



Detroit Down Payment Assistance Policy & Procedure Manual

City of Detroit

Housing & Revitalization Department

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INTRODUCTION:

The City of Detroit Housing & Revitalization Department (HRD) administers the Down Payment Assistance Program (DPA) funded through CDBG and CDBG-DR through the publication of the Federal Register, Vol. 09, No. 5, January 8th, 2025. The allocation was made available through Public Law 118-158. The program provides financial assistance to eligible first-time homebuyers who purchase a primary residence in the City of Detroit, supporting recovery from the August 2023 severe storm and flood disaster. The program will award up to \$25,000 in down payment assistance, of that \$25,000 only 50% of the down payment award will come from the CDBG allocation to comply with 24 CFR 570.201(n). The other 50% of the down payment will come from the CDBG-DR allocation in the form of a 50% match. Both the CDBG and CDBG-DR allocation will be used towards the down payment, closing cost, interest rate buydown, etc. Since CDBG and CDBG-DR are grants of last resort if there is still an unmet need that can make the home affordable for the resident then a 50% match from another source can be used towards the down payment in conjunction with the CDBG grant. The City of Detroit defines the unmet need as the amount of funds needed for the applicant to comfortably own the home. The program outlines the housing ratio requirement being no greater than 30%. The City of Detroit believes that if the housing ratio does not exceed 30% than the resident is able to comfortably own their home.

- Increase access to safe, affordable homeownership for low- to moderate-income households impacted by the disaster.
 - Address unmet housing needs resulting from the 2023 disaster flooding.
- Promote neighborhood stabilization and revitalization in impacted areas.
 - Meet the Low- and Moderate-Income (LMI) National Objective under 24 CFR 570.208(a).(3)

PURPOSE:

The relative affordability of housing in Detroit represents an opportunity for low- to moderate-income residents to access affordable homeownership, often with lower housing expenses than the cost of renting. Strategically increasing access to existing lending tools while introducing additional public resources to support homeowners can open the door to homeownership for a greater number of Detroit residents.

Further, investing in Detroit resident's ability to access home ownership helps improve Detroit's housing market by increasing mortgage lending activity in the city. These mortgage originations replace cash real estate transactions that are more often investor purchases spurring more opportunity for homeowner transactions.

With that, the City of Detroit through its Housing and Revitalization Department has committed HUD CDBG & CDBG-DR funds to down payment assistance in an effort to rebuild homeownership in the City of Detroit (HUD).

The Detroit Down Payment Assistance (DPA) program aims to help prospective first-time homebuyers, whereby the total household income is at or below 80% of the Area Median Income as defined by the (HUD).

The DPA program engages private sector financial institutions to offer a fixed rate mortgage and engages certified housing counseling agencies to offer HUD certified homeownership education; and post closure counseling. Ensuring that low to mod income residents are not only able to secure affordable housing but also maintain long term home ownership. Data shows unmet needs around the need for increased homeownership opportunities in the City, and this need is exacerbated by disasters.

SCOPE:

The City of Detroit Down Payment Assistance (DPA) program is offered through the Housing and Revitalization Department (HRD) and will support residents in multiple homebuyer situations:

- DPA for New Purchase – Assistance is allowable for residents purchasing a 1–2-unit property as their primary residence in Detroit. The DPA must be used in conjunction with a fixed rate mortgage loan.

Funding – Use, Limits and Availability

The program offers up to \$25,000 per household to be used for down payment, prepaids including interest rate buy down, closing costs, and principal reduction in conjunction with a fixed-rate purchase mortgage or a fixed-rate renovation mortgage.

The total amount of assistance cannot exceed 50% of the purchase price, down payment, prepaids including interest rate buy down, closing costs.

Assistance is available to first-time homebuyers, defined as those who have not held interest in a property for the last 3 years prior to the purchase date of the intended property. **THE PURCHASED HOME MUST BE THE PRINCIPAL RESIDENCE FOR THREE (3) YEARS AFTER THE ASSISTANCE AWARD OR THE ASSISTANCE MUST BE REPAID.**

Detroit DPA is a funding source of last resort for low to mod residents who do not qualify for other down payment assistance programs. Assistance can be combined with other public or private sources of assistance that comply with all local, state, and federal laws and regulations. Funds from another source can be used towards the down payment in conjunction with the CDBG and CDBG – DR grant.

If other funds are used towards the down payment, closing cost, interest rate buydown, etc. All cases will undergo review for a duplication of benefits in accordance with the CDBG and CDBG – DR DPA program requirements.

DPA program funds will be made available on a first come, first-served basis until all funds are exhausted. Unless a resident falls under one of the prioritization categories. The first being residents who were foreclosed on due to property tax over assessment between 2010 – 2016. Residents can verify this by providing the foreclosure documents provided to the resident by the Wayne County Treasurer's office. Secondly the program provides prioritization for residents who were impacted by the August 2023 flooding in the City of Detroit. Residents can verify that they were impacted by providing a Detroit Water and Sewage Department (DWSD) claim or Federal Emergency Management Agency (FEMA) claim.

ROLES & RESPONSIBILITIES:

City of Detroit

The Housing & Revitalization Department (HRD) is responsible for several duties to ensure the DPA program operates effectively and meets its intended goals as follows:

1. Selection and Management of Program Subrecipient:
 - Drafts and issues a Request for Proposals (RFP).
 - Selects qualified contractors to design program parameters, oversee implementation, and monitor program performance.
2. Program Design and Development:
 - Collaboratively approves program design, program framework, and guidelines for the Detroit down payment assistance program. Based on HUD's regulatory CDBG & CDBG-DR requirements.
 - Establishes eligibility criteria for participants.
3. Documentation and Record Keeping:
 - Maintains accurate records of all approved program applicants and participants. For three to six years per HUD record keeping.
 - Keeps documentation of income verification, property information, program affidavits, recorded closing documents, and other relevant documents.
4. Financial Management:
 - Monitors allocated funds dedicated to the down payment assistance program.
 - Ensures payments made by the subrecipient are made for eligible CDBG and CDBG-DR expenses.
 - Collects and reviews invoices and receipts for documentation of proof of eligible payment.
 - Establishes a system for tracking financial transactions related to the program.
 - An FSR process was developed with OCFO- to track program spend
 - This includes contractual deliverables, vendor line of credit, administration fees, wires fees, etc.
5. Coordination with Private Sector Entities:

- Collaborates with local lenders and financial institutions to offer mortgages in conjunction with the down payment assistance.
 - Collaborates with local housing counseling agencies to offer HUD approved educational courses and counseling services to program participants to enhance their understanding of homeownership responsibilities.
6. Legal Compliance:
- Ensures that the down payment assistance program complies with all local, state, and federal laws and regulations by working with the City of Detroit Law Department.
 - Implements fair housing practices to prevent discrimination.
7. Communication and Outreach:
- Promotes the program to eligible individuals and communities through outreach efforts.
 - Provides clear and accessible information about the program guidelines and application process.
8. Monitoring and Evaluation:
- Regularly assess the program's effectiveness in meeting its goals.
 - Implements monitoring mechanisms to track the impact of the assistance provided.
 - Complies with HUD monitoring.
9. Reporting:
- Prepares and submits reports to relevant authorities and stakeholders on program performance.
 - Provides transparency by sharing information about program outcomes.
10. Program Efficiency and Improvement:
- Evaluates program and identifies areas for improvement.
 - Adjusts program parameters and guidelines as needed to enhance effectiveness.
11. Default Prevention Management:
- Administers surveys for all DPA closings to ensure that mortgages do not reach default status by connecting residents to HUD counseling.
 - If default status is reached, then what is left on the award will be distributed to the lender.
12. Asset Management:
- HRD's Asset Management Division will assume the responsibility for monitoring DPA mortgages during the 3-year affordability period.
 - If a DPA mortgage is refinanced, transferred, or sold the Asset Management staff will provide support and take the necessary actions as described in the recorded DPA Mortgage and Note. Additionally, if other mortgage modifications are required because of an early mortgage discharge, and payment is due to the city of Detroit as described in the DPA mortgage documents. Asset Management will calculate the amount due consistent with the terms of the mortgage documents, accept payment, and deposit in the designated program income account.
 - Asset Mgt will input and update the DPA Smartsheet case tracking system as required and upload the revised mortgage documents.

- Asst Mgt will route all requested DPA mortgage documents to the HRD Director and or Law Dept for signature and final approval.
- Continued city of Detroit DPA portfolio management and case monitoring, Neighborly uploads, and tracking to ensure ongoing compliance with city and program rules.
- For refinances within the 3-yr affordability period, the following documents must be submitted 10 days prior to closing to draft the subordination agreement in timely manner for closing: loan application (1003), loan estimate, title commitment, closing disclosure, note, and mortgage all confirming that the refinance request does not include “cash out.”

Externally Selected Program Administrator

A subrecipient is procured to aid the City in implementing the DPA program as defined above in the following responsibilities listed above: Program Design and Development, Application Processing, Documentation and Record Keeping, Coordination with Private Sector Entities, Legal Compliance, Communication and Outreach, Monitoring and Evaluation, Reporting, Program Efficiency and Improvement. Vendor completes all underwriting consistent with program eligibility guidelines and private mortgage requirements.

Application Processing includes Verifies applicant eligibility based on the predetermined criteria and confirming approval for eligible residents.

Private Sector Stakeholder Engagement

Financial Institutions – Local lenders play a role in down payment assistance (DPA) programs by collaborating with the City and other entities to facilitate homebuyers' access to affordable housing. Local lenders have agreed the following responsibilities: working in conjunction with the City to promote awareness of the DPA program, originating and administer mortgage loans associated with the DPA program, integrating the down payment assistance funds into the overall mortgage financing package, and assisting in coordinating the closing process, ensuring that all parties involved, including the down payment assistance program administrators, are informed and prepared.

