



Administrative Services Committee Meeting

Meeting Date: 04/29/2025

Approval of Homebuyer Subsidy (1) Applications

Department: HCD

Presenter: Shauntia Lewis and/or HCD Staff

Caption: Motion to approve Housing and Community Development Department's (HCD's) to provide HOME funding to assist one (1) low to moderate income homebuyers with gap financing, downpayment and closing cost to purchase home.

Background: The City of Augusta's Home Subsidy Program is a loan in the form of a second mortgage. This financial assistance is combined with a primary loan (first mortgage loan) from a participating lending institution and enables a *qualified* first-time home buyer to become a homeowner. The buyer must be a first-time home buyer and the home must become the buyer's primary residence. The program is funded by The Department of Housing and Urban Development (HUD) and administered by The City of Augusta's Housing and Community Development Department (AHCD). The program promotes neighborhood stability by assisting with the gap financing toward the purchase price and closing costs for homes located within the city limits of Augusta and in conjunction with local Community Housing Development Organizations (CHDOs). In order to assist in the sale of these units, HCD has offered an additional \$15,000 in subsidy for a total of \$40,000.00 per unit.

The applications are awaiting approval to move forward with the process of becoming a homeowner and they are:

1. 1231 Miller Street – Requesting: \$ 40,000.00 Sales Price: 245,000.00
Developer: Laney Walker Development Corporation

The applicants have a first mortgage from a lending institution but needs the Subsidy to complete the process. Once approved, Lenders will schedule

closing and the applicants will then become a new homeowner in Augusta, Georgia.

Analysis:

The approval of the applications will enable two individuals to become homeowners and “Make the American Dream a Reality”. Approval will also have a positive impact on the community by increasing the tax base in Augusta, Georgia.

Financial Impact:

The City receives funding from the US Housing and Urban Development Department on an annual basis. Last year in 2024, HCD provided subsidy to fourteen homebuyers in the amount of \$188,554.00. This approval would be for the amount of \$40,000.00.

Alternatives:

Do not approve Subsidy’s Agreement.

Recommendation:

Motion to approve Housing and Community Development Department’s (HCD's) to provide HOME funding to assist one 1) low to moderate income homebuyers with gap financing, downpayment and closing cost to purchase home.

Funds are available in the following accounts:

Housing and Urban Development (HUD) Funds: HOME Investment Partnership Grant (HOME) funds.
HOME: 22107 3212 5211119

**REVIEWED AND
APPROVED BY:**

Procurement
Finance
Law
Administrator
Clerk of Commission



HOME PROGRAM HOMEBUYER WRITTEN AGREEMENT

NOTICE TO HOMEBUYER: This AGREEMENT contains a number of requirements you must fulfill in exchange for the federal assistance you are receiving through the Home Investment Partnerships Program (HOME Program). Be sure to read each paragraph carefully and ask questions regarding any sections you do not fully understand. This AGREEMENT will be enforced by a forgivable loan and mortgage as set forth below. You should be sure that you thoroughly understand these documents before you sign them.

THIS AGREEMENT, made and entered into this ____ day of _____, **2025** by and between _____ hereinafter referred to as “BORROWER,” and **AUGUSTA HOUSING & COMMUNITY DEVELOPMENT** having its principal office at **510 Fenwick, Augusta, Georgia 30901**, hereinafter referred to as “LENDER.”

WHEREAS, on _____, the Lender agreed to provide to the Borrower financial assistance to be used in pursuit of the purchase of certain real property hereafter described: Map Parcel # 046-4-014-01-0 and 1231 Miller Street, Augusta, GA 30901.

WHEREAS, a percentage of said financial assistance was provided in the form of a Forgivable Loan, hereinafter referred to as a “LOAN,” with said Loan being in the amount of **Forty Thousand dollars 00/100 (\$40,000.00)** subject to the condition that the Borrower executes this Agreement.

WHEREAS, the Forgiveness Loan is funded by the U.S. Department of Housing and Urban Development (“hereafter HUD”) via the HOME Investment Partnership Program (hereafter “HOME Program”), and restrictions apply to the Borrower when participating in the City of Augusta’s Forgiveness Loan Program.

NOW THEREFORE, in consideration of the said Loan and in accordance with the provisions of State of Georgia Statutes, the parties do hereby agree as follows:

The Borrower covenants and agrees with the Lender to adhere to the following HOME Program Restrictions imposed on them for the federal assistance provided:

Affordability Period

You must comply with the HOME Program’s period of affordability. The period of affordability for the home will be 20 years, based on the amount of direct subsidy to the HOMEBUYER. During this 20-year period, the HOMEBUYER must maintain the home as his/her **principal place of residence** at Homebuyer

all times. During this time the recapture restriction is effective and requires all HOME funds that were provided for the purchase of the home to be repaid to the City, including principal, interest, late fees, and other charges, if you do not occupy the property as your principal residence or if you sell or transfer the property.

Maximum Sales Price

The property may not have a purchase price for the type of single-family housing that exceeds 95% of the median purchase price for the area. It has been verified that the purchase price of the housing does not exceed 95 percent (95%) of the median purchase price of homes for the area, as set forth in 24 CFR Part 92.254(a).

