationship to Applicant(s)	Date of Birth	Social Security #
		/ /	
		/ /	
		/ /	
		/ /	
		/ /	

Household Income- List total number of members in household and gross family income (total income for all family members before taxes).

Number of Persons in Household	Gross Family Income	# of Persons in Household Earning Income

Employment-List requested information for all adult members of household (18 and over) who are employed. If an individual has more than one employer, list each separately. If additional space is required, attach separate sheet.

Family Member Name	Employer Name & Full Address	Telephone #	Position Held	Gross Earnings (circle appropriate interval)
		()		\$ wkly/bi-wkly/monthly/yrly
		()		\$ wkly/bi-wkly/monthly/yrly
		()		\$ wkly/bi-wkly/monthly/yrly

		()		\$	wkly/bi-wkly/monthly/yrly
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Savings & Investments-List requested information for checking, savings, certificates of deposit, mutual funds, stocks, etc. for adult members of household. If additional space is required, attach separate sheet. Do not list retirement accounts such as IRA's, 401K, etc.

Acct. in Name Of:	Name, Address & Phone # of Financial Institution	Type of Instrument (checking, savings, C.D., stock, etc.)	Account #	Balance/Value

I verify that all information provided on this application and its corresponding attachments are complete, true and correct. I understand that if information has been deemed fraudulent by the City of Cincinnati, I will be liable for repayment of City funds under Federal Regulation 24 CFR Part 28.

Applicant Signature _____ Date _____

Spouse/Co-Applicant Signature _____ Date _____

ANNUAL INCOME	Person 1	Person 2	Person 3	Person 4	Subtotal
1. Wages, Salaries, Tips, etc.					
2. Business Income					
3. Interest & Dividend Income					
4. Retirement, Insurance, Social Security Income					
5. Unemployment & Disability Income					
6. Welfare Assistance					
7. Alimony, Child Support, & Gift Income					
8. Armed Forces Income					
9. Other Income					
Total					

Instructions for Completing Income Worksheet

The income worksheet above must be completed for all adult members (18 or Older) of the household who have the types of income listed. Space has been provided on the form for up to 4 family members. If additional space is required, please photocopy the form. All entries should reflect annual amounts. For example, if your present salary is \$2,000 per month, line 1 would be \$24,000 (\$2,000 x 12). If a household member's income fluctuates; an average weekly, bi-weekly, or monthly income will be calculated by DCD for the purpose of determining that household member's anticipated gross income over the next 12 months.

Line 1 Income should include the full amount, before payroll deductions, of wages and salaries, overtime pay, and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services. Three months of pay stubs are required for each household member listed. If you anticipate a raise within the next 12 months, please include that in calculating your income. For example, if your present wage is \$10 per hour and in 6 months you anticipate a .50 increase, calculate it as follows: $\$10 \times 40(\text{hours}) = \$400 \times 26(\text{weeks}) = \$10,400$; $\$10.50 \text{ per hour} \times 40(\text{hours}) = \$420 \times 26(\text{weeks}) = \$10,920$; $\$10,400 + \$10,920 = \$21,320$ in Annual Income.

Line 2 Income should include net income from the operation of a business or profession.

Line 3 Income should include interest, dividends and other net income of any kind from real or personal property. If the total cash value of all assets is \$5,000 or more, the annual income generated from the asset must be calculated. For example, if one has a 6 month average checking balance of \$6,000 in an interest bearing account using the current Passbook Rate of .02, the income generated from the checking account would be \$120 or $(\$6,000 \times .02 = \$120)$.

Line 4 Income should include the full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other types of periodic receipts.

Line 5 Income should include payments in lieu of earnings, such as unemployment and disability compensation, workers comp and severance pay.

Line 6 Income should include payments from welfare assistance.

Line 7 Income should include periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.

Line 8 Income should include all regular pay, special day and allowances of a member of the Armed Forces.

You must provide supporting documentation for each entry on the income worksheet that applies to your household. Refer to the ADDI checklist in the application packet for a list of supporting documentation required. Failure to supply adequate documentation will result in the return of your application. **If NSP funding does not occur within six months of the date of eligibility, then the application will have to be updated.**

Affidavit of No Income

**To be completed by each adult household member claiming no income
(additional copies may be made if needed)**

I, _____, do hereby certify that I am currently receiving no income from any source.

PLEASE ANSWER THE FOLLOWING QUESTIONS:

	Monthly Cost	Source of Payment
Do you own an automobile? _____ (Yes/No)	If Yes:	
Cost of insurance per month?	\$ _____	_____
Cost gasoline per month?	\$ _____	_____
Cost of maintenance per month?	\$ _____	_____
Do you smoke? _____ (Yes/No)	If Yes:	
Cost of cigarettes per month	\$ _____	_____
Do you have Cable/Sat. TV? _____ (Yes/No)	If Yes:	
	\$ _____	_____
Do you have a telephone? _____ (Yes/No)	If Yes:	
	\$ _____	_____
Cost of supplies not covered by food stamps:	If Yes:	
Paper products, cleaning supplies, etc. per month?	\$ _____	_____
Cost of utilities per month?	\$ _____	_____
Cost of clothing per month?	\$ _____	_____
Cost of medical expenses per month	\$ _____	_____
Total Monthly Expenses	\$ _____	

I certify that this statement is true to the best of my knowledge and belief. I understand that false statements or information are punished under Federal law.

Applicant/Household Member

Date

**NSP Homebuyer Assistance
Eligibility Release Form**

City of Cincinnati, Community Development
805 Central Ave, Suite 700, Cincinnati, Ohio 45202
Ph: 513-352-6146 Fax: 513-352-6113

Information Covered: Inquiries may be made about items initialed by applicant/tenant.