Housing Counselors - Housing counselors play a role in down payment assistance (DPA) programs by providing guidance, education, and support to potential homebuyers. Local housing counselors have agreed to the following responsibilities: raising awareness about the DPA program within the community, offering HUD approved pre-purchase counseling to help individuals assess their readiness for homeownership, guide clients in understanding their financial situation, credit history, and overall preparedness to buy a home, helping clients understand the terms and conditions associated with the down payment assistance as it relates to their mortgage, and optionally helping explore strategies to avoid foreclosure in the case of

financial hardship. Any housing counseling agency offering HUD approved pre-counseling can participate with the DPA program. However, the city has engaged the Detroit Housing Network to help residents.

Certified Credit Counseling - For Detroit Residents in need of credit repair prior to qualifying for the DPA program or lender financing, credit repair and financial counseling services are offered through the Financial Empowerment Centers (FEC). The FEC provides professional, one-on-one financial counseling as a free public service to enable residents to address their financial challenges, needs, and plan for their futures. The FEC is in partnership with the City of Detroit, Wayne Metropolitan Community Action Agency and Matrix Human Services. All FEC counselors are trained through the National Association of Certified Credit Counselors and have a Financial Empowerment Center certification. Financial Counseling will focus on soft credit report pulls and strategies to use credit wisely. The FEC manages clients with a salesforce platform, enabling client referral from the Detroit Housing Network. Residents can seek any credit repair or financial counseling resources.

POLICY:

A. Eligible Use of Funds

The present section sets forth the eligible uses of CDBG & CDBG-DR funds for the DPA Program under Section 105(a) (24) of the Housing Community Development Act of 1974, amended, 42 U.S.C. § 5305, and FR-6489-N. The Program utilizes CDBG-DR funds to provide direct assistance to homebuyers by using HBA Program grants to:

Pay up to \$25,000 of the down payment required by the mortgage for the purchase on behalf of the purchaser.

The City will endeavor to ensure that an applicant's monthly housing payment does not exceed 30% of the household's gross monthly income through the provision of down payment assistance. However, the maximum award of \$25,000 per eligible applicant will not be exceeded.

• **Ineligible Use of funds**

The following activities, including but not limited to, may not be covered by CDBG-DR funds administered under this Program:

- Delinquent property taxes;
- Fees or charges on properties that are the result of the seller;
- Refinancing a property;
- Purchase of property inherited by the Applicant or any property where the Applicant is part-owner; and
- Finance acquisitions of second homes and investment properties.

- Income payments, direct payments to an applicant.
- Duplication of benefits, using funds for expenses already covered by insurance or FEMA.
- Awarding applicants that do not fall within the 80% AMI benefit requirement.

B. Program Eligibility

Resident Priority

The DPA program offers assistance to low-to-moderate-income Detroit residents having resided within the City of Detroit for 12 months prior to the date of the purchase date of the intended property or that lost a home due to property tax foreclosure within the City of Detroit between the period of 2010-2016. Residents impacted by the declared disaster August 2023 flood in the City of Detroit will receive priority.

Resident income is defined as the total household income that is at or below 80% the Area Median Income defined by the HUD. The DPA program will follow the Wayne County 80% AMI limits that can be found [here](#).

Residents must complete/meet the following eligibility requirements prior to closing:

- Complete a HUD approved homebuyer education course.
- Maintain certificate of completion on file.
 - Prove eligibility for a fixed-rate mortgage where the housing expense ratio does not exceed 30%.
- Contribute a minimum of \$1,000 towards the purchase of the intended property prior to or at the time of the purchase date of the property.

Applicants will be screened for eligibility to ensure compliance with DPA Program requirements. Applicants must provide complete and accurate information regarding their household's composition, gross monthly income, and other eligibility criteria.

- Applicants must submit and complete a DPA application via the Neighborly submission, for assistance along with requested supporting documentation through the program administrator, for consideration. The application must be submitted online unless reasonable accommodations are necessary.
- Must meet the HUD income requirements for AMI household. As established by HUD, the Applicant's total household income must not exceed 80% Area Median Income.
- Applicants must contribute a minimum of \$1,000 towards the purchase of the intended property prior to or at the time of the purchase date of the property.

- Applicants must present a valid, fully executed purchase agreement reflecting the intent to purchase a property in Detroit adhering to the property standards listed in Property Standards Requirement section of this document, a signed Lead Paint Disclosure form, and a signed Protect Your Family from Lead In Your Home form issued by the program administrator acknowledging receipt of a lead based paint pamphlet.
- Applicants must present proof that they have lived in the city of Detroit for the past 12 months OR lost a home due to property tax foreclosure within the City of Detroit between the period of 2010-2016.
- Complete a Homebuyer Education Course provided by a HUD-certified Housing Counselor and submit a certificate of completion before closing. Applicant must present the following signed documents from the mortgage lender financing the intended property reflecting a fixed rate loan integrating the intended assistance and where the housing ratio does not exceed 30%:
 - Freedom to Choose Form issued by the program administrator
 - Uniform Residential Loan Application
 - Loan Estimate

Property Standards Requirement

All properties intended to receive down payment assistance must be located in the City of Detroit and applicants must plan to occupy the intended property as their primary residence for 3 years. For properties that have a different municipal mailing address, a copy of the BS&A record showing that the parcel is located in the City of Detroit taxing authority must be included by the program administrator. All properties must meet HUD's lead safe housing rule (24 CFR Part 35). All properties must be titled as real estate, be permanently affixed to a permanent foundation and the property must be an existing dwelling.

All properties must pass the COD visual lead inspection. If a property does pass the visual lead inspection, then the seller will have 30 days to remedy the chipped, peeling, chalking, or cracking paint that exceeds the de minimis level. Upon notification to the program administrator, there will be a second visual lead inspection scheduled in that 30-day window. If the property passes the inspection, then the applicant can be awarded Detroit DPA. If there is not a passing visual lead inspection within 30-days of the first failed inspection, then the applicant will be denied from the Detroit DPA program and can apply again to the program.

Allowable Property Types:

- Attached or detached 1-2 unit residential property.

- Attached or detached condominium considered conforming and acceptable by the mortgage lender financing the property intended to receive downpayment assistance.

Applicants must present valid title insurance and a valid flood insurance determination as accepted by the mortgage lender financing the intended property.

For Move-in-ready properties, applicants present a valid, accepted appraisal by the mortgage lender financing the intended property stating that the intended property is deemed free of any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property with all repair conditions satisfied.

First-Time Homebuyer Requirement

First-time homebuyer is defined as applicants must not have held interest in a property for the last 3 years prior to the purchase date of the intended property with the exception of applicants who inherited property where the applicant is currently not living as their primary residence.

Applicants must sign the first-time homebuyer affidavit form issued by the City of Detroit confirming that they meet the standards listed in this section.

Household Identification Requirements

Applicants must disclose all members of the household expected to occupy the property intended to receive downpayment assistance on the DPA application for assistance.

Household members aged 18 or older must submit one of the following documents to prove identification:

- US Citizens must present the following documentation:
 - A valid license or state issued identification.
 - A valid social security card.
- Permanent residents must provide documentation evidencing lawful permanent residence.
- Non-permanent residents must present the following:
 - a valid SSN, except for those employed by the World Bank, a foreign embassy, or equivalent employer.
 - Or one of the following:

- Employment Authorization Document (USCIS Form I-766) showing that work authorization status is current.
- a USCIS Form I-94 evidencing H-1B status, and evidence of employment by the authorized H-1B employer for a minimum of one year.
- evidence of being granted refugee or asylee status by the USCIS.
- evidence of citizenship of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.

Household members under the age of 18 must submit one of the following documents to prove identification:

- US Citizens must present the following documentation:
 - A valid social security card
 - Birth certificate for anyone under the age of 18
- Permanent residents
 - Valid permanent residence identification reflecting full name, birth date, and country of origin
- Non-permanent residents
- A valid social security number associated with valid work allowance documentation

Residency Requirement:

All applicants must prove that they have either resided in the City of Detroit for at least 12 months immediately preceding the date of the purchase date of the intended property or that they lost a home due to property tax foreclosure within the City of Detroit between the period of 2010-2016.

All applicants must sign the residency self-certification form issued by the City of Detroit.

Applicants must present a minimum of one document showing 12 months at a Detroit residence immediately preceding the date of the purchase date of the intended property as follows:

- Valid documentation as listed in the Household Identification Requirement section of this document
 - Identification issued must be greater than 12 months from the date of application or
 - Signed lease agreement
 - 12 months of bill statements with a strong preference for utility bills

- Stamped foreclosure documents from the Wayne County Treasurer
- W2 or tax returns from the previous 2 two years

All documents proving residency shall be submitted to the City for acceptance and the City has the right to ask for additional supporting documentation to satisfactorily prove residency inclusive of but not limited to the following:

- A letter of explanation
- Verification of Rent

Program Income

When program income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used. If CDBG funds are used with CDBG-DR funds on an activity, any income earned on the CDBG portion would not be subject to the waiver and alternative requirement in the Universal Notice.

Any program income earned from program-funded activities will be subject to the rules outlined in Federal Register Notice FR-6489-N. As a result of program noncompliance, Grant repayments will be treated by COD DPA as applicable credits to the Program.

To the maximum extent feasible, Program income shall be used or distributed before additional withdrawals are made, as required in FR-6489-N . COD DPA will establish an independent, no-interest-bearing account for Program Income received from the Program. Program Income activity shall be reported to COD DPA.