The maximum purchase price is as follows for Augusta Richmond County GA:

| Unit # | FHA Limits Pre-Economic Stimulus Act- 2024 | |
|-------------------------|--|------------|
| | Existing Homes | New Homes |
| 1 Unit | \$ 209,000 | \$ 253,000 |
| 2 Unit | \$ 267,000 | \$ 323,000 |
| 3 Unit | \$ 323,000 | \$ 392,000 |
| 4 Unit | \$ 400,000 | \$ 485,000 |
| Unadjusted Median Value | \$ 219,000 | \$ 265,945 |

Appraised property value

The AWARDEE certifies that a certified property appraiser has appraised the property that is the subject of this AGREEMENT at a value of \$ 235,000.00.

Principal residence requirement

This agreement shall remain in force throughout the affordability period as long as the home remains the principal residence of the HOMEBUYER. Should the HOMEBUYER not maintain the home as his/her principal residence, or rent or sell the residence to another party, the HOMEBUYER will be in breach of this agreement and will be required to repay the amount awarded, as of the day the home is no longer the principal place of residence of the HOMEBUYER. If the home is sold to another party, the liability of the HOMEBUYER will be limited to the amount of the net proceeds of the sale as set forth below.

_____ *Buyer Initials*

Recapture Agreement

This is a mechanism to recapture all or a portion of the direct HOME subsidy if the HOME recipient decide to sell the house within the affordability period at whatever price the market will bear. The recaptured funds will come from the net proceeds if available. Any such repayment as required shall be made to the Lender no later than thirty (30) days following the action that requires the repayment.

Homebuyer

Obligation of Repayment

As security of Borrower's obligation of repayment, and subject to the terms and conditions of this Agreement, the Borrower grants, and the Lender shall and hereby does have, a lien on the real estate hereinafter described in the full amount necessary to satisfy said repayment obligation and the cost, including reasonable attorney's fees, of collecting the same. The real estate subject to said lien is legally described as:

ALL THAT LOT OR PARCEL OF LAND, situated, lying and being in the City of Augusta, Richmond County, Georgia bounded North by Walton Way. South by Laney Walker Blvd., East by 15th Street and West by 15th Street. Parcel # 046-4-014-01-0 Property recorded as 1231 Miller Street, Augusta, GA 30901

Promptly after the date of any sale, transfer or other conveyance of the above describe property, or in the event of a sale by contract for deed, at least ten (10) days prior to the date of such sale; or if the property shall cease to be the Borrower's **principal place of residency**, the Borrower or his/her heirs, executors, or representatives shall give the lender notice thereof.

In the event the Borrower or his/her heirs, executors, or representatives shall fail or refuse to make a required payment within said limited period, the Lender may, with or without notice to the Borrower, foreclose said lien in the same manner as an action of the foreclosure or mortgages upon said real estate, as provided by State Statute.

Ownership of Property

You must hold fee simple title to the property purchased with HOME funds for the duration of your Forgiveness Loan.

Use of HOME funds

The HOMEBUYER agrees that HOME assistance will be used to lower the cost of the home by providing down payment assistance. This will reduce the sales price of the home to the HOMEBUYER and reduce the total amount the HOMEBUYER will be required to borrow in order to purchase the home.

_____ *Buyer Initials*

Household Income

You must be an eligible household through the time of filing a loan application with the City or other lender to the escrow closing of the purchase transaction. Income eligibility means that your annual gross household income, adjusted for household size, does not exceed eighty percent (80%) of the Augusta-Aiken median income, as established by HUD.

Homebuyer

Insurance requirement

The HOMEBUYER must at all times during the duration of this AGREEMENT maintain a valid and current insurance policy on the home for the current appraised or assessed value of the home. Failure to maintain a valid and current insurance policy will be considered a breach of this AGREEMENT, and the AWARDEE will have the right to foreclose on its mortgage lien if necessary to protect the HOME Program investment.

Property standards

Pursuant to HOME Program rules, the property that is the subject of this AGREEMENT must meet all State and local housing quality standards and code requirements. If no such standards or codes apply, the property must at a minimum meet the HUD Section 8 Housing Quality Standards/Uniform Physical Condition Standards.

Termination Clause

In the event of foreclosure or deed in lieu of foreclosure of Prior Security Deed, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate-income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect. Any person (including his successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a Prior Security Deed shall receive title to the Property free and clear from such restriction.

Further, if any Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Security Instrument shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the Lender has been given written notice of a default under the Prior Security Deed and (ii) the Lender shall not have cured the default under the Prior Security Deed within the 30-day notice sent to the Lender."

This Agreement shall run with the aforementioned real estate and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, representatives, successors and assigns.

If at any time that the City realizes that you have falsified any documentation or information, you may be required by law to pay the full amount of subsidy provided.

_____ *Buyer Initials*

Post Purchase Requirement

Homeowner must attend a Post Homeownership Counseling class and submit a certificate of completion to AHCD within the first two years of purchasing the house. AHCD will not release the lien on the property until this requirement has been met.

_____ *Buyer Initials*

Homebuyer

IN WITNESS WHEREOF, the Borrower has executed this Forgiveness Loan Repayment Agreement.

_____ Date _____
HOMEBUYER SIGNATURE (**Homebuyer**)

Attest:

Subscribed and sworn to before me _____, 20____.

My Commission Expires _____, 20____.

Notary Signature

IN WITNESS WHEREOF, the parties have set their hands and seals as of the date first written above:

ATTEST: AUGUSTA, GEORGIA
(The City)

By: _____
Tameka Allen
City Administrator

Date: _____

By: _____
Shauntia Lewis
As Deputy Director, HCD

Date: _____

Homebuyer