Purpose: Your signature on this Eligibility Release Form, and the signatures of each member of your household who is 18 years of age or older, authorizes the above-named organization to obtain information from a third party relative to your eligibility and continued participation in the:

Neighborhood Stabilization Program

Privacy Act Notice Statement: The Department of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant's and their household's eligibility to receive NSP funds. This information will be used to establish a level of benefit from the NSP; to protect the Government's financial interest; and to verify the accuracy of the information furnished. It may be released to appropriate Federal, State, and local agencies when relevant, to civil, criminal, or regulatory investigators, and to prosecutors. Failure to provide any information may result in a delay or rejection of your eligibility approval. The Department is authorized to ask for this information by the National Affordable Housing Act of 1990.

Instructions: Each adult member of the household must sign this NSP Eligibility Release Form prior to the receipt of benefit and on an annual basis to establish continued eligibility. Additional signatures must be obtained from new adult members whenever they join the household or whenever members of the household become 18 years of age.

NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, IRS FORM 4506, "REQUEST FOR COPY OF TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.

	Verification Required	Initials
Income (all sources)	X	
Assets (all sources)	X	

Authorization: I authorize the above-named NSP Participating Jurisdiction and HUD to obtain information about me and my household that is pertinent to eligibility for participation in the NSP Homebuyer Assistance Program.

I acknowledge that:

- (1) A photocopy of this form is as valid as the original.
- (2) I have the right to review the file and the information received using this form (with a person of my choosing to accompany me).
- (3) I have the right to copy information from this file and to request correction of information I believe inaccurate.
- (4) All adult household members will sign this form and members claiming income and/or assets must initial where indicated above.

Head of Household—Signature, Printed Name, and Date:
Family Member #1

X

Other Adult Member of the Household—Signature, Printed Name, and Date:
Family Member #3

X

Other Adult Member of the Household—Signature, Printed Name, and Date:
Family Member #2

X

Other Adult Member of the Household—Signature, Printed Name, and Date:
Family Member #4

X

City of Cincinnati Department of Community Development

NSP Homebuyer Assistance Certification Form

Please list below all addresses where you have lived in the past three years:

Address #1: _____

Dates at this residence: From: _____ To: _____

Address #2: _____

Dates at this residence: From: _____ To: _____

Address #3: _____

Dates at this residence: From: _____ To: _____

Address #4: _____

Dates at this residence: From: _____ To: _____

I verify that all information provided is true and correct. I understand that if information has been deemed fraudulent by the City of Cincinnati, I will be liable for repayment of City funds under Federal Regulation 24 CFR Part 28.

Applicant Signature: _____ Date: _____

Spouse/Co-applicant Signature: _____ Date: _____

Child Support Certification

All adult household members with children or without children must complete this form. Complete and sign the section that applies AND attach the appropriate documentation; if you do not have any children skip to Section III.

SECTION I

I hereby certify that I currently receive child support and have attached a copy of my payment history report and/or other supporting documentation. **I also certify that I currently receive \$ _____ per _____ for child support.**

Signature of Applicant

Date

SECTION II

I hereby certify that I have a court order to receive child support, but do not currently receive any payments and such payments are in arrears. I have attached a copy of the court order, payment history report and/ or other supporting documentation.

Signature of Applicant

Date

SECTION III

I hereby certify that I that I **do not** have any court order to receive child support payments nor do I receive such payments of any kind.

Signature of Applicant

Date

I hereby certify that the information provided is accurate and complete to the best of my knowledge. Also, in executing this form, you grant the City of Cincinnati permission to verify any of the information disclosed above or attached with a third party so that your eligibility to receive federal funding assistance can be determined. If this certification is not signed below, this form will not be accepted and application for funding will be rejected. **I understand that if information has been deemed fraudulent by the City of Cincinnati, I will be liable for repayment of City funds under Federal Regulation 24 CFR Part 28.**

Signature

Date

Print Name

NSP Application Checklist
(Documents needed to complete the application)

- Application**
 - Complete and signed by applicant and co-applicant (if applicable)

- Income Determination Worksheet**

- Wage Statements/Pay Stubs (3 previous months/3 month equivalent)**
 - Three-month equivalent (i.e. 6 pay stubs for bi-weekly pay cycles, and 12 pay stubs for weekly pay cycles)
 - Required for every employed household member 18 years of age or older

- Affidavit of No Income (if applicable)**
 - Required of all household members 18 or older claiming no income
 - You may be required to make copies for additional household members

- Bank Statements**
 - The past six months of all checking accounts
 - Most recent month (one only) of all savings accounts

- NSP Eligibility Release Form**
 - Requires initials by “X” of all household members 18 years of age and older that are employed, receive benefits and/or have bank account
 - Requires signatures of all household members 18 years and older

- Residence Certification Form**
 - List residency of past three years for applicant and co-applicant

- Social Security/Child Support/Workers Comp. (if applicable)**
 - Award letters from the Social Security office for each person benefiting
 - Child Support Certification form with attached documentation, if applicable
 - Documentation exhibiting any other unearned income aside from wage statements, Social Security and Child Support

- Marital Divorce Decree (required if divorced)**

We reserve the right to request further documentation or obtain third party verification if we deem it necessary to determine eligibility.

