



**CITY OF BLUE SPRINGS
FIRST TIME HOME BUYER PROGRAM
(Program Year 2017-2018)**

PROGRAM INFORMATION

Program Description

This program is a collaborative effort between the City of Blue Springs and area mortgage lenders to bring home ownership within reach of low-moderate income households who are first time home buyers by providing Community Development Block Grant (CDBG) funds through the Department of Housing and Urban Development (HUD).

Private Participation

The City enters into a Memorandum of Understanding with various lenders to partner in the First Time Home Buyers Program. Lending institutions provide mortgage loans to individuals and households who are qualified borrowers. Refer to the List of Participating Lenders that currently have a Memorandum of Understanding with the City (separate document).

Public Participation

The City provides funds not to exceed \$3,000.00 for qualified individuals and households with an annual combined income at 80% of less than the median income adjusted for household size as determined by HUD for Jackson County/Kansas City Metropolitan Area (See income limits on page 5), to be disbursed as follows:

1. Down Payment Assistance

The City will fund a portion of the down payment (not to exceed 50% of the required down payment) of the purchase price of the home (not to exceed \$3,000); and/or

2. Closing Costs Assistance

The City will fund reasonable closing costs normally associated with the purchase of a home (not to exceed \$3,000); and/or

3. Combination of 1 and 2

Total not to exceed \$3,000.

The grant amount is paid directly to the mortgage lender or the title company in care of the applicant's name at closing. Only qualified borrowers who are purchasing a residential housing unit within the city limits of Blue Springs are eligible for the program (please note that some residences have Blue Springs postal service addresses but are located outside of the city limits – these residents are ineligible). The residential unit must be the borrower's primary residence.

APPLICATION AND APPROVAL PROCEDURES

The Buyer:

- Obtains the program information packet and the application packet from the Community Development Department at City Hall (903 W. Main St.) OR print the application online at www.bluespringsgov.com and complete all required forms.
- Additional information to be attached to the application include: a copy of the previous year's tax return for each household member with sources of income (total income of all members cannot exceed the income limits on page 5).
- The applicant must provide certification that they are a first time home buyer according to the definition on page 5.
- The application must complete and submit the Applicant's Confidential Information form in the First Time Home Buyers application, pursuant to 24 CFR 570.506(g)(2).
- Submit a copy of the Pre-Approval/Commitment Letter from a participating lender.
- Submit the fully completed application form and attachments to the Community Development Department at City Hall.

A completed application must include the following:

- Completed and signed checklist
- Income eligibility form, with supporting income documentation
- Completed grant agreement
- Certificate of First Time Home Buyer
- Applicant Confidential Information form
- Pre-Approval/Commitment Letter
- Closing Statement Letter showing breakdown of proposed grant expenditure
- Memorandum of Understanding from the Buyer's lender

The Buyer must provide on the application form the current mailing address, telephone number, and other contact information as required. The completed application must be signed. **Failure to provide any above information will constitute an incomplete application and will not be processed until all materials have been submitted. Applications will be reviewed for completeness on a first-come/first-served basis.**

There is a limited amount of applications that can be processed during the program year based on funding availability.

The application is completed when the Buyer finds an owner-occupied housing unit (detached single-family, or a unit within a duplex, or multi-unit building – i.e. townhouse or condominium). **If the residential structure was constructed before 1978, a lead-based paint inspection for deteriorated paint must be conducted. Please refer to the Lead-Based Paint Requirements and Procedures on page 4 for additional information.**

The Buyer has three (3) months from the time of application approval to close on a home. If closing does not occur during the three-month period, the Buyer forfeits the reserved funds. Funds will be released for other home buyer applications. A current Pre-Approval/Commitment Letter shall be on file at all times with the City during the three-month period.

The Buyer shall coordinate with either the Realtor or Lender and provide the "Seller's Disclosure" form to City staff. The "Seller's Disclosure" form must be completed and notarized. The property must be occupied by the owner or must have been vacant for over 90 days before the date of

Grant Approval to ensure no displacement of tenant has occurred. **The Seller's Disclosure form must be completed prior to closing on the property.**

The Lender:

- The Lender must executed a Memorandum of Understanding with the City to become a Participating Lender for the program. If a Memorandum of Understanding has not been executed, the Lender may obtain a copy of the form at the Community Development Department or print the form online at www.bluespringsgov.com.
- The Lender qualifies the Buyer for a mortgage according to standard lending practices.
- The Lenders provides the Buyer with a Pre-Approval/Commitment Letter for the application.
- The following forms are required from the Lender for the Buyer's application:
 - Closing Statement detailing the breakdown of funds requested
 - Name and address of the Title Company that will perform the closing

The approval process will take a minimum of fifteen (15) business days after the paperwork is accepted by the City. This time frame starts on the date that staff receives all required completed paperwork, and ends on the date the payment is available. Delays in receiving required paperwork, or correcting incomplete or incorrect paperwork will extend the fifteen (15) business day period. This time frame should be considered when scheduling closing dates.

