



Dear Interested Applicant,

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

Attached is the following:

- HBA Program Overview – 1st Time Buyer to Stillwater
- HBA Application
- HBA Definitions
- Steps to Home Ownership
- HBA Program Policy Guidelines March 2020

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

All HBA applicants must attend a homebuyer education class prior to assistance approval.

The City of Stillwater offers free homebuyer education courses monthly on alternating mornings or afternoons or by appointment. Course materials are provided. Scheduled class dates are found on the City website, Stillwater.org, where you can preregister for the class or pre-register by calling 405-742-8345 or emailing homebuyers@stillwater.org. Credit counseling is briefly included with the class; however, additional credit counseling is recommended.

Should you have any questions or need additional information, contact Valerie Silvers at 405-742-8345 or homebuyers@stillwater.org. We look forward to working with you!

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

The City of Stillwater Homebuyer Assistance Program

HOMEBUYERS ASSISTANCE FOR FIRST TIME IN STILLWATER PROGRAM OVERVIEW

A component of the Homebuyer Assistance (HBA) Program is designed to assist individuals and families in owning their first home within the Corporate Limits of Stillwater, Oklahoma. The Homebuyer Assistance Program provides qualified applicants with assistance for down payment and closing costs **up to \$5,000**.

- Applicant(s) must be **first time** buyers of a home in Stillwater, Oklahoma.
- **The home must be located within the city limits of Stillwater, Oklahoma.**
- The home must be purchased for owner-occupancy, not for investment or rental property.
- The assistance provided is in the form of a seven year forgivable loan, secured by a second mortgage. If the HBA recipient occupies the purchased property as their principle residence for seven years from the date of the second mortgage, the loan is forgiven, and the second mortgage will be released. If the HBA recipient sells the property during the period of affordability or ceases to occupy the property as their principal residence by leasing or transferring the property, the City of Stillwater will recapture the amount of assistance provided based on length of residency.

Prorated Recapture Amount Based on \$5,000 Assistance								
Home Purchase	4/6/2019	Prorated Amount Based on Completion of Annual HBA Compliance						
End of Year 1	4/6/2020	\$5,000						
End of Year 2	4/6/2021		\$5,000					
End of Year 3	4/6/2022			\$5,000				
End of Year 4	4/6/2023				\$5,000			
End of Year 5	4/6/2024					\$2,500		
End of Year 6	4/6/2025						\$1,250	
End of Year 7	4/6/2026							\$0

- The property purchased must pass a minimum housing quality standard’s inspection using Section 8 criteria. Any problems noted need to be addressed prior to closing. The property must be covered with flood insurance if located in a FEMA designated flood zone.
- The value of the property purchased with HBA funds may not exceed \$250,000.
- All homebuyers must attend the City’s homebuyer education course. The City offers free homebuyer education courses monthly or as needed. Class schedule and registration is online at Stillwater.org. Registration can also be completed by calling 405-742-8345 or emailing homebuyers@stillwater.org.

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



**City of Stillwater Homebuyer Assistance Program
APPLICATION**

For Office Use Only
Date Received: _____
Initials: _____

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

Applicant Name _____ **SSN** _____ **Birth date** _____

Co-Applicant Name _____ **SSN** _____ **Birth date** _____

Dependent Children and Other Household Residents: (use additional sheets as necessary)

Name: _____ SSN: _____ Birth Date: _____

Name: _____ SSN: _____ Birth Date: _____

Name: _____ SSN: _____ Birth Date: _____

Name: _____ SSN: _____ Birth Date: _____

Race of Household (circle all that apply)

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

Present Mailing Address: _____ **City, State, Zip:** _____

Home Telephone No. _____ **Work Telephone No.** _____ **Cell Telephone No.** _____

Email Address: _____ **Email Address:** _____

Do you Rent or own your home? _____ How long? _____ Monthly Rent or Mortgage Pmt \$ _____

First time homebuyer? (Please circle) YES NO
If "yes" have you ever purchased a home within the City limits of Stillwater? YES NO

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

Property Address to be purchased: _____ Price: _____

Lender's Name and Phone Number: _____

Realtor's Name and Phone Number: _____

Closing Company Name and Phone Number: _____

HOUSEHOLD EMPLOYMENT INFORMATION

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

Applicant

Employer's Name/Address/Phone/fax-

Supervisor/Payroll Clerk/???Contact _____ Title: _____

Phone Number: _____ Email: _____

How long employed? _____ Paid Hourly ___ Weekly ___ Bi-Weekly ___ Monthly ___

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

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

Co-Applicant

Employer's Name/Address/Phone/fax _____

Supervisor/Payroll Clerk/???Contact _____ Title: _____

Phone Number: _____ Email: _____

How long employed? _____ Paid Hourly ___ Weekly ___ Bi-Weekly ___ Monthly ___

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

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

Other Current Income (Add additional sheet if needed.)