Monitoring and Reporting

Subrecipient Program Monitoring:

Formal communication is forwarded to the organization at least two (2) weeks prior to the scheduled visit (where possible), confirming the meeting date, purpose, as well as advising of specific documents, processes and areas subject to review. During this visit, staff will verify that the programs outlined in the agreement scope are being carried out as described in the agreement, as well as review documentation, conduct interviews with staff, and complete site inspections. The HRD staff conducting the program monitoring shall inform the Subrecipient of any program findings and/or concerns within thirty (30) days after the conclusion of the monitoring visit.

HRD will report DPA activity, outputs, and outcomes in HUD's Disaster Recovery Grant Reporting (DRGR) system, including beneficiary counts, income levels, race/ethnicity, disability status, household size, amounts of assistance, and mapping to national objectives (LMH). HRD will retain documentation sufficient to substantiate DRGR entries for HUD monitoring and audit.

Quarterly Reporting

CDBG-DR reporting is due 15 days following the close of each quarter ending on March 31, June 30, September 30, and December 31.

Reporting Metrics

- # of Households
- # of Owners
- Income (low/mod)
- Demographic Data
- HH Size
- Race/Ethnicity
- Female head of HH

IDIS Reporting Requirements

- # of Households Assisted
- Of the Total Households, Number of:
 - First-Time Homebuyers
 - Of the Number of First-Time Homebuyers, Number Receiving Housing Counseling
- Downpayment Assistance/Closing Costs

Occupancy Requirement and Recapture

Applicants must occupy the intended property as their principal residence for a minimum of 3 years after the downpayment assistance is awarded on the date of closing.

Applicant must present a valid Closing Disclosure form and the related closing package to the City to prove and confirm the date of purchase and receipt of downpayment assistance funds used towards the intended property meeting the following requirements:

- The amount of DPA assistance received must be clearly identified.
- The contribution to the purchase of the home, from the homebuyer, in the amount of at least **\$1,000** should be clearly reflected and can be met through deposit or earnest money, cash brought to closing and/or expenses paid outside of closing as determined by the mortgage lender financing the intended property (such as insurance, appraisals, etc.).
- Applicants may not receive cash back at closing beyond the \$1,000 minimum contribution and any excess funds shall be used as a credit to reduce the principal of the mortgage or as a credit toward the household's monthly payments on the mortgage loan.

Applicants are required to repay the downpayment assistance if the intended property is sold or transferred within 36 months the date of purchase according to the following requirements:

- 100% of the assistance must be repaid if the occurrence is within 12 months from the date of purchase.
- 67% of the assistance must be repaid if the occurrence is between 13 to 24 months from the date of purchase.
- 33% of the assistance must be repaid if the occurrence is between 25 to 36 months from the date of purchase.

Recapture

Instances may arise where an Applicant must return all or part of the awarded funding to the Program. The Program is responsible for recapturing duplicative funds, funds awarded to non-compliant Applicants, funds from Applicants who potentially received an overpayment, assistance obtained by fraud, and the entire amount or a portion of the grant from Applicants who violate the terms and conditions of the Restrictive Conditions. All Applicant files will be reviewed and reconciled for accuracy to ensure compliance with Program requirements and federal guidelines. If an Applicant is identified as receiving a potential overpayment, the Program will document the amount and basis for the repayment in writing via a Letter of Requirement for Recapture of Funds. Applicants who disagree with a repayment amount determined by the Program may challenge the determination. See the Program-based Reconsideration and/or Administrative Review section of these Guidelines. If the Applicant's request is denied or they do not contest the determination within the allotted timeframe, the Program will proceed with the recapture of funds process.

Award Process Determination

Upon finalizing the underwriting process and securing the mortgage, the Participating Institution will submit all the required documentation for verification by Subrecipient or its authorized representative through the Neighborly Platform. COD DPA will review the underwriting process and the submitted documentation to ensure all the information and documentation registered in the system is correct and complete. The information and documentation submitted for COD DPA review includes but is not limited to the following:

Applicant:

- Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
- Visual lead inspection
- Most recent 30 Days income for ALL household members over the age of 18
- Most recent year tax return & W-2's for ALL household members over the age of 18
- Most recent 3 months of asset verifications (bank statements)
- Application for homebuyer assistance (Note: Anyone 18+ must sign page 2)
- Copy of driver's license or state issued identification: *front and back for anyone 18+*
- One of the following requirements must be met
- Copy of social security card for all household members

- Permanent residents must provide include evidence of lawful permanent residence for all household members.
- Non-permanent residents
- must provide a valid SSN, except for those employed by the World Bank, a foreign embassy, or equivalent employer
- Visual lead inspection
- one of the following:
- Employment Authorization Document (USCIS Form I-766) showing that work authorization status is current
- a USCIS Form I-94 evidencing H-1B status, and evidence of employment by the authorized H-1B employer for a minimum of one year
- evidence of being granted refugee or asylee status by the USCIS
- evidence of citizenship of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau
- Birth certificates for household members under the age of 18
- Completion of HUD or MSDHA approved homebuyer education
- Signed lead disclosure form
- Signed freedom to choose form
- Proof that you are a first-time homebuyer who has not held an interest in property in the last 3 years
- Proof that you are a city of Detroit resident OR that you resided in the city of Detroit for the last 12 months OR that you lost a home due to property tax foreclosure within the period of 2010-2016

Lender:

- Flood Determination
- Appraisal (1004)
- First Mortgage Application (1003)
- Title Insurance
- Loan Estimate
- Any Renovation Specific Documents at the request of NFH

Realtor:

- Signed Purchase Agreement
- Copy of Earnest Money Deposit (EMD)

Duplication of Benefits

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended, 42 U.S.C. § 5121 et seq., prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which they have received financial assistance under any other program, from private insurance, charitable assistance, or any other source. Detroit DPA can be combined with other down payment assistance or closing cost assistance programs including those of the Michigan State Housing Development Authority, other public assistance programs, and private lender sponsored programs. Alternative DPA terms may be adopted to allow layering down payment assistance programs. You can only be granted Detroit Down Payment Assistance once in a lifetime.

The DOB review by the subrecipient to assures that federal resources are neither duplicated nor wasted when providing homeownership assistance. To ensure the Program does not provide a duplication of benefits, PRHFA will adhere to the following process:

1. Identify the Applicant's total need;
2. Identify total assistance available;
3. Identify the Amount to Exclude as Non-Duplicative (Amounts used for a different purpose, or same purpose, different allowable use);
4. Identify Total DOB Amount (Total Assistance Minus Non-Duplicative Exclusions);
5. Calculate Maximum Award (Total Need Minus Total DOB Amount); and
6. Final Award (Program Cap = Final Award if Maximum Award is equal to or greater than the Program Cap).

Assistance Consider a DOB

Because the DPA Program requires eligible Applicants not to be homeowners at the time of application, it is expected that most Applicants will not have received any benefits from other sources for the purposes of home rehabilitation or replacement. Nonetheless, the Program will perform the due diligence of a DOB review and ensure that program beneficiaries do not receive duplicative, unnecessary, or unreasonable assistance.

In cases where an Applicant has previously received Federal Emergency Management Administration (FEMA), Small Business Administration (SBA), and/or any other funds for the purpose of using them to purchase real estate, those funds will be considered as a DOB under this Program. These funds will be deducted from the total unmet need determination as part of the underwriting review.

The following are sources of assistance that may have been provided to Applicants and are considered a duplication of benefits.

- FEMA Individual Assistance (FEMA IA)
- FEMA National Flood Insurance Program (NFIP)

- Private Insurance
- Additional Down Payment Assistance Grants
- MSHDA Homebuyer
- Federal Home Loan
- Individual lender DPA award

Following a disaster, charitable organizations provide many kinds of contributions, including donations, grants, or loans, among other types of assistance. Grants and cash donations designated for specific eligible work, even when provided from non-Federal sources, but designated for the same purpose as Federal disaster funds generally are considered a duplication of benefit. Grants and cash donations received for unspecified purposes (e.g., "for disaster recovery/relief efforts") or for work not eligible for federal assistance do not constitute a duplication of benefits.

Monitoring and Close-Out

The CDBG-DR assistance will be secured with a Second Direct Mortgage Deed on the property for the grant amount through a Restrictive Condition for a three (3) year affordability period. The restrictive conditions on the property shall terminate upon one of the following occurrences:

- Upon expiration of the three (3) year affordability period
- Foreclosure of the property or bankruptcy court determination resulting in the discharge of Applicant's obligations in relation to the award;
- Approval of a disposition loss mitigation alternative (i.e., short sale or transfer in lieu of foreclosure (deed in lieu)
- Assignment of an FHA-insured mortgage to HUD.

Conflict of Interest

All Detroit DPA funds awarded must be used towards the down payment, pre-pays, closing cost, principal write-downs, and mortgage insurance premiums.

A conflict of interest in the DPA program arises when an individual or an organization has a personal or financial interest in the transaction. This can undermine fairness, transparency, and compliance with the CDBG-DR guidance.

Staff or Contractors Buying Homes Using the Program:

- A housing counselor, loan officer, or DPA program administrator receives assistance from the program they manage or oversee.

Related Parties in the Transaction:

- A buyer receiving DPA is related to the seller, real estate agent, or lender involved.
- An employee's family member benefits from DPA without disclosure and approval.

Financial Interest in Properties:

- A program staff member owns or has an interest in a property where DPA funds are being used.

Dual Roles in Counseling and Lending:

- A housing counseling agency also acts as a lender or has financial incentives based on loan origination, creating pressure for biased counseling.

City of Detroit Employees:

- City of Detroit Employees will follow the current conflict of interest review policies and procedures

Environmental Review

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local applicable regulations. Every project undertaken with federal funds, and all activities associated with such project, are subject to the provisions of the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. § 4321 et seq., as well as to the HUD environmental review regulations at 24 C.F.R. Part 58.

