

**FIRST TIME HOMEBUYER
MORTGAGE ASSISTANCE PROGRAM
GRANT AGREEMENT**

THIS AGREEMENT entered into this _____ day of _____, 20 _____, by and between the **City of Lee's Summit, Missouri**, hereinafter referred to as "CITY" and _____, hereinafter referred to as "**OWNER**."

WITNESSETH: FOR AND IN CONSIDERATION of the mutual covenants and agreements herein contained the parties agree as follows:

1. The CITY agrees to grant an amount not to exceed **THREE THOUSAND AND NO/100 DOLLARS (\$3,000)** for acquisition of a single-family residence, which is commonly known as:

_____, legally described below:

(hereinafter referred to as PROJECT).

2. OWNER states that he/she agrees to adhere to this Agreement and all other rules, laws and policies of the City, State of Missouri, Department of Housing and Urban Development (24 CFR Part 570), applicable to the CDBG Program, for a period of **three (3) years**.
3. OWNER agrees to secure mortgage financing prior to obligation of funds for project.
4. OWNER understands that upon closing of sale said project grant funds will be advanced to the lending institution providing financing.
5. OWNER certifies that all income information presented is true and correct and understands that Section 1001 of title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the U.S. as to any matter within its jurisdiction. Owner also understands that any false statements given in regard to the above may result in investigation or possible prosecution by the Attorney General's Office.
6. OWNER agrees, for a period of **three (3) years** from date of closing, that they will occupy project as principle residence.
7. OWNER agrees not to convert the dwelling unit to a rental unit for a period of **three (3) years** from date of closing.
8. This is a Grant paid directly to the lending institution for expenses incurred by the OWNER applicant for a total not to exceed \$3,000, disbursed as follows: a) 50% of down payment up to \$3,000, AND/OR, b) reasonable closing costs, AND/OR, c) a combination of a and b. The CITY will require repayment of the entire grant amount by the OWNER if the OWNER violates any of the requirements specified in this Agreement.
9. To ensure enforcement of program requirements, the OWNER will sign a **First Time Homebuyer Mortgage Assistance Program Subordinate Deed of Trust** and a **First Time Homebuyer Mortgage Assistance Program Subordinate Promissory Note** to be filed at the Jackson County Records Office, upon closing, for all sections of this agreement AND; the OWNER consents to the CITY taking all steps necessary to verify compliance with all sections of this agreement. Said program requirements shall run with the land so long as the **Promissory Note and Deed of Trust** is in effect.

10. OWNER shall immediately notify CITY in writing of any change in mailing address by United States certified mail, return receipt requested. For purposes of notification, the following shall serve as addresses of the respective parties:

OWNER: _____

Address: _____

Lee's Summit, MO

CITY: City of Lee's Summit
CDBG Administrator
220 S.E. Green Street, P.O. Box 1600
Lee's Summit, Missouri 64063

- 11. The Agreement is not assignable by OWNER without written agreement by CITY.
- 12. This agreement shall be governed in accordance with the laws of the State of Missouri.
- 13. In the event that the CITY has determined that the OWNER has failed to comply with this agreement, the CITY shall notify the OWNER of the nature of the failure and of the actions of OWNER required to correct the deficiency, which may include repayment of grant funds to the CITY. If OWNER fails to correct the deficiencies within the time specified by CITY, CITY will take appropriate action to enforce this Agreement up to and including acceleration of the Promissory Note and foreclosure of the Deed of Trust.

IN WITNESS WHEREOF, the parties have executed this agreement the day and year first above written.

OWNERS

CITY OF LEE'S SUMMIT, MISSOURI

By _____

By _____

Stephen A. Arbo
City Manager

Name _____

By _____

Name _____

SELLER'S DISCLOSURE

1. I, _____, am presently the owner of property located at the following common address _____.
2. The property referred to in (1) above has not been occupied by a tenant at any time within the past 90 days.
3. I understand that the property is being purchased with Federal Assistance through the City of Lee's Summit First Time Homebuyer Mortgage Assistance Program, which is funded through the Department of Housing and Urban Development CDBG Program.
4. I understand that the property will not be taken by eminent domain.
5. I understand that the estimated fair market value of the property located at the above listed address is \$_____.

