

**AGREEMENT BETWEEN CORPUS CHRISTI BUSINESS AND JOB DEVELOPMENT
CORPORATION AND
CITY OF CORPUS CHRISTI FOR
TYPE A AFFORDABLE HOUSING PROGRAM – HOMEBUYER ASSISTANCE PROGRAM**

This Agreement for the Type A Affordable Housing Program – Homebuyer Assistance Program (“Agreement”) is entered into between the Corpus Christi Business and Job Development Corporation (“Corporation”) and the City of Corpus Christi (“City”) a Texas home rule municipality.

WHEREAS, the Texas Legislature in Section 501 of the Local Government Code (Development Corporation Act of 1979) empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 5, 2002, residents of the City passed Proposition 2, New and Expanded Business Enterprises, which authorized the adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of one-eighth of one percent to be imposed for 15 years;

WHEREAS, in the same election, the residents of the City passed Proposition 2B, Affordable Housing, which authorized the use of a portion of the sales and use tax approved under Proposition 2 for affordable housing, up to \$500,000 annually, so long as there are projects for which the amount can reasonably be used, and \$150,000 has been awarded by the Corporation to the Corpus Christi Housing Authority this fiscal year;

WHEREAS, the 1/8 cent sales tax authorized by passage of Proposition 2 and allocated under Proposition 2B for affordable housing was subsequently enacted by the City’s City Council (“City Council”) and filed with the State Comptroller of Texas, effective April 1, 2003, to be administered by the Corporation’s Board of Directors (“Board”);

WHEREAS, the Board wishes to fund affordable housing projects in an effective manner;

WHEREAS, the City through its Housing and Community Development Department (“Department”) manages several programs to assist eligible citizens with affordable housing;

WHEREAS, the City is willing to provide the services that the Board wishes to fund and has provided these services in the past for the Board;

WHEREAS, the Board has determined that it is in the best interests of the residents of the City that the City be awarded affordable housing funds, by execution of this Agreement, to accomplish the affordable housing project described in Exhibit “A” of this Agreement (“Project”);

In consideration of the covenants, promises, and conditions stated in this Agreement, the Corporation and the City agree as follows:

1. Agreement to Provide Affordable Housing Services. This Agreement between the Corporation and the City is executed to implement the promotion and development of an affordable housing project described in Exhibit “A” and is incorporated in this Agreement by reference. The parties have approved this Agreement in an amount not to exceed \$225,000, of which up to \$25,000 will reimburse

City for staff time in implementing the Project. The parties have agreed that \$200,000 will be used to implement the Project and to process applications from the citizens for funds under the Project. The funds provided under this agreement may not be used for any other projects or to reimburse the City for any staff time which is unrelated to this Project. Any funds not used for the implementation of the Project will be returned to the Corporation.

2. Reimbursement Process. The Parties agree that the City's Housing and Community Development Department (the "Department") will request reimbursement for staff time on a quarterly basis. Request for reimbursement shall be submitted to the Executive Director of the Board. Reimbursement requests shall list the number of homebuyers who received loans under the Project, the total number of applicants, the number of hours spent reviewing and processing loan applications, and the hourly rate at which the staff time is charged. Reimbursement requests containing all of the required information shall be processed within 30 days.

3. Quarterly Updates. At the Board's meeting following the end of each quarter, the Director of the Department will present an update on the program to the Board. The update will include the number of loans processed, the number of applicants, and the number of hours spent reviewing and processing loan applications during the preceding quarter.

4. Effective Date. The effective date of this Program Agreement is the date on which the City Council grants approval to the Corporation for this Project, so long as all parties have executed this Agreement.

5. Term. The term of this Agreement is from April 1, 2016 through September 30, 2016.

6. Amendments or Modifications. No amendments or modifications to this Agreement or to the Project may be made, nor any provision waived, unless the amendment or modification is made in writing and signed by persons duly authorized to sign agreements on behalf of all parties.

7. Notices.

a. Any required written notices shall be sent, certified mail, return receipt requested, addressed as follows:

If to Corporation:

City of Corpus Christi Business and Job Development Corporation
Attn: President, R. Bryan Gulley
1201 Leopard Street
Corpus Christi, Texas 78401

If to City:

City of Corpus Christi
Attn.: Director of Housing and Community Development Department
P.O. Box 9277
Corpus Christi, Texas 78469-9277

City of Corpus Christi
Attn.: City Manager
P.O. Box 9277
Corpus Christi, Texas 78469-9277

c. Notice is effective upon deposit in the United States mail in the manner provided above.

8. Relationship of Parties. In performing this Agreement, the Corporation and the City shall act in an individual capacity, and not as agents, representatives, employees, employers, partners, joint-venturers, or associates of one another. The employees or agents of either party may not be, nor be construed to be, the employees or agents of the other party for any purpose.

**CORPUS CHRISTI BUSINESS &
JOB DEVELOPMENT CORPORATION**

R. Bryan Gulley
President

Date: _____

ATTEST:

Rebecca Huerta
City Secretary

Date: _____

CITY OF CORPUS CHRISTI

E. Jay Ellington
Interim Assistant City Manager

Date: _____

APPROVED AS TO FORM:

Aimee Alcorn-Reed
Assistant City Attorney
Attorney for Corporation

Yvette Aguilar
Assistant City Attorney
Attorney for City Housing and Community Development

Exhibit A

Corpus Christi Business and Job Development Corporation

**TYPE A Affordable Housing – Homebuyer Assistance Program
Guidelines for the Program and Criteria for Application**

REVISED 4/8/16

Corpus Christi Business and Job Development Corporation TYPE A Homebuyer Assistance Program

Guidelines for the Program and Criteria for Application

I. Purpose

The purpose of the program is to expand affordable housing opportunities for low income homebuyers by providing a deferred forgivable loan to be utilized for down payment assistance to buy down the purchase price of the home.

