

EXHIBIT A SCOPE OF WORK

Community Homebuyer Assistance Program

1. SCOPE OF WORK

The intent of the City of Flagstaff's Community Homebuyer Assistance Program (CHAP) is to make homeownership possible for citizens in the City of Flagstaff. CHAP is a one-time benefit per eligible household. This program will assist households with the up-front costs of homeownership who are mortgage eligible based on credit and income but lack the cash necessary for the down payment and closing costs associated with purchasing a home. Housing Solutions of Northern Arizona, Inc. (HSNA), a local HUD-approved housing counseling agency and nonprofit organization, has been selected by the City of Flagstaff through a competitive RFP process to administer the program. HSNA will determine eligibility for program participation, provide one-on-one housing counseling and general homebuyer education services, and administer the financial assistance at the time of purchase.

The program will be funded from City of Flagstaff General Funds.

2. PROGRAM ELIGIBILITY CRITERIA

2.1 City of Flagstaff CHAP buyer eligibility criteria is as follows:

- 2.1.1 To be eligible such homebuyers must be US Citizens or legal permanent residents of the United States.
- 2.1.2 Eligible Buyers must be first-time homebuyers as defined by the Department of Housing and Urban Development (HUD). The definition is as follows "FHA defines First-Time Homebuyer (FTHB) as an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase (closing date) of the property.

"A FTHB includes any individual that has only owned with a former spouse while married.

"A FTHB would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with State, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure."
- 2.1.3 Eligible Buyers must complete online homebuyer education course and one-on-one housing counseling through HSNA prior to closing on their home.
- 2.1.4 Eligible Buyers must occupy the home purchase with CHAP funds as their principal place of residence.
- 2.1.5 Eligible Buyers must meet income guidelines, demonstrating that total household income for all members of the household does not exceed 125% of the area median income, based on household size. This income information is published by the City of Flagstaff Housing Section, based on calculations from HUD annually. HSNA will utilize the "Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition," or its successor, or another methodology agreed-to by HSNA and the City of Flagstaff Housing Section, to determine household income.

2.2 CHAP housing unit eligibility is as follows:

2.2.1 Home to be purchased must be located within the Flagstaff City Limits.
~~Home to be purchased must be located within a prescribed area of Flagstaff. The prescribed area shall be defined as a 12-mile radius from City Hall or 35 miles eastbound, westbound, and southbound from the 1-17 and I-40 exchanges with a five-mile wide corridor (2 ½ miles on each side). Eligible housing types include single family detached, townhouses, and condominiums. Manufactured homes that meet FHA requirements and that are permanently affixed to and purchased with real property are eligible.~~

~~2.2.2 Home purchase price may not exceed 125% of the FHA 203(b) mortgage insurance limit for Coconino County.~~

2.2.3 The home must be livable, passing lender guidelines for occupancy and purchase.

~~2.2.4 Home purchase must be an arms-length transaction.~~

2.2.5 Although the Agency and City of Flagstaff highly recommend the buyers obtain a professional, impartial third-party home inspection by a licensed inspector, this is not a requirement of the program. However, the buyer will sign a Hold Harmless agreement at the time of purchase, ensuring they will not hold HSNA or the City of Flagstaff responsible for the condition of the home.

2.3 Agency shall document and retain all eligibility with client records. Client records will be transferred to the City of Flagstaff Housing Section within 60 days of home purchase for ongoing loan servicing.

3. ASSISTANCE LEVELS AND LENDING PARAMETERS

3.1 The intent of the City's CHAP program is to provide citizens of Flagstaff with up-front financial assistance to enable creditworthy first-time homebuyers to open the door to homeownership.

The maximum assistance provided through the CHAP program is as follows:

3.1.1 Maximum amount of financial assistance is \$40,000.00 per household.
~~Maximum amount of financial assistance is \$15,000.00 per household.~~

3.1.2 Total amount of financial assistance provided will be based on household contribution. The program will match household contribution on an 8 to 1 basis with up to \$5,000 of household funds matched with up to \$40,000.00 of CHAP funds.
~~Total amount of financial assistance provided will be based on household contribution. The program will match household contribution to the home purchase on a 3 to 1 basis with up to \$5,000.00 of household funds matched with up to \$15,000.00 of CHAP funds.~~

3.1.3 Households must contribute **at least 1% a minimum of \$1,000** of the purchase price through documented buyer funds. The remaining household contribution may come from gifts from immediate family members, as documented.