Payment of the First Time Home Buyer Program is made directly to the Title Company that will perform the closing.

City Staff:

- After receiving the completed paperwork, staff will:
 - Verify that the house was constructed in 1978 or after OR that the house passed the required lead-based paint inspection.
 - Verify that the house is located within the city limits of Blue Springs.
- After grant approval, funds will be reserved for the property until closing, or for six (6) months, whichever occurs first; contingent upon the Buyer maintaining a current Pre-Approval/Commitment Letter on file with the City.
- Staff will send the Grant Agreement to the City Administrator (or an authorized representative) for his/her signature. Once the City Administrator has signed the document, the check will be processed for payment according to standard City practices. A signed copy of the grant agreement will be provided to the Buyer or mailed to the property address after closing.

Closing:

Grant funds will not be released until all required forms have been completed. The Buyer of Lender should communicate with staff regarding the scheduling of closing, including the time, date, and location of closing. Grant funds and closing documents (including the Subordinate Deed of Trust and Promissory Note) will be provided by the City.

The Subordinate Deed of Trust and Subordinate Promissory Note must be recorded and originals returned to the City.

After Closing:

After closing, the participating lender or Title Company must record the Subordinate Deed of Trust and the Jackson County Recorder's Office return the original to staff at:

**Community Development Department
City of Blue Springs, MO
903 W. Main Street
Blue Springs, MO 64015**

LEAD-BASED PAINT REQUIREMENTS AND PROCEDURES

Properties to be purchased which were constructed prior to January 1, 1978 may have been painted with paint containing lead. To protect you and your family, the U.S. Department of Housing and Urban Development (HUD) has adopted regulations and procedures when federal funds are being used to acquire property (24 CFR Part 35). Federal regulation requires that the Seller disclose the presence of lead-based paint and lead-based paint hazards to prospective buyers and provide them with all documentation on all known lead-based paint and lead-based paint hazards in the dwelling unit. The Seller must allow the Buyer 10 days to inspect the dwelling for lead-based paint or lead-based paint hazards. The City is required to provide the Buyer with the Lead Hazard Information Pamphlet (24 CFR 35.130). **In addition, a Lead-Based Paint Visual Assessment, performed by a certified inspector, will be required for all properties constructed prior to 1978.** If deteriorated paint surfaces are identified, lead paint testing will be required and if lead is found, lead abatement (removal) and clearance (retesting for complete removal) will be required. This must be completed prior to closing on the home. Abatement can be expensive and could put a purchase in jeopardy.

To avoid this potentially serious complication, the Buyer is encouraged to inspect the property thoroughly for signs of deteriorated paint both inside and out. Paint that is peeling, chipping, chalking, or wall that are cracked would be considered deteriorated and potentially hazardous. If the Buyer is interested in purchasing a home that has deteriorated paint, they should include language in the Purchase Agreement requiring that the lead-based paint hazards be properly tested and eliminated according to the EPA and HUD regulations and the Buyer. The City must receive Notice of Lead Hazard Evaluation and Notice of Lead Hazard Reduction Activity and, if abatement is performed, a copy of the Clearance Report must be received. **Visual assessment, stabilization, and clearance must occur before closing/settlement.**

Prior to closing, a Seller's Disclosure of Lead-Based Paint and/or Lead Base Hazards form shall be completed by the Seller and submitted to the City by the Buyer. This form is provided by the City if the property to be purchased was built prior to 1978.

DEFINITIONS

First Time Home Buyer: An individual or an individual and his or her spouse who have not had ownership interest in a property (see definition of Homeownership below) during the 3-year period before the purchase of a home with program funds, except that: Any individual who is a single parent (as defined below) may not be excluded from consideration as a first time home buyer under this paragraph on the basis that the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse."

Homeownership: Possession of real property or a residential unit in any one of the following manners:

- Fee simple interest;
- Participation in a condominium or townhouse arrangement (but not membership in a homeowner’s association); or
- A “99-year” leasehold interest.