NSP Pre-Approval Letter

January 1, 2013

NSP Applicant
805 Central Ave
Cincinnati, Ohio 45202

Dear NSP Applicant:

Congratulations! You have been pre-approved for Neighborhood Stabilization Program (NSP). You are pre-approved for funding assistance in an amount of 10% of the purchase price not to exceed \$14,999 to be used toward the purchase of an eligible NSP home. This pre-approval is subject to the conditions summarized in this letter and NSP Homebuyer Assistance program literature. **Please note that these funds can pay for no more than half of the lender required down payment. The buyer is responsible for the other half; however, it may come from any legitimate source as long as it is reported as income for tax purposes. The remaining NSP funds can be used for closing costs and/or a principal write-down.**

Conditions of Approval

1. Sign both copies of this letter where indicated, return one copy to the City at the above address and retain the second for your records. The signed letter must be returned to the City within 14 days. **A copy of this letter should be provided to your loan officer and realtor.**
2. If you are not already under contract, you have 90 days from the date of this letter to provide the City with a fully executed contract to purchase an NSP eligible property located in the City limits. If this deadline cannot be met, one 45-day extension can be granted, but must be requested in writing prior to the expiration of the 90 days. Failure to submit a contract to purchase within the allotted time will result in an automatic termination of this pre-approval. A copy of a contract to purchase including the lead based-paint disclosure and a legal description of the property must be submitted to the City within 7 days of the date the contract is signed by all parties. Legal descriptions can be obtained from the Hamilton County Recorder's office located at 138 E. Court Street, Downtown Cincinnati. When a purchase contract is submitted, if you do not close within six months of the date of this letter, it will be necessary for you to reapply so your continued eligibility can be evaluated. Any addendums to the purchase contract must be submitted to the City immediately.
3. All properties participating in this program must meet City of Cincinnati basic building code requirements. The Community Development Corporation involved should take care of getting necessary inspections from the City. *This inspection is not intended to replace a whole house inspection, which is your responsibility.*
4. You must provide to the City the following documentation within 7 days of your receipt of each item:
 - A copy of your Certificate of Completion for a Home Buyers Class/Counseling (if not already submitted) from a HUD-certified agency.
 - A copy of your financing application that is date stamped or validated as being received by the lender.
 - Copy of the Property Appraisal Report (this can be obtained from your lender)
 - A copy of the following loan documents: Commitment or Approval letter; Good Faith Estimate; Truth-In-Leading Disclosure and the Transmittal Summary (underwriting document) from your lending institution that demonstrates that

Appendix E

your loan complies with the following loan underwriting criteria: no more than 31% of family income can be devoted to principal, interest, taxes and insurance, and no more than 43% of family income can be devoted overall household debt. These documents should demonstrate comparable industry standards of interest rates and fees. Adjustable Rate Mortgages (ARMs) are prohibited. It is your responsibility to inform your financial institution of these requirements.

5. You will be required to execute an Agreement (contract) with the City delineating the loan terms. The City cannot prepare this Agreement without a copy of the fully executed contract to purchase and the property legal description. So it is important that these documents are submitted as soon as possible. **It may take up to 2 weeks to obtain the funding assistance check after executing the Agreement with the City provided that all other requirements outlined in paragraphs 1 - 4 of this "Conditions of Approval" letter have been met.** This should be taken into consideration when scheduling the closing date. With the exception of the City's inspection report, City staff is not responsible for securing any of the documents for you. The City will not be responsible for delayed closings caused by a property that did not pass a City inspection or for the failure of you or anyone with whom you are working to submit all the required documents in a timely manner.

6. At least 24 hours prior to closing, you must provide to the City a copy of your HUD Settlement Statement (OMB No. 2502-0265) for review. At the closing you will be required to sign a promissory note and mortgage in favor of the City. The City will secure a copy of the signed deed as evidence of ownership. The name(s) on the deed should match the name(s) to appear on the City's Note and Mortgage. **Under no circumstance are buyers allowed to receive money back at closing. Any potential refunds can be applied as a principle reduction or applied toward closing costs.**

7. NSP funds will be provided on your behalf at the time of closing. Funds are provided as a five-year non-interest bearing deferred payment loan that will be forgiven if you live in the home for five years. The loan must be repaid in whole or in part if the home is not maintained as your principal residence, is sold, or ownership is transferred during the designated five-year period.

8. On the anniversary of your closing date, you must complete and return a Residency Certification form. This form will be mailed to you annually. Your loan will be forgiven after verifying residency for your designated term.

9. Prior to closing, you must inform the City of any change in your status that might affect your eligibility. The City reserves the right to request additional documentation to determine your continued Program eligibility, and the right to void this approval in the event you do not comply with the request.

If you have any questions regarding your pre-approval, please contact Roy J. Hackworth, Senior Development Analyst at (513) 352-6119.

Sincerely,

Housing Division Manager

I have carefully reviewed the "Conditions of Approval" contained in this letter and agree to all terms as set forth.

Applicant Signature: _____ Date: _____

Co- Applicant Signature: _____ Date: _____

HUD - Approved Counseling Agencies

The Home Ownership Center
2820 Vernon Place
Cincinnati, Ohio 45219
(513) 961-2800

Working In Neighborhoods
1814 Dreman Street
Cincinnati, Ohio 45223
(513) 541-4109

SmartMoney Community Services
19 West Elder Street
Cincinnati, Ohio 45202
(513) 241-7266

CITY OF CINCINNATI VOLUNTARY ACQUISITION FORM

Note: The Uniform Relocation Act (URA) acquisition requirements for non-profit and private developers are found in Chapter 5 of HUD Handbook 1378, and must be followed if real property is to be acquired with federal assistance. This form should be completed by the purchaser(s) and/or their agent and distributed to the seller(s) for signature. The signed form needs to be returned by mail or by fax (513-352-6123) to the Neighborhood Stabilization Program, Department of Trade & Development, 805 Central Avenue, Suite 700, Cincinnati, Ohio 45202.