To conduct the appropriate level of environmental review, the Program will determine the environmental classification of the project. The term "project" may be defined as an activity or group of activities geographically, functionally, or integrally related, regardless of funding source, to be undertaken by the Program in whole or in part to accomplish a specific objective. There are four major classifications of environmental review for projects:

- **Categorically Excluded Activities:** Those activities that may impact the environment but not to the extent that an Environment and program under NEPA or Environmental Impact Statement is required.

[Income Verification Standards and Housing Size](#)

[80% Area Median Income \(AMI\) by housing size found here.](#)

General Requirements

Applicant household income must not exceed 80% of Area Median Income Level according to the most recent report as defined by the HUD.

Total household income is defined as the gross amount of income all adult members can anticipate receiving during the 12 months following the effective date of determination by the program administrator.

Sources of income included and excluded from the income determination are defined in 24 CFR 5.609 (b) and (c) found in the HUD Occupancy Handbook Part 5 - [Section 8: Determining Annual Income which is references in Appendix A of this document.](#)

Applicant total household income is calculated by the Administrator using guidance from the HUD Occupancy Handbook Part 5 - [Section 1: Determining Annual Income](#)

Income Documentation Requirements

Applicants must disclose all members of the household expected to occupy the intended property to be counted towards total household income and must provide documentation proving income for each household member.

All documents proving that applicant's household meets the income verification standards in this section shall be submitted to the City for acceptance and the City has the right to ask for additional supporting documentation to satisfactorily prove that the total household meets the requirements inclusive of but not limited to the following:

- Income documentation reflecting a 30-day period immediately preceding the date of the DPA application for assistance must be provided for all household members aged 18 or older
- Asset documentation reflecting a 90-day period immediately preceding the date of the DPA application for assistance must be provided for all household members aged 18 or older.
- The previous year federal returns must be provided for all household members aged 18 or older.
- The previous year W-2 forms and other tax forms as applicable including 1099 forms or other related schedules must be provided for all household members aged 18 or older.
- Any sources of periodic income must be verified in writing for all household members aged 18 or older.

- Household No-Income Persons Attestation for any household members aged 18 or older without income.

C. Compliance Standards

The City of Detroit will follow the funded DPA cases against the standard of this guidance document, City of Detroit requirements, and program eligibility requirements (i.e. residency requirement, household income requirement, first-time homebuyer requirement, and occupancy requirement). The cases are selected randomly and equitably in accordance with fair housing laws and regulations.

PROCEDURE:

Program Intake Procedure:

While the City retains ultimate management responsibility for the DPA program, the City partners with a subrecipient to outsource administration, application intake, application approval, underwriting, and funding of the program to an Administrator. The Administrator, will provide the following services:

1. **Application Intake:** The Program Administrator will be responsible for communicating with potential applicants and instructing them on how to apply for the program. The Program Administrator will receive and process all applications and review them for accuracy, completeness, and appropriate supporting documents necessary to determine eligibility. The Program Administrator will assist applicants that submit incomplete applications by informing them of the information needed to complete the application package. Application intake may be provided in partnership with multiple agencies.
2. **Application Approval:** Verifies applicant eligibility based on the predetermined criteria and confirming approval for eligible residents, including but not limited to income eligibility, housing ratio, residency, completed file check list and summary for all necessary required documentation. Verifies prioritization eligibility and prioritizes eligible priority applicants.
3. **Education:** The Program Administrator will ensure that all applicants complete a homebuyer education course from a HUD-certified counseling course evidenced by a HUD Homebuyer Certificate.
4. **Loan Prequalification:** The Program Administrator will recommend that the potential borrower meets with a Lender licensed by the State of Michigan to apply for a first mortgage loan. The Program Administrator will work with the Lender throughout the loan process and provide the Lender with all forms to be completed in conjunction with the City's DPA.

5. **Underwriting:** The Administrator will underwrite all City DPA grants/loans and adhere to all underwriting guidelines created for the program. The eligibility criteria will include income determination, ratio compliance, mortgage loan affordability, asset limitations, reserves, interest rates, borrower reserves and contributions, subsidy layering, residency, and other compensating factors that are required to meet the approval standards.
6. **Loan Origination:** Work with the Lender throughout the loan origination process to ensure that the City's DPA documents and other information are resubmitted to the first mortgage lender. The first mortgage loan package will be reviewed by the Program Administrator for compliance with the City's DPA guidelines set for the City's DPA loan. The Program Administrator is responsible for ensuring that all loans are underwritten to comply with the CDBG-DR policies defined by HUD.
7. **Property Inspection:** All DPA participants must complete a HUD approved home buyer education class where they received information on the benefits of securing a home inspection.
8. **Delivery of Application Package for Approval:** Deliver completed application packages including all required documentation to the City or its Designee for approval.
9. **Loan Closing Process:** Facilitate the entire loan closing process and prepare and submit all applicable closing documents. The Administrator is responsible for determining how all legal documents for the City's DPA loans will be prepared.
10. **Funding Process/Wire Transfer:** The city will disburse DPA funds to who then wires DPA-funding to the appropriate financial entity/ and or title company for closing. The approved DPA amount, and the wire transfer amount may at times differ because of adjusted Loan to Value (LTV) and finalized underwriting requirements. In these circumstances a reconciliation on the wire transferred amount versus the approved DPA amount will occur to the city of the funding account. The amount reconciled is the difference between the actual and wire transfer and final funding amount. This adjustment is completed by (NFH) refunding the identified or a reduction of the funding difference from future payments.
11. **Reporting/Monitoring:** Maintain separate files for all applicants, including those that are denied assistance. Files may be periodically monitored by HRD for compliance. The Administrator will provide monthly reporting including but not limited to program pipeline, closings, lenders, and mortgage products.
12. **Evaluation and Modification:** After launch, Administrator will work with City and, or their Designee to monitor Program data on DPA approvals, closings, and homebuyer pipeline. The Administrator will work with the City and or their Designee to redesign specific elements and implement those elements. If any program modifications occur, they must be consistent with approved program budget and cost analysis.

13. **Interim Evaluation:** The Administrator will deliver a report of program operations providing a program output summary and modification recommendations.
14. **Final Program Evaluation:** Delivery of a report at the end of the Program providing evaluation and outcome statistics for the DPA program.

The Administrator, has submitted the following procedures that are approved by the City of Detroit for usage in determining applicant eligibility for DPA assistance:

1. **Initial Review:** The homebuyer, their counseling agency, or their lender submits their application to Administrator for review and underwriting. The Administrator verifies that all documents listed on the application checklist are included. Incomplete files are returned to the source for cure and resubmission. Complete files proceed to underwriting (a copy of the file checklist is found in Appendix B).
2. **Underwriting:** The Administrator reviews the file to document Homebuyer eligibility by
 - a) Completing the File Checklist Marking Item Complete and contained within the file.
 - b) Completing the File Summary Form that documents Homebuyer eligibility calculations and provides notes and concerns for consideration by the City during their approval process.
 - c) Completing the Data Entry Report providing additional information regarding the loan, property, and demographic information to support analysis.
 - d) Completing a more detailed Income Calculation form that details household income sources and assets. (Copies of the worksheets are found in Appendix B)
3. **Minor Cure:** If a file needs additional information and or documentation to verify eligibility, the homebuyer has 90 days to cure the issue. If the 90 days elapses without a cure, the file fails underwriting and the application removed from the process.
4. **Neighborly Tracking Eligible Complete Files:** The Administrator adds the client's name, unique identifier, estimated DPA amount, and estimated closing timeline to Neighborly for tracking.
5. **Submission Eligible Complete Files for City Approval:** The Administrator forwards eligible complete files via Neighborly including eligibility worksheets for City Review and file retention (See Contract 6004422 Exhibit A, Section 3: Phase III Deliverables Section page 29 of 45).
6. **Submission of Ineligible Files for City Review:** Administrator forwards complete ineligible files to the City via Neighborly and indicated denied as disposition.

- 7. DPA Award Determination:** Upon receipt of a signed determination letter the Administrator will send the determination letter to the Lender with copies to the Customer and Counseling Agency within 1 business day. For approval letters, NFH requests an estimated closing date from the Lender. Adds anticipated closing date to the Neighborly system. In the event of a denial letter, the lender, customer, and counseling agencies are notified to cure the file. In the event of a cure, the file can be resubmitted.

The City of Detroit and the Administrator have agreed to the following procedures for ensuring timely funding of down payment assistance closings:

- 1. Eligibility Confirmation and Approval Process:** The Administrator will meet with the Designated City Representative(s) to review each file to confirm eligibility and approve the proposed down payment loan. The Administrator and City Representative will review the file summary, data entry, income calculation, pay stubs, income tax return, 3 months bank statements, DPA application, IDs for 18+, social security cards for household members, disclosure of lead based paint, freedom to choose form, documentation of review of flood insurance, uniform residential appraisal report, first mortgage loan application, title insurance, loan estimate, purchase agreement and EMD.

The Administrator and Designated City Representatives(s) will also confirm income eligibility, housing ratio, first time home buyer (no interest in property for last three years), residency requirements, HUD homebuyer's certification, contribution of \$1,000 towards purchase price and sales price.

The City Representative will submit a request to the appropriate internal City resource to issue a down payment loan approval letter to the lender and borrower.

- 2. Closing Scheduled:** Upon issue of the approval letter, the Administrator will update Neighborly to reflect the approval and closing date.
- 3. Clear to Close from Lender:** The applicant's mortgage lender will notify the Administrator when all closing conditions are met and provide a closing date 48 hours prior to closing. The lender or title company will provide the administrator with the final HUD Settlement Statement at least 24 hours prior to closing. Funds are wired within 1-2 days of the closing date to the title company designated on the HUD Settlement Statement. The Administrator updates the closing dates in Smart Sheet once the file is closed.

