

## **MIDWEST CITY Homebuyer Assistance Program**

### **\* Program Changes Effective 8/14/2025\***

**Please read through this program summary carefully as there are several changes to the program**

The Homebuyer Assistance Program promotes homeownership opportunities for income-eligible first-time home buyers who purchase homes in Midwest City. The program pays up to \$7,500.00 towards closing costs, down payment, and principal reduction. The City of Midwest City is offering this program in an effort to encourage an increase in home ownership opportunities for low-income residents and to provide a tool to assist in neighborhood revitalization.

The Homebuyer Assistance Program is funded by Oklahoma Housing Finance Agency (OHFA) through the HOME Investment Partnerships (HOME) Program and is administered by Midwest City's Grants Management Department, 100 N Midwest Boulevard, Midwest City, Oklahoma. Phone: 405/739-1221. The Homebuyer Assistance Program is funded with \$ 200,000.00 in HOME funds, and the program will begin on or about October 1, 2023, and will end when funds are expended or March 31, 2026.

**The City of Midwest City reserves the right to suspend the 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 first-time homebuyers (defined pg. 2)
- Applications can now be made before a contract to purchase has been signed, however the buyer **MUST** be pre-approved with a mortgage lender and actively working with a realtor to find a property. This is encouraged as additional disclosure documents will need to be included with the purchase contract.
- HUD Certified Homebuyer Education and Housing Counseling is a requirement of the program (defined pg. 4). This needs to be completed a minimum of 15 days before closing. Not having this completed in a timely manner can cause a delay in closing.
- Program Applications must be submitted in full a minimum of 4 weeks before closing



- Annual Gross Household Income for applicants must not exceed the following:

Fam Size	1	2	3	4	5	6	7	8
Income	\$54,750	\$62,550	\$70,350	\$78,150	\$84,450	\$90,700	\$96,950	\$103,200

(Effective 06/01/25)

**\*Income limits subject to change once HUD releases new annual guidelines**

### 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. This period is termed the “Affordability Period” and is set by the closing of the file in OHFA’s federal financial system not the closing of the property purchased.
- C. Applicants must be first-time homebuyers. The term first-time homebuyer means an individual or an individual and his/her spouse who have not owned a home during the 3-year period prior to purchase of a home with assistance from this program. The term first-time homebuyer includes an individual who is a displaced homemaker or a single parent. The term “displaced homemaker” means an individual who is an adult, has not worked full-time in the labor force for a number of years, and is unemployed or underemployed. The term “single parent” means an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody. No non-occupying co-signors will be permitted.
- D. Applicant(s) must not exceed annual gross household income as required by the program. Household income is figured by taking the current **gross** (before taxes and deductions) income of **all household members** and projecting that income forward 12 months in accordance with 24 CFR 5.609 more commonly known as the “Part 5” annual income calculations. The household income will be calculated/ utilized regardless of who is on the mortgage.
- E. 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. Additional mortgage requirements are addressed on page 3 under Mortgage Requirements.
- F. Applicant(s) shall provide a portion of down payment/closing costs from their personal funds as follows: A minimum of \$1,000.00 or 1.5% of sales contract price, whichever is greater. Any out-of-pocket expenses will count towards this portion, i.e. earnest money, appraisal fees, inspection fees etc.
- G. Affordability. Monthly house payment (principal, interest, taxes, insurance) shall not exceed 35% but must not be less than 15% of the household monthly gross income. Applicant’s total debt shall not exceed 45% of the household monthly gross income.
- H. Applicant(s) may not have an ownership interest in any other residential real estate.



I. 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 are a dependent of a household member in the unit.

J. Applicant(s) who are awarded a grant shall not be eligible for any other Midwest City grant assistance for a 1-year period.

### Eligible Properties

Property must be a single-family dwelling, townhouse or condominium in Midwest City, Oklahoma. 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 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. A disclosure to the seller addressing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) must be signed by the seller. The purchase price of the property cannot exceed 95% of the area median purchase price, for this funding cycle the purchase price may not exceed \$209,000. Properties located in a floodplain are not program eligible. **All properties shall meet NSPIRE requirements and appraisal requirements prior to closing.** An initial NSPIRE inspection will take place a minimum of 15days before closing. The inspection will be arranged by the grants office and there will be no charge to the buyer or seller. **Any item failed upon inspection must be corrected and re-inspected before 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 \$7,500.00. 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 a portion of the financial assistance received to OHFA. The amount is pro-rated.** If sold the pro-rated amount of direct subsidy due back will be paid out of the net proceeds at closing. The program will allow for loan subordinations for the purpose of refinancing to a lower percentage rate or shorter loan term only. No cash-out of the home's equity or increase in the loan amount will be allowed. All refinancing loans wishing to be subordinated must be reviewed and underwritten to determine compliance. The five-year affordability period does not begin until the activity has been closed out by the funding source not at the time of the home closing.

