



City of Las Cruces®

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 2Ordinance/Resolution# 16-240For Meeting of _____
(Ordinance First Reading Date)For Meeting of June 20, 2016
(Adoption Date)

Please check box that applies to this item:

 QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING AN AMENDMENT TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM RECOVERABLE GRANT AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND MESILLA VALLEY HABITAT FOR HUMANITY FOR THE CONSTRUCTION OF FIVE (5) SINGLE FAMILY, OWNER-OCCUPIED AFFORDABLE HOUSING UNITS IN RINCON MESA SUBDIVISION, PHASE 1.

PURPOSE(S) OF ACTION:

Approve amended agreement.

COUNCIL DISTRICT: 5		
<u>Drafter/Staff Contact:</u> Jan Lauterbach	<u>Department/Section:</u> Community Development / Planning & Neighborhood Services	<u>Phone:</u> 528-3134
<u>City Manager Signature:</u>		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The Cranston-Gonzales National Affordable Housing Act (NAHA) of 1990 created the HOME Investment Partnerships (HOME) Program. The HOME Program provides the City of Las Cruces (City) the opportunity to administer the federally-funded HOME program from the U.S. Department of Housing and Urban Development (HUD) in accordance with the goals of the City's Consolidated Plan, a five-year planning document that outlines affordable housing and community development needs. The City's Consolidated Plan is updated every five years and approved by City Council and HUD and is currently valid through June 30, 2016.

HOME funds were allocated and spent based upon the City Council and HUD approved annual Action Plan (Resolution No. 15-216) for the grant program year (City FY 2015/2016). Action Plans for PY 2014/2015 (FY 2015/2016), as amended, allocated HOME funding to Mesilla Valley Habitat for Humanity (MVHFH), for the development of single family owner-occupied units. Currently \$197,633.17 in PY 2015 (FY 2016) remains available for commitment.

The City Council approved an agreement with MVHFH to construct five (5) affordable single-family owner-occupied homes utilizing HOME funds within the Rincon Mesa Subdivision by Resolution 16-173 on March 21, 2016. This agreement approved the expenditure of \$175,000.00 (\$137,198.17 from PY 2014 (FY 2015) and \$37,801.83 PY 2015 (FY 2016)). After the approval of this agreement, \$197,633.17 of HOME funds from PY 2015 (FY 2016) remain for future use by MVHFH to provide affordable single-family development to the community.

The Community Development Department is now requesting to modify the HOME agreement with MVHFH to increase the funding allotment for the construction of five (5) homes. The request is to increase the agreement allocation by \$68,000.00 for a total of \$243,000.00. Approval of this HOME agreement modification allows the City to meet its HOME funding commitment deadline. The funding will be used for HOME eligible construction expenses.

Also, a modified HOME agreement and additional funding supports both MVHFH and the HOME program's mission to provide affordable housing to the community. All of the dwellings constructed with HOME funds will be sold to income qualified households earning less than 80% of the area's median income as determined by HUD and to households utilizing MFHFH's home-ownership program. A HOME agreement amendment increases the affordability of the homes constructed by MVHFH and keeps the home owner's mortgage payments at 30% or less of their monthly gross income.

HUD HOME Program regulations require the City Council to approve any HOME agreements or amended agreements. MFHFH cannot begin to develop the five (5) affordable homes in Rincon Mesa Subdivision utilizing the HUD HOME funds until the City Council approves and executes the modified agreement increasing the funding for the project.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Amendment to HOME Agreement.

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input checked="" type="checkbox"/>	See fund summary below
	No	<input type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from: _____
		<input type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$ _____ for FY _____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

N/A

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
HUD Community Development	20184450-722190-11419	\$68,000.00	\$235,465.00	\$167,465.00	Future affordable housing development

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this will approve the amendment to the HOME agreement between the City and MVHFH for affordable housing development.
2. Vote "No"; this will deny the approval of HOME funding to MVHFH for affordable housing development and may result in a home funding commitment shortfall.
3. Vote to "Amend"; this will require further direction from City Council.
4. Vote to "Table"; this will require further direction from City Council.

