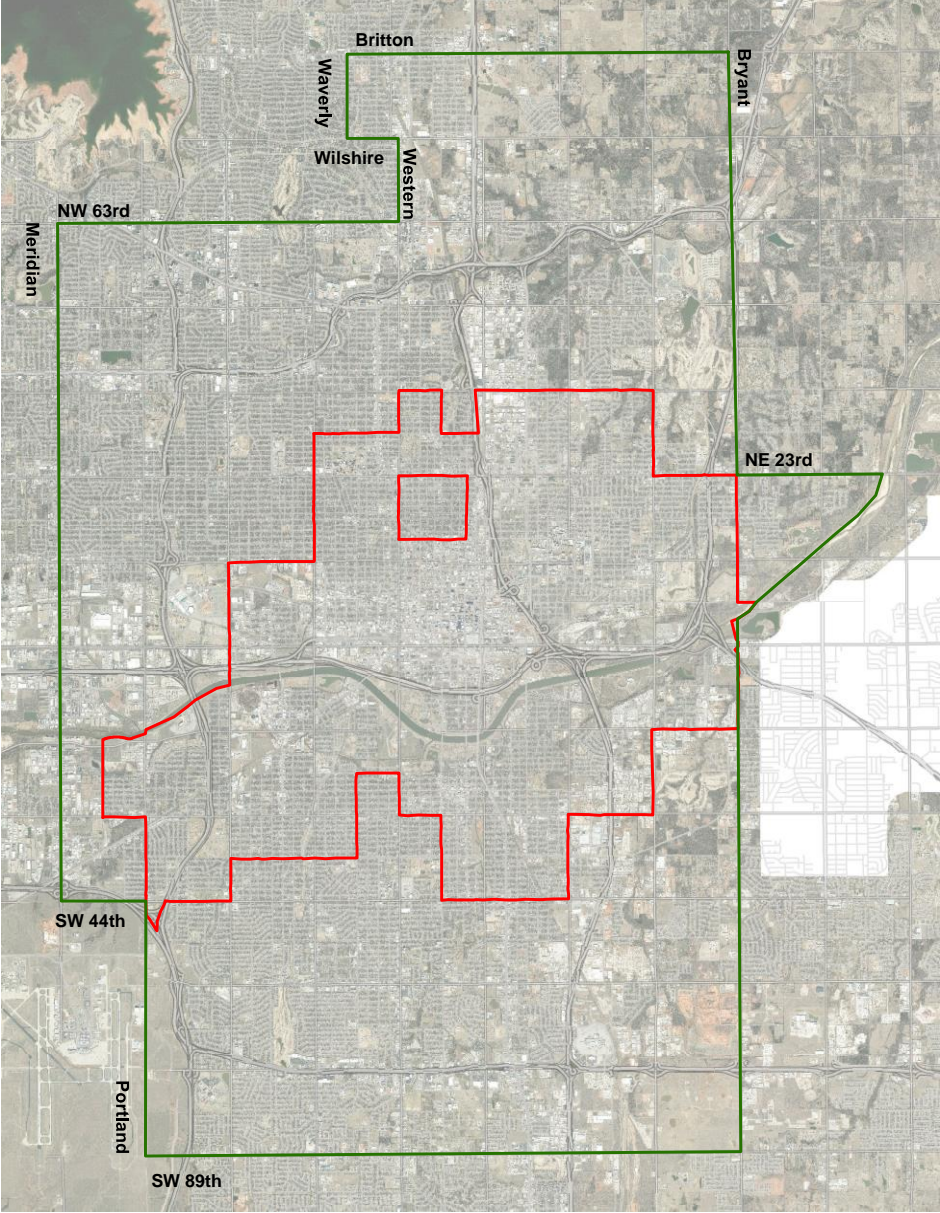


**OKLAHOMA CITY DOWN PAYMENT ASSISTANCE (DPA)  
PROGRAM GUIDELINES  
Exhibit 1**



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**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. Affordability period shall be for 5 years, commencing 60 days from closing date, with assistance in the form of a forgivable loan. *Effective December 1, 2020* the affordability period will increase from 5 years to seven years and 60 days, prorated 1/84<sup>th</sup> per month, secured by a Homebuyer Agreement Deferred Note & Mortgage in favor of The City, which shall be filed of record. A stand-alone Homebuyer Agreement, also effective December 1, 2020 will 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.
3. All marketing activities shall clearly promote the program as City of Oklahoma City DPA programs and prominently give credit to The City and HUD for the provision of funds. Any marketing or informational materials will display The City, HUD, and the Equal Housing Opportunity logos.
4. 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 a FHA loan. Liquid assets more than \$15,000 must go towards the purchase of the home, as practicable.
5. 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.
6. Subordination requests may be approved if the refinancing clearly shows significant benefits such as a lower interest rate, shorter term, and provided there is no cash to borrower from equity, and The City remains in the same or better 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 OKC market.
7. All DPA recipients must attend a Home Buyer Education class and provide a Certificate of Completion prior to assistance.
8. No sub-prime loans 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
  - Yield Spread Premiums
  - Mandatory Arbitration
  - Steering
  - High Fees
  - Flipping
9. All clients receiving DPA must secure a 1<sup>st</sup> mortgage with a “fixed” interest rate (No Adjustable Rate Mortgages, Interest Only Payment Mortgages, Negative Amortizing Mortgages, Prepayment Penalties, Mandatory Arbitration, or 1<sup>st</sup> Mortgages with a term greater than 30 years are allowed) 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 a seller’s expense.
10. The property insurance, held by the owner, must list The City as a lien holder during the “period of affordability”.

11. Transaction must comply with regulations for the Home Investment Partnerships Program contained in 24 CFR Part 92, as amended and as may be applicable.
12. 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 tax rolls, and permanently affixed to a foundation with the transporting chassis removed.
