

# OKLAHOMA CITY DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES

## Exhibit 1

### 1.2 – Standard Requirements

1. The DPA program will utilize the IRS Method of Income Determination.
2. Affordability period shall be for 5 years, commencing 60 days from closing date, with assistance in the form of a forgivable loan, prorated 1/60<sup>th</sup> per month, secured by a Homebuyer Agreement Deferred Note & Mortgage in favor of the City, which shall 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. That amount may increase to 1.75% when the lender requires 3.5% down payment on an FHA loan and have no more than \$15,000 in liquid assets. Any funds in excess must go towards the purchase of the home, as practicable.
5. Assistance may be applied to eligible closing costs and down payment. Any excess funds will go toward reduction of principle or to buy-down interest rate. 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 no cash to borrower from equity, and the City in the same or better position on the mortgage. The new mortgage shall not have a loan-to-value ratio greater than 97% 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 ARMS, No Interest Only Payment Mortgages, No Negative Amortizing Mortgages, No Prepayment Penalties, No Mandatory Arbitration, and No 1<sup>st</sup> Mortgages with a term greater than 30 years) 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 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 restricted for properties 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 mitigating circumstances.

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**1.3 – Eligible Closing Costs**

Items payable in connection with loan

- 801 Loan Origination Fee
- 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
- 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

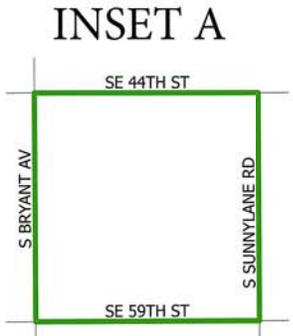
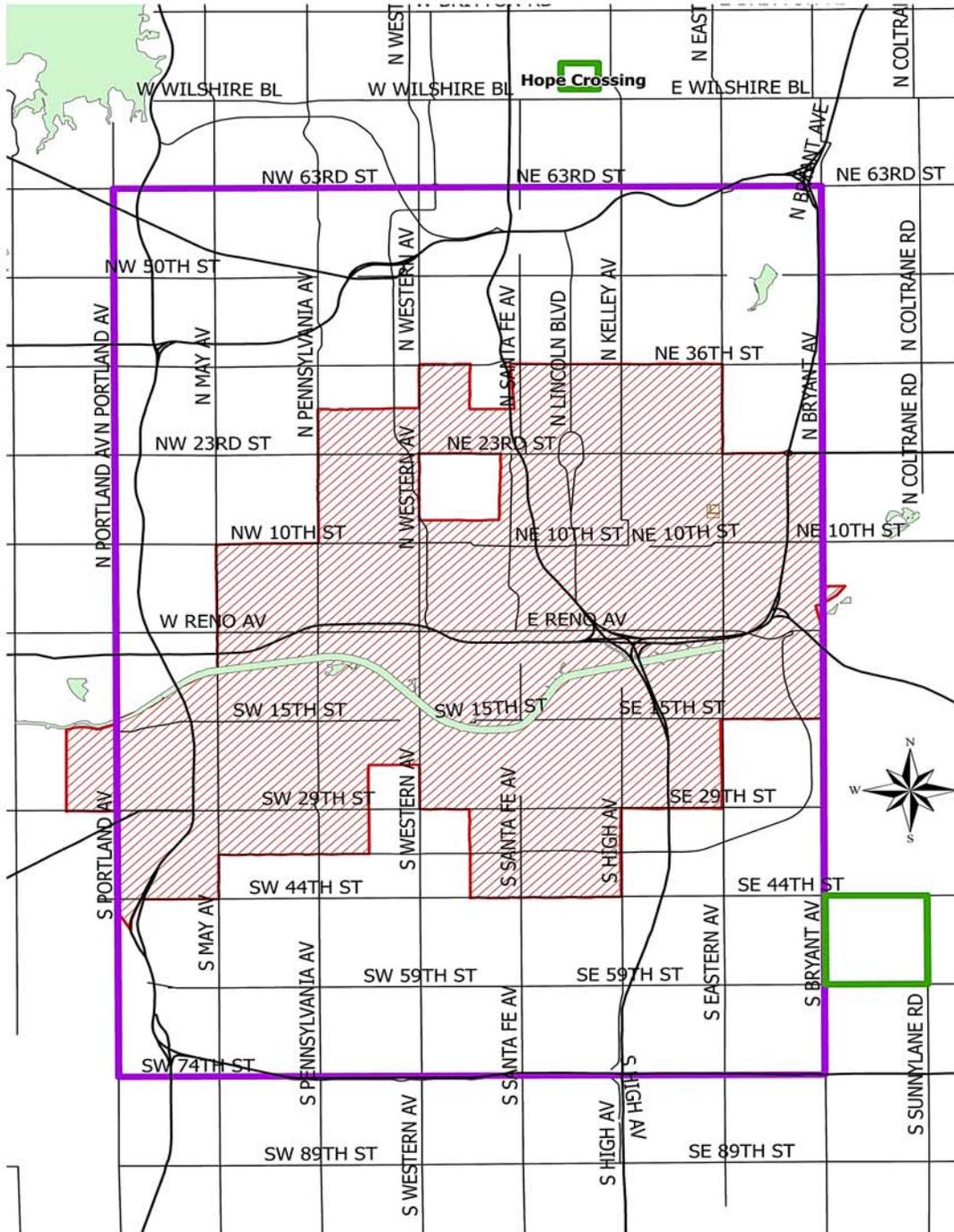
- 1301 Property Survey – Pin Surveys fees are capped
- 1302 Pest Inspection
- 1303 Home Inspection

**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.**

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## EXHIBIT 1



- Target Area DPA Program
- General Program Boundary
- NRSA Area Program



**The City of OKLAHOMA CITY**  
 Planning Department  
 Housing and Community Development Division