REFERENCE INFORMATION:

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. Resolution No. 16-173
2. Resolution No. 15-216



City of Las Cruces[®]

PEOPLE HELPING PEOPLE

COUNCIL ACTION AND EXECUTIVE SUMMARY PACKET ROUTING SLIP

For Meeting of _____
(Ordinance First Reading Date)

For Meeting of June 20, 2016
(Adoption Date)

TITLE:

A RESOLUTION APPROVING AN AMENDMENT TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM RECOVERABLE GRANT AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND MESILLA VALLEY HABITAT FOR HUMANITY FOR THE CONSTRUCTION OF FIVE (5) SINGLE FAMILY, OWNER-OCCUPIED AFFORDABLE HOUSING UNITS IN RINCON MESA SUBDIVISION, PHASE 1.

Purchasing Manager's Request to Contract (PMRC) {Required?} Yes No

DEPARTMENT	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact		528-3134	5/23/16
Department Director		528-3067	5-23-16
Other			
Assistant City Manager /CAO Management & Budget Manager		541-2078 541-2300	5-24-2016 5-23-16
Assistant City Manager/COO			5/24/16
City Attorney		Ext 2128	24 May 2016
City Clerk		x2115	6-10-16

RESOLUTION NO. 16-240

A RESOLUTION APPROVING AN AMENDMENT TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM RECOVERABLE GRANT AGREEMENT BETWEEN THE CITY OF LAS CRUCES AND MESILLA VALLEY HABITAT FOR HUMANITY FOR THE CONSTRUCTION OF FIVE (5) SINGLE FAMILY, OWNER-OCCUPIED AFFORDABLE HOUSING UNITS IN RINCON MESA SUBDIVISION, PHASE 1.

The City Council is informed that:

WHEREAS, the Cranston-Gonzalez National Affordable Housing Act (NAHA) of 1990 created the Home Investment Partnerships (HOME) Program that provides the City of Las Cruces, as a participating jurisdiction, an opportunity to administer the federally funded HOME Program from the U.S. Department of Housing and Urban Development (HUD), in accordance with the goals of the City's Consolidated Plan; and

WHEREAS, annual Action Plans presented to and adopted by City Council and further approved by HUD outline how the HOME and Community Development Block Grant (CDBG) entitlement funds for each Program Year (PY) will be spent in accordance with the strategic goals as outlined in the Consolidated Plan; and

WHEREAS, City Council approved Resolution 16-173 for the execution of a HOME agreement between the City and MVHFH committing \$175,000.00 in HOME funds (\$137,198.17 from PY 2014 (FY 2015) and \$37,801.83 PY 2015 (FY 2016)) to construct five (5) affordable single-family owner-occupied homes; and

WHEREAS, annual Action Plans from PY 2014/2015 (FY 2015/2016), as amended, allocated HOME funding to Mesilla Valley Habitat for Humanity (MVHFH) for the development of single-family owner-occupied units with \$197,633.17 from PY 2015 (FY 2016) currently available for commitment; and

WHEREAS, in order to meet the HOME commitment deadline, staff are

requesting to amend the HOME agreement for additional PY 2015 (FY 2016) HOME funds in the amount of \$68,000.00 for a new project total of \$243,000.00 in HOME funds provided to MVHFH for HOME eligible construction expenses in the development of five (5) single family homes that will be sold to income qualifying households working through the MVHFH homeownership program; and

WHEREAS, in order to comply with the regulatory requirements of the HOME Program, the City must execute an amendment to the HOME agreement with MVHFH.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the amendment to the HOME agreement between the City and MVHFH, as shown in Exhibit "A," attached hereto and made part of this Resolution, is hereby approved.

(II)

THAT the Assistant City Manager/COO, as the official representative of the City, is hereby authorized to sign the agreement on the City's behalf.

