

**CITY OF AVOCA
SUNRISE RIDGE
FORGIVABLE LOAN APPLICATION/GUIDELINES**

Applicant Information

Date of Application	
Name of Applicant	
Current Address	
Current City, State, Zip	
Phone Number	
Email Address	

*Please attach proof of ownership. (Deed to the Property)

Type	Appraised Value
Single Family or Duplex (Circle)	

*Please attach Certified Residential Real Estate Appraisal.

Lender(s) Information (If Applicable)

Name of Lender:	
Name of Loan Officer:	
Contact Information (phone/email):	

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Name of Loan Officer:	
Contact Information (phone/email):	

Program Guidelines:

1. **Forgivable Loan Program:** The City agreed to establish a Forgivable Loan Program to support new home construction in the Sunrise Ridge Subdivision, pursuant to terms of a Development Agreement between the City and the Developer.
2. **Purpose.** The purpose of the “Forgivable Loan Program” is to ensure the vitality and growth of the community by offering incentives for the construction of new owner-occupied and rental housing units in the Sunrise Ridge Subdivision.

3. **Forgivable Loan Terms.** Approved loans shall be considered, awarded, and forgiven in accordance with the following terms:
- a. Applicant must demonstrate ownership of the Property, and acknowledge understanding that the home for which the loan is being granted is or will be the primary residence of the Applicant. If at any time during the forgivable loan period the home is no longer owner occupied, the forgivable nature of the loan will end, with the last month of forgivability being the last full calendar month during which the Applicant occupied the home as Applicants primary residence.
 - b. Regarding “Duplex Housing”, one of the units must be owner-occupied throughout the forgiveness period. If at any time during the forgivable period, the owner occupied unit becomes other than owner occupied, the forgivability nature of the loan will end for both units, with the last month of forgivability being the last full calendar month during which the Applicant occupied one of the units as the Applicant’s primary residence.
 - c. The “Forgiveness Period” commences on the first day of the first month following distribution of funds by City to Applicant with 1/60th of the forgivable loan being forgiven upon the passage of each full month during the forgiveness period during which the Owner remains eligible under the terms of this Application and Forgivable Loan Agreement.
 - d. Forgivable loans are available to all owners of new homes built in the Sunrise Ridge Subdivision in the following amounts:

Certified Appraised Value of Home	Maximum Forgivable Loan
\$275,000.00 or less (Single Family)	\$22,000.00
\$275,000.01 to \$300,000.00 (Single Family)	\$17,000.00
\$300,000.01 to \$350,000.00 (Single Family)	\$7,000.00
\$350,000.01 to \$400,000.00 (Single Family)	\$4,500.00
More than \$400,000.00 (Single Family)	\$1,500.00
Duplex Housing (Defined as two units located on the same lot.)	\$5,000.00 per unit, so long as one of the units remains owner-occupied throughout forgiveness period.

- e. If Owner sells or transfers Property before expiration of the sixty (60) month forgiveness period, Owner will pay to the City the then remaining balance of the Forgivable Loan prior to or at closing on the sale of the property.
- f. If Owner ceases to occupy the single family home, which shall include an owner occupied unit located in a zero lot line structure, during the forgiveness period, Owner shall be obligated to reimburse City for the remaining balance due under the Forgivable Loan, with the last month of forgivability being the last full calendar month during which the Owner occupied the home as Owner’s primary residence.
- g. Approved Applicants will be required to execute a loan agreement, promissory note, and mortgage secured by the Property. Loan proceeds will be released upon the later

- of the following: Receipt by the City of a certified appraisal or issuance of a Certificate of Zoning Compliance/Occupancy by the City.
- h. Upon completion of the forgiveness period or payment by Owner to City of any remaining balance due in the event of sale or transfer during the forgiveness period, or other ineligibility, City will release the Mortgage granted by Owner to the City at City expense.
 - i. Applicant must demonstrate proof of Property Casualty insurance on the Property throughout the Forgiveness Period.

Administration:

1. **Application process.** Every submitted Application will be evaluated according to the following process:
 - a. Staff shall meet with all applicants prior to the final submission of an application, to ensure completeness of the Application and to answer any questions or concerns of the applicant(s).
 - b. All applicants must complete and submit the City Application form. (Application forms may be obtained from the City Hall or the City website.)
 - c. Upon determination by City staff that an application is complete, accurate, and otherwise sufficient, staff will notify the applicant of such determination and will issue a conditional commitment of program benefits on behalf of the City to the applicant. The conditional commitment will require the fulfillment of all applicable program requirements prior to the release of approved City funds. Prior to, or at closing, Applicant shall sign a Promissory Note, Mortgage, and Forgivable Loan Agreement and shall submit payment to the City for the costs of recording said documents and the City shall see to the recording of same, thereafter.
 - d. Upon determination by City staff that an application must be denied, the reasons for the denial will be shared with the applicant. If the applicant disputes or disagrees with the reasons for denial, an appeal may be pursued by the submission of a written request for appeal by applicant with the City Clerk's Office within seven calendar (7) days of the denial. The written appeal shall set forth all facts in support of the appeal. The appeal will be heard by the Board of Adjustment as soon as possible, but in no event later than thirty (30) days after the written appeal is received at the City Clerk's Office. Applicant will be informed of the meeting date and time at which the appeal will be heard. The final written decision of the Board of Appeals will be issued within fourteen (14) days of the BOA meeting and the applicant will be notified of the decision in writing.

Miscellaneous Provisions:

1. **Conflict of Interest.** All city officials and employees shall comply with the applicable conflict of interest regulations set forth in the Code of Iowa and any local ordinances or resolutions.
2. **Staff responsibility.** City staff shall be responsible for coordinating the Application and funding approval process without prior City Council approval.
3. **Tax Implications/Consequences:** Whether the receipt of funds under this program, forgiven or not, create a tax consequence for you should be discussed and determined between you and your tax advisor. The City of Avoca is making no representation to you regarding tax consequences nor offering tax advice of any kind, you should consult your own tax advisor.

4. **Providing False Information and/or Material Non-Compliance:** If it is determined that Applicant provided false information in the application or supporting documentation to obtain the forgivable loan or materially fails to comply with the terms of the loan, promissory note, forgivable loan agreement, or other program documents, the City may demand the entire balance immediately due and payable with no forgiveness for any prior period (months that have passed) regardless of past compliance.
5. **Equal Opportunity and Affirmative Action:**
 - a. Non-discrimination by City. The City shall not deny assistance under the Housing Programs for any reason based upon race, color, creed, religion, national origin, sex, sexual orientation, marital status, age, familial status, or disability.
 - b. Non-discrimination by Other Parties. All landlords, developers, contractors, and subcontractors agree not to discriminate in any manner against an employee or applicants because of race, color, creed, religion, sex, marital status, age, familial status, or disability.

I (we), the undersigned, certify that I (we) have read and understand the above and foregoing Application/Guidelines and that the information provided by the Applicant is true and correct.

Applicant Name (printed or typed)

Applicant Name (printed or typed)

Applicant Signature Date

Applicant Signature Date

Submit your completed original application to:

**City of Avoca
Attn: City Clerk
201 N Elm Street Avoca, Iowa 51521**

Questions or help with this application can be addressed by calling 712-343-2424