

# HOME PROGRAM AGREEMENT

FIRST TIME HOMEBUYER PROJECTS  
CITY OF LOWELL, MASSACHUSETTS

AGREEMENT entered into this \_\_\_\_ Day of \_\_\_\_\_ 20\_\_\_\_, between the City of Lowell, Massachusetts (hereinafter referred to as the “City”) and **NAME**, first time homebuyer, of **CURRENT ADDRESS**, (hereinafter referred to as the “Borrower”).

WHEREAS, the CITY is receiving funds from the United States Department of Housing and Urban Development (HUD) pursuant to HUD’s HOME Investment Partnership Program (HOME Program), and

WHEREAS, the CITY is authorized to award funds under the HOME Program pursuant to the Cranston-Gonzalez National Affordable Housing Act and the regulations adopted by HUD under the HOME Program as contained in 24 CFR 92 et. Seq. (the HOME Regulations), and

WHEREAS, the BORROWER is a first time homebuyer of the property at **LOT DESCRIPTION, Lowell, MA.**, pursuant to a deed recorded with the Middlesex North District Registry of Deeds, and

WHEREAS, the BORROWER has requested HOME funds to be used for said property, and

WHEREAS, the intent of this agreement is to enable the BORROWER to acquire and occupy said property as a HOME eligible first time homebuyer;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and additionally contained in the terms specified in accompanying documents (listed below), the CITY shall provide **AMOUNT TEXT Dollars (\$00)**, subject to BORROWER’S execution of the following documents:

- Deferred Payment Loan /Promissory Note
- Mortgage and Security Agreement

## HOME PROGRAM PROJECT REQUIREMENTS

1. **PER UNIT AMOUNT OF HOME SUBSIDY:** The per unit HOME subsidy will not exceed the per unit limits specified by HUD based upon the number of bedrooms per unit.
2. **PROPERTY STANDARDS:** The property shall be maintained in compliance with the minimum housing quality standards as required under the HOME regulations and, in particular, the State provision of the sanitary code and the State Building Code. All other regulations and laws pertaining but not limited to zoning, licensing, historic preservation, lead paint and asbestos will also apply.
3. **PRINCIPAL PLACE OF RESIDENCE:** The City, pursuant to Federal Regulations, requires that the Borrower agree to remain in the property as the principal place of residence for a period of Five(5) years. If the property is sold or the Borrower does not reside in the premises after the date of this agreement, the principal balance shall immediately, become due and payable.
4. **OWNER OCCUPIED:** HOME funds may be expended only with respect to units occupied by very low income and/or low income families. Combined income from all owner occupant first time home buyer family members who will reside at the subject property cannot exceed the Home Program income limits of eighty percent (80%) of the area median income by family size.

HOME Program Income Limits by Family Size

	1	2	3	4	5	6	7	8
80% Area Median	\$52,850	\$60,400	\$67,950	\$75,500	\$81,550	\$87,600	\$3,650	\$99,700

5. **CITY’S RIGHTS AND REMEDIES:** In amplification, and not in restriction of the provisions hereof, it is intended and agreed that the City of Lowell shall be deemed an intended beneficiary of the agreements and covenants of the Borrower, its successors and assigns provided in the foregoing paragraphs, both in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants shall run in favor of the City for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether the City has at any time been remains or is an owner of any land or interest therein to or in favor of which such agreements and covenants relate. The City shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in the equity or other proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled.
6. **REPORTING REQUIREMENTS:** The Borrower shall supply to the City on behalf of the Borrower such reports and information as the City shall reasonably request to allow the City to comply with its reporting requirements to HUD on an annual basis commencing twelve (12) months after execution of this agreement.
7. **BREACH OF CONTRACT:** In the event the Borrower breaches the conditions of this agreement, the City shall pursue all legal remedies reasonably calculated to ensure that it recovers the funds. All HOME Program funds received by the Borrower under this section and any applicable penalties and fees will become due and payable, should the Borrower fail to fully comply with the terms of this agreement. Should it be discovered that the Borrower provided false information or withheld information in order to become eligible for HOME down payment assistance, the entire balance of the principal will become immediately due and returned to the City. The Borrower will pay any legal fees in the event legal remedies incurred by the mortgagee (The City) that may be required to recapture these mortgage funds.

8. SHARED NET PROCEEDS: If the housing is transferred, voluntarily or otherwise, during the period of affordability and the net proceeds are not sufficient to recapture the entire HOME investment, the BORROWER agrees that the net proceeds of the sale shall be paid to the MORTGAGEE in payment of the amount loaned under this HOME Agreement. Shared net proceeds, shall be calculated as follows:

- To calculate the amount of net proceeds to be returned to the PJ:
  - Divide direct HOME subsidy by the sum of the direct HOME subsidy and the homebuyer's investment,
  - Multiply by the net proceeds to calculate the amount of HOME investment to return to the PJ.

$$\frac{\text{Direct HOME Subsidy}}{\text{Direct HOME Subsidy} + \text{Homebuyer Investment}} \times \text{Net Proceeds} = \text{HOME Recapture}$$

- To calculate the amount of net proceeds available to the homebuyer:
  - Divide the homebuyer's investment by the sum of the direct HOME subsidy and the homebuyer's investment,
  - Multiply by the net proceeds to calculate the amount of homebuyer investment to return to the homebuyer.

$$\frac{\text{Homebuyer Investment}}{\text{Direct HOME Subsidy} + \text{Homebuyer Investment}} \times \text{Net Proceeds} = \text{Amount to Homebuyer}$$

9. INDEMNIFICATION: The Borrower shall indemnify and save harmless the City against all loss, damages, liability and costs, including legal expenses for anything and everything whatever arising from, or out of, the negligence of the Borrower, or failure by the Borrower to comply with any of the covenants, terms and conditions of this Agreement.

10. REVIEW OF DOCUMENTS: The City retains the right to review and approve all documents used by the Borrower to transfer the property.

EXECUTED AS A SEALED INSTRUMENT THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_\_

BORROWER: \_\_\_\_\_  
Name

APPROVED AS TO LEGAL FORM:

BY: \_\_\_\_\_  
Law Dept.

CITY OF LOWELL APPROVAL

BY: \_\_\_\_\_  
Eileen Donahue, City Manager

BY: \_\_\_\_\_  
Diane Nichols Tradd, Assistant City Manager/DPP Director