(III)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this _____ day of _____, 20__.

APPROVED:

Mayor

ATTEST:

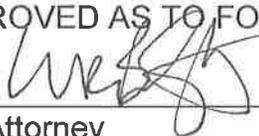
City Clerk

(SEAL)

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM: _____



City Attorney

VOTE:

Mayor Miyagishima: _____

Councillor Gandara: _____

Councillor Smith: _____

Councillor Pedroza: _____

Councillor Eakman: _____

Councillor Sorg: _____

Councillor Levatino: _____

Exhibit "A"

**AMENDMENT TO THE
HOME PROGRAM RECOVERABLE GRANT AGREEMENT
FOR PROGRAM YEAR 2014 AND 2015 BETWEEN
THE CITY OF LAS CRUCES
AND
MESILLA VALLEY HABITAT FOR HUMANITY**

This **amended HOME RECOVERABLE GRANT AGREEMENT and Attachments** is an amendment to, but not in lieu of the **original HOME RECOVERABLE GRANT AGREEMENT and original Attachments**, executed on March 22, 2016, under the Authority of City of Las Cruces Resolution 16-173, in its entirety.

The **amended HOME RECOVERABLE GRANT AGREEMENT** (hereinafter referred to as the "Agreement") is entered into by and between the **CITY OF LAS CRUCES**, a New Mexico municipal corporation with a principal address of P.O. Box 20000, Las Cruces, New Mexico 88004 (hereinafter referred to as "City" or "Lender") and Mesilla Valley Habitat for Humanity whose address is 720 Santa Fe St., Las Cruces, New Mexico 880015 (hereinafter referred to as "Sub-recipient").

WITNESSETH:

WHEREAS, the City is an entitlement recipient of the federal HOME Investment Partnerships Program (hereinafter referred to as "HOME") in furtherance of its goal of encouraging the production of decent, safe, sanitary affordable housing for the citizens of Las Cruces;

WHEREAS, the Sub-recipient has submitted a proposal which was approved under the authority of City of Las Cruces Resolution 16-173, to utilize One Hundred Seventy-Five Thousand Dollars and No Cents (\$175,000.00) in Program Year (PY) 2014 (\$137,198.17) and PY 2015 (\$37,801.83) funds for new construction of property located and more specifically described on the attached **Attachment "A"** (hereinafter referred to as "Property");

WHEREAS, the new construction of single-family, owner-occupied affordable housing is an eligible activity under the HOME Program; and;

WHEREAS, the parties desire to enter into this Amended Agreement in order to provide additional funding in the amount of Sixty-Eight Thousand Dollars and No Cents (\$68,000.00) in PY 15 HOME funding to the proposed project for the construction of 5 single family HOME-assisted units.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the

sufficiency and receipt whereof being hereby acknowledged, the City and the Sponsor and Owner agree as follows:

1. The following additions, corrections, clarifications, deletions, or other amendments as identified by Section are hereby made:

SECTION 1. DEFINITIONS

2. Affordable or Affordability – as defined in Section 3, Paragraph 2 of this Agreement is 15 years per lot.

SECTION 2. RECOVERABLE GRANT AMOUNT AND USE OF FUNDS

1. The Recoverable Grant: The City has applied for and received funds from the United States Government under the Cranston-Gonzales National Affordable Housing Act (NAHA) of 1990, Title 24 CFR 92, and Catalog of Federal Domestic Assistance (CFDA) No. 14.239.

Under the terms and conditions of this Agreement, the City agrees to grant the Developer a total of Two Hundred Forth-Three Thousand Dollars and No Cents (\$243,000.00) for new construction of the Property. The grant funds to the Developer shall be in the form of a recoverable grant on the terms set forth in this Agreement and the owners' Deed Restriction and Covenants Agreement, as required by the City. The Owners' shall secure a Deed Restrictions and Covenants Agreement on the Property (the "Deed Restrictions") substantially in the form attached hereto and incorporated herein by reference as **Attachment "C"**.