Whether or not such interest is subject to any of the following interests or restrictions: mortgages, deeds of trust, promissory notes, other liens or instruments securing debt, or any restriction on resale established under any federal, state, or local homeownership program.

Single parent: 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; or
- Is pregnant

Displaced Homemaker: an individual who:

- Is an adult;
- Has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family; and
- Is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

INCOME LIMITS (AS OF MARCH 2017, HUD LMI Guidelines for KC Metro Area)

Number of Persons in Household	Maximum Income
1	\$ 41,900
2	\$ 47,900
3	\$ 53,900
4	\$ 59,850
5	\$ 64,650
6	\$ 69,450
7	\$ 74,250
8	\$ 79,050

For more information on the First Time Home Buyer Program or to apply contact the Community Development Department at (816) 228-0207 OR visit: <http://www.bluespringsgov.com/840/First-Time-Home-Buyer-FTHB-Program>. Applicants are encouraged to contact staff if they have any questions about the program, the application requirements, or the process.



First Time Home Buyer Application Checklist

NAME: _____ Closing Date: _____

All forms and documents listed on this page should be completed and returned to the Community Development Department at City Hall. If you have any questions about the First Time Home Buyer Program, please contact Matt Wright at 816-220-4504 or mwright@bluespringsgov.com.

Please read through the Program Information before beginning the application process.

Completed Application Form (page 1-2 of application)

All information must be filled out completely. Please type or write legibly in blue or black ink. Please do not cross out or white out any information. Please complete a new form if you have made a mistake.

Applicant Confidential Information Form (page 3 of application)

HUD Regulations require reporting of demographic information regarding recipients of Federal Programs. This information will not be used to determine eligibility or priority.

Income Eligibility Form and Documentation of Income (page 4 of application)

Verification is required for all forms of household income and may include: most recent IRS tax form transcript. (obtained from the local IRS office), award letters for social security, supplemental security income (SSI), aid to families with dependent children (AFDC), pension, unemployment insurance, disability or workmen's compensation, and any other income. The total income (gross income before deductions and withholding taxes) must include income received by all persons living in the household ages 18 and above. Indicate any change of income status and provide documentation (i.e. divorce, death, etc.).

Certification of First Time Home Buyer (must be notarized) (page 5 of application)

This form certifies that you have not owned property in the past three (3) years or that you are a single parent or a Displaced Homemaker as defined by HUD for the First Time Home Buyer Program.

Pre-approval Letter from Lender

A current approval letter is required from a lender who has entered a Memo of Understanding with the City of Blue Springs. If your lender has not completed the Memo of Understanding, have them contact Matt Wright at (816) 220-4504 for the appropriate paperwork.

Memorandum of Understanding (MOU) for lender (if applicable)

This must be completed by the Lender and submitted for approval OR must be on file currently with the City. The applicant is responsible for notifying the City if they are using a lender with an approved MOU on file.

Grant agreement with signatures, legal description and parcel ID for property

This is a contract with the City for use of the grant funds. It is a legal document and must be fully completed and signed with no mistakes or corrections before it will be accepted. The address, legal description and Parcel ID are required on this document.

Closing statement showing breakdown of \$3,000 Grant

This is a letter from mortgage company/broker/agent detailing an exact breakdown of how the City's grant will be allocated. Down payment, Closing cost, Sales Price and required down payment are to be detailed in this letter. NOTE: the City will only allow up to \$1,500 towards the down payment and it cannot exceed 50% of the total down payment paid by the applicant.

Class Certificate

The budgeting class is a requirement of receiving this grant. It is offered by the City free of charge. Your name will be passed on to the instructors and you will be contacted to schedule a class time.

Sellers Disclosure

This document must be signed by the party selling the home. NO exceptions.

Lead Based Paint Disclosure (with Sellers Disclosure, if applicable)

Required if the home was built before 1978. This document must be signed by the party selling the home. NO exceptions. It is an acknowledgement that there are not any Lead based paint hazards at the home to be purchased.

Please Sign and Return this form with your completed application.

