The City of
MIDWEST CITY
GRANTS MANAGEMENT DEPARTMENT
Terri L. Craft, Grants Manager

MIDWEST CITY
Original Mile Homebuyer Assistance Program

Grant Amount: $5,000.00

The Homebuyer Assistance Program promotes homeownership opportunities for income-eligible homebuyers who purchase homes in the area designated as the Original Mile of Midwest City. The program pays $5000.00 towards closing costs, down payment, and principal reduction for homes purchased in this area. The City of Midwest City is offering this program in an effort to encourage an increase in home ownership opportunities for income-eligible residents and to provide a tool to assist in neighborhood revitalization for the area.

The Original Mile Homebuyer Assistance Program is funded through the MWC Community Improvement Grant and is administered by Midwest City’s Grants Management Department, 100 N Midwest Boulevard, Midwest City, Oklahoma. Phone: 405/739-1221. The Original Mile Homebuyer Assistance Program is funded with $50,000.00, and the program will begin on or about July 1, 2019, and will end when funds are expended or June 30, 2020.

The City of Midwest City reserves the right to suspend the Original Mile Homebuyer Assistance Program at any time. The program will end when funds have been expended. Application to the program does not guarantee funds. Technical eligibility with the guidelines and standards of the program does not guarantee award of a grant. Assistance provided by the program is available to any person meeting the qualification standards without regard to race, color, religion, sex, national origin, handicap, or familial status.

- All grants are available for homebuyers purchasing in the Original Mile (defined below)
- Homebuyer education is a requirement of the program (defined below)
- Applications must be submitted in full/determined eligible a minimum of 3 weeks before closing
- Annual Gross Household Income for applicants must not exceed the following:

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<tr>
<td>Income</td>
<td>$62,000</td>
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<td>$109,800</td>
<td>$116,900</td>
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Effective: 7/1/19
120% FY19 MFI
Eligible Homebuyers

A. Applicant(s) must be 18 years of age.

B. Applicant(s) must agree to reside in the property as their primary residence for five (5) years.

C. Applicant(s) must not exceed annual gross household income as required by the program. Applicant income is calculated by taking their current gross income and projecting that income forward 12 months in accordance with 24 CFR 5.609 more commonly known as the “Part 5” annual income calculations.

D. Applicant(s) must be approved for and obtain a first mortgage loan by an approved FHA, VA, Freddie Mac, Fannie Mae, or Oklahoma licensed mortgage lender. A mortgage assumption is not considered a first mortgage. Loan terms secured by housing under this program shall be considered reasonable in the local primary lending trade. The interest rate for the mortgage must be reasonable and customary. Adjustable rate mortgages are not approved for this program. Mortgage fees such as loan processing fees, loan servicing fees, and/or underwriting fees must not exceed $1,000 total.

E. Applicant(s) shall provide a portion of down payment/closing costs from their personal funds as follows: A minimum of $500.00 or 1.5% of sales contract price, whichever is greater.

F. Affordability. Monthly house payment (principal, interest, taxes, insurance) shall not exceed 35% of the household monthly gross income. Applicant’s total debt shall not exceed 50% of the household monthly gross income.

G. Applicant(s) may not have an ownership interest in any other residential investment real estate.

H. Certain students are excluded from participating in the program in accordance with the HOME investment partnership act student rule. Applicant(s) that are attending an institute of higher education must meet one of the following exceptions in order to be eligible: Be over the age of 23, a US military veteran, married, have dependent children, have a disability, or have parents who, individually or jointly, are eligible on the basis of income.

I. Applicant(s) who are awarded a grant shall not be eligible for any other Midwest City grant assistance in excess of $4500.00 for a 1-year period.

Eligible Properties

Property must be located in the area designated as the original mile of Midwest City. The Original Mile is defined as the area of Midwest City, located between Air Depot Blvd and Midwest Blvd by the east and west and 15th Street and 29th Street to the North and South. The Original Mile is part of a city revitalization plan and is designated by street markers. Property must be a
single-family dwelling or condominium. For-sale property shall be vacant or owner occupied. For-sale property shall **not** be tenant occupied. If for-sale property is rental property or has been occupied by anyone other than the owner, property must be vacant for 90 consecutive days prior to the date of the signed sales contract. A property is not eligible if the owner/seller caused displacement of any tenant from the property in order to sell the property with assistance of the Original Mile Homebuyer Assistance Program. **Exception:** Property may be tenant occupied if tenant is purchaser and has occupied property for 90 days prior to date of signed sales contract. Properties located in a floodplain are not program eligible. All properties shall meet property maintenance requirements (as determined by a conducted inspection) and appraisal requirements prior to closing.

**Deferred Loan (Grant)**

The program provides a grant, in the form of a deferred loan, for downpayment and reasonable closing costs. The deferred loan shall not exceed $5000.00. A lien or second mortgage will be placed upon the property for five years and will be released, provided the owner(s) maintain and occupy the property as their primary residence and do not rent or sell the property within five (5) years. If the property is sold or rented within the 5-year period, the owner shall return all the financial assistance received. The program will allow for loan subordinations for the purpose of refinancing to a lower percentage rate or shorter loan term only. The five year affordability period shall begin at the time of the home closing.