Signature: _____

State of Missouri)
) ss.
 County of Jackson)

Date: _____

On this ____ day of _____, 20 ____, before me personally appeared _____ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that he/she/they executed the same as his/her/their free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the State aforesaid, the day and year first above written.

Notary Public: _____

My Term Expires: _____

**CITY OF LEE’S SUMMIT
FIRST TIME HOMEBUYER MORTGAGE ASSISTANCE PROGRAM
SUBORDINATE DEED OF TRUST**

THIS DEED, MADE AND ENTERED INTO THIS _____day of _____, 20___, by and between _____, hereinafter referred to as “OWNER”; Brian Head in his capacity as City Attorney for the City of Lee’s Summit, hereinafter referred to as “TRUSTEE”; and the City of Lee’s Summit, Missouri, 220 S.E. Green Street, P.O. Box 1600, Lee’s Summit, Missouri 64063, hereinafter referred to as “CITY”.

WITNESSETH: that the OWNER, in consideration of the debt and trust hereinafter described and created, and of the sum of One Dollar to said OWNER in hand paid by said TRUSTEE, the receipt whereof is hereby acknowledged, has granted, bargained and sold, and does by these presents, GRANT, BARGAIN AND SELL, CONVEY AND CONFIRM, unto the said TRUSTEE forever all of the following described real estate situate, lying and being in the County of Jackson, State of Missouri, and known and described as follows, to wit:

LEGAL DESCRIPTION, a subdivision in Lee’s Summit, Jackson County, Missouri.

commonly known as address of property
Lee’s Summit, MO

TO HAVE AND TO HOLD THE SAME, with the appurtenances, to the said TRUSTEE and to his successor or successors in this trust forever, and possession of said premises is now delivered unto the said TRUSTEE, IN TRUST, however for the following purposes:

WHEREAS, the said OWNER, being justly indebted to the CITY in the principal sum of Three thousand and 00/100 dollars (\$3,000.00), has, to secure said principal and any interest to be earned thereon, executed and delivered to the CITY a Promissory Note on the_____.

TO SECURE the payment of which said Note the OWNER has executed this Deed of Trust, and has also agreed with said CITY, its endorsees and assigns to: (1) use the property as its principal residence (2) cause all taxes and assessments, general and special, to be paid whenever imposed upon said property, and before becoming delinquent; (3) keep the improvements upon said premises constantly and satisfactorily insured, until said Note is paid or released, against loss by fire, windstorm and other hazards, casualties and contingencies and extended coverage, in the sum of 00/100 Dollars (\$_____), the policy or policies thereof constantly assigned or pledged and delivered to the holder of the Note secured by this Deed of Trust, with proper loss clauses according to priorities for further securing the payment of the Note, with power to demand, receive and collect any and all monies becoming payable thereunder and the same to apply toward the paying of said Note unless otherwise paid; (4) keep land and improvements thereon free from all statutory lien claims of every kind, except as otherwise provided for in the Note; and (5) comply with the terms and provisions of the Note. Upon the failure of the OWNER to keep any of said agreements, the holder of the Note, at holder’s sole option, may pay such tax, pay for such insurance, pay off such liens or claims or cost of repairs, as the case may be, and the money so expended with interest at 10% per annum shall be secured by this Deed of Trust, and the OWNER agrees to repay the same upon demand, in default of which the Note secured by this Deed of Trust shall, without notice at the option of the holder, become due and payable at once.

