CITY OF LAS VEGAS
HOMEOWNERSHIP FOR EDUCATORS PROGRAM GUIDELINES

Program Description:

The initial objective of the program was for the city of Las Vegas to coordinate the Homeownership for Educators Program to assist new teachers in the purchase of a home. The program was designed to aid teachers who have good credit and qualify for the mortgage payments and have a desire to purchase a home within the city of Las Vegas. Housing opportunities were to be made available for new teachers that were interested in relocating to the city of Las Vegas to pursue their dream of being an educator but discouraged to relocate due to the high cost of housing as compared to their current state of residency.

The City allocated a portion of its Redevelopment Set-Aside funds to create a fund for this program. CCSD staff was the first point of contact for interested homebuyer(s) and was responsible for determining applicant eligibility and levels of financial assistance. Neighborhood Services role was to work with CCSD once an applicant was screened by CCSD and determined to be eligible for the program. Unfortunately, as of the date of this report, no teachers have taken advantage of this program. As with any new pilot program, this is a living document and from time to time must be updated to reflect the demand from the community and feedback we receive from CCSD to make the program successful. This pilot program was approved by City Council on May 18, 2005.

Revisions:

Recently, CCSD approached the City requesting amendments to the program that would allow for greater flexibility and teacher participation. The following guidelines outline the revised program that will be presented at the April 19, 2006, City Council meeting for consideration and approval.

Revised Program Requirements:

- All CCSD teachers are eligible to apply for the program, who are at 80% or below Area Median Income and live and teach within the boundaries of the city of Las Vegas.
- Teachers may teach at any school within the boundaries of the city of Las Vegas and must reside within the city limits.
- An application review process will be utilized to determine the most qualified applicants to participate in the program.

Revised Financial Assistance:

The program consists of two (2) financial assistance options:

- Option A Qualifying teachers may receive financial assistance up to $30,000 for mortgage buy down.
- Option B Qualifying teachers may receive rental assistance not to exceed $500 per month ($6,000 maximum).

Option A Requirements (Mortgage Buy Down Assistance):
Qualifying teachers will receive financial assistance, up to $30,000, for mortgage buy down.

Homebuyer Eligibility

- Residence must be located within the boundary limits of the City of Las Vegas.
- Must be first time homebuyer under HUDs definition of not having purchased or owned a home in the last 3 years.
- Period of affordability is ten (10) years.
- The property must be used as the teachers principal residence. Subleasing of the residence is prohibited.
- A potential homebuyer must:
    - Secure a first mortgage loan;
    - Attend a homebuyer counseling program provided by a HUD-certified housing counseling agency;
    - Make a minimum investment of $500.00 by the close of escrow;
    - May not have total assets exceeding $10,000 (excluding two vehicles, subject property, furniture and fixtures). Assets include but are not limited to checking accounts, savings accounts, money market accounts, bonds, stocks, mutual funds, pension funds, 401(k) s, IRAs, boats, & motor homes, etc.

Property Eligibility
Property to be purchased must meet all of the following criteria:

- Be located within the city of Las Vegas city limits;
- Be a single family home, condominium, or manufactured housing unit;
    - maximum purchase price must be at or below HUDs 203(b) limit FHA Maximum Mortgage Limit
- Have a Housing Quality Standards (HQS) inspection and meet HQS acceptability criteria at time of initial occupancy (it will be sellers responsibility to pay for any repairs required for the property to pass the HQS inspection);
- Homebuyer applicant:
    - must occupy as principle resident for the duration of HUD affordability period;
    - must accept a deed restriction for a ten (10) year term from the date of close of escrow;
    - may not allow any liens or encumbrances on the property for the ten (10) year eligibility period;

Homeownership for Educators Program Reimbursement Costs:

- Mortgage buy down will be completed at close of escrow
  Recapture Provisions for Mortgage Buy Down

- The Homeownership for Educators Program will require a deferred loan period of ten (10) years for loans up to $30,000.

- Homebuyer will be required to repay the appropriate portion of the assistance provided according to the repayment schedule below if any one (1) of the following occurs:

- The housing does not continue to be the principal residence of the homebuyer.
- The homebuyer is not continuously employed by the CCSD in a high-risk school.
- The property owner has breached the terms of the program agreement;
- Death of the last surviving homebuyer of the property during period of affordability;
- The property is sold or title is otherwise transferred during the period of affordability.

