

FIRST AMENDMENT TO THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction: State of Indiana Indiana Housing and Community Development Authority Web Address for NSP Amendment: http://www.in.gov/ihcda/3118.htm Jurisdiction Web Address: www.in.gov/ihcda	NSP Contact Person: Peter Hunt Address: 30 S. Meridian Street, Ste. 1000 Indianapolis, IN 46204 Telephone: 317-233-1812 Fax: 317-232-7778 Email: PHunt@ihcda.in.gov
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Section 3. Continued Affordability (Revised Section)

IHCDA intends to utilize the HOME affordability period for all projects associated with the Comprehensive Neighborhood Revitalization Fund.

Resale guidelines.

Resale restrictions shall be implemented for every homebuyer property constructed, redeveloped, or rehabilitated, in whole or in part, with NSP funds in the form of a development subsidy. A development subsidy consists of the difference between the cost of producing the unit and the fair market value of the property. If NSP funds are provided to the homebuyer as a grant, the property will be subject to a resale restriction.

If the homebuyer determines that it no longer intends to use the property as its principal residence, resale restrictions require the homebuyer to sell the property to a family that will use the property as its principal residence and meets the income limits described in the lien and restrictive covenant on that property.

The original homebuyer is entitled to a fair return on its investment (as described below) upon the sale of the property. The fair return will be based on the percentage change in the Consumer Price Index for All Urban Consumers Owners' Equivalent Rent of Primary Residence category in Table I of the CPI Detailed Report (the "CPI Index") during the period of the homebuyer's ownership. Accordingly, the CPI Index during the month the residence was completed (the month during which the completion reports were received by and approved by IHCDA) will be compared to the CPI Index during the month the original homebuyer sells the residence to determine the percentage of the return. The homebuyer's investment will include any down payment paid by the homebuyer plus any capital improvements. A capital improvement is any property enhancement that increases the overall value of the property, adapts it to new uses, or extends its life such as: adding windows, insulation, a new drive way, a new furnace, a garage, bedroom, new roof, remodeling kitchen, etc. Any capital improvement will be valued based on actual cost as documented by the original homebuyer's receipts. Generally, replacing worn or

dated components such as appliances or carpet would not be considered an improvement that adds value or adapts it to new uses.

The purchasing family should pay no more than twenty-nine percent (29%) of its gross family income towards the principal, interest, taxes and insurance for the property on a monthly basis.

In certain circumstances, such as a declining housing market where home values are depreciating, the original homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price and a loss on investment may constitute a fair return.

Recapture guidelines.

Recapture provisions shall be implemented for any homebuyer property purchased, in whole or in part, by a homebuyer that receives a direct subsidy (“homebuyer subsidy”) in an amount greater than or equal to One Thousand and 00/100 Dollars (\$1,000) in NSP funds. A homebuyer subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidizes the purchase (e.g., down-payment or closing cost assistance, subordinate financing).

If the homebuyer no longer utilizes the property as its principal residence during the Affordability Period defined below, the amount to be recaptured is the shared net proceeds of a prorated amount of the homebuyer subsidy. The proration shall be based on the length of time the homebuyer has occupied the property as its principal residence in relation to the Affordability Period. Any net proceeds that exist will be shared between IHCDA and the homebuyer. If there are not any proceeds, there is no amount to recapture.

If there is both development subsidy and homebuyer subsidy or just homebuyer subsidy, a recapture provision must be implemented. In cases where a homebuyer subsidy was not provided and there is only a development subsidy, resale restrictions must be executed on the property.

Market Stabilization Program. For single-family homes acquired with NSP funds through IHCDA’s Market Stabilization Program, IHCDA will take a “soft second” mortgage and any other instruments necessary to secure the note and will require that a lien and restrictive covenant agreement be recorded on all assisted properties. If the homebuyer sells the home within the first five years, the subsidy is repayable to IHCDA on a shared net proceeds basis. If the homebuyer refinances within the first five years, the entire subsidy is repayable to IHCDA. After year 5, the homebuyer will be able to retain 20% in equity of the award amount per year for the next 5 years. After year 10, the home buyer will not be expected to repay any of the award amount at the time of sale or refinance. IHCDA intends to use the same affordability period for all homebuyers, regardless of subsidy amount or use.