Federal financial assistance through the City of Cincinnati's Neighborhood Stabilization Program is being sought for this proposed transaction that includes the purchase of real estate known as *(list complete address on line below)*:

Federal funds used for the purchase of the above real estate require my informing you of the following:

1. As a private sector entity proposing acquisition of your property, the purchaser(s) have no legal means to acquire your property except a mutual agreement between the buyer and the seller. This is a voluntary, arm's length transaction and there is no threat of Eminent Domain.

2. We have estimated the fair market value of your property to be \$_____.
This amount was established by **(check only one)**:

_____ the value derived by the County Auditor's most recent records.

_____ a third party who is familiar with property values in the area (such as a Realtor).

_____ an appraisal of the property conducted by: _____.

The URA regulation states: Whenever feasible, this information shall be provided before making the purchase offer. **In those cases where there is an existing option or contract, the seller must be provided the opportunity to withdraw from the agreement after this information is provided.** Therefore, if federal funds remain in the project and this information is being provided to you prior to closing, but after an option or purchase agreement exists, you have the choice of continuing with the contract, renegotiating the contract, or declaring it null and void.

Since this is a voluntary sale, you as the seller(s) will not be eligible for relocation assistance as a consequence of this transaction. However, if any tenants have been displaced for this sale to occur or if tenants currently rent or occupy space on the property, please provide us with that information by completing the attached "Tenant Profile" form (only if applicable). These tenants may be eligible for relocation assistance under the URA. If you have any questions about this form or its attachment, please contact Roy J. Hackworth, Senior Development Analyst, at (513) 352-6119. **Please initial below to indicate if the subject property is:**

_____ Owner-occupied
 _____ Tenant-occupied (tenants may be entitled to relocation benefits under URA)
 _____ Vacant

This form was received by:

 Seller(s) or Representing Agent Signature(s)

 Date

 Seller(s) or Representing Agent Name(s) Please Print

 Date



**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

AND

City of Cincinnati

NEIGHBORHOOD STABILIZATION HOMEOWNERSHIP ASSISTANCE PROGRAM

**AGREEMENT FOR A LOAN OF NEIGHBORHOOD STABILIZATION PROGRAM FUNDS
FOR HOMEOWNERSHIP ASSISTANCE
FOR A SINGLE FAMILY HOME PURCHASE**

By and Between

The City of Cincinnati

and

and _____

THIS AGREEMENT, made by and between the City of Cincinnati, an Ohio municipal corporation, hereinafter called the "City," having its office at 801 Plum Street, Cincinnati, Ohio 45202, and _____ and _____, hereinafter called the "Borrowers," whose current address is _____; witnesseth

WHEREAS:

1. The City is responsible for the receipt and disbursement of federal funds made available to eligible homebuyers through the Neighborhood Stabilization Program(NSP) authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008; and
2. Pursuant to said NSP the Borrowers are eligible to receive HOMEOWNERSHIP assistance in the purchase of a house; and
3. Execution of this Agreement on behalf of the City has been authorized by 136-2009;

NOW, THEREFORE, the parties hereto, for and in consideration of these premises and the mutual promises, covenants and obligations herein contained, hereby agree as follows:

101. THE PROPERTY – The property which is being purchased by the Borrowers and which is the subject of this Agreement is a single-family dwelling located at _____, Cincinnati, Ohio 452____, (hereinafter referred to as the "Property"). The Property is further described in Contract Exhibit A, entitled "Legal Description of Property," attached hereto and made a part hereof.

102. AMOUNT OF LOAN - Subject to the terms and conditions of this Agreement the City will lend to the Borrowers from NSP funds received by the City, only if so received and from no other source, up to the sum of _____ and ____/100 Dollars (\$_____.), (hereinafter referred to as the "Loan Funds.")

103. DOWN PAYMENT, CLOSING COSTS, AND MORTGAGE BUY-DOWN ASSISTANCE - The Loan Funds shall be used for assistance with down payment, closing costs, and the cost of mortgage buy-down for the purchase of the Property. The Loan Funds shall be disbursed at the closing of the purchase of the Property.

104. SUBORDINATION OF LOAN - The loan, and the mortgage securing it, shall be subordinate to any loan given for additional financing required for the acquisition of the Property.

105. TIME FOR COMPLETION OF ACQUISITION- The acquisition of the Property shall be completed within 60 days from the Effective Date of this Agreement.

106. OCCUPANCY BY BORROWERS AS PRIMARY RESIDENCE - The purpose of the lending of the Loan Funds under this Agreement is to assist the Borrowers in the purchase of a home that will be occupied by the Borrowers as their principal place of residence for a period of at least five years. Therefore, the Borrowers agree to live in the Property for at least five years after acquisition.

107. TERMS OF THE LOAN - The loan shall be made subject to the following terms:

A. If the Borrowers live in the Property for five years as stated above, then the entire amount of the loan shall be forgiven.

B. If the Borrowers live in the Property for less than five years, the amount of the loan shall be reduced by twenty percent for each full year that the Borrowers have lived in the Property. The Borrowers will be required to repay the loan in the event that the Borrowers: 1) do not live at the Property for five (5) years from the date of this Note; and/or 2) sell or transfer the Property within five (5) years of the date of the Note. Repayment shall be made at the time Borrowers transfer the Property or ceases to live at the Property. The repayment amount shall be the principal amount less the amount or amounts forgiven.

