

LOAN AGREEMENT

Georgia Department of Community Affairs
Community HOME Investment Program
Down Payment Assistance Loan

THIS AGREEMENT is entered into this _____ day of _____, 20____, between _____ (the "Borrower") and the State Recipient or Sub-recipient of _____ ("Lender").

RECITALS:

WHEREAS, Borrower has applied to Lender for a loan (the "Loan") to assist Borrower in purchasing a single family home that will be Borrower's primary residence, which home is located at _____, Georgia (the "Property"),

WHEREAS, the Loan is being made under the Community HOME Investment Program ("CHIP"), which is part of the HOME Program, which is administered on behalf of the Georgia Housing and Finance Authority by the Georgia Department of Community Affairs ("DCA");

NOW THEREFORE, for good and valuable consideration, including the making of the Loan, the parties agree as follows:

AGREEMENT:

1. The Loan and Loan Documents:

The Loan amount shall not exceed \$_____. The payment terms, interest rate, and other requirements of the Loan are specifically set forth in the Promissory Note from Borrower to Lender (the "Note"), which will be executed contemporaneously with this Agreement or at the closing of the purchase of the Property (the "Closing"). The payment of the Note shall be secured by a Deed to Secure Debt (the "Deed") from Borrower to Lender for the Property. If this Agreement is executed in advance of the Closing, the Closing must occur no later than _____, 20_____.

The terms of the Note and the Deed are incorporated in this Agreement by reference as fully and to the same extent as though set forth herein.

2. Conditions of Closing and Disbursement:

Lender shall not be obligated to close the Loan or disburse any of the Loan proceeds until it has received a copy of the sales contract for the Property, a satisfactory appraisal, confirmation of other funds needed to complete the purchase, and satisfactory proof or confirmation of satisfaction of all other DCA/CHIP requirements and the HOME regulations.

3. Use of the Loan Proceeds:

Borrower may only use the Loan proceeds for a down payment on the purchase of the Property and for costs related to the Closing.

4. **Ownership during the Affordability Period:**

Borrower's family shall continuously use and occupy the Property as its principal residence for a period of not less than 5 years from the Closing. This 5 year period is the Affordability Period. For purposes of this Agreement, "family" shall have the same meaning as in the HOME regulations (currently found at 24 CFR §92.1 *et seq.*). Borrower shall not lease or voluntarily or by operation of law sell all or any part of the Property or any interest in the Property during the Affordability Period.

If the covenants in this Section are breached before the expiration of the Affordability Period, the Loan amount shall be subject to recapture by Lender.

5. **Recapture:**

During the Affordability Period, the Borrower must immediately notify the Lender if either of the following occurs:

- a) The Property is not used as the principal residence of the Borrower or the Borrower's family; or
- b) All or part of the Property or an interest therein is sold or transferred by the Borrower except for (a) the creation of a lien or encumbrance subordinate to the Deed, (b) the creation of a purchase money security interest for household appliances or (c) a transfer by device, descent or by operation of law upon the death of a joint tenant.

Any outstanding balance of the Loan must be repaid in full if the Property is not used as the principal residence of the Borrower or the Borrower's family for the entire Affordability Period. If the property is sold, the repayment is limited to the net proceeds of the sale which is defined as the sales price minus any superior loan repayments and closing costs.

5. **Other HOME Requirements:**

The Borrower agrees to comply with all regulations governing the HOME Investment Partnerships Program found in 24 CFR Part 92, including but not limited to the following:

- A. **Purchase Price:** The total purchase price of the Property cannot exceed the limits established annually by HUD for the area in which the property is located. These limits are calculated in accordance with 24 C.F.R. §92.254.
- B. **Income Requirements:** The borrower's annual household income must be no more than 80% of the median family income (adjusted for household size) as established by the U.S. Department of Housing and Urban Development (HUD).
- C. **Property Standards and Inspections:** The property must meet the minimum property standards as established by HUD, including but not limited to compliance with all building codes and local ordinances. During the Affordability Period and with written notice to the Borrower, the Borrower agrees to allow the Lender or its representatives to enter upon the Property for inspections as required to verify compliance with the property standards.
- D. **Counseling:** The Borrower must have completed a HUD-approved homeownership education course from a HUD approved housing counseling agency prior to receiving the Loan.

5. **Amendments:**
No amendment, change or modification of this Agreement shall be effective unless made in writing signed by the Lender.
6. **Indemnification:**
The Borrower agrees to hold the Lender and DCA harmless and to indemnify Lender and DCA from all liabilities, claims, or damages whatsoever, arising or alleged to have arisen or in any way connected to the receipt of the Loan funds.
7. **Governing Law:**
This Agreement shall be governed by the law of the State of Georgia. In the event that any provision or clause of this Agreement conflicts with applicable law, such conflict shall not affect the other provisions which can be given effect without the conflicting provisions.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below.

WITNESS:

WITNESS:

BORROWER (S):

Date: _____

Date: _____

LENDER:

By: _____

Its: _____

Date: _____