

**CITY OF HARTFORD
DEPARTMENT OF DEVELOPMENT SERVICES
Housing and Property Management Division**

**LOAN AGREEMENT
BETWEEN THE CITY OF HARTFORD
AND**

Applicant Name

HOUSEHARTFORD

A HOMEBUYER ASSISTANCE PROGRAM

Please Return To:

Housing & Property Management Division
250 Constitution Plaza, 4th Floor
Hartford, CT 06103
Attn: Claude Trapp

This Loan Agreement (the "Loan Agreement") is made and entered into this ____ day of _____, 200____ by and between the City of Hartford, a municipal corporation organized and existing under the laws of the State of Connecticut (hereinafter referred to as the "City") ; and _____, (hereinafter referred to as the "Borrower"), for the purchase of property located at _____, Hartford, CT _____ (the "Property"). The first lien holder's Name is: _____ (the "First Lien Holder").

I. PURPOSE

1. The purpose of this Loan Agreement is to mandate compliance of the Borrower with the terms, and conditions of the HOME Investment Partnerships Program (the "HOME Program") Final Rule 24 CFR Part 92 dated September 16, 1996 (the "Final Rule"), the Final Rule may be electronically referenced at (http://www.access.gpo.gov/nara/cfr/waisidx_04/24cfr92_04.html).
2. The Borrower requires the financial assistance of the City to purchase the Property through the City of Hartford's Homebuyer Assistance Program known as HouseHartford ("HouseHartford"). A description of HouseHartford is contained in the HouseHartford Registration Form, which was signed by the Borrower at the time of application. A copy of the HouseHartford Registration Form is attached hereto as Exhibit A and is incorporated herein.
3. The Borrower wishes to participate in the HouseHartford and HOME Programs, and agrees that the beneficiaries of activities under these Programs and this Loan Agreement, are or will be individuals or families who meet the income eligibility guidelines in accordance with the Final Rule (Subparts 92.216/217) and the income and rent limits as described in the HouseHartford Registration Form on page 2.
4. The City agrees to provide HouseHartford loan funding which will be used to reimburse the Borrower for eligible Purchase Mortgage Interest Rate Buydown or Downpayment and Closing Cost expenses included with the purchase of the Property in accordance with the terms and provisions of this Loan Agreement and the HouseHartford Program.

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II. TERMS OF LOAN

1. LOAN AMOUNT:

The City will lend The Borrower a total maximum amount of (write out loan amount) \$_____ (the "Loan"). The Loan shall be evidenced by a mortgage loan promissory note (the "Note") and secured by a mortgage of even date (the "Mortgage") copies of the forms of the Mortgage and the Note are attached hereto as Exhibit B.

2. INTEREST RATE: 0%

3. TERMS AND PAYMENTS:

Provided that Borrower complies with the terms of the Mortgage, the Note and this Loan Agreement the Loan shall be deferred and reduced as described in the Mortgage on page 2 Section (d) Affordability and Recapture provisions.

The outstanding principal balance of the Loan shall be finally due and payable upon the first to occur of (i) the date the Property is sold or transferred, (ii) such time that the Property is not used for Borrower's principal residence, (iii) such time that the first lien secured by the Property is declared in default by the First Lien Holder, (iv) property taxes due the City and secured by the Property are delinquent, (v) the property insurance associated with the Property has lapsed. If the Property is sold prior to the end of the first year of ownership the entire amount of the Loan must be repaid. If the Property is sold after the first year of ownership, the amount to be repaid will be reduced pro-rata based on the time the Borrower has occupied the Property measured against the required affordability period.

The amount of the Loan due and payable at any time shall be determined after deducting the amount of the Loan forgiven by the City.

III. GENERAL CONDITIONS

1. AFFORDABILITY:

The Borrower agrees that the Property assisted with HOME Program funds will meet the affordability requirements of sections 92.252 or 92.254, of the Final Rule as applicable, and the conditions set forth in HouseHartford. The Borrower further agrees to repay all Loan funds disbursed if the Property does not meet the affordability requirements for the specified time period or fails to maintain the Property as his/her primary place of residence under the terms of HouseHartford. For example:

Where the affordability period is five years, the amount to be repaid will be reduced at the rate of 20% per full year (increments of 365 day periods from the Loan closing date) resulting in the complete forgiveness of the Loan at the end of year five.

Where the affordability period is ten years, the amount to be repaid will be reduced at the rate of 10% per full year (increments of 365 day periods from the Loan closing date) resulting in the complete forgiveness of the Loan at the end of year ten.