APPLICANT'S SIGNATURE

DATE

CO-APPLICANT'S SIGNATURE

DATE

List all household members that will be living in the property, excluding the applicant(s)

Name	Social Security Number	Sex	Age
1. _____	____/____/____	_____	_____
2. _____	____/____/____	_____	_____
3. _____	____/____/____	_____	_____
4. _____	____/____/____	_____	_____
5. _____	____/____/____	_____	_____
6. _____	____/____/____	_____	_____

Total Household Size (including the applicant and co-applicant): _____

Are you an employee, agent, consultant, officer, or elected official or appointed official of the City of Blue Springs or of any other local agencies receiving the City's CDBG funds (Y or N)? _____ If yes please specify your association with the agency:

Female Head of Household (Y or N)? _____

Are you currently residing in Blue Springs: Yes _____ No _____ If yes, how long have you been a Blue Springs resident? _____ year(s) _____ month(s)

I hereby certify that:

1. I am eighteen (18) years of age or older, and
2. I am a citizen of the U.S. or have declared such intentions, and
3. I am not presently a homeowner or the owner of other residential property, or I am a single parent, or a displaced homemaker, and
4. I meet the minimum income requirements.

I hereby submit my application for the City Blue Springs's First Time Home Buyer Program. I further certify that all information in this application and all information furnished in support of this application is true and complete to the best of my knowledge and belief. Verification of information contained in this application may be obtained from any source named herein. I understand that my application is subject to termination if it is determined that I knowingly made a false statement or misrepresentations. I further agree and understand the City of Blue Springs will utilize the information in this questionnaire ONLY for the purpose of approval or denial of my mortgage assistance application.

APPLICANT'S SIGNATURE

DATE

CO-APPLICANT'S SIGNATURE

DATE

Blue Springs is an equal opportunity community and does not discriminate against any individual regardless of gender, race, creed, color, religion, national origin, age, handicap, or sexual orientation.

**CITY OF BLUE SPRINGS, MISSOURI
APPLICANT CONFIDENTIAL INFORMATION**

Date: _____

Number of adults in household: _____ Number of dependents: _____

Married Single (includes widowed) Divorced or Legally Separated
(legal documentation may be required)

Are you a female head of household? Yes No

Total number of persons in household: _____ persons

Number of persons by gender: Number of Female _____ Number of Male _____

Racial Characteristics of Household (Must select one)

If Household is One Race

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

Or If Household is Multi Race

- American Indian/Alaskan Native & Black/Afr. American
- Asian & White
- Black/African American & White
- American Indian/Alaskan Native & White
- Other Multi-racial

Also Hispanic? (Per HUD, if you do not identify your racial background as belonging to any of the race groups above, check "White" and indicate here also if you are of Hispanic ethnic background)

These statistics will not in any way be used to determine eligibility or priority. No person shall be excluded from participation in, or denied benefits of, any program funded through the City of Blue Springs, because of gender, race, creed, color, religion, national origin, age, handicap, or sexual orientation.

INCOME ELIGIBILITY FORM ANTICIPATED ANNUAL INCOME

Attach a copy of the Buyer's most recent tax return or other appropriate documentation.

	Income #1	Income #2	
Name	_____	_____	
Social Security Number	_____	_____	
Place of Employment	_____	_____	
			Total
Base Employment Income	\$ _____	\$ _____	\$ _____
Overtime	\$ _____	\$ _____	\$ _____
Bonuses	\$ _____	\$ _____	\$ _____
Commissions	\$ _____	\$ _____	\$ _____
Dividends/Interest	\$ _____	\$ _____	\$ _____
Alimony	\$ _____	\$ _____	\$ _____
Child Support	\$ _____	\$ _____	\$ _____
Assets/Benefits, Pensions	\$ _____	\$ _____	\$ _____
Public Assistance	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

I/We certify that the information provided is a true and correct report as of the date set forth opposite my/our signature(s) of all household income.

_____ _____ _____ _____
 Applicant's Signature Date Co-Applicant's Signature Date

Income Limit = _____ **Eligible** **Not Eligible**

Income has been verified for Applicant (and Co-Applicant) and qualifications under HUD Guidelines for Low to Moderate Income for the First Time Home Buyer Program have been met.

_____ _____
 Authorized FTHB City Signature Date

CERTIFICATION OF FIRST TIME HOME BUYER

Date _____ Lender Name _____

Borrower _____
(Print Name)

Co-Borrower _____
(Print Name)

I/We hereby certify that I/we have not owned real property at any time during the last three years.

Borrower _____
(Signature)

Co-Borrower _____
(Signature)

I am a single parent.

Borrower _____
(Signature)

Co-Borrower _____
(Signature)

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this ____ day of _____, 20____, before me personally appeared _____ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the State aforesaid, the day and year first above written.

