

**NYS HOME Program  
Owner Occupied Rehabilitation With or Without Rental Units  
Beneficiary Agreement Addendum**

**1. NYS HOME Assistance:**

HOME funds have been provided by the Housing Trust Fund Corporation (HTFC) to \_\_\_\_\_ the Local Program Administrator (LPA) for the rehabilitation of the property located at \_\_\_\_\_. \$\_\_\_\_\_ is being provided to assist you with the direct costs of housing rehabilitation, referred below to as "HOME Assistance." The work to be completed detailed in the scope of work and contract between you, the LPA, and the contractor(s) is incorporated to this agreement by reference. Targeted completion date for all work is \_\_\_\_\_.

**2. Terms of the NYS HOME Assistance:**

- a. The HOME Assistance is being provided only to pay for approved housing rehabilitation and related costs.
- b. Funds will be disbursed only as costs are incurred, documented and approved by you, the LPA and HTFC.
- c. The HOME Assistance will be secured as a lien against your home through a recorded Grant Enforcement Mortgage or Note and Mortgage.
- d. Acceptance of the HOME Assistance makes you subject to a Period of Affordability (POA) or term that this lien is in effect. The POA and the term of the Note and Mortgage/Grant Enforcement Mortgage is 5 years and begins on the date the unit is completed in HUD's Integrated Disbursement and Information System (IDIS) by HTFC, not the date on the Note and Mortgage/Grant Enforcement Mortgage.
- e. The HOME Assistance is being provided at zero percent interest and does not require repayment if you reside in the property as principal resident(s) throughout the 5-year POA.
- f. The principal balance will be reduced by 1/5<sup>th</sup> of the total lien amount annually, on the anniversary date of completion in IDIS. At the completion of the Period of Affordability, the balance will be zero and you will have no obligations remaining under this agreement or Note and Mortgage/Grant Enforcement Mortgage.
- g. It is your responsibility (or that of the LPA) to request a Satisfaction of Lien be processed at the end of the POA.

- h. With Rental Unit (if applicable): Acceptance of the HOME Assistance for housing rehabilitation of a rental unit in your property makes you subject to the HOME rental requirements described below throughout the 5-year POA, as described in paragraph 8 below.

### 3. Conditions of Receiving the HOME Assistance:

The HOME Assistance will be provided to the LPA to directly pay for approved rehabilitation and related costs provided you comply with the following:

- a. You agree to participate in the bidding process administered by the LPA, and to enter contract with a contractor meeting all the requirements of the Program.
- b. You agree to allow the selected contractor to make the improvements and will not withhold approval of payment for work approved by the LPA.
- c. You agree to allow access to the property by the LPA to verify and inspect the work.
- d. Work performed must meet NYS and/or municipal code compliance at completion and all HTFC property standards must be met.
- e. The value after rehabilitation cannot exceed the After-Rehab Value Limit as published annually by HUD for the local jurisdiction at the time of commitment as verified by the LPA.
- f. You agree to allow a Note and Mortgage/Grant Enforcement Mortgage to be recorded as a lien on your property for the POA. The Note and Mortgage/Grant Enforcement Mortgage will be signed after all costs have been determined and before the start of housing rehabilitation. The signed lien document is to be held in the LPA file until the rehabilitation is complete at which time the Note and Mortgage/Grant Enforcement Mortgage is recorded. If there is a change in the amount of assistance, a new note must be signed for the proper amount and be recorded. The first document will be shredded.
- g. You agree to comply with the principal residency requirement described in this agreement below and the other conditions of the Note and Mortgage/Grant Enforcement Mortgage.
- h. You agree to repay some or all of the funds in the event of noncompliance or sale as described in this agreement and the Note and Mortgage/Grant Enforcement Mortgage.
- i. If your property contains rental units that are improved with HOME funds, you agree to comply with the requirements stated in paragraph 8 below.

#### 4. HOME Note and Mortgage/Grant Enforcement Mortgage:

The HOME Assistance will be secured by a Grant Enforcement Mortgage or Note and Mortgage/Grant Enforcement Mortgage with the HTFC that will be subordinated only to senior debt approved by the HTFC.

#### 5. Monitoring and Enforcement of Principal Residency:

You are required to occupy the unit as your principal residence for at least the POA:

- a. Renting out your unit or failing to occupy the premises during the POA constitutes default under the terms of the Note and Mortgage/Grant Enforcement Mortgage and will require repayment of the HOME assistance in accordance with paragraph 6.
- b. During the Period of Affordability, the LPA or HTFC may contact you or otherwise monitor to verify that you continue to occupy the unit. Failure to respond or cooperate will be considered default and require repayment as described in paragraph 6.

