

OKC DOWN PAYMENT ASSISTANCE (DPA) PROGRAM GUIDELINES

1.1. Figure 1- DPA Program Boundaries/Target Zones

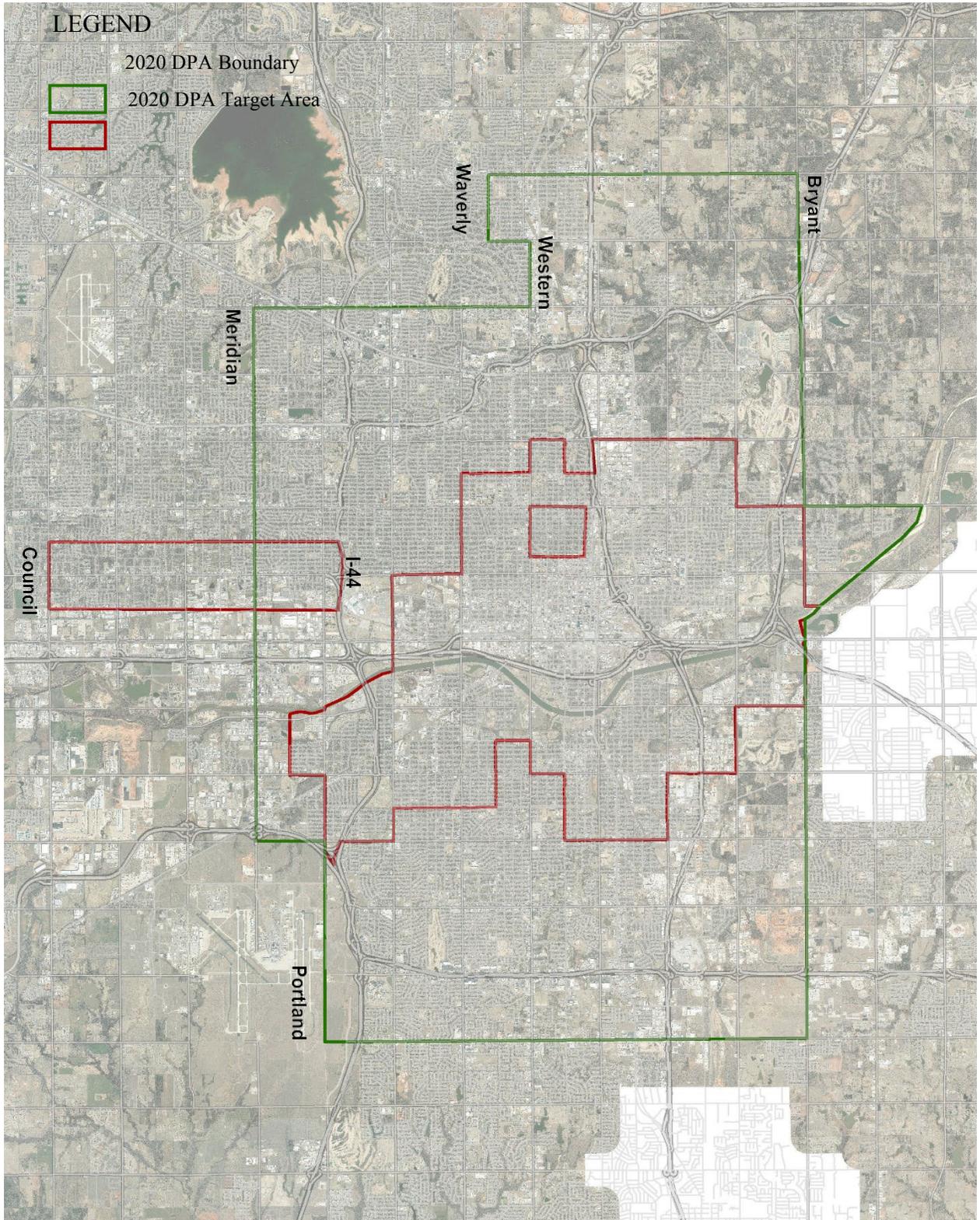


Exhibit 1- CITY DOWN PAYMENT ASSISTANCE (DPA) PROGRAM GUIDELINES

1.2 – Standard Requirements

1. The DPA program will utilize the IRS Method of Income Determination. Assistance is available only to households with income less than or equal to 80% of the Area Median Income (AMI), based on household size for the Oklahoma City MSA, as determined each year by HUD.
2. DPA assistance in the form of a forgivable loan shall not exceed \$14,999.00 per household. The actual amount shall be determined on a case- specific basis, based on the financial need of the homebuyer, and the City’s adopted underwriting standards.
3. The Affordability period shall be for 5 years, commencing 60 days from closing date. Effective December 1, 2020, the affordability period will increase to 7 years and 60 days, prorated 1/84th per month, secured by a Homebuyer Deferred Note & Mortgage Agreement in favor of The City, which shall be filed of record with the Oklahoma County Clerk. Also, effective December 1, 2020, a stand-alone Homebuyer Agreement shall be executed by the City and the homebuyer prior to closing on the sale of the property. The manager of the Housing and Community Development Division of the Planning Department will sign on behalf of the City. The instrument is not required to be filed of record.
4. All marketing activities will clearly promote the program as City of Oklahoma City DPA programs, and will prominently give credit to The City and HUD for the provision of funds. Any marketing or informational materials will display The City’s, HUD’s, and Equal Housing Opportunity logos.
5. Each assisted household must participate financially in the purchase of the home. The minimum investment by the DPA recipient will be 1% of the sales price and may be in any form, i.e., out-of-pocket expense for earnest money, appraisal, credit report, etc. The financial participation amount will increase to 1.75% on an FHA loan. Liquid assets of more than \$15,000 must go towards the purchase of the home, as practicable.
6. Assistance may be applied to eligible closing costs and down payment. No amount of assistance shall be returned to homebuyer at closing or any other time.
7. Subordination requests may be approved if the proposed refinancing clearly shows significant benefits, such as a lower interest rate or shorter term, provided there is no cash to borrower from equity, and provided The City remains in the same or better priority position on the mortgage. The new mortgage shall not have a loan-to-value ratio (LTV) greater than 95% and refinance fees must be reasonable and customary for the Oklahoma City housing market.