Notary Public: _____ My Term Expires: _____



SELLER'S DISCLOSURE

1. I, _____, am presently the owner of property located at the following common address,

2. The property referred to in (1) above has not been occupied by a tenant at any time within the past 90 days.
3. I understand that the property is being purchased with Federal Assistance through the City of Blue Springs' First Time Home Buyer Program, which is funded through the Department of Housing and Urban Development CDBG Program.
4. I understand that the property will not be taken by eminent domain.
5. I understand that the estimated fair market value of the property located at the above listed address is \$ _____.

Signature: _____

Date: _____

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this ____ day of , 20____ , before me personally appeared _____ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the State aforesaid, the day and year first above written.

Notary Public: _____ My Term Expires: _____

**Seller Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
(Required if the home was built prior to January 1, 1978)**

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) _____ Seller has provided the purchaser with all available records and reports pertaining to lead based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c) _____ Purchaser has received copies of all information listed above.

(d) _____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

(e) Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) _____ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

(f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____		_____	
Seller	Date	Seller	Date
_____		_____	
Purchaser	Date	Purchaser	Date
_____		_____	
Agent	Date	Agent	Date



**FIRST TIME HOME BUYER PROGRAM
MEMORANDUM OF UNDERSTANDING**
Between

and the
City Blue Springs, Missouri

Section 1 – General Provisions

The City of Blue Springs, participating in the First Time Home Buyer Program under the Community Development Block Grant Program (CDBG) funded through the U.S. Department of Housing and Urban Development (HUD), will provide a grant of up to \$3,000, to be disbursed as follows:

- A. **Down Payment Assistance** – The City will pay up to 50% of the required down payment for a home (not to exceed \$3,000) and/or;
- B. **Closing Cost Assistance** – The City will pay reasonable closing costs on the purchase of the home (not to exceed \$3,000) and/or;
- C. **Combination of A and B** – Total not to exceed \$3,000.

The above items are contingent on the following conditions being met:

- Grant program funds are limited to First Time Home Buyers, as defined by the Program.
- The Subordinate Deed of Trust and the Promissory Note must contain a restriction that if the home is sold within 3 years (36 months) of closing date, the total grant amount must be paid back to the City of Blue Springs. The lending institution will execute and file the Subordinate Deed of Trust and Promissory Note with the appropriate recorder's office. This cost will be considered part of closing costs.
- Lending institution will be provided originals of all City of Blue Springs forms and documents for use in the First Time Home Buyer Program. Forms are to be completed by lending institution and applicant.
- Lending institution will supply the City with a copy of the Closing Documents (copies of signed settlement statement, Deed of Trust, Note with the Lender). The Subordinate Promissory Note and the Subordinate Deed of Trust will be provided by the City. The Subordinate Deed of Trust must be recorded by the Title Company; all originals shall be returned to the City.

- The house must be located within the corporate city limits of Blue Springs. To comply with the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), as amended, the property to be purchased has not been occupied by a tenant at any time within the past **90 days** from the Closing Date.
- The house must pass a lead paint hazard inspection if the home was originally built prior to January 1, 1978. The City must receive the Seller Disclosure of Information on Lead-Based Paint and/or Lead/Based Paint Hazards.
- Program funds are limited to the purchase of single family housing units.
- Approval of grant must be given by the City Administrator.

Section 2 – Duties of Parties

_____ is responsible for all aspects of loan processing and servicing, up to the time of closing or until such time as the First Mortgage is sold, whichever is later, including assuring that the conditions set out in Section 1 above have been met. The City of Blue Springs is only providing those services indicated by items A, B and C in Section 1 – General Provisions.

The City of Blue Springs will start the process to encumber funds for eligible parties only after all required forms and supporting documents have been submitted to the City and reviewed and approved by the CDBG Administrator or his/her designee. The City will begin processing for payment when in possession of Grant Agreements signed by the City Manager or his/her authorized representative.

Dated this _____ day of _____, 20_____.

By: _____
Institution

City of Blue Springs

Signature

Eric Johnson
City Administrator

Printed Name and Title

Address

Contact Number



FIRST TIME HOME BUYER PROGRAM GRANT AGREEMENT

THIS AGREEMENT entered into this _____ day of _____, 20____, by and between the **City of Blue Springs, Missouri**, hereinafter referred to as "CITY" and _____, hereinafter referred to as "**OWNER.**"

WITNESSETH: FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained the parties agree as follows:

1. The CITY agrees to grant an amount not to exceed **THREE THOUSAND AND NO/100 DOLLARS (\$3,000)** for acquisition of a single-family residence, which is commonly

known as: _____,
(Property Address)

Parcel ID: _____

Legal Description:

(hereinafter referred to as PROJECT).