C. If the Borrowers consist of more than one person, the condition of residency shall be met if at least one of the Borrowers continues in residency as provided above.

108. SECURITY - Prior to the disbursement of the Loan Funds, the Borrowers agree to execute and deliver to the City in a form acceptable to the City, a promissory note for the amount of this loan and a mortgage to the Property, as security for the note and this loan. A sample copy of the promissory note is attached hereto as Contract Exhibit B and labeled "Promissory Note." A sample copy of the mortgage is attached hereto as Contract Exhibit C and labeled "Mortgage."

109. EVIDENCE OF REQUIRED FINANCING - Prior to the disbursement of the Loan Funds to the Borrowers, the Borrowers shall provide to the City evidence, satisfactory to the City, of the commitment of any financing, in addition to the Loan Funds that may be required for the acquisition of the Property, and the Good Faith Estimate and the Truth In Lending Document for the other financing.

110. PROOF OF CLEAR TITLE - Prior to the distribution of Loan Funds, the Borrowers shall present evidence satisfactory to the city that the Borrowers are acquiring title to the Property in fee simple absolute, free, clear and unencumbered.

111. USE OF LOAN FUNDS - The Borrowers may use the Loan Funds only as specified in this Agreement.

112. COMPLIANCE WITH LAWS AND REGULATIONS -

A. The Borrowers, for themselves, their successors and assigns, agrees that they will comply with all applicable state, federal and City laws and regulations applicable to a project involving NSP funding including, without limitation, those itemized herein. .

B. Lead-Based Paint - This Agreement is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831 *et seq.*) and the Lead-Based Paint Regulations (24 CFR Part 35). The use of lead-based paint is prohibited whenever NSP funds are used directly or indirectly for the construction, rehabilitation, or modernization of residential structures. Immediate lead-based paint hazards existing in residential structures assisted with Block Grant funds must be eliminated, and purchasers and tenants of assisted structures constructed prior to 1978 must be notified of the hazards of lead-based paint poisoning.

C. Compliance with Flood Disaster Protection Act - This Agreement is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234). No portion of the Assistance provided under this Agreement is approved for acquisition for construction purposes as defined under Section 3(a) of said Act, for use in any area identified by the Secretary as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of said Act; and the use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain, if such land is located in an area identified by the Secretary as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 *et seq.*, provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance required with respect to financial assistance for acquisition for construction purposes under Section 102(2) of Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

D. Compliance With the Fair Housing Act - This Agreement is subject to the requirements of the Fair Housing Act, as amended, 42 U.S.C. 3601 *et seq.*

E. Compliance With Title VII of the Civil Rights Act of 1962 - This Agreement is subject to Title VII of the Civil Rights Act of 1962, 42 U.S.C. 2000d *et seq.*

F. Regulations - This Agreement is subject to the following regulations:

- (1) Provisions of Executive Order 11063, as amended by Executive Order 12259 and regulations pursuant thereto at 24 CFR Part 107 (anti-housing discrimination provisions.)
- (2) The provisions of Executive Order 11246, as amended by Executive Order 12086 and the regulations pursuant thereto at 41 CFR Chapter 60 (anti-employment discrimination provisions).
- (3) The regulations at 24 CFR Part 24 (prohibiting the use of debarred, suspended or ineligible contractors or subrecipients).

113. CONFLICT OF INTEREST - No member, official or employee of the City shall have any personal interest, direct or indirect, in the subject matter of this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly interested. The Borrowers are further subject to the conflict of interest prohibitions set forth in 24 C.F.R. Section 570.611.

114. NO ORAL REPRESENTATION - All of the terms and conditions of the Agreement between the parties hereto are stated herein.

115. PARTIAL INVALIDITY - A provision of this Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

116. EFFECT OF AGREEMENT - This Agreement shall become effective on the execution hereof by both the City and the Borrowers and shall be binding on and shall inure to the benefit of the City and the Borrowers and their respective executors, administrators, heirs, successors and assigns, as the case may be.

117. FORBEARANCE NOT A WAIVER - Any forbearance by the City with respect to any of the terms and conditions of this Agreement or the related restrictive covenant, if applicable, shall in no way constitute a waiver of any of the City's rights or privileges granted therein.

118. NON-PERFORMANCE –

A. The City may terminate this Agreement and such additional supplemental Agreements hereafter executed, in whole or in part, and may recover any NSP funds at its discretion if Borrowers:

(1) Violate any provision of this Agreement; or

(2) Violate any provision of the Housing and Community Development Acts of 1974 and 1977, as amended; or

(3) Violate any applicable regulations or terms and conditions of approval of the applications that the Secretary of HUD has issued or shall subsequently issue during the period of this Agreement; or

(4) Fail to complete performance of contract obligations in a timely manner.

(5) Default by the Borrowers in the terms of this agreement, not cured within thirty (30) days written notice from the City, shall be grounds for the City to declare the loan immediately due and payable.

B. The City also reserves the right to seek any other legal financial remedies as necessary pursuant to any damages the City may have encountered through the Borrowers' default on any of the Contract obligations until all or part of the City's prior payments have been recouped as the City deems appropriate but not to exceed the total amount of any prior payments.

C. The City also reserves the right in the event of non-performance on this Agreement to prohibit any future or limited contractual relationships with the Borrowers either directly or indirectly and/or to file necessary liens as may be necessary against the Borrowers' assets or future assets, until the Borrowers satisfactorily fulfill their obligations under the Contract or satisfactorily reimburses the City for any prior payments.