8. Payment: It is expressly agreed and understood that the total amount to be paid by the City under this Agreement shall not exceed \$ 243,000.00. Payment requests are due by the fifteenth (15th) day of each month. If no payment request is needed for a particular month, the Developer must submit in writing that no payment request is required for that particular month. The Developer agrees to use the Payment Request form as referenced in **Attachment "E."** Payments may be contingent upon certification of the Developer's financial management system in accordance with the standards specified in 24 CFR Part 84, Subpart C, "Financial and Program Management."
9. HOME Match Requirement: In accordance with HUD's match requirement at 24 CFR §92.220, the Developer is required to make contributions of at least, or equaling, 12.5 percent of the HOME funds, or \$30,375.00 of the total grant funds, expended during HUD fiscal year 2017 reporting period running from October 1, 2016 and continuing through September 30, 2017.

12.5% of \$243,000.00 = \$30,375.00 of Match liability

The contribution must be a permanent contribution from non-Federal public and private sources to the HOME partnership. The match contribution is due at the time the Sub-recipient submits a payment request, as per Section IV of this Agreement. The Sub-recipient is also required to submit documentation of the source and value of the match contribution.

The Grantee is responsible for verifying the eligibility of the HOME match contribution. All payment requests will be processed once the final eligibility of match contribution has been verified by the Grantee. If the Grantee determines that the match contribution is ineligible, the Sub-recipient will be notified by mail and will have 30-days to submit an eligible match contribution.

Failure to submit the source and value of match contribution with the payment request will result in the delay in processing the payment request.

SECTION 3. GENERAL TERMS AND CONDITIONS

2. Period of Affordability/Restrictive Covenant: All HOME-assisted units shall be maintained as affordable housing for the 15-year Affordability Period. To be classified as affordable housing, it is required that the owner shall maintain the Property as Owner Occupied, single family residential property for residential purposes only, until the expiration of the Affordability Period. If the HOME assistance/subsidy is from \$1 to \$14,999, then the Affordability Period is five (5) years from the project completion date; if the HOME assistance/subsidy is from \$15,000 up to and including \$40,000, then the Affordability Period is ten (10) years from the project completion date; if the HOME assistance/subsidy is greater than \$40,000, then the Affordability Period is fifteen(15) years from the project completion date; or if the subsidy is for new construction or acquisition of rental housing, then the Affordability Period is twenty (20) years. The Affordability Period will begin on the effective project completion date. In order to ensure compliance with the Affordability Period, the owner(s) of the Property, shall execute a Deed Restriction and Covenants Agreement, a copy of which is attached hereto as **Attachment "C"** and incorporated herein by this reference, which shall be recorded in the office of the County Clerk of Dona Aña County. The Affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. The Developer acknowledges that failure to meet the Affordability requirements stated herein is a breach of this Agreement and a default under the Mortgage which requires resale of the HOME unit to another eligible person or household, if the Project does not meet the Affordability requirements for the Affordability Period. These

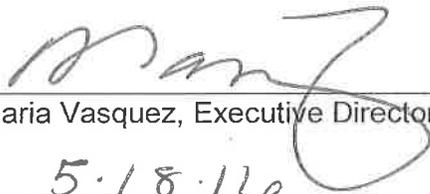
resale provisions conform to 24 CFR Part 92.254 (a)(5)(i) and are detailed in the Deed Restrictions and Covenants Agreement as shown in Attachment "C", Restrictive Covenants Section C, executed between the City of Las Cruces and the individual owner(s).

Attachments

1. Attachment C: City of Las Cruces Deed Restrictions and Restrictive Covenants Agreement, hereby replaces the original Attachment C in its entirety.
2. Attachment D: Scope of Work, Project Schedule, and Budget, hereby replaces the original Attachment D in its entirety.
3. Attachment E: Payment Request Form
4. All other sections, Exhibits, and or Attachments shall remain as originally Agreed to and shall remain in full force and effect.