2. DURATION OF AGREEMENT:

The Borrower agrees that this Loan Agreement shall remain in effect for the period of affordability as specified in accordance with the Final Rule Sections 92.252, 92.254, and the terms of the HouseHartford Program.

Single-family property owners that receive HouseHartford loans are identified as 'HOME-Assisted.' This term refers to the housing units within a property purchased under the HouseHartford and HOME Programs for which rent, occupancy and resale restrictions apply. The HOME-Assisted unit must remain affordable and be occupied by a person or family whose income qualifies as low income at the time of purchase for a minimum period of 5 years where the per unit amount of HOME funds provided is less than \$15,000, 10 years where

the per unit amount of HOME funds provided is greater than \$15,000, but less than \$40,000.

NOTE: The prepayment of the Loan or transfer of title to the Property does not always relieve the Borrower, or subsequent purchaser of the Property, of the responsibility for ensuring that the Property remains affordable for low-income persons/families in accordance with the HouseHartford Required Periods of Occupancy, Affordability and Recapture as described in the HouseHartford Registration Form.

3. PROJECT REQUIREMENTS - SUBPART F:

The Borrower agrees to comply fully with the HOME Program requirements as specified in the Final Rule Subpart F Sections 92.250, 92.251, 92.252, 92.253, 92.254, 92.255, and 92.257.

4. OTHER FEDERAL REQUIREMENTS - SUBPART H:

The Borrower agrees to comply fully with other federal requirements as specified Subpart H Sections 92.350 through and including 92.358 of the Final Rule with the exception of Sections 92.352 and 92.359.

5. PROHIBITION OF RELOCATION:

Loan funds may not be used if the purchase of the Property results in or causes the displacement of any tenant residing at the Property.

6. REHABILITATION/NEW CONSTRUCTION STANDARDS:

Any structure existing at the Property shall meet the housing quality standards set forth in the Final Rule Section 882.109 of 24 CFR Part 882.

The structure must be free from all noted health and safety defects prior to occupancy. Additionally, the structure must meet the applicable property standards (at a minimum, the housing quality standards set forth in 24 CFR Part 982.401) no later than 2 years after transfer of the ownership interest.

Further the Borrower shall perform such activities and provide such information to the City for use in the assessment of the environmental effects of each activity carried out in accordance with

the National Environmental Policy act of 1969 (NEPA) and the regulations issued at 24 CFR Parts 50 and 58.

7. USE OF FUNDS:

Loan funds shall be used only for eligible program costs related to the provision of services required by this Loan Agreement in accordance with the Final Rule Sections 92.205, 92.206, and in accordance with the terms of HouseHartford.

Any costs incurred without prior written approval of the City shall be ineligible for reimbursement by the City.

8. DISBURSEMENTS:

No disbursement of Loan funds will occur until after the City has issued final loan approval.

9. OCCUPANCY TIME LINES:

The Borrower agrees to occupy the Property within sixty (60) days from the date of execution of this Loan Agreement. Further, the Borrower agrees to maintain the Property as their principal place of residence in accordance with the terms and provisions of this Loan Agreement and the HouseHartford and HOME Programs.

10. PERFORMANCE STANDARDS:

The Borrower agrees that all of the required services as provided under this Loan Agreement shall be performed with the highest professional skill and competence. All of the services required hereunder by the Borrower shall be performed to the sole satisfaction and approval of the City. The City's Department of Development Services' Housing and Property Management Division shall be the administering and monitoring agent.

11. RECORDS AND REPORTS:

The Borrower is responsible for maintaining all records for three years beyond the period of affordability: This includes at a minimum, the amount of Loan funds spent on the Property; tenant information, including yearly verification; rents charged; annual on-site inspections; and resale information if applicable. In addition, The Borrower must agree to provide the City with the various reporting requirements described in the Final Rule Sections 92.508 and 92.509.

The Borrower agrees to have available in the City and to make available upon request, all its books, documents, papers and records for inspection, audit, and copying during normal business hours, by appropriate officials of the City, HUD, and the Comptroller General of the United States, or their duly authorized representatives, concerning charges, fees, expenses and costs under this Loan Agreement.

12. EXIGENT NOTIFICATIONS:

The Borrower is required under this Loan Agreement to immediately notify the City of Hartford Department of Development Services' Housing and Property Management Division of any emergency, accident, circumstances/situations, etc. that occurs or seems likely to occur during the term of this Loan Agreement that might possibly threaten to impede or hamper the occupancy of the Property .

13. DEFAULT:

- A. Failure by the Borrower, due to any fault of the Borrower, to fulfill its obligations under this Loan Agreement, the Mortgage, the Note, or the HouseHartford or HOME Programs in a timely and proper manner;
- B. Breach or violation by the Borrower of any of the covenants or promises contained in this Loan Agreement, the Mortgage or the Note;
- C. Failure by the Borrower to fulfill any lawful obligations;
- D. Any act of insolvency by the Borrower.