Citizen Complaints

Appeals & Grievance Process

This 3-step process can be used to review and evaluate denial decisions of Down Payment Assistance (DPA) customers who complaint of who were not approved DPA funds to assist in the purchase of a one (1) or (2) family home located within the City of Detroit using Community Development Block Grant Funds (CDBG) and Community Development Block Grant Disaster Relief (CDBG – DR):

Step 1: Intake and Verification

- Receive the customer complaint in writing (via mail, email, or other official notification).
- Confirm that the complaint relates to a denial of DPA under the City of Detroit's CDBG and CDBG-DR funded program.
- Acknowledge receipt within 5 business days and verify that all necessary information (applicant name, denial notice, reason for denial, and supporting documents) has been provided.

Step 2: Review and Evaluation

- Compare the denial reasons against CDBG regulations and the City's established DPA program eligibility criteria (e.g., income limits, property location, first-time homebuyer status, city of Detroit residency of 12 months).
- Review the customer's documentation, application, and any supplemental evidence provided.
- If necessary, request clarification or additional records from the applicant or program subrecipient.
- Conduct an impartial review to ensure the denial was applied fairly, consistently, and in compliance with city of Detroit DPA program guidelines.

Step 3: Resolution and Response

- Document findings in a written determination that either:
 - Upholds the denial (with a clear explanation citing DPA program rules), or
 - Reverses the denial (with next steps for the applicant to proceed with assistance).
- Provide the applicant with the written decision within 10 days of the complaint submission.
- Log the complaint and resolution in the program's tracking system to ensure transparency and compliance with CDBG monitoring requirements.

Applicants denied assistance may appeal within 15 calendar days by submitting a written request to HRD. Appeals will be reviewed by a supervisor not involved in the original decision, and a written response issued within 30 days.

Attachments:

APPENDIX A: Update Summary

APPENDIX B: Distribution & Training Plan

APPENDIX C: Lead-Based Paint Visual Assessment

APPENDIX D: Administrator Forms and Worksheets

APPENDIX E: City of Detroit Program Forms and Worksheets

APPENDIX F: Detroit Residency Attestation 9/2023

APPENDIX G: Household No-Income Persons Attestation 10/2023

APPENDIX H: City Mortgage and Note

APPENDIX I: City of Detroit Employee Disclosure

APPENDIX J: Promissory Note (HOMEBUYER ASSISTANCE PROGRAM)

APPENDIX K: Duplication of Benefits (DOB) Affidavit

APPENDIX L: Subordination Agreement

Update Summary

The following lists the changes to this policy/procedure since the last approval:

| Policy/Procedure Section | Change |
|--------------------------|--------|
| | • |
| | • |
| | • |

No changes – this is a new policy/procedure

APPENDIX B

Distribution & Training Plan

The following lists the Distribution & Training Plan for this policy/procedure:

| Item | Description |
|---|---|
| Implementation Leader | <i>Individual responsible for distribution and training of the P&P (likely the P&P Author).</i> |
| Audience | <i>List of teams/roles/entities for which P&P applies; this includes HRD, OCFO, and other COD staff (e.g. Law), as well as external partners (e.g. subrecipients and contractors).</i> |
| Distribution & Training Plan | <p><i>Distribution Method (likely Email): Email</i></p> <p><i>Anticipated Distribution Date: 3/11/26</i></p> <p><i>Distribution Recipients:</i></p> <p><i>National Faith Homebuyers (NFH)</i></p> <p><i>The Ownership Initiative (TOI)</i></p> <p><i>City of Detroit DPA Team</i></p> <p><i>Training Required (Yes/No): No</i></p> <p><i>Training Method (Virtual, In-Person, All-Staff Meeting): Virtual</i></p> <p><i>Anticipated Training Date: 3/13/26</i></p> <p><i>Training Recipients:</i></p> <p><i>Reginald Hayes Veronica Sanders</i></p> <p><i>Lisa Kaufman</i></p> <p><i>Christopher Aldridge</i></p> <p><i>Krysta Pate</i></p> |

APPENDIX C



Lead-Based Paint Visual Assessment

A. Lead-Based Paint Requirements

All units in which Detroit Community Development Block Grant Disaster Recovery down payment assistance ("DPA") project participants reside are subject to Lead-Based Paint ("LBP") Requirements. This form must be completed and included in each project participant file. Individuals completing this form must complete the online U.S. Housing and Urban Development ("HUD") training accessible via the following web address: <http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm>.

Property Address: _____ ("Property")

Year Property Built: _____

B. Certification Requirements

- Check all that apply: (The LBP assessor must attain their Michigan Department of Health & Human Services Certified Lead Risk Inspector Certification OR attain their Michigan Department of Health & Human Services Certified Lead Risk Assessor Certification; ALL LBP assessors for the Detroit DPA program must have completed the HUD LBP Visual Assessment Training Course):
 - Michigan Department of Health & Human Services Certified Lead Risk Inspector
 - Michigan Department of Health & Human Services Certified Lead Risk Assessor
 - Completed the HUD LBP Visual Assessment Training Course

C. Visual Assessment Analysis

- Check all that apply:
 - Property was built after 1978 Year Property Built: _____
 - Property is a zero-bedroom dwelling
 - Unit is considered housing for the elderly or persons with disabilities (unless any child who is less than 6 years of age resides or is expected to reside in such housing)
 - Property has been tested and determined to not contain lead-based paint (attach documentation)
 - Property has had lead-based paint hazards remediated (attach documentation)
- If any of the above items are checked, no visual assessment is required. Complete **Part F** (acknowledgements) with agency staff, project participant, and landlord signatures.
- If no items are checked above, LBP Visual Assessment is required. Complete **Parts D & F**.

| | |
|--|--|
| D. LBP VISUAL ASSESSMENT | |
| Interior | |
| Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> YES <input type="checkbox"/> NO | Deterioration exceeds <u>the de</u> minimis level? <input type="checkbox"/> <u>YES</u> <input type="checkbox"/> NO <input type="checkbox"/> N/A |
| Exterior | |



| | |
|--|--|
| Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> YES <input type="checkbox"/> NO | Deterioration exceeds <u>the de</u> minimis level? <input type="checkbox"/> <u>YES</u> <input type="checkbox"/> NO <input type="checkbox"/> N/A |
| Common Areas | |
| Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> <u>YES</u> <input type="checkbox"/> NO <input type="checkbox"/> N/A | Deterioration exceeds <u>the de</u> minimis level? <input type="checkbox"/> <u>YES</u> <input type="checkbox"/> NO <input type="checkbox"/> N/A |
| Describe Any Action Taken: (must be completed if any of the above are marked "Yes") | |

E. Release

No party shall have any claim or cause of action against the City of Detroit due to the presence of LBP on the Property by virtue of the City of Detroit providing down payment assistance.

The homebuyer signing below understands that the information provided in this Lead-Based Paint Visual Assessment will be relied upon by the City of Detroit in evaluating the proposed down payment assistance. The homebuyer waives and releases any claim or liability against the City of Detroit for personal injury or property damage sustained by it or its household due to LPB on the Property. The homebuyer affirms that it is not relying on the City of Detroit to verify the presence or absence of LBP on the Property.

F. LBP Visual Assessment Acknowledgements

| | | |
|---------------------|-----------|-------|
| _____ | _____ | _____ |
| Homebuyer Name | Signature | Date |
| _____ | _____ | _____ |
| Property Owner Name | Signature | Date |
| _____ | _____ | _____ |
| LBP Inspector Name | Signature | Date |



City of Detroit CDBG & CDBG-DR Down Payment Assistance Program

Client Name: _____ Address: _____

LOAN FILE CHECKLIST

The file to be maintained on-site for each address must contain the following documents:

- File Summary
- Data Entry
- Unmet Need Calculation
- Visual Lead Inspection
- Duplication of Benefit Form
- Income Calculation
- First Time Homebuyer Certification
- Residency attestation
- Household no-income attestation(if applicable) _____
- City of Detroit Conflict of Interest form(if applicable) _____
- Pay Stubs (from the last 30 days): If overtime is involved, an adequate number of pay stubs to make reasonable determination of normal overtime income should be obtained.
- 2 Years Federal Income Tax Returns & W-2's (2 year history if self-employed).
- 3 months bank statements
- Application for Homebuyer Assistance
- ID for anyone 18+
- Social Security Cards for all Household Members
- Homebuyer Education Certificate
- Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
- Freedom to Choose Form
- Documentation of review of Flood insurance rate map (flood insurance if required)
- Uniform Residential Appraisal Report (Fannie Mae Form 1004)
- First Mortgage Loan Application
- Title Insurance
- Loan Estimate
- Visual Lead Assessment
- Purchase agreement & EMD



FILE SUMMARY

Reservation # _____

Family Name _____

Property Address _____

Household Size _____

Household Income \$ _____

Monthly Income \$ _____

Mortgage Payment (PITI) \$ _____

Housing Ratio % _____

Income Limit \$ _____

2025 80% AMI Income Limits

| 1 Person | 2 Person | 3 Person | 4 Person | 5 Person | 6 Person | 7 Person | 8 Person |
|----------|----------|----------|----------|----------|----------|-----------|-----------|
| \$56,600 | \$64,450 | \$72,750 | \$80,800 | \$87,300 | \$93,750 | \$100,200 | \$106,700 |

Notes: _____

Revised 02/2026

Detroit DPA ROUND III: UNMET NEED CALCULATOR: PRELIMINARY CALCULATION

Blue cells are inputs. Black cells are formulas. Update interest rate/PMI or other underwriting items; the worksheet recalculates the minimum necessary DPA.