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

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

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

ACKNOWLEDGEMENT

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

- Copy of most recent pay stub(s) for each household member over the age of 18 years, along with the name of the employer's payroll contact and their direct phone number. NOTE: the information provided is only good for 6 months from the date of application.
- Other proof of current income for each household member, including: Social Security, retirement pension income, business/rental income, parental support, child support and other types of income as deemed necessary by city staff.

- Copies of government issued identification cards (i.e., drivers license, military ID card, etc) for applicant/s.
- Copy of course completion certificate from Homebuyers Education Course. NOTE: the certificate is only good for one year from the date of course completion.
- Other documentation as required by lending institution or City to verify eligibility.

RELEASE: I/we hereby authorize the City of Stillwater to obtain information concerning verification of employment and income or any other information deemed necessary to process my application and request for HBA program participation. This release includes communication and/or the release of personal financial information provided to my Lender and other parties that may be necessary to process my application and request for HBA program participation.

Applicant's Signature

Date

Co-Applicant's Signature

Date

SUBMIT Complete Application with original signature(s) and copies of All required documentation to:

City of Stillwater Community Development Department 2nd Floor of Stillwater Municipal Building, 723 S. Lewis, P.O. Box 1449, Stillwater, OK 74076 Phone: 405-742-8345

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

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

**CITY OF STILLWATER
HOMEBUYER ASSISTANCE PROGRAM
DEFINITIONS**

Annual Income

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

Closing Costs

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

Deferred Loan

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

Down payment

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

Household Size

Household size will be determined by the number of persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Low to Moderate Income

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

Housing Type

Housing types includes re-sale or newly constructed single-family houses, condominiums, or townhouses. Only manufactured homes that meet city code, are on a fixed permanent structure according to city code, and are located on land that is owned by the unit owner will be allowed.

Mortgage

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

Period of Affordability

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

Underwriting

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

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

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

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

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

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

Attend Home Buyer Education Class

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

Review Your Finances

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

Pre-qualify

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

Choose a Home

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

Complete the Loan

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

Have the Home Inspected

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

Close the Deal

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

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

In an effort to expand homeownership opportunities for low to moderate income (LMI) households and for first-time homebuyers inside Stillwater city limits, the City of Stillwater established the Homebuyers Assistance Program (HBA). The Program provides financial assistance for down payment and/or closing costs to qualified Low to Moderate Income homebuyers, Low to Moderate Income homeowners for specific repairs, or Inside Stillwater First-Time homebuyers who are purchasing a home within Stillwater’s city limits.

1) Housing Assistance Criteria

- A. Housing acquired must be the purchaser’s principal residence for the period of affordability.
- B. Housing includes re-sale or newly constructed single-family houses, condominiums, or townhouses. Only manufactured homes that meet city code, are on a fixed permanent structure according to city code, and are located on land that is owned by the home owner are allowed.
- C. Housing purchased by a “lease purchase” (or like contract), where the homebuyer does not take title to the property until all contract agreements have been met, is not eligible for the HBA program.
- D. Housing must be located within the corporate limits of Stillwater, Oklahoma.
- E. The recipient(s) as shown on the mortgage, note, or deed shall maintain the house as their principal residence throughout the applicable period of affordability.
- F. The property being purchased must pass a “minimum housing quality standards” inspection (Section 8 criteria). The inspection shall be performed by either a qualified inspector licensed by the State of Oklahoma or by the appropriate Stillwater Housing Authority Staff, upon request.
- G. Property must be covered by flood insurance if determined to be located in the regulated Special Flood Hazard Area.
- H. The value of any property purchased with HBA funds may not exceed 95% of the median price for that type of property within Stillwater, Oklahoma.
- I. Mortgage interest rates will be determined by the lender based upon their criteria. Including front/back ratio, credit score and/or other means commonly used to determine an interest rate. Adjustable rate mortgages are not allowed.