14. REMEDIES UPON DEFAULT:

In the event of any default hereunder, which is not remedied after 30 days written notice from the City to the Borrower, the City shall have the right to any and all remedies available under law, including but not limited to any and all of the following remedies: assignment of the collection of amounts due hereunder to a collection agency; immediate termination of the City's obligations under this Loan Agreement; foreclosure; and any remedy designed or intended to

allow the City to take ownership, possession, or control of any property acquired. At the City's option, any improvements on the Property shall become the City's after default.

The City may undertake any of these remedies together or alone, in any order, sequence or series. The selection of any remedy shall not constitute waiver of any other remedy.

15. LATER DISALLOWANCE AND ADJUSTMENTS:

The close-out (completion of the term of this Loan Agreement) or date of suspension or termination of this Agreement does not affect:

- A. HUD or the City's right to disallow costs and recover funds on the basis of a later audit or other review;
- B. The Borrower's obligation to return any funds due as a result of later refunds, corrections, or other transactions;
- C. Records retention as required; or
- D. Audit requirements.

16. LIABILITY OF THE BORROWER:

Notwithstanding the provisions of Sections 10 and 11 of this Loan Agreement, the Borrower shall not be relieved of any liability to the City for damages sustained by the City by virtue of any breach of this Loan Agreement by the Borrower for the purpose of setoff until such time as the exact amount of damages due the City from the Borrower is determined.

17. MONITORING:

- A. The City will at least annually monitor the Borrower's property and records for compliance with the provisions of this Loan Agreement.
- B. The Borrower agrees to have available in the City of Hartford, upon request, all books, documents, papers and records concerning charges, fees and costs under this Agreement for

inspection, audit, and copying during normal business hours, by appropriate officials of the City, HUD and the Comptroller General of the United States, or their duly authorized representatives.

18. COMPLIANCE WITH LAW:

In all matters pertaining to the execution of this Loan Agreement, the Borrower and its successors and assigns shall conform strictly to all federal, state, and municipal laws, applicable rules and regulations, and any and all amendments thereto and to the methods and procedures of all governmental boards, bureaus, offices, commissions, and other agencies. The Borrower agrees to comply with all federal, state and municipal requirements including but not limited to the following:

Housing assisted with HOME funds constitutes HUD-associated housing for the purpose of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, ET SEQ.) and is therefore, subject to 24 CFR Part 35: Lead-Based Paint Poisoning Prevention in Certain Residential Structures.

Further, housing assisted under the HOME Program must comply with the applicable State of Connecticut Lead Poisoning Prevention and Control Regulations contained within Sections 19a-111-1 through 19a-111-11 of the Connecticut General Statutes.

19. INTEREST OF CERTAIN FEDERAL OFFICIALS:

To the best of the Borrower's knowledge and belief, no Loan funds will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress in connection with the awarding of any federal contract, the making of any federal grant or the making of any federal loan.

20. INDEMNIFICATION OF CITY:

The Borrower, its subcontractors and agent(s), hereby release and covenant and agree to indemnify and save harmless the City, its elected representatives, officers, agents, and employees, from and against all claims, demands, action, causes of action, damages, suits, liabilities, and expenses of every kind, nature and description, including reasonable attorney's fees, in any manner, directly or indirectly arising on account of, or by reason of the Borrower's

performance of this Loan Agreement or any other agreement of the Borrower entered into by reason thereof. In the event any action or proceeding is brought against the City, its elected representatives, offices, agents, and employees by reason of any such claim or demand, upon written notice from the City's Corporation Counsel, The Borrower will, at its sole cost and expense, resist or defend such action or proceeding.

21. INFORMATION FURNISHED TO BE THE PROPERTY OF THE CITY:

All information whether printed or hand-written, furnished by the Borrower to the City pursuant to this Loan Agreement, shall become the property of the City.

22. NON-ASSIGNABILITY:

This Loan Agreement and the funds lent hereunder shall not be assignable, except upon written approval of the City.

23. DISCLAIMER OF AGENCY OR THIRD PARTY BENEFICIARY RIGHTS:

The Borrower acknowledges and agrees that nothing contained in this Agreement, nor any act of the Secretary of HUD, nor any act of the City, nor any act of The Borrower shall be deemed or construed by either of the parties hereto, or by third persons, to create any relationship of third-party beneficiary, or of principal and agent, or of joint venture or of any association or relationship with the Secretary of HUD, or the City. In no event shall anything in this Loan Agreement or the conduct of the parties hereto be deemed to confer upon others any third parties beneficiary's rights against the City.