2. OWNER states that he/she agrees to adhere to this Agreement and all other rules, laws and policies of the City, State of Missouri, Department of Housing and Urban Development (24 CFR Part 570), applicable to the CDBG Program, for a period of **three (3) years**.
3. OWNER agrees to secure mortgage financing prior to obligation of funds for project.
4. OWNER understands that upon closing of sale said project grant funds will be advanced to the lending institution providing financing.
5. OWNER certifies that all income information presented is true and correct and understands that Section 1001 of title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the U.S. as to any matter within its jurisdiction. Owner also understands that any false statements given in regard to the above may result in investigation or possible prosecution by the Attorney General's Office.
6. OWNER agrees, for a period of **three (3) years** from date of closing, that they will occupy project as principle residence.

7. OWNER agrees not to convert the dwelling unit to a rental unit for a period of **three (3) years** from date of closing.
8. This is a Grant paid directly to the lending institution for expenses incurred by the OWNER applicant for a total not to exceed \$3,000, disbursed as follows: a) 50% of down payment up to \$3,000, AND/OR, b) reasonable closing costs, AND/OR, c) a combination of a and b. The CITY will require repayment of the entire grant amount by the OWNER if the OWNER violates any of the requirements specified in this Agreement.
9. To ensure enforcement of program requirements, the OWNER will sign a **First Time Home Buyer Program Subordinate Deed of Trust** and a **First Time Home Buyer Program Subordinate Promissory Note** to be filed at the Jackson County Records Office, upon closing, for all sections of this agreement AND; the OWNER consents to the CITY taking all steps necessary to verify compliance with all sections of this agreement. Said program requirements shall run with the land so long as the **Promissory Note and Deed of Trust** is in effect.
10. OWNER shall immediately notify CITY in writing of any change in mailing address by United States certified mail, return receipt requested. For purposes of notification, the following shall serve as addresses of the respective parties:

OWNER: _____

Address: _____

Blue Springs, MO

CITY: City of Blue Springs
 CDBG Administrator
 903 West Main Street,
 Blue Springs, Missouri 64015

11. The Agreement is not assignable by OWNER without written agreement by CITY.
12. This agreement shall be governed in accordance with the laws of the State of Missouri.
13. In the event that the CITY has determined that the OWNER has failed to comply with this agreement, the CITY shall notify the OWNER of the nature of the failure and of the actions of OWNER required to correct the deficiency, which may include repayment of grant funds to the CITY. If OWNER fails to correct the deficiencies within the time specified by CITY, CITY will take appropriate action to enforce this Agreement up to and including acceleration of the Promissory Note and foreclosure of the Deed of Trust.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

OWNERS

By _____

Name _____

By _____

Name _____

CITY OF BLUE SPRINGS, MISSOURI

By _____

Eric Johnson, City Administrator



**CITY OF BLUE SPRINGS
FIRST TIME HOME BUYER PROGRAM
SUBORDINATE DEED OF TRUST**

THIS DEED, MADE AND ENTERED INTO THIS _____ day of _____, 20____, by and between _____ (husband and wife / a single person), hereinafter referred to as "OWNER"; _____, Trustee, hereinafter referred to as "TRUSTEE"; and the City of Blue Springs, Missouri, 903 W. Main Street, Blue Springs, Missouri 64015, hereinafter referred to as "CITY".

WITNESSETH: that the OWNER, in consideration of the debt and trust hereinafter described and created, and of the sum of One Dollar to said OWNER in hand paid by said TRUSTEE, the receipt whereof is hereby acknowledged, has granted, bargained and sold, and does by these presents, GRANT, BARGAIN AND SELL, CONVEY AND CONFIRM, unto the said TRUSTEE forever all of the following described real estate situate, lying and being in the County of Jackson, State of Missouri, and known and described as follows, to wit:

commonly known as _____

TO HAVE AND TO HOLD THE SAME, with the appurtenances, to the said TRUSTEE and to his successor or successors in this trust forever, and possession of said premises is now delivered unto the said TRUSTEE, IN TRUST, however for the following purposes:

WHEREAS, the said OWNER, being justly indebted to the CITY in the principal sum of _____ (\$ _____), has, to secure said principal and any interest to be earned thereon, executed and delivered to the CITY a Promissory Note on the _____ day of _____, 20____.

