

## CITY OF LITTLE ROCK DOWNPAYMENT ASSISTANCE PROGRAM

## Notice to Homebuyer

You have submitted an application for a down payment assistance loan funded by the City of Little Rock, Department of Housing & Neighborhood Programs through the HOME Investment Partnerships Program (HOME).

If this assistance to buy a home is provided, there will be special conditions in your agreement with us and in the deed restriction securing our loan. These conditions are required by federal HOME Investment Partnerships Program ("HOME Program") regulations. We want to make sure you have been informed of the regulations, which are as follows:

- Qualified borrower(s)' household income cannot exceed 80% of Area Median Income by county adjusted for the number of persons in the household.
- The borrower(s) must attend an 8-hour City-Approved Homebuyer Counseling Class
- HOME Program Regulations require the home to be owner-occupied as the borrower's principal residence during the "Affordability Period". The Affordability Period is as follows: Under \$15,000 5 years; \$15,000 to \$40,000 10 years. The down payment assistance loan will be forgiven in equal monthly installments during the Affordability Period.
- If you do sell the house within the Affordability Period, the City will recapture the amount of HOME funds that have not been forgiven during the Affordability Period from the net sales proceeds.
- Borrower(s) are responsible for satisfying all HOME Program regulation requirements during the Affordability Period, including proper maintenance of the residence and payment of all taxes and insurance. If you do not abide by the terms and conditions of the HOME Program, you will be in default and recapture or foreclosure proceedings may be initiated.
- In order to receive the assistance, you must execute a Promissory Note(s) and Deed Restriction. The Deed Restriction will constitute a second lien, and any subordinate mortgage for rehabilitation, if applicable, will constitute a third lien.
- City inspectors will perform inspections on all homes. This is not intended to replace a home inspection by a state licensed home inspector. If the home is pre-1978, the City will require a certified person or entity to perform a Lead-based Paint inspection and Risk Assessment (if applicable) to determine if lead-based paint hazards are present. This must be addressed prior to closing the loan. The Deed Restriction will constitute a second lien, and any subordinate mortgage for rehabilitation (if applicable) will constitute a third lien.

By signing below, you understand each of the foregoing conditions and affirm that they have been fully explained to you.

Borrower

Date

Borrower

Date

Lender

Date