3.1.4 CHAP financial assistance will be repaid based on a shared appreciation model. The borrower will owe the City the principal sum plus Net Proceeds, which is defined as the difference between the principal sum and x% (the percent of the original purchase of the home received in assistance) of the sales price when the property is sold, or, if the property is not being sold, of the appraised value of the property at the time of repayment. In the case of

HUD/FHA first mortgages, the City's share of the appreciation will not exceed 50%. Furthermore, the Homeowner shall be permitted to recover at least the original purchase price, sales commission, and cost of capital improvement.

3.1.5 In any case where the home purchased is a City of Flagstaff Land Trust or Deed Restricted property, the shared appreciation repayment model is not required.

3.1.6 CHAP funds will NEVER be forgiven. Repayment will be triggered when one of the following occurs: (1) home is sold; (2) home is no longer owner-occupied; (3) household refinances home to access home equity – refinance with no cash-out is permitted and CHAP assistance will subordinate; or (4) information provided to HSNA or City of Flagstaff at time of assistance is determined to be fraudulent.

3.1.7 In order to ensure affordability and long-term sustainability for the household, his/her housing ratio cannot exceed 35% of gross monthly income (unless lender guidelines or layered assistance program has more conservative requirements).

3.1.8 Debt-to-Income Ratio does not exceed 45% of gross monthly income. Exceptions to affordability requirements may be made on a case-by-case basis, as recommended by the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors.

3.1.9 Mortgage is a 30-year fixed-rate mortgage with competitive interest rate.

3.1.10 Closing costs are reasonable and consistent with industry norms.

3.1.11 CHAP assistance is recorded in second position behind the primary mortgage, unless approved to subordinate behind another subordinate deed of trust.

3.2 The Agency may, with City staff approval, vary slightly from the above loan parameters on a case-by-case basis to assist with a particular hardship or when doing so can derive some other program benefit.

4. LOAN TERMS

The financial assistance loans will be secured on each property by a Deed of Trust and Promissory Note payable to the City of Flagstaff. The original recorded Deed of Trust and Promissory Note will be delivered to the City of Flagstaff Housing Section within 60 days of purchase, as part of the client file. The Note will never be forgiven. When the household repays CHAP assistance, the City of Flagstaff Housing Section will record with Coconino County Recorder's Office a Deed of Release and Reconveyance. The City of Flagstaff Housing Section will process payoff requests from the Title Company. Assistance requires no payment and no interest. The City of Flagstaff will subordinate to a second lien position to a primary mortgage lender. The City of Flagstaff, at its own discretion, may decide to subordinate to a third lien position. Refinancing to obtain a lower payment only and no cash out (no cash is borrowed) will be allowed. The City reserves the right to review each subordination as a lender. Prior to subordination, borrower will complete housing counseling with HSNA to ensure they understand costs associated with the refinance. HSNA will provide refinance housing counseling at no additional charge to the City of Flagstaff.

5. LOAN SERVICING

The City of Flagstaff will service the loans. When client loan files are transferred to the City of Flagstaff, the files will contain, at a minimum, a copy of the recorded Deed of Trust, the Promissory Note, and all other pertinent documents necessary to service the loans.

6. CLIENT AND PROGRAM FILES

HSNA will keep and maintain program files on file for a minimum of five years after the contract close out and be available to the City of Flagstaff for monitoring of the files. Original Deeds of Trust and Promissory Notes will be submitted to the City of Flagstaff as part of the client file

within 60 days of client purchase. Client files will be available to HSNA, if requested, for HUD or grant funder audits.

7. HOMEBUYER COUNSELING & EDUCATION

7.1 HSNA will follow the National Housing Counseling Standards for pre-purchase homebuyer education & counseling, which have been adopted by HSNA. HSNA's housing counseling staff will complete continuing education and abide by HUD requirements in the delivery of both one-on-one housing counseling and education. The intent of homebuyer education is to provide clients with general information regarding the home-buying process, credit and savings information, lending details and how to shop for a home. In addition, Fair Housing and Home Inspection information is presented to potential homebuyers.