13. The purchase price may not exceed 95% of median sales for OKC for existing housing and new construction housing as published by HUD annually.
14. DPA is prohibited for properties located within FEMA designated 100-year Flood Zones and flood ways.
15. Each DPA transaction will be underwritten to 90% LTV with no LTV >95%. Front-end ratio must be less than 31% and the back-end ratio no greater than 43% without compensating factors.
16. A detailed budget including all debt, proposed PITI and household expenses must show the home purchase is sustainable, to include two months principal, interest, taxes, insurance – PITI in reserve.
17. Homes sold to low-moderate income households by non-profit affordable housing providers will be funded the same as target area properties within the overall DPA boundaries.

**Commented [VCR1]:** Unclear-- What point is this trying to make?

**Commented [STL2R1]:** That we allow non-profit affordable housing providers to draw funds from the providers "inside target area" for these homebuyers. It was added because we don't always have funds in the outside category and wanted to promote non-profits building/rehabbing affordable housing if it is in the overall boundaries.

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**1.3 – Eligible Closing Costs**

Items payable in connection with loan

801	Loan Origination Fee-no more than $\leq$ 1% of principal (+\$200 on loans $\leq$ \$80,000)
803	Appraisal Report
804	Credit Report
809	Flood Certification Fee – Must show property is not in 100 yr flood zone

Items Required By Lender to be Paid in Advance

901	Interest from ____ to ____ Days
902	Mortgage Insurance Premium
903	Hazard Insurance Premium

Reserves Deposited With Lender

1001	Hazard Insurance
1002	Mortgage Insurance (buyer may bring additional funds to avoid mortgage insurance)
1003	County Property Taxes

Title Charges

1101	½ Settlement/Closing Fee
1102	Abstract or Title Search – must be a seller's expense – no assistance applied
1103	Title Examination
1104	Document Preparation Fee
1105	Notary Fee
1106	Title Insurance

Government Recording and Transfer Charges

1201	Recording Fees Deed/Mortgage Releases
1202	City/County Tax/Stamp Deed/Mortgage
1203	State Tax/stamp
1204	Mortgage Certificate/Documentary stamp

Additional Settlement Charges

1301	Property Survey – Pin Surveys fees are capped
1302	Pest Inspection
1303	Home Inspection
1304	Home Service Warranty (from buyers' contribution)

**NOTE: Fees must be reasonable and customary for the area.**

**Other Borrower paid costs are not automatically approved but will be reviewed on a case-by-case basis.**