### Mortgage Requirements

Lenders are not required to be "registered" or "approved" with the program in advance. Once the buyer has made application a Lender Notification will be sent to the lender outlining the following



mortgage requirements. Loan must be a “qualified mortgage” under the requirements of the Consumer Financial Protection Bureau (CFPB) outlined at 12 CFR 1026.43(e). Interest rates must be competitive and must not be HPML. Rates must be: No more than 2% above the Freddie Mac Primary Mortgage Market Survey index or no more than 1% above the Average Prime Offer Rate whichever is less. The loan should be fixed rate with no balloon riders, negative amortization, or interest only periods. The mortgage term should be 30 years. If the applicant wishes to have a shorter loan term it must be approved by OHFA in advance. The loan product used must allow LTV ratios of at least 95%. All origination fees listed under Section A. Origination Charges on the CD charged to the buyer, including points, cannot exceed \$1,500.00

### 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 buyer 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. **Origination costs such as loan processing fees, loan servicing fees, and /or underwriting fees must not exceed \$1,500 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 should if possible be held at a closing / title company located in Midwest City. Grant funds will be issued directly to the closing company on the buyer’s behalf. **If the title company changes for any reason during the process, the Grants Office must be notified immediately. The change of the title company may result in a delayed closing.** Please contact the Grants Management Department at 739-1221. A closing packet including the grant documents that will be executed at closing as well as the check to the title company will need to be picked up from the grants office prior to closing but not until a release of funds has been obtained from OHFA. Please coordinate this pickup with the Grants Office.

### Types of Income

For the purposes of the Homebuyer Assistance Program, the income of the applicant(s) household must include but are not limited to 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 and bonuses, and other compensation for personal services (before any payroll deductions).
- Net income from the operation of a business or profession. Self-employed applicants 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 (regardless of age), annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts. This will include un-earned income from minor household members.

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) household is eligible for the Homebuyer Assistance Program. The amount of income listed on the Homebuyer Assistance Program application may not match the amount of income on the lender's Uniform Residential Loan Application.

### **Homebuyer Education and Housing Counseling – Required a minimum 15 days before closing**

The applicant must complete a homebuyer education workshop and receive one-on-one housing counseling through Neighborhood Housing Services Oklahoma (NHS), a HUD Certified housing counseling agency. The workshop and counseling serve to educate and protect home buyers and helps overcome barriers to homeownership. The applicant must contact the provider, enroll in a scheduled workshop and arrange for counseling sessions. You need to provide a certificate of completion before the property closing. Applicant will need to allow time to complete this process, as it is a federal requirement of the grant funding. This must be completed a minimum of 15 days before closing. **Do not wait to schedule this workshop/ counseling. Failing to complete this step within the required time frame will delay closing.** There will be no fee to the homebuyer for either the counseling or homebuyer workshop as long as they go through NHS. If the buyer chooses to utilize another agency for housing counseling and homebuyer education workshop they must be HUD certified and will be at their own expense.

### **Application Process**

**Homebuyers should apply in advance of signing a purchase contract. Buyers must allow a minimum of 4 weeks between program application and closing date. Closing dates taking place earlier than 4 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 Homebuyer Assistance Program.



B. Applications may be submitted via email, fax or in person (by appointment) at the Grants Management Office, 2<sup>nd</sup> floor of City Hall, 100 N Midwest Boulevard, Midwest City, Oklahoma. Phone: 405/739-1221.

C. Applications will be reviewed for eligibility. Documents to be included with applications are as follows:

- 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 (if already under contract)
- Lender loan application (1003 – Uniform Residential Loan Application)
- Lender disclosure of estimated closing costs
- 2 months of bank statements for all checking & savings accounts
- Student Status Affidavit (whether you are a student or not)
- Homebuyer Education/ Counseling Disclosure
- URA Disclosure to Seller

D. 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.

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

F. A separate NSPIRE property inspection is required. The property must meet the HUD required NSPIRE inspection. A Midwest City Grants Management Staff member will contact the listing realtor/seller to schedule the inspection a minimum of 15 days before closing. The listing realtor/seller will be notified of any deficiencies. Re-inspection will occur after all repairs have been made. The city will cover the cost of this inspection. Closing cannot take place until any failed items have been corrected and re-inspected.

G. Midwest City Grants staff will complete an environmental review, in accordance with 24 CFR Part 58.34(a) and 58.35(b) that will be submitted to OHFA. Properties located in the floodplain will not be allowed. Properties located in the Tinker Air Force Base Accident Potential Zone (APZI & APZII) will require an additional disclosure.

H. Upon loan approval, the lender/settlement agent shall provide a copy of the Closing Disclosures (CD) to the Grants Management Department. **The CD must be received and presented to OHFA for approval before grant funds can be released to closing.** 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. **If the closing company is changed for any reason during the process, the Grants Management office needs to be notified immediately to avoid delays in closing.**

J. At closing, the homebuyer will execute a Homebuyer Forgivable Loan, Homebuyer Mortgage, and a Homebuyer Written Agreement that will be between the buyer and OHFA. All of which the homebuyer will receive copies 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](mailto:aestephenson@midwestcityok.org).**

