

**COUNCIL ACTION FORM**

**SUBJECT: LENDER AGREEMENT FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) HOMEBUYER ASSISTANCE HOUSING PROGRAM**

**BACKGROUND:**

As part of the 2013-14 CDBG Action Plan Program Activities, a Homebuyer Assistance Program is outlined for implementation. The primary objective of this program is to provide down payment and closing cost assistance to low- and moderate-income first-time homebuyers. A secondary objective is to sell properties that have been purchased and repaired by the City under the CDBG Acquisition/Reuse Program.

The down payment assistance is in the form of a 2% low interest rate loan repaid over a 12-year period in an amount not to exceed \$10,000, and the closing cost assistance is in the form of a \$2,500 grant. The program targets first-time homebuyers with incomes at or below 80% of the Story County median income limits. For example, for a household size of four, the maximum gross annual income may be \$59,900.

Staff has been searching for an additional partnership with a local lender that is familiar with the Iowa Finance Authority's Homebuyer Assistance Fund mortgage product (IFA-HAF). This product provides less stringent underwriting guidelines for low and moderate-income households and works collaboratively with our CDBG Homebuyer Assistance Program guidelines. Creating a partnership with VisionBank will assist us in accomplishing our program goals to assist low and moderate-income first-time homebuyers in purchasing a home.

**A major highlight of the financial agreement is that the participating lender will be responsible for verifying income and other eligibility requirements of the IFA product. This will greatly reduce staff workload and allow more time to be devoted to marketing and conducting homebuyer education seminars.** A copy of the agreement is attached.

**ALTERNATIVES:**

1. The City Council can approve the agreement for financial participation with VisionBank in connection with the City's CDBG Homebuyer Assistance Program.
2. The City Council can direct staff to pursue other avenues to identify lenders who are able and willing to assist with this program.

**CITY MANAGER'S RECOMMENDED ACTION:**

Establishing a partnership with a financial institution is an important element in providing a first mortgage product that will enable low and moderate-income households to become successful first-time home buyers. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as outlined above.

**CITY OF AMES  
AGREEMENT FOR FINANCIAL PARTICIPATION  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)  
HOMEBUYER ASSISTANCE PROGRAM**

**THIS AGREEMENT**, made and entered into between **VISIONBANK**, (hereinafter called “financial institution”), and **CITY OF AMES** (hereinafter called City),

**W I T N E S S E T H:**

**WHEREAS**, the City has adopted a policy of assisting in the purchase of single family housing by providing down payment and closing cost assistance to make homeownership affordable to families of low and moderate income; and,

**WHEREAS**, as a part of said policy the City has undertaken to secure the commitment of the financial institution to make purchase money home loans to the buyers of said homes; and,

**WHEREAS**, the financial institution is willing to make said loans;

**NOW, THEREFORE**, the parties hereto have agreed and do agree as follows:

1. The financial institution shall make home purchase loans to buyers who have been determined to meet the City program guidelines, and whom the financial institution determines to be qualified for a loan in accordance with the underwriting guidelines established by this Agreement, for purchase of a home pursuant to the CDBG Homebuyer Assistance Program.
2. The tasks of receiving and processing loan applications shall be performed by the financial institution.
3. The financial institution shall make said loans in accordance with Appendix A attached.
4. The financial institution shall, without prior notice and during regular business hours, permit the City, the Department of Housing and Urban Development (HUD) or its representatives, to examine, audit and/or copy (i) any plans and work details pertaining to the said program, (ii) all of the financial institution’s books, records and accounts pertaining to said program, and (iii) all other documentation or materials related to this agreement. The financial institution shall provide proper facilities for making such examination and/or inspection.
5. The financial institution shall comply with the provisions of 24 CFR 92.350 concerning Equal Opportunity and Fair Housing provisions of Federal Law. The financial institution shall comply with the provisions of federal, state, and local law and regulations to insure that no employee or applicant for employment is discriminated against because of race, religion, color, age, sex, national origin, or disability.
6. The financial institution certifies, to the best of his or her knowledge and belief, that:

- a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the financial institution, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee, or an employee of a member of Congress.
- b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee, or an employee of a member of Congress in connection with the Federal contract, grant, loan or cooperative agreement, the financial institution shall complete and submit Standard Form LLL, "Disclosure Form to Report Federal Lobbying" in accordance with its instruction.
- c. The financial institution shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. This certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

- 7. If a financial institution fails to comply with the terms of this Agreement, the City may, by thirty-(30) days written notice to the financial institution, terminate this Agreement. After such notice, the financial institution shall discontinue all program administration or participation on the effective date of the termination, and on the effective date deliver to the City all program files, accounts and data that may have been accumulated.

**VISIONBANK**

**CITY OF AMES, IOWA**

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**Dan Boes, Vice President  
Mortgage Lending**

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**Ann H. Campbell, Mayor**