119. EFFECTIVE DATE - This Agreement shall become effective as of the date it has been executed by both the Borrowers and the City.

The City of Cincinnati has executed this Agreement on _____, and _____ and _____ have executed this Agreement on _____.

Recommended By:

Director, Department of Trade & Development

Approved:

Community Development Administrator

Approved as to Form:

Assistant City Solicitor

CERTIFICATION OF FUNDS:

Date: _____

Coding: _____

Amount: _____

Finance Director

City Of Cincinnati

By: _____
City Manager

BORROWERS

**CONTRACT EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY**

(insert legal description)

**CONTRACT EXHIBIT B
PROMISSORY NOTE**

Date: _____

\$_____.00

FOR VALUE RECEIVED, the undersigned (“Maker”) hereby promises to pay to the order of the **CITY OF CINCINNATI**, located at 801 Plum Street, Cincinnati, Ohio 45202, or at such other place, or to such other party as the holder of this Note may from time to time designate in writing, the principal sum of _____ and 00/100 Dollars (\$_____.00) or so much thereof as may be advanced hereunder and remain unpaid upon the following repayment terms and conditions:

1. This Promissory Note (the “Note”) will be secured by a mortgage (the “Mortgage”) on the property located at _____ (the “Property”).
2. This loan is a deferred, forgivable loan. If the Maker lives in the property at _____ for five years from the date of this Note, then the loan will be forgiven, this Note will be canceled, and the Mortgage will be released. Twenty percent (20%) of the principal amount of the loan shall be forgiven annually on the anniversary date of this Promissory Note. The amount or amounts forgiven shall not be prorated.

(An example of the non-proration provision: If a Maker sold the Property two years and six months after the date of the Promissory Note, the amount forgiven would be Forty percent [40%] of the original principal amount of the loan, NOT Fifty percent [50%.])

3. The Maker will be required to repay the loan in the event that the Maker: 1) does not live at the Property for five (5) years from the date of this Note; and/or 2) sells or transfers the Property within five (5) years of the date of this Note. Repayment shall be made at the time Maker transfers the Property or ceases to live at the Property. The repayment amount shall be the principal amount less the amount or amounts forgiven.

(For example: If a Maker borrowed \$5,000 and sold the Property more than 2 years but less than 3 years from the date of the Promissory Note, the Maker would be required to repay \$3,000.)

4. Prepayment of the principal due under this Note may be made in whole or in part at any time without premium or penalty. Any such prepayments shall be applied first to late charges, if any, then to accrued interest then due and owing, and then to principal.
5. All of the terms, covenants, provisions, conditions, stipulations, promises, and agreements contained in the Mortgage to be kept, observed, and performed by the Maker are hereby made a part of

this Note and incorporated herein by reference to the same extent and with the same force and effect as if they were fully set forth herein and the Maker promises and agrees to keep, observe, and perform them or cause them to be kept, observed, and performed, strictly in accordance with the terms and provisions thereof.

6. Upon any default in the payment of any installment of interest, principal, or any other sum when due under this Note, which default is not cured within ten (10) days after Maker is given written notice thereof, or upon the happening of any default or Event of Default described or incorporated in the Mortgage and the expiration of the applicable notice and cure period, if any, contained in this Note, the entire principal sum hereof and accrued but unpaid interest hereon may, at the sole option of the holder hereof, be declared at once due and payable, time being of the essence of this obligation. Failure of the holder hereof to exercise this option in the event of any such default or Event of Default shall not constitute a waiver of the right of the holder to exercise the same in the event of a subsequent default or Event of Default.

7. All parties to this Note hereby waive presentment for payment and notice of dishonor.

The Maker has duly executed this Note as of the day and year first above written.

MAKER

(Print or Type Name)

CONTRACT EXHIBIT C

MORTGAGE

(O.R.C. 5302.12)

_____ [name(s)], _____ [marital status], Mortgagor(s)
of _____ [mailing address], in consideration of _____
(\$ _____) [amount of loan] grant(s), with mortgage covenants, to the City of Cincinnati,
of 801 Plum Street, Cincinnati, Ohio, the following real property (the "Property"):

LEGAL DESCRIPTION

Mortgagor claims title to the Property by virtue of a deed recorded in Official Record Book
_____, Page _____, Hamilton County, Ohio Recorder's Office

This mortgage is given, upon the statutory condition, to secure the payment of _____
dollars as provided in a promissory note of the same date. The terms of the promissory note include
provision for forgiveness such that if the Mortgagor lives in the Property for five years from the date of
the promissory note, then the loan will be forgiven, the promissory note canceled, and this Mortgage will
be released. Twenty percent (20%) of the principal amount of the loan shall be forgiven annually on the
anniversary date of the promissory note.

Executed this _____ day of _____, _____.

[typed name of Mortgagor]

STATE OF OHIO, COUNTY OF HAMILTON, SS:

The foregoing instrument was acknowledged before me this _____ day of _____,
_____ by [name(s) of Mortgagor(s)].

Notary Public, State of Ohio

approved as to form:

Assistant City Solicitor

PROMISSORY NOTE

Date: _____

\$_____.