2) Period of Affordability

- A. The period of affordability shall be seven (7) years from the date of closing on the property or from the date of Second Mortgage, whichever is applicable.
- B. HBA assistance shall be in the form of a forgivable seven (7) year loan guaranteed by a Second Mortgage for LMI first time homebuyer and first time in Stillwater homebuyer.
- C. HBA assistance shall be in the form of a forgivable seven (7) year loan secured by a Second Mortgage on the subject property for LMI specific repairs.
- D. The amount of the assistance will not exceed the demonstrated need based on the amount for down payment and/or closing costs or the program maximum of \$5,000. Filing fees of the HBA mortgage and of any subsequent release of HBA mortgage is at no cost to the recipient except when the HBA program is determined to have been violated or the full seven (7) year period of affordability is not completed.
- E. To ensure program compliance with the seven-year affordability period, principal residence certification will be performed by City staff annually no later than the anniversary date of assistance. The HBA recipient is required to certify their principal residency by completing a certification form and providing proof of residence. Failure of the HBA recipient to certify their principal residency at the home purchased or improved with the assistance of HBA funding will result in the assistance provided being immediately due and payable in full. Full repayment includes the addition of applicable release fees at Payne County, Oklahoma.
- F. Upon completion of the seven-year affordability period, the HBA assistance will be forgiven and the second mortgage released. Filing fees associated with full affordability period compliance are at no cost to the assistance recipient.

3) Recapture Provisions

- A. All recipients shall repay the entire amount of assistance when any of the following occur:
 - a. The recipient no longer resides at the property as their principal residence;
 - b. The property is sold;
 - c. The property is refinanced;
 - d. The property is assigned, in whole or in part, prior to the end of the seven year period of affordability;
 - e. The HBA policies or terms of the forgivable loan or the second mortgage are violated;
 - f. Inaccurate or fraudulent information is provided;
 - g. The property is rented or leased, in whole or in part, including short-term rental of the property.
- B. In the event repayment or recapture of funds is necessary due to the sale, refinance or assignment of all or any portion of the property prior to the end of the seven year period of affordability, the amount of funds to be repaid to the city is prorated after Year 4 as indicated in the table below.

Example of Prorated Amount Based on \$5,000 Assistance							
Home Purchase	4/6/2019	Prorated Amount Based on Completion of Annual HBA Compliance					
End of Year 1	4/6/2020	0					
End of Year 2	4/6/2021		0				
End of Year 3	4/6/2022			0			
End of Year 4	4/6/2023				0		
End of Year 5	4/6/2024					1250	
End of Year 6	4/6/2025						2500
End of Year 7	4/6/2026						5000

4) Applicant/Application Criteria

A. General Criteria for all Applicants

- a. Applications for assistance are provided by the City of Stillwater.
- b. All documentation required by the City must be provided with the full application package.
- c. Approved properties must close within 45 days of assistance approval to ensure funds available at time of closing.
- d. The Applicant’s obligations to the City must be current.
- e. All applicants shall attend an approved Homebuyer Education Class that meets the Oklahoma Homebuyer Education Association (OHEA) HUD required curriculum or the standardized curriculum offered by the City of Stillwater within 6 months prior to assistance being provided.
- f. All applicants shall attest to the accuracy and correctness of the application submitted to the City.
- g. All applicants shall provide permission for City staff to verify all pertinent information, including social security numbers and employment information.
- h. For Low to Moderate Income path assistance, the Applicant must submit all required information regarding the household composition and household income, including but not limited to: certification documents from an approved lender; proof of income from all family/household members 18 and older; number in family/household; dollar amount approved for a home; front and back ratios; credit score; and other documentation as deemed necessary by the lender. Documents from an approved lender must be dated within 30 days of submittal to the City for eligibility review.