II. General Program Description:

The funding is available to qualified homebuyers for the purpose of providing down payment assistance a deferred forgivable loan to buy down the purchase price of an affordable home. Affordable housing is any house with a purchase price which does not exceed 95% of the Metropolitan Statistical Area as determined by HUD.

The intent is to provide general terms/guidelines in order to accomplish the buy down of the purchase price to make the home affordable for households with incomes in the 80% of median income ranges (see Attachment A, 80% of Median Income Chart).

The funding will be in the form of a deferred forgivable loan for \$10,000.

The term of affordability will be 5 years.

The loan will be amortized over the specified affordability period, commencing on the closure date, and forgiven at a rate of \$2,000 per year for every year the homebuyer lives in the house. Should the homebuyer move out before the affordability period ends, then the remaining period will be prorated and must be paid back. Recapture provisions require repayment of the total loan amount on a prorated basis. If the buyer sells the property within the affordability period, the balance of the amortized loan shall be due and payable. The funding is available on a first come, first serve basis.

III. Housing Standards:

The home must pass a Housing Quality Standards (HQS) inspection, which is conducted by HCD staff. If the house was build prior to 1978, a lead based paint test inspection will be required in accordance with HUD Lead Based Paint Regulations.

The house cannot be located in a 100 year flood plain. Per 24 CFR Part 55: Properties located within the 100 year floodplain are vulnerable to a 100-year flood, and a 1 percent chance of a flood occurring every year.

IV. Homebuyer Eligibility:

Prospective homebuyers shall meet the gross annual income limits adjusted for family size as determined by HUD (see Attachment A). The Housing and Community Development Department (HCD) will determine the applicant's anticipated annual gross income. Anticipated annual gross income is an estimation of future income a purchasing household expects to receive based upon their current and future monthly income annualized over a 12 month period. Some examples of future income are bonuses, pay raises, commissions or over time. (HCD requirement)

Homebuyers must attend a HUD approved Homebuyer/Homeownership class to obtain a Homebuyer Education Certificate. The certificate cannot be older than one year from the date of issue, and cannot be obtained from an online class. If two or more persons are buying a home together, all must attend a class and provide a copy of the Homebuyer Education Certificate.

HUD Approved Housing Counseling Agencies can be found here:

<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

The purchasing household size will be determined by the Housing and Community Development Department using HUD's definition of purchasing household. Purchasing household includes all persons who will be occupying the units as their permanent residence. A member of a household is considered to a permanent member of the household if they have been living as a member of the household for at least six months or more. (HUD and HCD requirement)

Homebuyer's cash on hand cannot exceed program limits.

Housing and Community Development will make a determination of eligibility at the time the mortgage lender submits the required documents listed in section (V. Lender Requirements) below. (HCD requirement)

The homebuyer will be issued a Commitment Letter review and approval of all required submitted documents. The Commitment Letter will expire 6 months from the date of issuance. At the time of application, the homebuyer cannot have ownership in any property.

The housing ratio ("front end ratio") must fall between 28%-32%

The total debt ratio ("back end ratio") may not exceed 45%

V. Lender Requirements:

The Lender will be required to submit the following to HCD:

- Loan Estimate Form
- Lender conditional loan approval
- Signed and dated 1003
- Copy of the credit report obtained by the Lender
- Escrow Earnest Money Contract (sales price cannot exceed \$162,000)
- Six months of the most recent bank statements
- VOE (verification of employment)
- Paycheck stubs for past 3 months; (HCD requirement)
- Proof of child support; print out from the Office of the Attorney General
- Copy of the divorce decree- if applicable
- Tax transcripts from the past two years
- Government issued identification for all purchasing household members
- Copy of social security card of all members of the household
- Copy of the Homebuyer Education Certificate (no older than one year from date of issue)
- Proof of U.S. citizenship or if a resident alien, must provide both a Social Security card
- Underwriter Summary (1008) – to be provided prior to HCD issuing the Commitment Letter
- Appraisal (that shows 'As-Is' value)
- Title Commitment showing the 1st and 2nd Liens (upon final loan approval)
- Closing Disclosure (upon final loan approval)

VI. Title Company Requirements:

HCD will give the approval for closing and will wire funds to the Title Company.

The Title Company will provide to HCD the original signed promissory note, the recorded City of Corpus Christi Deed of Trust, Recorded Warranty Deed, Final signed Closing Disclosure, Insurance Binder which shows all liens, and the Title Policy which shows HCD as a lien holder.

The Title Company will be responsible for ensuring that all documents are complete and correct.

INCOME LIMITS (80% of MEDIAN INCOME)

FAMILY SIZE	1	2	3	4	5	6	7	8
ANNUAL INCOME	32,500	37,200	41,850	46,500	50,250	53,950	57,700	61,400

Revised 3/28/2016* Income limits are established by HUD and are subject to change without notice