IN WITNESS WHEREOF the parties have executed this Amended Agreement, each upon the date set forth next to his/her name.

MESILLA VALLEY HABITAT FOR HUMANITY



 Maria Vasquez, Executive Director
 5.18.16

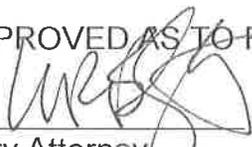
 Date

CITY OF LAS CRUCES

 Daniel Avila, Assistant City Manager/ COO
 City of Las Cruces

Date

APPROVED AS TO FORM



 City Attorney

ATTACHMENT "C"

**CITY OF LAS CRUCES
HOME PROGRAM
DEED RESTRICTIONS AND RESTRICTIVE COVENANTS AGREEMENT**

Date: _____, 2016

_____, an unmarried person/ husband and wife ("Owner(s)") for consideration paid, grants to the City of Las Cruces, a New Mexico municipal corporation, having a mailing address of P.O. Box 20000, Las Cruces, NM, 88004 ("Lender"), the following described real estate in Dona Ana County, New Mexico ("Property"), which has an address of _____, Las Cruces, NM 88001, and which is more particularly described as follows in Exhibit "A" attached hereto and made a part hereof. If there is a conflict between the legal description and the Property address, the legal description shall control.

Deed Restrictions

This Deed Restrictions and Covenants Agreement ("Agreement") secures; (1) the performance of all of Owner's obligations and agreements are contained within this agreement; (2) the conditions and obligations imposed upon the use of the Property are contained herein; and (3) the performance of the following obligations and is upon the statutory Deed Restrictions condition for the breach of which it is subject to foreclosure as provided by law;

- (a) This instrument and these restrictions are subordinate to the rights and liens, if any, under any valid outstanding Mortgage/Deed of Trust, currently of record. Foreclosure of such prior recorded lien or transfer in lieu of foreclosure shall extinguish this instrument and these restrictions; However, if any time following foreclosure by a lender or other transfer in lieu of foreclosure, but still during the term of the Affordability Period, the owner of record prior to the foreclosure or deed-in-lieu of foreclosure, or any newly formed entity that includes the former owner, or those with whom the former owner has family or business ties, in the Property the Affordability Period shall be revived according to its original terms.
- (b) In the event of a refinancing during the Affordability Period, the Property must continue to be subject to these deed restrictions; however, the initial date hereof will continue as the baseline for the Affordability Period.
- (c) The provisions of this instrument are hereby declared covenants running with the land and are fully binding on any successors, heirs,

and assigns of Owner who may acquire any rights, title, or interest in or to the Property, or any part of it. Owner, its successors, heirs, and assigns hereby agree and covenant to abide by and fully perform the provisions of this instrument.

This Agreement secures all future advances of funds to Owner by Lender in connection with this Agreement, and the lien of each such advance will relate back to the date of recordation of this Agreement.

Restrictive Covenants

This Agreement restricts the use of the Property, and is in consideration of a subsidy from Lender to Owner, through the Agent, Tierra Del Sol Housing Corporation in the amount of Forty-Eight Thousand Six Hundred Dollars and No. Cents (\$48,600.00) ("Grant and/or Loan") for new construction costs. The Grant and/or Loan will be made to the Owner through the Lender's HOME Investment Partnerships Program pursuant to Title 24 of the Code of Federal Regulations Part 92, as amended from time to time, and can be made to Owner only if Owner agrees to the restrictions and requirements set forth herein.

In consideration of the Grant and of the mutual covenants and understandings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lender and Owner agree as follows:

- A. Affordability. Owner shall maintain the Property as Owner-occupied, single family residential property for residential purposes only, until the expiration of the Affordability Period of 10 years. The Affordability Period will begin on the date of the execution of this Deed Restrictions and Covenants Agreement.