Now if said Note and any interest thereon be paid when due, and said agreements be kept, this Deed of Trust shall become void and shall be released by the CITY or its assigns at the expense of the OWNER; but if default be made in the payment of said Note or in the keeping of any of said agreements, the whole of said Note shall at the option of the holder thereof become due and the TRUSTEE, at the request of the holder of said Note, shall sell said property or any part thereof at public venue to the highest bidder for cash at the south front door entrance to the Jackson County Courthouse, 308 West Kansas Street, Independence, Missouri, first giving twenty days public notice of the time, terms and place of sale, and of the property to be sold by advertisement in some newspaper printed and published in the county in which the property is located, and upon such sale the trustee shall convey to the purchaser the property sold and out of the proceeds of the sale shall pay in the following order: (1) the costs of sale including compensation to the TRUSTEE for services of the TRUSTEE and reasonable attorney's fee, if an attorney be employed; (2) the monies, if any, paid out by the CITY or assigns for payment of prior encumbrances or for insurance or taxes and judgments upon statutory liens, claims and interest thereon; (3) the unpaid Note with interest to the date of sale; and (4) the balance to the OWNER, his/her/their heirs, successors or assigns; and any statement or recital of fact in such deed in relation to the non-payment of money hereby secured to be paid, existence of the indebtedness so secured, notice by advertisement, sale, receipt of money, and the happening of any of the events hereinafter provided whereby a successor trustee may be appointed, shall be prima facie evidence of the truth of said statement or recital.

It is further agreed that although the TRUSTEE, or any successor, may be agent or attorney or otherwise connected with the CITY or any holder of said Note, yet any such payee or holder may bid for and purchase any of said property sold hereunder with the same effect as if the person selling was an absolutely disinterested trustee.

The TRUSTEE covenants faithfully to perform the trust herein created.

The TRUSTEE hereby lets the property to the OWNER until a sale be had under the provisions of this Deed of Trust, upon the following terms and conditions:

1. The OWNER, and every and all persons claiming or possessing the property, or any part thereof, shall pay rent therefore to the TRUSTEE during said term at the rate of one cent per month, payable monthly upon demand.
2. The OWNER shall and will surrender peaceable possession of said property, and any and every part thereof, sold under this Deed of Trust, to the TRUSTEE, his successors, assigns or purchasers thereof under such sale within ten days after making of such sale, without notice or demand therefore.
3. In case of the inability, refusal to act, severance from the City of Lee's Summit or temporary or permanent absence or refusal to act, or temporary or permanent absence from the State of Missouri of the TRUSTEE, or of any successor trustee, when any advertisement and sale are to be made hereunder, then the holder of the Note may, by written instrument duly executed, acknowledged and recorded, appoint a successor trustee who shall, for the purposes of advertisement and sale, succeed to the title and powers of the TRUSTEE hereunder and the trust herein created respecting the same.

SUBORDINATION. CITY and OWNER acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Deed of Trust, curing defaults by the OWNER under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, 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 OWNER's ability to sell the Property shall have no effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the OWNER or a related entity of the OWNER), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lien Holder acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the Senior Lien Holder's acquisition of title, provided that (i) the CITY has been given written notice of a default under the First Deed of Trust and (ii) the CITY shall not have cured the default under the First Deed of Trust, or diligently pursued during the default as determined by the Senior Lien Holder, within the 60-day period provided in such notice sent to the Agency.

CITY will give Senior Lien Holder written notice of default and prior written notice of acceleration of the Subordinate Mortgage.

IN WITNESS WHEREOF, the OWNER has hereunto set his/her/their hand and seal the day and year first above written.

OWNER: _____
Applicant

TRUSTEE: _____
City Attorney

CITY _____
City Manager

ACKNOWLEDGMENT

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

On this _____ day of _____, 20____, before me personally appeared _____, a married person, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he/she executed the same as his/her free act and deed, and further declared that he/she is single.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at my office in said county and state, the day and year last above written.

Notary Public

My Commission Expires:

**CITY OF LEE'S SUMMIT
FIRST TIME HOMEBUYER MORTGAGE ASSISTANCE PROGRAM
SUBORDINATE PROMISSORY NOTE**

AMOUNT \$3,000.00

DATE: _____

FOR VALUE RECEIVED, _____(hereinafter called PROMISSOR), promises to pay to the City of Lee's Summit, Missouri, (hereinafter called CITY), the sum of **Three thousand and 00/100 dollars, (3,000.00)**, at City of Lee's Summit, 220 S.E. Green Street, P.O. Box 1600 Street, Lee's Summit, Missouri, 64063 subject to the terms and conditions set out below.