1) Household & Program Inputs

| | | | | | |
|---------------------------------------|--|--|-----|----------------|-----------|
| Household size | | Borrower liquid funds available | | Household Size | 80% AMI |
| Annual gross income | | Other grants (non-CDBG) | | 1 | \$56,600 |
| AMI limit for household size | | Seller concessions / lender credits | | 2 | \$64,650 |
| Program housing ratio (front-end) | | Total non-CDBG assistance (DOB screen) | \$0 | 3 | \$72,750 |
| Program maximum DPA award | | | | 4 | \$80,800 |
| Minimum borrower contribution | | | | 5 | \$87,300 |
| DPA can cover reserves? (1=yes, 0=no) | | | | 6 | \$93,750 |
| Income as % of AMI | | | | 7 | \$100,200 |
| LMI eligible (<=80% AMI) | | | | 8 | \$106,700 |

2) Purchase, Loan & Monthly Housing Cost (PITI)

| | | | | | |
|------------------------|--|-----------------------------|--|------------------------------|---------------|
| Purchase price | | Annual property taxes | | Monthly Principal & Interest | \$0.00 |
| Appraised value | | Annual homeowners insurance | | Monthly Taxes (Uncapped) | \$0.00 |
| First mortgage amount | | Monthly HOA (if any) | | Monthly Insurance | \$0.00 |
| Interest rate (annual) | | Monthly PMI (if any) | | Monthly HOA | \$0.00 |
| Loan term (years) | | | | Monthly PMI | \$0.00 |
| | | | | Total Monthly Housing Cost | \$0.00 |

Front-end ratio 0.0%

3) Cash-to-Close & Unmet Liquidity Gap

| | | | |
|--------------------------------------|------------|-------------------------------------|------------|
| Down payment required | | Borrower liquid funds | \$0 |
| Allowable closing costs | | Gift/other grants | \$0 |
| Allowable prepaids/escrows | | Seller/lender credits | \$0 |
| Required reserves (up to months) | | Minimum borrower contribution | \$0 |
| Reserves \$ requirement | \$0 | Total available funds | \$0 |
| Reserves counted in assistance need? | No | | |
| Total cash required | \$0 | Unmet liquidity gap (cash-to-close) | \$0 |

4) Affordability Check (If DPA Used to Reduce Loan Amount)

| | | | |
|------------------------------------|--------|--|------------|
| Gross monthly income | \$0.00 | Required loan (current mortgage) | \$0 |
| Max affordable housing cost | \$0.00 | Affordability loan gap (Required - Max affordable) | \$0 |
| Non-PI monthly housing costs | \$0.00 | Down payment needed to meet affordability | \$0 |
| Max affordable PI payment | \$0.00 | | |
| Max affordable loan (PV of max PI) | \$0 | | |

5) Recommended Minimum Necessary DPA Award

| | | | |
|------------------------|------------------|--------------------------------------|--|
| Policy basis (choose): | Total Unmet Need | Final check: front-end ratio < Limit | Yes |
| Need Amount | \$0 | Notes (attach to file): | Attach the latest Loan Estimate/Closing Disclosure and re-run this worksheet at closing. If rate/PMI changes, update inputs and adjust award to the recalculated minimum necessary amount. |
| Program cap | \$0 | | |
| Recommended DPA award | \$0 | | |

Flag: Award exceeds need?

| |
|----|
| No |
|----|

Attach output from State of Michigan Tax estimator <https://treas-secure.state.mi.us/ptestimator>

6) Unmet Need Summary

| | |
|---|-----|
| Eligible Costs (Section 3) | \$0 |
| Affordability GAP Principal Reduction (Section 4) | \$0 |

7) Duplication of Benefit Analysis

| | |
|---------------------------------------|-----|
| Total Eligible Need (\$) | \$0 |
| FEMA Assistance (\$) | |
| Insurances Proceeds (\$) | |
| SBA Assistance (\$) | |
| Other Assistance (\$) (grant/dpa etc) | - |
| Calculated Unmet Need (\$) | \$0 |
| Recommended DPA Award | - |
| Unmet Need/(Duplicated Benefits) | \$0 |

Detroit DPA ROUND III: UNMET NEED CALCULATOR: FINAL CALCULATION

Blue cells are inputs. Black cells are formulas. Update interest rate/PMI or other underwriting items; the worksheet recalculates the minimum necessary DPA.

1) Household & Program Inputs

| | | | | | | |
|---------------------------------------|--|--|-----|--|----------------|-----------|
| Household size | | Borrower liquid funds available | | | Household Size | 80% AMI |
| Annual gross income | | Other grants (non-CDBG) | | | 1 | \$56,600 |
| AMI limit for household size | | Seller concessions / lender credits | | | 2 | \$64,650 |
| Program housing ratio (front-end) | | Total non-CDBG assistance (DOB screen) | \$0 | | 3 | \$72,750 |
| Program maximum DPA award | | | | | 4 | \$80,800 |
| Minimum borrower contribution | | | | | 5 | \$87,300 |
| DPA can cover reserves? (1=yes, 0=no) | | | | | 6 | \$93,750 |
| Income as % of AMI | | | | | 7 | \$100,200 |
| LMI eligible (<=80% AMI) | | | | | 8 | \$106,700 |

2) Purchase, Loan & Monthly Housing Cost (PITI)

| | | | | | | |
|------------------------|--|-----------------------------|--|--|------------------------------|--------|
| Purchase price | | Annual property taxes | | | Monthly Principal & Interest | \$0.00 |
| Appraised value | | Annual homeowners insurance | | | Monthly Taxes (Uncapped) | \$0.00 |
| First mortgage amount | | Monthly HOA (if any) | | | Monthly Insurance | \$0.00 |
| Interest rate (annual) | | Monthly PMI (if any) | | | Monthly HOA | \$0.00 |
| Loan term (years) | | | | | Monthly PMI | \$0.00 |

| | |
|----------------------------|---------------|
| Total Monthly Housing Cost | \$0.00 |
| Front-end ratio | 0.0% |

3) Cash-to-Close & Unmet Liquidity Gap

| | | | |
|--------------------------------------|------------|-------------------------------------|------------|
| Down payment required | | Borrower liquid funds | \$0 |
| Allowable closing costs | | Gift/other grants | \$0 |
| Allowable prepaids/escrows | | Seller/lender credits | \$0 |
| Required reserves (up to months) | | Minimum borrower contribution | \$0 |
| Reserves \$ requirement | \$0 | Total available funds | \$0 |
| Reserves counted in assistance need? | No | | |
| Total cash required | \$0 | Unmet liquidity gap (cash-to-close) | \$0 |

4) Affordability Check (If DPA Used to Reduce Loan Amount)

| | | | |
|------------------------------------|--------|--|------------|
| Gross monthly income | \$0.00 | Required loan (current mortgage) | \$0 |
| Max affordable housing cost | \$0.00 | Affordability loan gap (Required - Max affordable) | \$0 |
| Non-PI monthly housing costs | \$0.00 | Down payment needed to meet affordability | \$0 |
| Max affordable PI payment | \$0.00 | | |
| Max affordable loan (PV of max PI) | \$0 | | |

5) Recommended Minimum Necessary DPA Award

| | | | |
|------------------------|------------------|--------------------------------------|--|
| Policy basis (choose): | Total Unmet Need | Final check: front-end ratio < Limit | Yes |
| Need Amount | \$0 | Notes (attach to file): | Attach the latest Loan Estimate/Closing Disclosure and re-run this worksheet at closing. If rate/PMI changes, update |
| Program cap | \$0 | | |

Recommended DPA award

\$0

Flag: Award exceeds need?

No

inputs and adjust award to the recalculated minimum necessary amount. Attach output from State of Michigan Tax estimator <https://treas-secure.state.mi.us/ptestimator>

6) Unmet Need Summary

| | |
|---|-----|
| Eligible Costs (Section 3) | \$0 |
| Affordability GAP Principal Reduction (Section 4) | \$0 |

7) Duplication of Benefit Analysis

| | |
|---------------------------------------|-----|
| Total Eligible Need (\$) | \$0 |
| FEMA Assistance (\$) | |
| Insurances Proceeds (\$) | |
| SBA Assistance (\$) | |
| Other Assistance (\$) (grant/dpa etc) | - |
| Calculated Unmet Need (\$) | \$0 |
| Recommended DPA Award | - |
| Unmet Need/(Duplicated Benefits) | \$0 |

CITY OF DETROIT - DUPLICATION OF BENEFITS (DOB) WORKSHEET

Applicant Name

Property Address

| | | |
|--------------------------|----|---|
| Total Eligible Need (\$) | \$ | - |
|--------------------------|----|---|

| | | |
|----------------------|--|---|
| FEMA Assistance (\$) | | - |
|----------------------|--|---|

| | | |
|--------------------------|--|---|
| Insurances Proceeds (\$) | | - |
|--------------------------|--|---|

| | | |
|---------------------|--|---|
| SBA Assistance (\$) | | - |
|---------------------|--|---|

| | | |
|-----------------------|--------|--|
| Other Assistance (\$) | 10,483 | |
|-----------------------|--------|--|

\$

| | | |
|----------------------------|----------|--|
| Calculated Unmet Need (\$) | (10,483) | |
|----------------------------|----------|--|

Staff Review Notes:

APPENDIX F

ATTESTATION FOR THE PURPOSE OF VERIFYING RESIDENCE

CDBG-DR HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM (“DPAP”)

The undersigned, _____ [Name of CDBG-DR Homebuyer Down Payment Assistance Program Applicant] (hereinafter “DPAP Applicant”), residing at _____ [Full Address of DPAP Applicant], submits this Attestation for the Purpose of Verifying Resident (“Attestation”) to participate in the DPAP using Community Development Block Grant Disaster Recovery funds (“CDBG-DR Funds”) under the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158) from the United States Department of Housing and Urban Development.