FOR VALUE RECEIVED, the undersigned (“Makers”) hereby promise to pay to the order of the **CITY OF CINCINNATI**, located at 801 Plum Street, Cincinnati, Ohio 45202, or at such other place, or to such other party as the holder of this Note may from time to time designate in writing, the principal sum of _____ and ___100 Dollars (\$_____), or so much thereof as may be advanced hereunder and remain unpaid upon the following repayment terms and conditions:

1. This Promissory Note (the “Note”) will be secured by a mortgage (the Mortgage”) on the property located at _____, Cincinnati, Ohio 452____ (the “Property”).
2. This loan is a deferred, forgivable loan. If the Makers live in the property at _____, Cincinnati, Ohio 452____, for five years from the date of this Note, then the loan will be forgiven, this Note will be canceled, and the Mortgage will be released. Twenty percent (20%) of the principal amount of the loan shall be forgiven annually on the anniversary date of this Promissory Note. The amount or amounts forgiven shall not be prorated.

(An example of the non-proration provision: If a Maker sold the Property two years and six months after the date of the Promissory Note, the amount forgiven would be Forty percent [40%] of the original principal amount of the loan, NOT Fifty percent [50%.])

3. The Makers will be required to repay the loan in the event that: 1) at least one of the Makers does not live at the Property for five (5) years from the date of this Note; and/or 2) the Makers sell or transfer the Property within five (5) years of the date of this Note (excluding a sale or a transfer by one Maker to the other Maker). Repayment shall be made at the time Makers transfer the Property or cease to live at the Property. The repayment amount shall be the principal amount less the amount or amounts forgiven.

(For example: If a Maker borrowed \$5,000 and sold the Property more than 2 years but less than 3 years from the date of the Promissory Note, the Maker would be required to repay \$3,000.)

4. Prepayment of the principal due under this Note may be made in whole or in part at any time without premium or penalty. Any such prepayments shall be applied first to late charges, if any, then to accrued interest then due and owing, and then to principal.
5. All of the terms, covenants, provisions, conditions, stipulations, promises, and agreements contained in the Mortgage to be kept, observed, and performed by the Makers are hereby made a part of this Note and incorporated herein by reference to the same extent and with the same force and effect as if they were fully set forth herein and the Makers promise and agree to keep, observe, and perform them or cause them to be kept, observed, and performed, strictly in accordance with the terms and provisions thereof.

6. Upon any default in the payment of any installment of interest, principal, or any other sum when due under this Note, which default is not cured within ten (10) days after Makers are given written notice thereof, or upon the happening of any default or Event of Default described or incorporated in the Mortgage and the expiration of the applicable notice and cure period, if any, contained in this Note, the entire principal sum hereof and accrued but unpaid interest hereon may, at the sole option of the holder hereof, be declared at once due and payable, time being of the essence of this obligation. Failure of the holder hereof to exercise this option in the event of any such default or Event of Default shall not constitute a waiver of the right of the holder to exercise the same in the event of a subsequent default or Event of Default.

7. All parties to this Note hereby waive presentment for payment and notice of dishonor.

The Makers have duly executed this Note as of the day and year first above written.

MAKERS

MORTGAGE
(O.R.C. 5302.12)

_____ and _____, husband and wife, Mortgagors, of _____,
Cincinnati, Ohio 452____, in consideration of _____ and ___/100 Dollars
(\$_____), grant, with mortgage covenants, to the City of Cincinnati, of 801 Plum Street, Cincinnati, Ohio, the
following real property (the "Property"):

(legal description)

Mortgagors claim title to the Property by virtue of a deed recorded in Official Record Book
_____, Page _____, Hamilton County, Ohio Recorder's Office

This mortgage is given, upon the statutory condition, to secure the payment of
_____ and ___/100 Dollars (\$_____.____) as provided in a
promissory note of the same date. The terms of the promissory note include provision for forgiveness
such that if the Mortgagors live in the Property for five years from the date of the promissory note, then
the loan will be forgiven, the promissory note canceled, and this Mortgage will be released. Twenty
percent (20%) of the principal amount of the loan shall be forgiven annually on the anniversary date of the
promissory note. Regardless of when this mortgage is recorded, it shall be subordinate to a first mortgage
of even date to _____ in the original amount of
_____.

Executed this _____ day of _____, 2013.

STATE OF OHIO, COUNTY OF HAMILTON, SS:

The foregoing instrument was acknowledged before me this _____ day of _____,
2013, by _____ and _____.

Notary Public, State of Ohio

approved as to form:

Assistant City Solicitor

This mortgage was prepared by:
_____, Assistant City Solicitor
City of Cincinnati Department of Law
214 City Hall, 801 Plum Street
Cincinnati, Ohio 45202

Cincinnati NSP Neighborhood Listing

Avondale
Bond Hill
College Hill
East Price Hill
Evanston
Madisonville
Northside
South Fairmount
West Price Hill
Westwood

Loan Subordination Requirements

The City will not subordinate to adjustable rate loans or for the purposes of consolidating debt or “cashing out”. In order to determine your eligibility and begin the subordination process, it is required that the following documents are submitted:

- A subordination fee of \$250 in the form of a cashier’s check or money order made payable to the “City of Cincinnati” must be received with the request.
- A signed letter from the borrower stating the reason for the subordination request, new loan amount, lender, and the property address; this letter should also acknowledge that the borrower will not realize a cash payment from the refinancing.
- Copy of the mortgage to be refinanced and any assignments thereof (recorded versions)
- Copy of the recorded title deed (including legal description)
- Recorded copy of the City’s Mortgage that is to be subordinated
- Copy of the current market value appraisal of the property or other document used by the lender to substantiate the value. In order to be considered current by the City, appraisals must have been completed no later than three months prior to the date of requesting the loan subordination from the City; Loan to value may not exceed 100%
- Copy of a signed Good Faith Estimate, signed Truth in Lending Disclosure, and Transmittal Summary (underwriting document)
- Copy of the proposed New Mortgage and Note, if available, for which the subordination is being requested (including lender’s name and amount of new mortgage)
- Copy of a preliminary and final executed HUD settlement statement