TO SECURE the payment of which said Note the OWNER has executed this Deed of Trust, and has also agreed with said CITY, its endorsees and assigns to: (1) use the property as its principal residence (2) cause all taxes and assessments, general and special, to be paid whenever imposed upon said property, and before becoming delinquent; (3) keep the improvements upon said premises constantly and satisfactorily insured, until said Note is paid or released, against loss by fire, windstorm and other hazards, casualties and contingencies and extended coverage, in the sum of _____ Dollars (\$ _____), the policy or policies thereof constantly assigned or pledged and delivered to the holder of the Note secured by this Deed of Trust, with proper loss clauses according to priorities for further securing the payment of the Note, with power to demand, receive and collect any and all monies becoming payable there under and the same to apply toward the paying of said Note unless otherwise paid; (4) keep land and improvements thereon free

from all statutory lien claims of every kind, except as otherwise provided for in the Note; and (5) comply with the terms and provisions of the Note. Upon the failure of the OWNER to keep any of said agreements, the holder of the Note may pay such tax, pay for such insurance, pay off such liens or claims or cost of repairs, as the case may be, and the money so expended with interest at 10% per annum shall be secured by this Deed of Trust, and the OWNER agrees to repay the same upon demand, in default of which the Note secured by this Deed of Trust shall, without notice at the option of the holder, become due and payable at once.

Now if said Note and any interest thereon be paid when due, and said agreements be kept, this Deed of Trust shall become void and shall be released by the CITY or its assigns at the expense of the OWNER; but if default be made in the payment of said Note or in the keeping of any of said agreements, the whole of said Note shall at the option of the holder thereof become due and the TRUSTEE, at the request of the holder of said Note, shall sell said property or any part thereof at public venue to the highest bidder for cash at the south front door entrance to the Jackson County Courthouse, 308 West Kansas Street, Independence, Missouri, first giving twenty days public notice of the time, terms and place of sale, and of the property to be sold by advertisement in some newspaper printed and published in the county in which the property is located, and upon such sale the trustee shall convey to the purchaser the property sold and out of the proceeds of the sale shall pay in the following order: (1) the costs of sale including compensation to the TRUSTEE for services of the TRUSTEE and reasonable attorney's fee, if an attorney be employed; (2) the monies, if any, paid out by the CITY or assigns for payment of prior encumbrances or for insurance or taxes and judgments upon statutory liens, claims and interest thereon; (3) the unpaid Note with interest to the date of sale; and (4) the balance to the OWNER, his/her/their heirs, successors or assigns; and any statement or recital of fact in such deed in relation to the non-payment of money hereby secured to be paid, existence of the indebtedness so secured, notice by advertisement, sale, receipt of money, and the happening of any of the events hereinafter provided whereby a successor trustee may be appointed, shall be prima facie evidence of the truth of said statement or recital.

It is further agreed that although the TRUSTEE, or any successor, may be agent or attorney or otherwise connected with the CITY or any holder of said Note, yet any such payee or holder may bid for and purchase any of said property sold hereunder with the same effect as if the person selling was an absolutely disinterested trustee.

The TRUSTEE covenants faithfully to perform the trust herein created.

The TRUSTEE hereby lets the property to the OWNER until a sale be had under the provisions of this Deed of Trust, upon the following terms and conditions:

1. The OWNER, and every and all persons claiming or possessing the property, or any part thereof, shall pay rent therefor to the TRUSTEE during said term at the rate of one cent per month, payable monthly upon demand.
2. The OWNER shall and will surrender peaceable possession of said property, and any and every part thereof, sold under this Deed of Trust, to the TRUSTEE, his successors, assigns or purchasers thereof under such sale within ten days after making of such sale, without notice or demand therefor.
3. In case of the inability or refusal to act, or temporary or permanent absence from the State of Missouri of the TRUSTEE, or of any successor trustee, when any advertisement and sale are to be made hereunder, then the holder of the Note may, by written instrument duly executed, acknowledged and recorded, appoint a successor trustee who shall, for the purposes of advertisement and sale, succeed to the title and powers of the TRUSTEE hereunder and the trust herein created respecting the same.

SUBORDINATION CITY and OWNER acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the OWNER under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the OWNER's ability to sell the Property shall have no effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the OWNER or a related entity of the OWNER), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the CITY has been given written notice of a default under the First Deed of Trust and (ii) the CITY shall not have cured the default under the First Deed of Trust, or diligently pursued during the default as determined by the Senior Lien Holder, within the 60-day period provided in such notice sent to the Agency.

CITY will give Senior Lien Holder written notice of default and prior written notice of acceleration of the Subordinate Mortgage.