- B. Owner Occupied. Annually during the Affordability Period, upon request from their agent Mesilla Valley Habitat for Humanity , or it's assigns, the owner(s) is required to provide documentation to their agent confirming the owner is occupying the unit as their principal residence. If, at any time during the term of the Affordability Period, the Property ceases to be the principal residence of Owner, whether through sale of the Property or otherwise, the Owner agrees to make the Property available for subsequent purchase only to a buyer whose household qualifies as a low-income family, earning between 45-80% of area median income (AMI) as will use the property as their principal residence. The Owner further represents and warrants that his/her family, if any, and the Owner met income eligibility requirements at the time the Contract to build the unit was executed with the Agent, Tierra Del Sol Housing Corporation.

- C. Resale Provisions. During the affordability period, the Lender provided the Owner consent to sell the property to a another qualified low income buyer as outlined in Section D, Transfer of Property, of this Agreement, the Lender and Owner agree to the resale provisions as follows:
- a. Ensuring Affordability to Subsequent Buyers: If during the affordability period the property is sold to a subsequent buyer, the price at resale must ensure the original HOME-assisted Owner a fair return on investment (ie., the homebuyer's downpayment plus capital improvements made to the house), while also ensuring that the property is sold at a price that is affordable to a reasonable range of low-income buyers. The Fair Return on Investment will be measured by the Consumer Price Index (CPI) for shelter over the period of ownership, for similarly sized cities, not seasonally adjusted. For purposes of calculating the fair return on investment, the types of capital improvements that the City will include in its basis for calculating fair return are limited to value added improvements such as kitchen remodel, bath remodel, new windows, new siding and the addition of living space. The homeowner must document the improvements with receipts for the improvement. The purchase price at subsequent sale during the Affordability Period is required to be at a price that is affordable to a family earning between 45-80% AMI that will not pay more than 30% of their gross income for principal, interest, taxes and insurance and that shall not exceed 95% of median purchase price limits as established by the Department of Housing and Urban Development (HUD). The percentage of AMI is based on income levels adjusted for family size established by the HUD, for the Las Cruces Metropolitan Statistical Area at the time of the proposed sale.

It is important to note that in certain circumstances, such as a declining housing market where home values are depreciating, the original homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price.

- b. Resale Provisions related to Net Proceeds- Provided that #1 immediately above is complied with, Net Proceeds due to the seller and HOME Funds prorations credited to the new buyer are applicable in the following scenarios:
- i. Net Proceeds of new Sales Price in excess of 10% of the Original Sales Prices: If during the affordability period the property is sold to a subsequent buyer at a sales price that is an increase of more than 10% of the original HOME-assisted

Owner's sales price, the Owner/Seller shall provide a credit to the new buyer for the full amount of the HOME funds grant provided and must also provide a credit to the new buyer on the net proceeds in excess of 10% based on a prorated amount of the net proceeds due less the homeowner's investment and any capital improvements. Net proceeds defined is the amount of money received by the seller from the sales transaction after deducting the costs involved in making the transaction.

- ii. Net Proceeds of new Sales Price between 1% and 10% above the Original Sales Price: If during the affordability period the property is sold to a subsequent buyer at a sales price that is an increase of 10% or less than the original HOME-assisted Owners sales price, the Owner/Seller shall provide a credit to the new Homeowner for the full amount of the HOME funds grant provided and Owner/Seller may retain all other net proceeds from the sale.
- iii. New Sales Price that is equal to Original Sales Price: If during the affordability period the property is sold to a subsequent buyer at a sales price that is equal to the Owner's original sales price, the Owner/Seller shall provide a credit to the new buyer in an amount equal to the prorated amount of HOME funds provided over the affordability period and must also provide a credit to the new buyer based on a prorated amount of the net proceeds due.
- iv. New Sales Price that is less than the Original Sales Price: If during the affordability period the property is sold to a subsequent buyer at a sales price that is less than the Owner's original sales price, the Owner/Seller shall provide a credit to the new buyer in an amount equal to the prorated amount of HOME funds provided over the affordability period that is based upon the percentage of decrease between the original sales price and the sales price to the subsequent owner. The original owner is entitled to any remaining net proceeds.
- v. Net Proceeds – Pro-rata Calculations Defined: Net Proceeds and HOME Funds credits will be prorated to the subsequent buyer based on the term of the affordability period and the year during the affordability period that the property is being sold. For example, if the affordability period is five years, the proration is based on 20% per year. Likewise, if the affordability period is 10 years, the proration is based on 10% per year, and if the affordability period is 15 years, the proration is 6.67% per year. The time period for prorated amounts is calculated on the earliest whole year period from the sales date. For example, if the home is sold