24. CONFLICTS OF INTEREST:

The City and the Borrower hereby covenant and agree that no member of the governing body of the City, nor its designees or agents, and no other public official paid or unpaid, who exercises any functions or responsibilities with respect to the programs and activities described herein during the individual's tenure or for one (1) year thereafter, shall have any personal or financial interest, direct or indirect, in any contract or subcontract, or the proceeds

thereof, for work to be performed in connection with the programs and activities described herein .

25. AMENDMENTS:

This Loan Agreement may be amended only by written instrument executed by the parties whereto, acting herein or by their duly authorized representative. Any amendment(s) hereto must be approved by the City's office of Corporation Counsel as to its/their form and legality.

The City or the Borrower may request changes in the scope of services to be performed hereunder. Such changes, which are mutually agreed upon by and between the City and the Borrower shall be incorporated in written amendments to this Loan Agreement.

26. GOVERNING LAW:

This Loan Agreement shall be observed by and construed in accordance with the laws of the State of Connecticut and the ordinances of the City of Hartford.

27. GENDER AND NUMBER:

Words of any gender used in this Loan Agreement shall be held and construed to include any other gender and words in the singular shall be held and construed to include the plural, unless this Loan Agreement otherwise requires or provides.

28. NOTICES:

All notices, approvals, demands, requests, or other documents required or permitted under this Loan Agreement, other than routine communications necessary for the day-to-day operation of this program, shall be deemed properly given if hand delivered or sent by United States registered mail, postage prepaid, at the following addresses:

AS TO CITY: Yasha Escalera, Director
Housing and Property Management Division
Department of Development Services
250 Constitution Plaza, 4th Floor
Hartford, CT 06103

AS TO THE BORROWER:

(or to such party and/or place as either of the parties may in writing direct - Homebuyer(s) Name/Address)

29. SEVERABILITY:

If any term or provision of this Loan Agreement or the application thereof to any person or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this Loan Agreement, or the application of such term or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision hereof shall be deemed valid and be enforced to the fullest extent permitted by law.

30. SUCCESSORS:

This Loan Agreement, to the extent permitted herein, shall inure to the benefit of, and be binding upon, the parties hereto and any and all successors.

31. NON-WAIVER:

Any failure by the City or the Borrower to insist upon the strict performance by the other of any of the terms and provisions hereof shall not be a waiver, and each party hereto, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the other, of any and all of the terms and provisions of this Loan Agreement, and neither party hereto shall be relieved of such obligation by reason of failure to comply with or otherwise enforce any of the provisions of this Loan Agreement.

32. IMPROPER USE OF FUNDS:

In the event HUD, the U.S. General Accounting Office, the Solicitor General of the United States or any other federal or state authority, agency or court of competent jurisdiction subsequently determines that the use of Loan funds by the Borrower as set forth in this Loan Agreement is improper, illegal, or otherwise fails to conform with the applicable law and regulations of the United States, or the State of Connecticut, then all monies advanced or granted hereunder by the City shall be immediately due and payable to the City by the Borrower or its successor in interest.

33. CUMULATIVE REMEDIES:

All rights exercisable by and remedies of the City hereunder shall be cumulative and exercise or beginning of the exercise by the City of any of its rights or remedies hereunder shall not preclude the City from exercising any other right or remedy granted hereunder or permitted by law.

34. DELINQUENCY IN OBLIGATIONS:

The Borrower hereby agrees that through the period of this Loan Agreement, all taxes, contractual obligations and audit responsibilities owed to the City shall be and remain current.

35. SUBORDINATION REQUESTS

The City of Hartford will not subordinate the Mortgage to any future mortgage unless the purpose of the loan secured by such future mortgage is to provide a rate reduction applicable only to the First Lien Holders interest in the Property. Any Borrower seeking to withdraw equity from the Property as a result of any refinancing will be required to immediately repay the Loan upon such refinancing.

36. ENTIRE AGREEMENT:

This Loan Agreement contains the entire understanding between the parties hereto and supersedes any and all prior understandings, negotiations, and agreements, whether written or oral, between them respecting the written subject matter.

[The Next Page is the Signature Page]

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

Signed In The Presence of:

BORROWER

By _____

Date _____

BORROWER

By _____

Date _____

CITY OF HARTFORD

By _____

Pedro E. Segarra
It's Mayor

Date _____

By _____

Yasha Escalera
It's Director, Division of
Housing and Property Management

Date _____

This Agreement Is Approved As To Form And Legality:

City of Hartford
Corporation Counsel

Date