1. DPAP Applicant confirms that he/she is aware of the DPAP eligibility requirement that the DPAP Applicant be a City of Detroit resident and has been domiciled for the prior 12 months from the date of his/her DPAP application, and that this program eligibility requirement is a pre-condition for receiving the CDBG-DR Funds pursuant to the DPAP.
2. Further, DPAP Applicant is aware that the DPAP funds that he/she seeks to obtain are funded with CDBG-DR Funds, and that payment may not, and will not, be unconditionally paid to DPAP Applicant if he/she does not currently reside in the City of Detroit and has not resided in the City of Detroit for the previous 12 months from the date of his/her DPAP application.
3. DPAP Applicant represents that he/she currently resides at the address listed above and has done so since _____ [Date]. DPAP Applicant further represents that he/she has resided in the City of Detroit for the prior 12 months from the date of his/her DPAP application, and in further support of this Attestation, has truthfully completed the attached Exhibit A listing and identifying his/her prior addresses for the previous 24 months from the date of his/her DPAP application.
4. DPAP Applicant understands that additional documentation and information may be required to prove City of Detroit residency, and DPAP Applicant agrees to furnish upon request such documentation in a timely manner.
5. DPAP Applicant understands and agrees that should he/she be awarded DPAP funds and should his/her representations relied upon in this Attestation are later found to be untruthful or inaccurate, the City of Detroit and/or [Insert Name of Subrecipient] shall immediately terminate the [DPAP Agreement] with the DPAP Applicant and the DPAP Applicant shall not be entitled to any payment under the DPAP Agreement whatsoever. Additionally, should any payment have been made to, or on behalf of, the DPAP Applicant, under the DPAP Agreement, the DPAP Applicant understands and agrees that he/she is required to, and will immediately and without delay, refund and return 100 percent of all sums he/she has received under the DPAP Agreement. The DPAP Applicant understands and agrees that he/she is obligated to return the funds notwithstanding the fact that the DPAP Applicant may have used the funds received under the DPAP Agreement.
6. DPAP Applicant waives all claims for damages of any type or kind against the City of Detroit and/or [Enter Name of Subrecipient] that are or may be related, in any way, to DPAP Applicant’s inability or

failure, for any reason, to timely provide this Attestation or proof of residency that may result in denial of the DPAP Agreement.

7. DPAP Applicant represents that it understands that the foregoing representations are made pursuant to 28 U.S.C. §1746, and MCL §750.218, wherein those regulations permit punishment of false statements as, among other things, criminal acts.

NOW, THEREFORE, for the purpose set forth above, and with full knowledge of the risk he/she is undertaking, DPAP Applicant declares under penalty of perjury as found in 28 U.S.C. §1746, and subject to the provisions found in MCL §750.218, that the foregoing statements, attestations, and representations are true and correct.

DATED: _____

Printed Name of DPAP Applicant

Signature of DPAP Applicant

APPENDIX G

**CDBG-DR HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM (“DPAP”)
ATTESTATION FOR THE PURPOSE OF VERIFYING OCCUPANT INCOME**

○ _____ [Name of

CDBG-DR Homebuyer Down Payment Assistance Program Applicant], (hereinafter “DPAP

Applicant”), resides at

_____ [Full Address of DPAP

Applicant].

- _____ [Name of Household Occupant],

(hereinafter “Occupant”), resides at

_____ [Full Address of Occupant].

Occupant submits this Attestation.

- Occupant confirms that he/she is aware of DPAP Applicant’s participation in the DPAP, which is funded in part with Community Development Block Grant Disaster Recovery funds, and eligibility is contingent, in part, on DPAP Applicant’s overall household income. _____ (Occupant Initial)
- Occupant represents that he/she resides with the DPAP Applicant at the above stated address, is considered part of the household, and is eighteen (18) years of age or older. _____ (Occupant Initial)
- Occupant represents that he/she does not receive any income including but not limited to funds derived from W-2 employment, 1099 employment, self-employment/own business, or other income (e.g. Child Support, SSI, Social Security, Alimony, Unemployment, Workers Compensation Benefits). _____ (Occupant Initial)
- Occupant represents that he/she is not working and has not worked in the past sixty (60) days from the date of DPAP Applicant’s Application. _____ (Occupant Initial)
- Occupant represents that he/she does not financially contribute to the overall household of DPAP Applicant. _____ (Occupant Initial)

NOW, THEREFORE, for the purposes set forth above, and with full knowledge of the risk he/she is undertaking, Occupant declares under penalty of perjury as found in 28 U.S.C. §1746, and subject to the provisions found in MCL §750.218, that the foregoing statements, attestations, and representations are true and correct.

DATE: _____

Printed Name of Occupant

Signature of Occupant

APPENDIX H

MORTGAGE

(CDBG-DR HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM)

This Mortgage made as of this [___] day of [_____, 20__] by [_____, a [single/married] [man/woman] [and _____, a [single/married] [man/woman]] (hereinafter [individually and collectively,] "**Mortgagor**"), residing at [_____, Detroit, Michigan 482__, to the CITY OF DETROIT, a Michigan municipal corporation ("**Mortgagee**"), acting by and through its Housing and Revitalization Department having offices at 908 Coleman A. Young Municipal Center, Detroit, Michigan 48226.

WITNESSETH

That Mortgagor, for and in consideration of a homebuyer down payment assistance loan from Mortgagee in the principal sum of [_____] thousand and [___]/100 dollars (\$_____) ("**Homebuyer Down Payment Assistance Loan**"), receipt of which is hereby acknowledged by Mortgagor, which shall be payable according to the terms of a Promissory Note dated as of the date hereof made by Mortgagor to Mortgagee, as amended, restated, or modified from time to time (the "**Note**"), and for the purpose of securing repayment of the Note and the performance of the covenants and conditions hereinafter contained, hereby grants, conveys, warrants and mortgages to the Mortgagee the premises situated in the City of Detroit, County of Wayne, State of Michigan and described as follows (hereinafter called the "**Premises**"):

SEE EXHIBIT A, ATTACHED HERETO

Together with all right, title and interest of Mortgagor in and to:

- (A) all easements and rights of way now or hereafter used in connection with the Premises;
- (B) all buildings located on the Premises;
- (C) any and all improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to the Premises; and
- (D) all fixtures, machinery, equipment and articles of personal property now or hereafter owned by Mortgagor and now or hereafter affixed to, placed upon or used in connection with the operation of said properties (the "**Personal Property**").

The Premises and those items described in (A) through (D) hereof are collectively referred to herein as the “**Mortgaged Property**”.

TO HAVE AND TO HOLD the Mortgaged Property, together with the appurtenances thereunto belonging or in any wise appertaining, as aforesaid, unto Mortgagee and to its successors and assigns forever.

Provided always, that if Mortgagor shall pay all obligations evidenced by the Note or any note or notes at any time hereafter issued to evidence the total debt secured by this Mortgage, and perform all obligations under the Note and any note or notes at any time hereafter issued to evidence the total debt secured by this Mortgage, then this Mortgage and the estate hereby granted shall cease, terminate and become void.

AND Mortgagor further covenants and agrees as follows:

- Warranty of Title and Authority.
 - Mortgagor warrants to Mortgagee that: (i) Mortgagor has good and indefeasible title to the entire Mortgaged Property in fee simple and with good right and full power to sell, mortgage and convey the same; (ii) the Mortgaged Property is free and clear of easements, restrictions, liens, leases and encumbrances, except for (1) the Senior Mortgage (as defined in Section 20 hereof), if any, and (2) those easements, restrictions, liens, leases and encumbrances to which this Mortgage is expressly subject, whether presently existing or which may hereafter be created in accordance with the terms hereof; and (iii) the Mortgagor will warrant and defend the title to the Mortgaged Property and the validity and priority of the lien of this Mortgage against the claims and demands of all persons whomever.
 - Mortgagee shall have the right, at its option and at such time or times as it, in its sole discretion, shall deem necessary, to take whatever action it may deem necessary to defend or uphold the lien of this Mortgage or otherwise enforce any of the rights of the Mortgagee hereunder or any obligation secured hereby, including, without limitation, the right to institute appropriate legal proceedings for such purposes.
 - Mortgagor warrants to Mortgagee that Mortgagor has full power and lawful authority to grant, warrant, assign, mortgage, pledge and grant a security interest in the Mortgaged Property and the Personal Property unto Mortgagee as herein provided.
 - Payment of Indebtedness; Performance of Agreement; Compliance with Regulations.
 - Mortgagor will promptly pay the principal on the indebtedness evidenced by the Note according to the terms thereof, and all other charges and indebtedness provided therein and in this Mortgage, in the manner provided in the Note and in this Mortgage (all such indebtedness evidenced by the Note and this Mortgage is referred to herein as the “**Indebtedness**”).
 - Mortgagor will keep and perform all the covenants, promises and agreements in the Note and this Mortgage.
 - Mortgagor acknowledges that the funds underlying this Mortgage and related Promissory Note are federal Community Development Block Grant Disaster Recovery funds (“**CDBG-DR Funds**”) under the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158) from the United States Department of Housing and Urban Development (“**HUD**”). The

Mortgagor acknowledges that Mortgagee has elected to use a portion of its CDBG-DR Funds allocation to support the national objective of low-to-moderate income persons – housing (LMH) (24 CFR 570.208(a)(3)), in response to the impact from the August 24-26, 2023 one in twenty-five year storm experienced by the Mortgagee, with the eligible activity being homeownership assistance (24 CFR 570.201(n)), pursuant to said national objective. Mortgagor further acknowledges that the CDBG-DR Funds are subject to the Universal Notice published in the Federal Register on January 8, 2025 (90 FR 1754), as amended (“**Universal Notice**”), as made applicable by the Allocation Announcement Notice published in the Federal Register on January 16, 2025 (90 FR 4759) (“**AAN**”), and 24 CFR Part 570, and related regulations, guidance and instructions, including, but not limited to relevant provisions of the Uniform Guidance found at 2 CFR 200 et seq., and Mortgagor agrees that it will comply with those regulations, guidance, and instructions.