B. Path 1. Low to Moderate Income Homebuyers

- a. Applicants must be qualified by lenders prior to submitting assistance application to the City.
- b. The annual gross income of the Applicant/s applying as low to moderate income households must not exceed the Annual LMI limits (80% of the median area income) for Payne County by family size as defined by the Oklahoma Housing Finance Agency (OHFA) Maximum Household limits at the time of the application for HBA funds.
 - i. The current earned income of all household members must be included in the income determination, with the exception of minors under the age of 18.
 - ii. Household size is determined by the number of persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated

persons who share living arrangements, per 24 CFR 570.3. If clarification of occupancy is deemed necessary, staff will request an affidavit or additional documentation.

- c. Once qualified by others, applicants shall submit the full package of qualifications to the City for assistance evaluation. Failure to submit the full package of qualifications will result in the application being returned.
- d. City staff will review the application package and determine appropriateness of this assistance path.
- e. If approved for HBA program assistance, City will coordinate with lender to process payment at time of closing on the property.
- f. Assistance is available to only those holding primary residence at the subject property. (ex: grandparents will not receive assistance to purchase a home for a grandchild)
- g. Fifty percent (50%) of the funds budgeted for the entire HBA program shall be utilized for assistance within this path.

C. Path 2: Low to Moderate Income Homeowners, Specific Repairs and Improvements

- a. Applicants must be qualified by lenders prior to submitting assistance application to the City.
- b. The annual gross income of the Applicant/s applying as low to moderate income households must not exceed the Annual LMI limits (80% of the median area income) for Payne County by family size as defined by the Oklahoma Housing Finance Agency (OHFA) Maximum Household limits at the time of the application for HBA funds.
 - i. The current earned income of all household members must be included in the income determination, with the exception of minors under the age of 18.
 - ii. Household size is determined by the number of persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements, per 24 CFR 570.3. If clarification of occupancy is deemed necessary, staff will request an affidavit or additional documentation.
- c. Once qualified, applicants shall submit the full package of qualifications to the City for assistance evaluation. Failure to submit the full package of qualifications will result in the application being returned.
- d. City staff will review the application package and determine appropriateness of this assistance path.
- e. Assistance shall be provided only for a property being occupied as the recipient's principal residence and only as compliant with the HBA program.
- f. Assistance is provided as a reimbursement for qualified work performed. All work must be inspected by the City prior to processing of reimbursement
- g. Fifty percent (50%) of the total cost for repairs may be provided up to a maximum of \$5,000.
- h. A detailed description of repairs must accompany each application for assistance.
- i. Assistance is to be used to achieve code compliance, handicap accessibility, energy efficiency, and major repairs such as roof replacement; new HVAC system; new flooring; full house exterior paint job; and hazardous tree removal. Other identified major repairs or special circumstances will be evaluated by program administrators for assistance appropriateness.

- j. Recipient shall submit all invoices and payment documentation to City to be reviewed for reimbursement.
 - k. Twenty-five percent (25%) of the funds budgeted for the entire HBA program shall be utilized for assistance within this path.
- D. Path 3: Purchase of First Home inside Stillwater City Limits
- a. City staff will review the application package and determine appropriateness of this assistance path.
 - b. If approved for HBA program assistance, City will coordinate with lender to process payment at time of closing on the property.
 - c. Assistance is available to only those holding primary residence at the subject property. (ex: grandparents will not receive assistance to purchase a home for a grandchild)
 - d. Twenty-five percent (25%) of the funds budgeted for the entire HBA program shall be utilized for assistance within this path.
 - e. Assistance will not be provided for the purchase of any property valued above \$250,000.
- E. Application packages must be re-submitted with verified, current information if more than six months has passed since initially submittal to the City.
- F. City employees are eligible to participate in this program. The employee's application will be evaluated for assistance by a committee of three persons designated by the City Manager's Office.

5) Miscellaneous Provisions

- A. The applicable federal, state or local conflict of interest provisions shall be adhered to by City staff designated to administer the HBA Program.
- B. Upon approval of the HBA Program policy, administrative procedures and forms will be prepared and implemented to administer the program to assure compliance with the applicable federal, state and local policies.
- C. City staff will annually review the properties offered for sale within Stillwater.
- D. Oklahoma Housing Finance Agency's (OHFA) income limits will be reviewed annually by the City for any adjustments needed to this program.
- E. Assistance is provided on a first-come, first-serve basis, subject to funding availability.
- F. All applications received will be date stamped upon receipt of a full application package.