**Eligible Closing Costs**

Program funds may be used for costs associated with the purchase of an eligible home. Program assistance must be used in the following order: 1) downpayment, 2) closing costs, 3) prepaid items, and 4) principal reduction as reflected on the closing statement. *No funds may be returned to the purchaser at closing, therefore any funds due to buyer at closing will be rolled into principal reduction.* Eligible closing costs may include: loan application fee, loan origination fee, loan discount fee, credit report, appraisal, survey, prepaid deposits, settlement or closing fee, title charges, recording fees, pest inspection, property condition inspection. **Costs such as loan processing fees, loan servicing fees, and /or underwriting fees must not exceed $1,000 total.** Program funds shall not be used for realtor’s commission. If there are questions about eligible closing costs, contact the Grants Management Department at 739-1221.

**Closing Company**

The closing must be held at a closing / title company located in Midwest City. For a list of eligible closing companies, please contact the Grants Management Department at 739-1221. Closings must be coordinated with the closing company in advance. If there is a change of closing company during the process the Grants office must be notified as soon as possible. The check on behalf of the buyer will be made out to the closing on the buyers behalf not funds will be provided directly to the buyer.
Types of Income

For the purposes of the Homebuyer Assistance Program, the income of the applicant(s) must include the following (All income figures are based on gross, pre-tax, amounts):  

- The earnings of the applicant(s) and all household members age 18 or over. Earnings are defined as all wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services (before any payroll deductions).

- Net income from the operation of a business or profession. Self-employed applicant(s) must provide profit loss statement for prior year, signed individual federal income tax returns, including all applicable schedules, for the most current two years.

- Interest, dividends, and other net income of any kind from real or personal property. Income from alimony, child support, separation maintenance payments or public assistance which is likely to be consistently received by the applicant(s).

- All gross periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts.

Income from some sources is not required to be disclosed by the applicant(s) for the purpose of loan underwriting but must be included as income for the purposes of determining if the applicant(s) is eligible for the Original Mile Homebuyer Assistance Program. The amount of income listed on the Original Mile Homebuyer Assistance Program application may not match the amount of income on the lender’s Uniform Residential Loan Application.

Homebuyer Education - Required

The applicant must complete a homebuyer education workshop. The workshop serves to educate and protect homebuyers and helps overcome barriers to homeownership. Workshops are conducted by various agencies throughout the metro area. The applicant must contact the provider, enroll in a scheduled workshop and provide a certificate of completion. A list of available workshops is available in the Grants Management Office. If you chose to attend a workshop that requires a fee (free options are available), the amount paid will be counted towards your 1.5% required contribution.
Procedures

Homebuyers must allow a **minimum** of 3 weeks between program application and closing date. Closing dates taking place earlier than 3 weeks may not be met and could result in a breach of your purchase contract.

A. The application is not a guarantee of funding or award of grant. The offer to purchase or the purchase agreement should be contingent upon the availability and commitment of funds by the Original Mile Homebuyer Assistance Program.

B. Application for the Homebuyer Assistance Program must be made in person **by appointment** at the Grants Management Office, 2nd floor of City Hall, 100 N Midwest Boulevard, Midwest City, Oklahoma. Phone: 405/739-1221. Documents may be emailed/faxed to the Grants office in advance for review however this **does not** count as submitting an application.

C. At the time of application, the homebuyer **must** have an **accepted** sales contract and **must** have made their initial mortgage loan application.

D. Only complete applications will be reviewed for eligibility.

**Complete applications include:**

- Signed application for all pertinent information
- Income documentation:
  - Income questionnaire
  - three months minimum consecutive pay stubs
  - previous year’s income tax return
  - other applicable income documentation
- Signed/executed sales contract
- Lender loan application (1003 – Uniform Residential Loan Application)
- Lender disclosure of estimated closing costs
- Completed Banking Verification form for all checking & savings accounts

E. The Grants Management staff will review the completed application and determine eligibility of applicant(s). The Grants Management staff will obtain affidavits of compliance with the Homebuyer Assistance Program. The Grants Management Department will issue notice of eligibility.

F. Each application deemed eligible will undergo underwriting to ensure the subsidy being received is appropriate. Supervisory staff must review the underwriting and grant approval before closing.

G. **A Property Maintenance inspection is required.** The property must meet Midwest City’s property maintenance code (IPMC 2015). A Midwest City property maintenance inspector will contact the listing realtor/seller to schedule an inspection. The listing realtor/seller and buyer should be present for the inspection. The listing realtor/seller will be notified of any deficiencies.
Re-inspection will occur after repairs have been made. **Closing cannot take place until the property meets code.**

H. Upon loan approval, the lender/settlement agent shall provide a copy of the Closing Disclosures and settlement statement to the Grants Management Department. **The closing must be coordinated with the availability of funds through Midwest City’s purchase order system.**

I. The homebuyer, mortgage lender, and settlement agent will be notified by the Grants Management Department that a check will be disbursed. The check will be issued to the settlement agent. **It is VITAL that the Grants Management Department be notified of any changes made in the closing (dates, company, location etc.)**

J. At closing, the homebuyer will execute the Deferred Loan/ Homebuyer Assistance Lien, of which the homebuyer will receive a copy of in advance to review and ask questions before signing.

K. After closing and upon availability of documents, the settlement agent will convey a copy of the recorded deed and deferred loan/lien to the Grants Management Department, City of Midwest City, 100 N Midwest Boulevard, Midwest City, OK  73110.

**For information, contact the Grants Management Department, City of Midwest City, 100 N Midwest Boulevard, Midwest City, OK  73110. Phone: (405) 739-1221 or by email at aestephenson@midwestcityok.org.**