7.2 All homebuyer aspirants, regardless of income, are invited to complete HSNA's online Homebuyer Education Course. The standard course cost is \$99 per household. HSNA offers a discount code to homebuyers who participate in one-on-one housing counseling – the discounted cost of the course is \$50 per household. The workshop fee will be paid by the household at the time of course registration.

7.3 Throughout the home-buying process, clients are encouraged to meet one-on-one with a certified homebuyer counselor who will help them navigate the home-buying process, determine their individual housing needs, and wants, and overcome challenges to make homeownership feasible. The counselor will also help clients understand and access additional available financial assistance programs including WISH and EAH.

7.4 Financial assistance available through the City's CHAP program will be committed on a first come, first served basis. Clients will be determined to be eligible for funds when they meet the following criteria: (1) have an accepted purchase contract with a closing date within 60 days; (2) have loan approval from a lender, demonstrating their loan meets HSNA's guidelines; (3) have completed one-on-one homebuyer counseling and the required pre-purchase education class; (4) have provided all required documentation to the counselor to determine eligibility. Once a client is determined to be eligible for financial assistance, the HSNA Homebuyer Assistance Programs committee, comprised of experts in the lending field, will review the purchase, loan, and financial assistance package to determine if the client is eligible to receive financial assistance.

7.5 The HSNA's homebuyer counselor will prepare loan documents and draw funds in preparation for close of escrow.

8. GENERATING MORTGAGE RESOURCES

Agency agrees that the Eligible Buyers shall obtain the mortgage financing from the lender of their choice and shall choose the title company of their choice. The Agency shall use its best efforts to generate mortgage resources for Eligible Buyers through (1) relationships with lending institutions; and (2) gaining approval of "soft second" mortgage products by the Federal Housing Administration (FHA), the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Veterans Administration (VA).

9. PROGRAM MARKETING

The Agency shall affirmatively market the program through media, literature, announcements through the Realtors' multiple listing service meetings, mailing to Realtors and other activities as appropriate.

10. PROJECT ADMINISTRATION

Administrative fees to HSNA are \$1,250 per matching loan, to be at the point of closing. The Agency will provide all of the necessary services to carry out the daily tasks of ensuring that the project progresses satisfactorily and that all of the administrative functions associated with the project are properly executed in accordance with the contract. Agency responsibilities include: (1) keeping project files detailing expenses, procurement, project information, and

correspondence, in addition to any other necessary information; (2) submitting applicable reports to the Housing Section; (3) keeping client files detailing eligibility, income, ethnicity, age, special needs and income information, in addition to any other necessary information; (4) project accounting, including documentation of expenditures and receipts; (5) managing personnel; (6) completing audits and other submissions; (7) overseeing project to ensure a cost-effective and efficient delivery of services; and (8) ensuring that an open process is conducted in all outreach activities and equal opportunity is provided to all persons regardless of race, color, sex, religion, disability, familial status or national origin.

Employer Assisted Housing (EAH) Program

1. SCOPE OF WORK

The intent of the City of Flagstaff's Employer Assisted Housing Program (EAH) is to make homeownership possible for all eligible personnel working for the City of Flagstaff. EAH is a one-time benefit per household. This program will assist employees with the up-front costs of homeownership who are mortgage eligible based on credit and income but lack the cash necessary for the down payment and closing costs associated with purchasing a home. Housing Solutions of Northern Arizona, Inc. (HSNA), a local HUD-approved housing counseling agency and nonprofit organization, has been selected by the City of Flagstaff through a competitive RFP process to administer the program. HSNA will determine eligibility for program participation, provide one-on-one housing counseling and general homebuyer education services, and administer the financial assistance at the time of purchase.

The program will be funded from City of Flagstaff General Funds.