- 3. This Note will terminate three (3) years from date of closing, unless earlier accelerated as set out herein, on the ____ day of _____, 20__. If, as of that date, PROMISSOR is not in default under this Note and has satisfied all of its term and conditions, CITY shall provide PROMISSOR with a release showing that the Note has been satisfied in full.
- 4. As security for the payment of the amounts due under this Note, PROMISSOR has executed a Deed of Trust dated the ____ day of _____ on the following described property:

LEGAL DESCRIPTION, a subdivision in Lee's Summit, Jackson County, Missouri.

commonly known as _____
Lee's Summit, MO
(hereafter referred to as the Property).

- 5. The Property may be assigned, fee simple ownership transferred, and this Note assumed by the transferee(s) only with the advance written permission of the CITY, and provided that the terms and conditions of this Note shall remain in full force and effect for any such transferee(s).
- 6. The CITY hereby agrees that this Note and the Deed of Trust securing it shall be subordinate to the first mortgage currently existing on the Property. This Note and the Deed of Trust may be subordinated to additional liens or encumbrances only upon the written consent of CITY. Such additional liens and encumbrances shall include any contract for deed, contract for sale of real estate, or other agreement affecting the Property between the PROMISSOR and his successors or assigns and others. Such consent to subordinate shall not be unreasonably withheld by the CITY, with the understanding that the CITY may require assurances reasonable to the CITY that the provisions of this Note will remain enforceable and be adequately secured by the Property. Any and all costs and expenses of such subordination, including CITY's attorney fees, shall be

paid by the PROMISSOR.

7. PROMISSOR waives diligence, demand, presentment, notice of nonpayment and protest; assent and consent to extension of time for repayment, surrender or substitution of security; and forbearance, or other indulgences; whether or not notice has been given to PROMISSOR. No failure or delay on the part of the CITY in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of the CITY and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver of such right or remedy or preclude the exercise of any other rights or remedies under this Note and the Deed of Trust.
8. The entire principal amount of this Note, plus interest at the rate of 10% per year from the date of this Note, shall, at the option of the CITY, become immediately due and payable upon the occurrence of any of the following events of default:
 - a. The violation by PROMISSOR of any of the terms or conditions of this Note.
 - b. PROMISSOR no longer retains fee simple ownership of the property, except as provided for in Paragraph 3 of this Note, or no longer uses the property as his/her/their principal residence.
 - c. PROMISSOR fails to provide CITY, as may be from time to time demanded by CITY, evidence of the existence of any insurance required to be maintained by PROMISSOR under the terms of the Deed of Trust.
 - d. Any attachment or levy of execution on the Property remains unsatisfied or unpaid for more than ten (10) days.
 - e. PROMISSOR fails to permit CITY the right to inspect and examine the Property.
 - f. PROMISSOR defaults, breaches, or fails to perform any provision of the Deed of Trust.

CITY's option to accelerate the maturity of this Note shall be exercised by mailing to PROMISSOR a notice setting forth the exact nature of the default, the accelerated amount due, and a demand for payment of same. Such notice shall be conclusively presumed received at 10:00 a.m. on the next business day following the date of mailing if such letter is sent certified mail, return receipt requested, postage prepaid and addressed to PROMISSOR at the address stated in (2) above.

This paragraph notwithstanding, notice may, at the option of the CITY, be given in any other commercially reasonable manner.

- 7. In the event this Note is referred to an attorney for collection after maturity or upon an event of default, or for protection of the CITY's rights in collateral proceedings (including, but not limited to representation of CITY in conjunction with the establishment of this Note as a claim in any probate or bankruptcy proceedings), the PROMISSOR promises to pay CITY its reasonable attorney's fees therein incurred.

- 8. This Note shall be construed pursuant to the laws of the State of Missouri.

- 9. The CITY will give Senior Lien Holder written notice of default and prior written notice of acceleration of the Subordinate Mortgage.

PROMISSOR: _____
Applicant

Original Recorded Subordinate Deed of Trust and Subordinate Promissory Note to be Returned To:

FTHB Coordinator
City of Lee's Summit
220 S.E. Green St, P.O. Box 1600
Lee's Summit, Missouri 64063

Three copies included:

1 – Borrower

2 – Lender

3 – City of Lee's Summit – record and return as instructed above.

Thanks!