#### 6. Repayment of the Assistance:

No repayment of the HOME Assistance is required if you remain as principal resident throughout the 5-year POA and meet the requirements of the Note and Mortgage/Grant Enforcement Mortgage. Full or partial repayment will be required under the following conditions:

- a. If the housing does not continue to be your principal residence or you fail to comply with the provisions of this agreement and the Note and Mortgage/Grant Enforcement Mortgage for the duration of the POA, and the housing has not been sold to another party, the HOME Assistance must be repaid to the HTFC.
- b. Upon sale of the home (with no assumption; see d below), whether voluntary or involuntary, the repayment amount will be the reduced amount (see 2f above) and shall not exceed the amount of net proceeds you receive from the sale. Net proceeds are the sales price minus any superior (mortgage) loan repayment, other than HOME funds, and any closing costs, and other allowable deduction listed in the Note and Mortgage/Grant Enforcement Mortgage.
- c. If the property is taken by your lender through a foreclosure action or a deed transfer to the lender in lieu of foreclosure, the repayment amount will be the prorated amount of the HOME investment and shall not exceed the amount of net proceeds you receive from the transfer.
- d. **Assumption permitted:** If the home is sold during the POA to another HOME eligible buyer as determined by the LPA and HTFC, who is willing to be subject to the HOME requirements for the remainder of the POA, no repayment of the HOME Assistance from the net proceeds will be required.

## 7. Refinancing:

Refinancing of any mortgage senior to this HOME Assistance mortgage must be approved by HTFC. HTFC will agree to subordinate the HOME mortgage to new financing according to the current Policy and only in the event of refinancing for better terms that will not put the collateral or ownership at risk.

## 8. Rental Unit Requirements (*If applicable or cross out and mark N/A*):

Your property contains \_\_\_\_\_ rental unit(s) in addition to the unit you occupy as your principal residence. The unit(s) will be receiving HOME assistance and are subject to HOME rental rules. Acceptance of the HOME Assistance for housing rehabilitation of a rental unit obligates you to meet the rental requirements of the HOME Program throughout the 5-year POA and includes the following requirements:

- a. Each rental unit may be occupied only by a household whose income is determined to be less than 80% of area median income as defined by HUD. The household's income must be documented and certified by the LPA, and the certification updated annually throughout the POA.
- b. As a landlord, you must comply with fair housing laws in the advertising and selection of each tenant and agree not to discriminate in the leasing and operation of the rental unit(s).
- c. Each rental unit is subject to HOME rent limits, including allowances for tenant paid utilities. The LPA will approve the contract rents that you may charge a tenant and any changes to the rents throughout the POA.
- d. Each tenant must sign a lease that complies with HOME requirements. The LPA will approve the lease form or provide an addendum.
- e. You will terminate tenancy only for good cause, including non-compliance with the terms of the lease.
- f. You must provide each tenant with at least a 30-day notice of any rent change or termination of tenancy.
- g. You must notify the LPA in the event of a vacancy and obtain approval for any new tenant prior to occupancy.
- h. You must certify information annually to the LPA on the occupants and rents.
- i. You must maintain the rental units to meet all codes and standards throughout the POA. The LPA or HTFC will conduct periodic inspections to ensure that unit remains in good repair. You will provide access and make prompt repairs as required by the LPA or HTFC.

Failure to comply with any of the above rental requirements could result in recapture/repayment of HOME funds.

**9. Monitoring and Enforcement:**

The HTFC and the LPA will have the right to enforce any or all of these requirements or those contained in the Assistance Agreement and Note and Mortgage/Grant Enforcement Mortgage.

**10. Default:**

Failure to comply and/or default with any of the provisions of this agreement or the Note and Mortgage/Grant Enforcement Mortgage, at any time during the POA, will constitute a default and require full repayment of the original HOME assistance amount.

*This agreement must be executed and dated prior to submitting this project for set up in IDIS.*

**Acknowledged and accepted by Homeowner(s):**

\_\_\_\_\_  
Homeowner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Homeowner Signature

\_\_\_\_\_  
Date

**Acknowledged and accepted by LPA:**

\_\_\_\_\_  
LPA Agency Name

\_\_\_\_\_  
SHARS ID and IDIS Activity Number

\_\_\_\_\_  
LPA Representative Name/Title

\_\_\_\_\_  
LPA Signature

\_\_\_\_\_  
Date

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statements or entries, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000, or imprisoned for not more than five years, or both.