2. PROGRAM ELIGIBILITY CRITERIA

2.1 City of Flagstaff EAH buyer eligibility criteria is as follows:

- 2.1.1 To be eligible such homebuyers must be employed by the City of Flagstaff.
- 2.1.2 Eligible buyers must: (1) meet employment guidelines as established by the City of Flagstaff Housing Section; (2) currently be employed by the City of Flagstaff in an ongoing funded position classified by Human Resources as Employment Status Exempt (E), FT Tenure Eligible (TE), FT Tenure Granted (TG), PT Tenure Eligible (PE), or PT Tenure Granted (PG); (3) have worked for the City of Flagstaff in a non-temporary position classified by Human Resources as Contract (CN), E, TE, TG, PE, or PG for a minimum of the previous twelve (12) consecutive months, (4) have the most recent performance evaluation demonstrate work performance meeting or exceeding expectations, and (5) not be on a performance work plan.
- 2.1.3 Eligible Buyers must not have owned a home within the Flagstaff Metropolitan Planning Organization (FMPO) boundary within the last three years and be a first-time homebuyer in Flagstaff, Arizona, defined by the Department of Housing and Urban Development (HUD). The definition is as follows "FHA defines First-Time Homebuyer (FTHB) as an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase (closing date) of the property.

A FTHB includes any individual that has only owned with a former spouse while married.

A FTHB would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with State, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure."

2.1.4 Eligible Buyers must complete an online homebuyer education course and one-on-one housing counseling through HSNA prior to closing on their home.

2.1.5 Eligible Buyers must occupy the home purchase with EAH funds as their principal place of residence.

2.2 EAH housing unit eligibility is as follows:

2.2.1 Home to be purchased must be located within a prescribed area of Flagstaff. The prescribed area shall be defined as a 12-mile radius from City Hall or 35 miles eastbound, westbound, and southbound from the 1-17 and I-40 exchanges with a five mile wide corridor (2 ½ miles on each side). Eligible housing types include single family detached, townhouses, and condominiums. Manufactured homes that meet FHA requirements and that are permanently affixed to and purchased with real property are eligible.

~~2.2.2 Home purchase price may not exceed 125% of the FHA 203(b) mortgage insurance limit for Coconino County.~~

2.2.3 The home must be livable, passing lender guidelines for occupancy and purchase.

~~2.2.4 Home purchase must be an arms-length transaction.~~

2.2.5 Although the Agency and City of Flagstaff highly recommend the buyers obtain a professional, impartial third-party home inspection by a licensed inspector, this is not a requirement of the program. However, the buyer will sign a Hold Harmless agreement at the time of purchase, ensuring they will not hold HSNA or the City of Flagstaff responsible for the condition of the home.

2.3 Agency shall document and retain all eligibility with client records. Client records will be transferred to the City of Flagstaff Housing Section within 60 days of home purchase for ongoing loan servicing.

3. ASSISTANCE LEVELS AND LENDING PARAMETERS

3.1 The intent of the City's EAH program is to provide an employee benefit to eligible employees, helping them to open the door to homeownership. The EAH program is an employee retention and attraction tool. The purpose of this program is to enhance recruitment efforts and improve retention of identified personnel.

The maximum assistance provided through the EAH program is as follows:

3.1.1 Maximum amount of financial assistance is ~~\$10,000.00~~ **\$20,000.00** per household.

3.1.2 Total amount of financial assistance provided will be based on employee contribution. The program will match employee contribution to the home purchase on a ~~4~~ **2** to 1 basis with up to ~~\$10,000.00~~ **\$5,000.00** of employee funds matched with up to \$10,000.00 of EAH funds. The EAH program will also match gifts from immediate family members, as documented. **Employees may utilize additional assistance, up to \$10,000 of non-forgivable EAH funds, after the 2 to 1 match is met.**

3.1.3 **The first \$10,000 of** EAH financial assistance will be forgiven over a 10-year period. **Employees may use additional assistance, up to \$10,000, in the form of a non-forgivable loan.** Financial assistance will be immediately repaid ~~on a pro-rated basis~~ by the employee if any of the following were to occur: (1) employment with City of Flagstaff terminates for any reason; (2) home is no longer owner-occupied; (3) employee refinances home to access home equity – refinance with no cash-out is

permitted and EAH assistance will subordinate; (4) information provided to HSNA or City of Flagstaff at time of assistance is determined to be fraudulent. **Up to \$10,000 of EAH financial assistance shall be repaid on a pro-rated basis. Any additional assistance is to be repaid in full.**