Repayment Schedule for Mortgage Buy Down

If the homebuyer sells the property within the first five (5) years of purchase, the entire loan amount of $30,000 will be deemed repayable to the City of Las Vegas. If the homebuyer sells the property after the five (5) year period, the prorated repayment schedule below will be followed:

- thru the end of the 6th year: $15,000 (50% of $30,000)
- thru the end of the 7th year: $12,000 (40% of $30,000)
- thru the end of the 8th year: $9,000 (30% of $30,000)
- thru the end of the 9th year: $6,000 (20% of $30,000)
- thru the end of the 10th year: $3,000 (10% of $30,000)

The repayment commences the day the deed is recorded at the Office of the County Recorder. At the end of the 10th year, repayment will not be required

The required recapture provisions will be enforced through the execution of a Loan Agreement between the subrecipient and the homebuyer, which will include the signing of a Promissory Note and a Deed of Trust.

Foreclosure:
Should the homeowners property go into foreclosure proceedings, the subrecipient agency will take all precautions necessary to ensure the program funds invested in the property are protected. The subrecipient agency should also offer counseling to the homebuyer prior to entering into foreclosure. Should the Homebuyer lose possession of the property through foreclosure, the City must be properly notified by a recorded Request for Notice in order for the City to be included in the division of net proceeds to satisfy the repayment of the program funds. The program participant will be required to acknowledge and agree that the City of Las Vegas will require repayment of the program funds from the net proceeds (if any) from the foreclosure sale and this amount will satisfy the repayment of the program funds.

Payoff:

Should the homeowner repay the program funds invested in the property; the homeowner shall issue a check to the City of Las Vegas in the amount of the program funding. The City will then execute a Substitution of Trustee and a Deed of Reconveyance and send this to the homeowners title company.

Refinancing:

Refinancing of an assisted property is allowable only for the following situations (unless the program money is repaid to the City in the refinancing process):

- to lower the interest rate and monthly payment on the first mortgage by a minimum of $50 per month;
- to allow the borrower to secure a loan to cover emergency non-insured property damage to the home;
- to allow the borrower to secure a loan to cover major, non-insured medical treatment.

The city of Las Vegas will not subordinate its position for other credit debt or loans, which do not meet the criteria noted above. In addition, the City will not subordinate its position if the borrower is refinancing to cash-out their equity for any reason. In order to expedite refinancing, the applicant must request the subrecipient to send a written request to the city of Las Vegas Neighborhood Services Director explaining the reason for a subordination request. Supporting documentation for the reason of the requested subordination must be included. Additionally, the new refinanced amount must be at or below HUDs 203(b) limit FHA Maximum Mortgage Limit as determined by the city of Las Vegas. The subrecipient must receive written consent to the subordination request from the Neighborhood Services Director or designee. The Director or designee will be responsible for informing the applicant that the processing of subordination agreements by the City may take up to four weeks to expedite after receipt of a correctly formatted agreement. The city of Las Vegas will only approve one subordination request per year per applicant, and only if it fulfills the requirements above. Applicants may refinance the property if the 18% Redevelopment Set-Aside funds are being paid back to the City in the process see Payoff paragraph above.

Commitment of Funds

CCSD should not commit funds to a potential homebuyer. The city of Las Vegas will be responsible for awarding funds. CCSD submits documentation to the city of Las Vegas confirming the employment status of the applicant (copy of the state issued teacher certificate/license) homebuyer education certification (to be provided by CCSD) and required documents.

Commitment of funds will be for a minimum period of 45 days. Homebuyer must sign this policy acknowledging that they have read, understand, and agree to its terms.

Option B Requirements (Rental Assistance)
Rental assistance will be offered to qualifying teachers not to exceed $500 per month ($6,000 maximum). Rent payments will be made directly to the property manager on behalf of the teacher.

In addition to the $500 monthly rent assistance, the city will match and set-aside $500 monthly up to a maximum of $6,000 at the end of the first year to assist in the purchase of a home. If the teacher decides to remain with CCSD and purchase a home, these funds would be released to assist with down payment and closing costs. In order to be eligible for this portion of the funding, the teacher must do not exceed 80% of Area Median Income at the time the funds are to be disbursed. The teacher may also elect to use the $6,000 set-aside funds to continue the rental assistance of $500 per month for one additional year if they remain income eligible.

The teacher must enter into either a 6 month or 12 month lease/rental agreement. A signed copy of the lease/rental agreement must be submitted to the city of Las Vegas. The city of Las Vegas will make all rent payments directly to the property owner. Monthly residency verification will be required.