With the exception of the HUD settlement statement, once the City has received the above items and a borrower’s eligibility has been determined, the City will issue a “Letter of Intent” in lieu of drafting the subordination agreement. Please note that this agreement has to be signed by the City Manager and will only be released at the time of closing or upon receipt of an executed HUD settlement statement. The City will make best efforts to process and complete a subordination request within two to three weeks from the date all the necessary documentation has been received. All documents including the subordination fee should be mailed to:

Roy J. Hackworth, Senior Development Analyst
Department of Trade & Development
805 Central Avenue, Suite 700
Cincinnati, Ohio 45202
Phone: (513) 352-6123

Neighborhood Stabilization Program Homebuyer Assistance FAQ Sheet



What is NSP homebuyer assistance and what does it do?

It is a homeownership assistance program that provides down payment and closing cost assistance towards the purchase of an eligible NSP home. The Community Development Corporation that is selling the home will determine the amount of assistance.

How do I get started?

You can obtain an application packet by contacting the Department of Trade & Development at (513) 352-6146. Incomplete applications will be returned.

Who is the NSP homebuyer assistance for?

NSP homebuyer assistance is for homebuyers whose income does not exceed 120% of the Area Median Income. Please refer to NSP homebuyer assistance brochure for income limits. All household income must be documented. Please refer to the application packet for required documentation.

I have a job where I don't receive pay stubs. Will I still have a chance to participate?

If you do not receive pay stubs through your line of work. We may request tax returns to support what the income is stated to be. Ultimately, with the information received, if we are unable to adequately determine or verify income, your application will not be approved.

Do I have to pay NSP funds back?

NSP funds are provided as forgivable loans that are to be paid back **only** (in whole or in part) if the property is not maintained as the homeowner's principal residence, sold, or transferred before the end of the buyer's five-year affordability/residency term.

How are the funds actually forgiven?

NSP funds are forgiven at a rate of 20% each year the homeowner maintains the home as their principal residence.

Can I use this program to purchase a home outside of the City?

No. The City's NSP program only supports homeownership within the identified Neighborhood Stabilization Program communities. These areas are listed on Page 9 of this packet.

Does NSP work with acquisition/rehab loans?

As these homes are subject to complete rehab and inspection before the homes are sold, a rehab loan will not be necessary.

Do I have to pay for the City inspection?

No, however, it is the homebuyer's responsibility to obtain any other inspection services associated with buying the home (i.e. whole house; termite, etc...). The City's inspection is not meant to substitute a whole house inspection

I want to refinance my house bought with NSP funds; will the City subordinate its loan?

Yes, but the City will only subordinate its loan in favor of a better rate or term for the homeowner. The City will not subordinate to consolidate debt or to "cash out". Contact the Department of Trade & Development for subordination requirements.

Am I allowed to receive cash back at closing?

No. NSP homebuyer assistance participants are not allowed to receive cash back at closing. Buyers are actually required to provide ½ of the lender required down payment.

How long does the process take to receive funding?

Contingent on meeting all NSP homebuyer assistance requirements, it can take anywhere from 30-45 days to have a check released after the City receives a copy of the fully executed purchase contract. Homes that are currently under construction

cannot be purchased until the construction is complete and approved by the City inspector. Please take this into consideration when setting a closing date.

I already have a purchase contract on a house rehabbed with NSP funds; can I still apply?

Yes, homes must be sold to eligible NSP homebuyer assistance households. However, it is advised that you apply so your eligibility can be determined before you write a contract. Contracts should be written contingent on receiving NSP funds and should also be considerate of the NSP time frame to receive funding.

How long is the NSP homebuyer assistance pre-approval letter valid?

An applicant has 90 days to present to the City a fully executed contract to purchase before the approval letter expires. One 45-day extension can be requested in writing if this deadline cannot be met. If a purchase contract is received, but a closing is not held within **6 months** of the date of the initial pre-approval letter, the applicant will be required to re-apply so the City can verify continued eligibility.

Do I have to participate in homebuyer counseling?

Yes. It is required that you complete homebuyer counseling with one of the City's local HUD-approved agencies in order to receive funding. Certificates older than 18 months will not be honored.

Do you provide a list of lenders or realtors?

It is totally left to the discretion of the applicant to choose a lender and realtor that is suitable and willing to work with them and within the NSP homebuyer assistance guidelines.

Does the NSP Program work with FHA and conventional loans?

Yes, but with any loan, we reserve the right to deny or terminate eligibility if the loan is suspected to be subprime or does not meet our debt-to-income requirements (31%/43%). Adjustable Rate Mortgages (ARMs) are not permitted.

Can NSP be used with other assistance programs?

Yes, however all NSP requirements will still have to be met and you must notify the City of the program in question and the City will determine whether NSP can be used in conjunction.

I am separated; do I still have to include my separated spouse on the NSP application?

Yes, separated couples will be treated as married couples. Unless there is an actual divorce decree or legal separation, the income and assets of the spouse will have to be included.

Are non-occupying co-borrowers permitted if I cannot obtain financing by myself?

Non-occupying co-borrowers are permitted only if the lender is using the co-borrower as added security. This can be in the case of insufficient credit and/or short or sporadic work history. NSP applicants whose monthly income cannot support a monthly mortgage may not utilize a non-occupying co-borrower for the sake of securing financing in order to receive NSP funds. Non-occupying co-borrowers are not permitted to be on the deed at purchase.