- 3.1.4 In order to ensure affordability and long-term sustainability for the employee, his/her housing ratio cannot exceed 35% of gross monthly income (unless lender guidelines or layered assistance program has more conservative requirements).
- 3.1.5 Debt-to-Income Ratio does not exceed 45% of gross monthly income. Exceptions to affordability requirements may be made on a case-by-case basis, as recommended by the HSNA Homebuyer Assistance Programs Committee, and based on compensating factors.
- 3.1.6 Mortgage is a 30-year fixed-rate mortgage with competitive interest rate.
- 3.1.7 Closing costs are reasonable and consistent with industry norms.
- 3.1.8 EAH assistance is recorded in second position behind the primary mortgage, unless approved to subordinate behind another subordinate deed of trust.

3.2 The Agency may, with City staff approval, vary slightly from the above loan parameters on a case-by-case basis to assist with a particular hardship or when doing so can derive some other program benefit.

4. LOAN TERMS

The financial assistance loans will be secured on each property by a Deed of trust and Promissory Note payable to the City of Flagstaff. The original recorded Deed of Trust and Promissory Note will be delivered to the City of Flagstaff Housing Section within 60 days of purchase, as part of the client file. The Note will be forgiven over a ten year period **for the first \$10,000 of EAH funds utilized.** At the end of ten years, the City of Flagstaff Housing Section will record with Coconino County Recorder's Office a Deed of Release and Reconveyance **for the first \$10,000 of EAH funds utilized.** If repayment is triggered prior to the ten-year recapture period, the City of Flagstaff Housing Section will process payoff requests from the Title Company. **Up to \$10,000 in EAH** assistance is forgiven on a pro-rated basis over the ten-year life of the loan. **Any additional EAH assistance is repayable as outlined in Section 3.1.3.** Assistance requires no payment and no interest **unless and until repayment is triggered as outlined in Section 3.1.3.** The City of Flagstaff will subordinate to a second lien position to a primary mortgage lender. The City of Flagstaff, at its own discretion, may decide to subordinate to a third lien position. Refinancing to obtain a lower payment only and no cash out (no cash is borrowed) will be allowed. The City reserves the right to review each subordination as a lender. Prior to subordination, borrower will complete housing counseling with HSNA to ensure they understand costs associated with the refinance. HSNA will provide refinance housing counseling at no additional charge to the City of Flagstaff.

5. LOAN SERVICING

The City of Flagstaff will service the loans. When client loan files are transferred to the City of Flagstaff, the files will contain, at a minimum, a copy of the recorded Deed of Trust, the Promissory Note, and all other pertinent documents necessary to service the loans.

6. CLIENT AND PROGRAM FILES

HSNA will keep and maintain program files on file for a minimum of five years after the contract close out and be available to the City of Flagstaff for monitoring of the files. Original Deeds of Trust and Promissory Notes will be submitted to the City of Flagstaff as part of the client file within 60 days of client purchase. Client files will be available to HSNA, if requested, for HUD or grant funder audits.

7. HOMEBUYER COUNSELING & EDUCATION

- 7.1 HSNA will follow the National Housing Counseling Standards for pre-purchase homebuyer education & counseling, which have been adopted by HSNA. HSNA's housing counseling staff will complete continuing education and abide by HUD requirements in the delivery of both one-on-one housing counseling and education. The intent of homebuyer education is to provide clients with general information regarding the home-buying process, credit and savings information, lending details and how to shop for a home. In addition, Fair Housing and Home Inspection information is presented to potential homebuyers.
- 7.2 All homebuyer aspirants, regardless of income, are invited to complete HSNA's online Homebuyer Education Course. The standard course cost is \$99 per household. The workshop fee will be paid by the City of Flagstaff as part of the EAH contract. The City of Flagstaff employee will not be charged for that course and will be provided with a coupon code to enter, making the course free of charge to the employee participant.
- 7.3 Throughout the home-buying process, clients are encouraged to meet one-on-one with a certified homebuyer counselor who will help them navigate the home-buying process, determine their individual housing needs, and wants, and overcome challenges to make homeownership feasible. The counselor will also help clients understand and access additional available financial assistance programs including WISH and CHAP.
- 7.4 Financial assistance available through the City's EAH program will be committed on a first come, first served basis. Clients will be determined to be eligible for funds when they meet the following criteria: (1) have an accepted purchase contract with a closing date within 60 days; (2) have loan approval from a lender, demonstrating their loan meets HSNA's guidelines; (3) have completed one-on-one homebuyer counseling and the required pre-purchase education class; (4) have provided all required documentation to the counselor to determine eligibility. Once a client is determined to be eligible for financial assistance, the HSNA Homebuyer Assistance Programs committee, comprised of experts in the lending field, will review the purchase, loan, and financial assistance package to determine if the client is eligible to receive financial assistance.
- 7.5 The HSNA's homebuyer counselor will prepare loan documents and draw funds in preparation for close of escrow.