at 4 years and 6 months, year 4 will be considered the sale year. The chart below is provided to outline the seller/buyer proration percentages for net proceeds and HOME funds due to seller and the subsequent buyer during the term of the affordability period:

Subsequent Sale Year	Affordability Period (years)		
	5	10	15
	Owner/Subsequent Buyer Proration (%)		
1	20/80	10/90	7/93
2	40/60	20/80	13/87
3	60/40	30/70	20/80
4	80/20	40/60	27/73
5	100/0	50/50	34/66
6		60/40	40/60
7		70/30	47/53
8		80/20	54/46
9		90/10	60/40
10		100/0	67/33
11			74/26
12			80/20
13			87/13
14			94/6
15			100/0

- D. Transfer of the Property. Owner agrees that the Property may not be sold, transferred or title to the Property conveyed without Lender's prior written consent, and Lender is under no obligation to provide such consent. Lenders consent shall be granted only if new/subsequent owner meets the obligations specified within Section B above.
- E. Exception to Transfer Restriction. Notwithstanding any other provision of this Agreement, the Grant will not be due on transfer of the Property if (1) a transfer of the Property is the result of the death of Owner and the transfer is by devise or operation of law, (2) the transfer is to a member of Owner's immediate family ("Heir") and for purposes of this Agreement the term "immediate family" means parents, siblings or children only, (3) the Heir qualifies for assistance under the federal regulations governing income eligibility for the Grant, and (4) the Heir covenants and agrees in writing to maintain the Property as the Heir's principal residence for the remainder of the term of the Grant and to otherwise comply with all the terms and conditions of this Agreement.

ATTACHMENT "D"**(SCOPE OF WORK, PROJECT SCHEDULE, AND BUDGET)**

Mesilla Valley Habitat for Humanity has purchased 5 lots in the Rincon Mesa Subdivision Phase 1 for the construction of 5 single-family owner-occupied affordable housing units. The units are to be constructed for low-income qualified households working with Habitat through their homeownership processes with qualified work hours obtained for the households. Each household is under contract to purchase the unit upon construction completion. Construction on the units will begin in October 2016 with estimated completion in April 2017.

City of Las Cruces HOME funds of \$243,000.00 or \$48,600.00 per home will be used for reimbursement of HOME eligible construction expenses. At closing the HOME funds provided of \$48,600.00 per unit will effectively reduce the sales price of the HOME-assisted units providing a more affordable home to the households. Habitat's construction costs per unit averages \$100,000.00 and the assistance of \$48,600.00 in HOME funds provides for a significant overall cost reduction to Habitat and the homebuyer. The commitment from the households is to owner-occupy the units for minimum 15 year affordability period based on the amount of HOME funds invested per unit as determined by HUD.

(PAYMENT REQUEST FORM)



City of Las Cruces
PEOPLE HELPING PEOPLE

INVOICE

Date _____

Agency Name Mesilla Valley Habitat for Humanity
Property Address: _____

Original contract balance **\$ 234,000.00**

Balance as of end of previous month

Invoice Expenses:

GRAND TOTAL: \$
\$

Remaining Balance: \$ _____

Certification:

I, _____, as _____
of _____,

hereby certify that the information provided on this invoice is for reimbursement for eligible development and construction expenses incurred in the month of _____ for Mesilla Valley Habitat for Humanity, a Community Housing Development Organization.

Printed Name

Signature

Date