IN WITNESS WHEREOF, the OWNER has hereunto set his/her/their hand and seal the day and year first above written.

OWNER(S):



**CITY OF BLUE SPRINGS
FIRST TIME HOME BUYER PROGRAM
SUBORDINATE PROMISSORY NOTE**

AMOUNT \$ _____ **DATE:** _____

FOR VALUE RECEIVED, _____, (hereinafter collectively called PROMISSOR), joint and severally, promises to pay to the City of Blue Springs, Missouri, (hereinafter called CITY), the sum of **Three thousand and no/100 dollars**, (\$ **3,000**), at City of Blue Springs, 903 West Main Street, Blue Springs, Missouri, 64015 subject to the terms and conditions set out below.

1. This Note will terminate three (3) years from date of closing, unless earlier accelerated as set out herein, on the _____ day of, _____. If, as of that date, PROMISSOR is not in default under this Note and has satisfied all of its term and conditions, CITY shall provide PROMISSOR with a release showing that the Note has been satisfied in full.
2. As security for the payment of the amounts due under this Note, PROMISSOR has executed a Deed of Trust dated the _____ day of _____, 20_____, on the following described property:

commonly known as _____
(hereafter referred to as the Property).

3. The Property may be assigned, fee simple ownership transferred, and this Note assumed by the transferee(s) only with the advance written permission of the CITY, and provided that the terms and conditions of this Note shall remain in full force and effect for any such transferee(s).
4. The CITY hereby agrees that this Note and the Deed of Trust securing it shall be subordinate to the first mortgage currently existing on the Property. This Note and the Deed of Trust may be subordinated to additional liens or encumbrances only upon the written consent of CITY. Such

additional liens and encumbrances shall include any contract for deed, contract for sale of real estate, or other agreement affecting the Property between the PROMISSOR and his successors or assigns and others. Such consent to subordinate shall not be unreasonably withheld by the CITY, with the understanding that the CITY may require assurances reasonable to the CITY that the provisions of this Note will remain enforceable and be adequately secured by the Property. Any and all costs and expenses of such subordination, including CITY's attorney fees, shall be paid by the PROMISSOR.

5. PROMISSOR waives diligence, demand, presentment, notice of nonpayment and protest; assent and consent to extension of time for repayment, surrender or substitution of security; and forbearance, or other indulgences; whether or not notice has been given to PROMISSOR. No failure or delay on the part of the CITY in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of the CITY and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver of such right or remedy or preclude the exercise of any other rights or remedies under this Note and the Deed of Trust.

6. The entire principal amount of this Note, plus interest at the rate of 10% per year from the date of this Note, shall, at the option of the CITY, become immediately due and payable upon the occurrence of any of the following events of default:
 - a. The violation by PROMISSOR of any of the terms or conditions of this Note.
 - b. PROMISSOR no longer retains fee simple ownership of the property, except as provided for in Paragraph 3 of this Note, or no longer uses the property as his/her/their principal residence.
 - c. PROMISSOR fails to provide CITY, as may be from time to time demanded by CITY, evidence of the existence of any insurance required to be maintained by PROMISSOR under the terms of the Deed of Trust.
 - d. Any attachment or levy of execution on the Property remains unsatisfied or unpaid for more than ten (10) days.
 - e. PROMISSOR fails to permit CITY the right to inspect and examine the Property.
 - f. PROMISSOR defaults, breaches, or fails to perform any provision of the Deed of Trust. CITY's option to accelerate the maturity of this Note shall be exercised by mailing to PROMISSOR a notice setting forth the exact nature of the default, the accelerated amount due, and a demand for payment of same. Such notice shall be conclusively presumed received at 10:00 a.m. on the next business day following the date of mailing if such letter is sent certified mail, return receipt requested, postage prepaid and addressed to PROMISSOR at the address stated in (2) above.

This paragraph notwithstanding, notice may, at the option of the CITY, be given in any other commercially reasonable manner.

7. In the event this Note is referred to an attorney for collection after maturity or upon an event of default, or for protection of the CITY's rights in collateral proceedings (including, but not limited to representation of CITY in conjunction with the establishment of this Note as a claim in any probate or bankruptcy proceedings), the PROMISSOR promises to pay CITY its reasonable attorney's fees therein incurred.
8. This Note shall be construed pursuant to the laws of the State of Missouri.
9. The CITY will give Senior Lien Holder written notice of default and prior written notice of acceleration of the Subordinate Mortgage.

PROMISSOR: _____