8. GENERATING MORTGAGE RESOURCES

Agency agrees that the Eligible Buyers shall obtain the mortgage financing from the lender of their choice and shall choose the title company of their choice. The Agency shall use its best efforts to generate mortgage resources for Eligible Buyers through (1) relationships with lending institutions; and (2) gaining approval of "soft second" mortgage products by the Federal Housing Administration (FHA), the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Veterans Administration (VA).

9. PROGRAM MARKETING

The Agency shall affirmatively market the program through media, literature, announcements through the Realtors' multiple listing service meetings, mailing to Realtors and other activities as appropriate.

10. PROJECT ADMINISTRATION

Administrative fees to HSNA are \$1,250 per matching loan, to be at the point of closing. The Agency will provide all of the necessary services to carry out the daily tasks of ensuring that the project progresses satisfactorily and that all of the administrative functions associated with the project are properly executed in accordance with the contract. Agency responsibilities include: (1) keeping project files detailing expenses, procurement, project information, and correspondence, in addition to any other necessary information; (2) submitting applicable reports to the Housing Section; (3) keeping client files detailing eligibility, income, ethnicity, age, special needs and income information, in addition to any other necessary information; (4) project accounting, including documentation of expenditures and receipts; (5) managing

personnel; (6) completing audits and other submissions; (7) overseeing project to ensure a cost-effective and efficient delivery of services; and (8) ensuring that an open process is conducted in all outreach activities and equal opportunity is provided to all persons regardless of race, color, sex, religion, disability, familial status or national origin.

Household Eligibility Determination

1. SCOPE OF WORK

City of Flagstaff Homebuyer Programs have identified eligibility criteria to ensure low- and moderate-income benefit. Programs such as the City of Flagstaff Community Land Trust Program (CLT), work to ensure low- and moderate-income households can purchase a home below market-rate with restricted future resale requirements that create ongoing community benefit. It is the responsibility of the City of Flagstaff Housing Section to ensure ongoing program compliance. From time to time, the City of Flagstaff may outsource eligibility determination for programs such as the City's CLT program, as eligibility determination for the CLT program is similar to eligibility determination for down payment assistance programs.

The program will be funded from City of Flagstaff General Funds.

2. PROGRAM ELIGIBILITY CRITERIA

2.1 City of Flagstaff eligibility criteria to purchase a restricted homeownership unit is as follows:

2.1.1 Homebuyer households must be first-time homebuyers, as defined by the Department of Housing and Urban Development (HUD). The definition is as follows "FHA defines First-Time Homebuyer (FTHB) as an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase (closing date) of the property.

"A FTHB includes any individual that has only owned with a former spouse while married.

"A FTHB would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with State, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure."

2.1.2 Clients must be income-eligible for the home they are seeking to purchase, based on income limits outlined in resale restriction documents, development agreements or City of Flagstaff program documents. HSNA will utilize the "Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition," or its successor, or another methodology agreed-to by HSNA and the City of Flagstaff Housing Section, to determine household income.

2.1.3 Clients must be US Citizens or legal permanent residents unless the specific program does not have this requirement.

2.1.4 Clients may need to meet affordability requirements, demonstrating that the proposed monthly housing costs and total debt-to-income ratios do not exceed advertised limits.

2.1.5 Eligible buyers must occupy the home purchased through the City of Flagstaff homeownership program as their principal place of residence.