8. All DPA recipients must attend a Home Buyer Education class conducted by a HUD-certified Homebuyer Education Counselor and shall provide a Certificate of Completion prior to receiving DPA assistance
9. No sub-prime loans are allowed. All DPA programs will guard against abusive lending practices and review for the “7 Signs of Predatory Lending” as published by the Center for Responsible Lending:
 - Single Premium Credit Insurance
 - Prepayment Penalties
 - Steering
 - High Fees

- Yield Spread Premiums
- Mandatory Arbitration
- Flipping

10. All clients receiving DPA must secure a 1st mortgage with a “fixed” interest rate (No Adjustable Rate Mortgages, Interest Only Payment Mortgages, Negative Amortizing Mortgages, Prepayment Penalties, Mandatory Arbitration, 1st Mortgages with a term greater than 30 years are allowed or any other similar mortgage), and property taxes and hazard insurance must be escrowed (no non-escrowed loans). Transfer of ownership shall be by fee simple title only. All closings must be held locally, with the cost to abstract title as a seller’s expense.
11. The required property insurance, held by the owner, must list The City as a lien holder during the “period of affordability”.
12. The home purchase transaction must comply with regulations for the Home Investment Partnerships Program contained in 24 CFR Part 92, as amended and as may be applicable.
13. Qualified households purchasing manufactured housing are restricted from DPA unless the home is located on property owned by the DPA recipient, listed as real estate on the county taxrolls, and permanently affixed to a foundation with the transporting chassis removed.
14. The home purchase price may not exceed 95% of median sales for Oklahoma City for existing housing or new construction housing, as published by HUD annually.
15. DPA is prohibited for properties located within FEMA designated 100-year Flood Zones and flood ways. A verifying certificate is required.
16. Each DPA transaction will be underwritten to 90% LTV with no LTV >95%. Front-end ratio (PITI compared to gross monthly income) must be less than 31% and the back-end ratio (total debt including PITI and other revolving debt compared to gross monthly income) no greater than 43% without compensating factors.
17. A detailed budget including all debt, proposed principal, interest, taxes and insurance (PITI) and household expenses must show the home purchase is sustainable, to include two months of PITI in reserve.