3. CLIENT AND PROGRAM FILES

HSNA will keep and maintain program files on file for a minimum of five years after the contract close out and be available to the City of Flagstaff for monitoring of the files. Client files will be transferred to the City of Flagstaff Housing Section within 60 days of eligibility determination. If client is also receiving City of Flagstaff down payment assistance, City of Flagstaff may, at its

discretion, allow HSNA to retain client file until home purchase, transferring client file to the City Housing Section within 60 days of home purchase.

4. HOMEBUYER COUNSELING & EDUCATION

4.1 HSNA will follow the National Housing Counseling Standards for pre-purchase homebuyer education & counseling, which have been adopted by HSNA. HSNA's housing counseling staff will complete continuing education and abide by HUD requirements in the delivery of both one-on-one housing counseling and education. The intent of homebuyer education is to provide clients with general information regarding the home-buying process, credit and savings information, lending details and how to shop for a home. In addition, Fair Housing and Home Inspection information is presented to potential homebuyers.

4.2 All homebuyer aspirants, regardless of income, are invited to complete HSNA's online Homebuyer Education Course. The standard course cost is \$99 per household. HSNA offers a discount code to homebuyers who participate in one-on-one housing counseling – the discounted cost of the course is \$50 per household. The workshop fee will be paid by the household at the time of course registration.

4.3 Pre-purchase housing counseling is offered to clients in-person or via telephone. Throughout the home-buying process, clients are encouraged to meet one-on-one with a certified homebuyer counselor who will help them navigate the home-buying process, determine their individual housing needs, and wants, and overcome challenges to make homeownership feasible. The counselor will also help clients understand and access additional available financial assistance programs including WISH, CHAP and EAH.

4.4 As required by HUD, all clients receiving one-on-one housing counseling will have documented follow-up.

5. GENERATING MORTGAGE RESOURCES

As it furthers their mission to provide housing resources to the community, HSNA will work with the City of Flagstaff to identify and educate first mortgage lenders who can provide mortgage financing to homebuyers purchasing a CLT or deed restricted home. The Agency shall use its best efforts to generate mortgage resources for Eligible Buyers through (1) relationships with lending institutions; and (2) gaining approval of CLT mortgage products by the Federal Housing Administration (FHA), the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Veterans Administration (VA).

6. PROGRAM MARKETING

The Agency shall affirmatively market the program through media, literature, announcements through the Realtors' multiple listing service meetings, mailing to Realtors and other activities as appropriate.

7. PROJECT ADMINISTRATION

Administrative fees to HSNA are \$250 per household referred to HSNA by the City of Flagstaff and screened for eligibility for a City of Flagstaff Homebuyer Program.

Agency responsibilities include: (1) keeping project files detailing expenses, procurement, project information, and correspondence, in addition to any other necessary information; (2) submitting applicable reports to the Housing Section; (3) keeping client files detailing eligibility, income, ethnicity, age, special needs and income information, in addition to any other necessary information; (4) project accounting, including documentation of expenditures and receipts; (5) managing personnel; (6) completing audits and other submissions; (7) overseeing project to ensure a cost-effective and efficient delivery of services; and (8) ensuring that an open process is conducted in all outreach activities and equal opportunity is provided to all persons regardless of race, color, sex, religion, disability, familial status or national origin.

Homebuyer Counseling & Education

1. SCOPE OF WORK

The intent of the City of Flagstaff's Homebuyer Counseling and Education Program (HCEP) is to ensure potential first-time homebuyers in the City of Flagstaff are educated about the home-buying process, have resources to overcome barriers to homeownership and make informed decisions regarding their housing choices. Potential buyers will also be educated about financial assistance programs available in the community to first-time homebuyers. Housing Solutions of Northern Arizona, Inc. (HSNA), a local HUD-approved housing counseling agency and nonprofit organization, has been selected by the City of Flagstaff through a competitive RFP process to administer the program. HSNA will conduct one-on-one homebuyer counseling and online education, advertise services to the community and build relationships with community partners such as lenders and Realtors to ensure buyers and potential buyers are aware of program services.

The program will be funded from City of Flagstaff General Funds.

2. PROGRAM ELIGIBILITY CRITERIA

2.1 City of Flagstaff HCEP eligibility criteria is as follows:

2.1.1 Clients identify as potential or future first-time homebuyers, as defined by the Department of Housing and Urban Development (HUD). The definition is as follows "FHA defines First-Time Homebuyer (FTHB) as an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase (closing date) of the property.

"A FTHB includes any individual that has only owned with a former spouse while married.

"A FTHB would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with State, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure."

2.1.2 Clients have a current address is the Flagstaff FMPO boundaries and have expressed an interest in living in the greater Flagstaff area.

3. CLIENT AND PROGRAM FILES

HSNA will keep and maintain program files on file for a minimum of five years after the contract close out and be available to the City of Flagstaff for monitoring of the files. Client files will be "closed out" for two reasons: (1) client purchases a first home; or (2) client file is closed, and client does not purchase a first home. Client files can be closed if the client determines homeownership is not feasible or desirable, client does not follow action plan to become home purchase ready or client fails to follow up or discontinues contact with the Agency. If a client purchases a home, original Deeds of Trust and Promissory Notes will be submitted to the City of Flagstaff as part of the client file within 60 days of client purchase. Client files will be available to HSNA, if requested, for HUD or grant funder audits. If a client file is closed and the client does not purchase a first home, HSNA will retain the client file in electronic or hard-copy form, for a minimum of three years from the date of file termination. This record retention is consistent with HUD Housing Counseling requirements.

4. HOMEBUYER COUNSELING & EDUCATION

4.1 HSNA will follow the National Housing Counseling Standards for pre-purchase homebuyer education & counseling, which have been adopted by HSNA. HSNA's housing counseling staff will complete continuing education and abide by HUD requirements in the delivery of both one-on-one housing counseling and education. The intent of homebuyer education is

to provide clients with general information regarding the home-buying process, credit and savings information, lending details and how to shop for a home. In addition, Fair Housing and Home Inspection information is presented to potential homebuyers.

- 4.2 All homebuyer aspirants, regardless of income, are invited to complete HSNA's online Homebuyer Education Course. The standard course cost is \$99 per household. HSNA offers a discount code to homebuyers who participate in one-on-one housing counseling – the discounted cost of the course is \$50 per household. The workshop fee will be paid by the household at the time of course registration.
- 4.3 Pre-purchase housing counseling is offered to clients in-person or via telephone. The purpose of housing counseling is to address the specific questions, concerns, and barriers a household may face in purchasing a first home. Housing Counselors follow HUD guidelines for pre-purchase housing counseling, completing a financial and budget analysis, a personalized action plan for the client and covering important home purchase topics such as federal consumer protection and fair housing laws, the home purchase process, how to maintain homeownership, etc. The housing counselor will explain available financial assistance programs such as WISH, EAH and CHAP.
- 4.4 As required by HUD, all clients receiving one-on-one housing counseling will have documented follow-up.

5. PROGRAM MARKETING

The Agency shall affirmatively market the program through media, literature, announcements through the Realtors' multiple listing service meetings, mailing to Realtors and other activities as appropriate.

6. PROJECT ADMINISTRATION

Administrative fees to HSNA are \$150 per eligible household receiving one-on-one housing counseling. Households will be required to pay for the online homebuyer education course themselves. They will also be required to pay for tri-merge credit reports, if they elect to have HSNA pull credit. The cost of a credit report is \$14.50 per individual. The fee charged to clients for a tri-merge credit report is a cost-recovery fee to cover the cost incurred by HSNA to pull the credit report. All client-paid fees are disclosed to clients up-front by HSNA, in accordance with HUD requirements.

Agency responsibilities include: (1) keeping project files detailing expenses, procurement, project information, and correspondence, in addition to any other necessary information; (2) submitting applicable reports to the Housing Section; (3) keeping client files detailing eligibility, income, ethnicity, age, special needs and income information, in addition to any other necessary information; (4) project accounting, including documentation of expenditures and receipts; (5) managing personnel; (6) completing audits and other submissions; (7) overseeing project to ensure a cost-effective and efficient delivery of services; and (8) ensuring that an open process is conducted in all outreach activities and equal opportunity is provided to all persons regardless of race, color, sex, religion, disability, familial status or national origin.