○ Taxes; Insurance; Waste.

○ Mortgagor will pay when due all taxes, assessments and other charges which are now or shall hereafter be a lien against the Premises, or any part thereof.

○ Mortgagor will keep the Premises in good repair and condition, and will comply properly with all laws, ordinances, regulations or requirements of any governmental authority applicable thereto, and to abstain from the commission of waste. Any improvements and/or repairs made to the Premises while the lien created by this Mortgage remains effective, and all plans and specifications therefor shall comply with all applicable municipal ordinances, regulations, and rules made or promulgated by lawful authority.

○ Mortgagor will keep all insurable property covered hereby insured against loss by fire or other natural hazard or disaster in an amount sufficient after the payment of all prior liens, to pay the amounts secured by this Mortgage. Where permitted by law, all insurance required under this Mortgage shall name Mortgagor as insured and Mortgagee as lender loss payable and otherwise be in form and substance satisfactory to Mortgagee.

○ The failure of Mortgagor to pay any taxes or assessments levied against the Premises, or any insurance premiums upon policies of insurance governing the Premises, in accordance with the terms hereof, shall constitute waste.

○ Should any default be made in the covenants or conditions hereunder, Mortgagee may, without demand or notice, pay any taxes, assessments, premiums or liens required to be paid by Mortgagor, make repairs, effect any insurance provided for herein, cause the abstract of title and tax histories of the Premises to be certified to date or procure new abstracts of title and tax histories in case none were furnished to it and procure title reports covering the Premises, and the sums paid for any one or all of said purposes shall from the time of the payment thereof, be due, and shall constitute a further lien upon the Premises under this Mortgage. In the event of foreclosure, the abstract or abstracts of title shall become the property of Mortgagee.

○ Security Interest. This Mortgage constitutes both a real property mortgage and a security agreement within the meaning of the Uniform Commercial Code, being M.C.L. 440.1101 *et. seq.* (the “**Uniform Commercial Code**”), and the Mortgaged Property includes both real property and the Personal Property. Mortgagor hereby grants a security interest in the Personal Property to Mortgagee. By its execution of this Mortgage, Mortgagor authorizes and directs Mortgagee to prepare and file, without any further action on the part of Mortgagor, any and all financing

statements, continuation statements, assignments, amendments and termination statements as Mortgagee determines to be necessary or advisable in order to create, perfect, continue, assign, amend or terminate a security interest or interests in the collateral described in this Mortgage and all Personal Property now or hereafter owned by Mortgagor and used in connection with the operation of the Mortgaged Property covered hereby. Mortgagor shall have the right hereunder and under said financing statements or other chattel instruments to replace fixtures or appliances from time to time with similar items of at least equal value provided the replacements are free of any outstanding ownership interest, financing statement or encumbrance of any kind in favor of anyone other than Mortgagee. In the event Mortgagor shall fail to execute and record any financing statements or other instruments as required herein within ten (10) days after written request by Mortgagee, then Mortgagor hereby irrevocably appoints Mortgagee Mortgagor's attorney-in-fact to execute and deliver such financing statements or other instruments.

○ Condemnation; Insurance Proceeds. If all or any part of the Premises are taken, whether temporarily or permanently, under power of eminent domain or by condemnation, the entire proceeds of the award or other payment in relief therefor not payable to the holder of the Senior Mortgage (if any) pursuant to the terms of such Senior Mortgage (if any) shall be paid directly to Mortgagee. Payment of any proceeds of insurance not payable to the holder of the Senior Mortgage (if any) pursuant to the terms of such Senior Mortgage (if any) shall also be made directly to the Mortgagee. Mortgagee shall have the right to apply any proceeds of insurance, or proceeds of any condemnation or eminent domain award, in such amounts and proportions as Mortgagee shall in its sole discretion determine, to the full or partial satisfaction of any or all of the Indebtedness and obligations of Mortgagor secured hereby, including any contingent or secondary obligation, whether or not the same shall then be due and payable by the primary obligor. In lieu of such application, Mortgagee shall have the right, but shall have no obligation, to require all or part of the proceeds of insurance or of any condemnation or eminent domain award to be used to restore or rebuild any part of the Premises damaged or destroyed by reason of the occurrence which gave rise to the payment of such proceeds.

○ Prohibition Against Sale or Transfer; Effect of Sale. Notwithstanding anything contained herein to the contrary, the Mortgagor shall not sell, transfer, convey, lease or encumber the Premises, or any substantial portion thereof, without the prior written consent of the Mortgagee, which consent shall be at the sole option and discretion of the Mortgagee. At Mortgagee's option, the full outstanding Indebtedness shall be due and payable by Mortgagor to Mortgagee upon the sale of the Premises by the Mortgagor or the execution of a lease between the Mortgagor and a tenant, regardless of the term of the lease, or if the Premises ceases for any other reason to be the Mortgagors principal place of residence, except as provided in Section 7 hereof. In the event of the sale or transfer, by operation of law or otherwise, of all or any part of the Premises, Mortgagee may deal with the vendee or transferee with respect to this Mortgage and the Note secured hereby, as fully and to the same extent as it might with Mortgagor, without in any way releasing, discharging, or affecting the liability of Mortgagor hereunder or under the Note.

○ Death of Mortgagor. In the event of the death of the Mortgagor, the full outstanding Indebtedness, shall immediately become due and payable to the Mortgagee without notice or demand to any agent or representative of the Mortgagor, unless the death of the Mortgagor causes the Premises to be transferred, conveyed, devised, bequeathed or assigned to the surviving spouse

of the Mortgagor, or a member of the Mortgagor's family who is within the third degree of consanguinity to the Mortgagor. The full outstanding Indebtedness shall become due and payable upon the sale or lease of the Premises by the aforementioned surviving spouse or family member to any other person or entity at any time prior to the discharge of this Mortgage, without notice or demand.

○ Event of Default. The occurrence of any of the following events shall be deemed an "**Event of Default**" hereunder and shall entitle the Mortgagee to exercise its remedies hereunder or as otherwise provided by law:

○ The transfer, sale, conveyance, lease or assignment of all or any part of the Premises, by operation of law or otherwise, prior to the discharge of this Mortgage, to any business entity or to any person without the prior consent of Mortgagee, except as permitted in Section 7 hereof.

○ Non-performance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage or of the Note.

○ Mortgagor makes or is found to previously have made any misrepresentation in any statement or document provided to the Mortgagee by the Mortgagor in connection with the Mortgagor's eligibility for assistance with the City of Detroit's down payment assistance program funded with CDBG-DR Funds.

○ Default by Mortgagor under the Senior Mortgage (if any) or any loan documents related thereto, beyond the expiration of any applicable cure periods.

○ Mortgagor becomes insolvent, files for bankruptcy protection, an involuntary petition for bankruptcy is filed against it or it is unable to pay its debts as they become due.

○ The Premises cease to be the Mortgagor's primary residence.

○ Remedies Upon Event of Default. Upon the occurrence of an Event of Default, Mortgagee shall have the option, in addition to and not in lieu of or substitution for all other rights and remedies provided in this Mortgage or provided by law, and is hereby authorized and empowered by the Mortgagor, subject to the rights of the holder of the Senior Mortgage (if any), to do any or all of the following:

○ Declare the entire unpaid amount of the outstanding Indebtedness, together with any and all charges payable by Mortgagor to the Mortgagee, immediately due and payable and, at the Mortgagee's option, (i) to bring suit therefore, or (ii) to bring suit for any delinquent payment of or upon the Mortgage Indebtedness, or (iii) to take any and all steps and institute any and all other proceedings that the Mortgagee deems necessary to enforce payment of the Indebtedness and performance of other obligations secured hereunder and to protect the lien of this Mortgage;

○ Immediately commence foreclosure proceedings against the Premises pursuant to the applicable laws. The commencement by Mortgagee of foreclosure proceedings by advertisement or in equity shall be deemed an exercise by Mortgagee of its option set forth in Section 9.A to accelerate the due date of sums secured hereby. Mortgagor hereby grants power to Mortgagee, in the event of the occurrence of an Event of Default hereunder, to grant, bargain, sell, release and convey the Property at public auction or venue, and upon such sale to execute and deliver to the purchaser(s) instruments of conveyance pursuant to the terms hereof and to the applicable laws. Mortgagor acknowledges that the foregoing sentence confers a power of sale upon Mortgagee, and that upon default this Mortgage may be foreclosed by advertisement as

described below and in the applicable Michigan statutes. Mortgagor understands that upon default, Mortgagee is hereby authorized and empowered to sell the mortgaged Property, or cause the same to be sold and to convey the same to the purchaser in any lawful manner, including but not limited to purchaser in any lawful manner, including but not limited to that provided by Chapter 32 of the Revised Judicature Act of Michigan, entitled "Foreclosure of Mortgage by Advertisement", MCLA 600.3201 et seq., which permits Mortgagee to sell the mortgaged Property without affording Mortgagor a hearing, or giving him actual personal notice. The only notice required under such Chapter 32 is to publish notice in a local newspaper and to post a copy of the notice on the mortgaged Property;

- In the event of any sale of the Mortgaged Property by foreclosure, through judicial proceedings, by advertisement or otherwise, apply the proceeds of any sale in the order following to: (i) all expenses incurred for the collection of the Indebtedness and the foreclosure of this Mortgage, including reasonable attorneys' fees, or such attorneys' fees as are permitted by law; (ii) all sums expended or incurred by the Mortgagee directly or indirectly in carrying out the terms, covenants and agreements of the Note or notes evidencing the Indebtedness, of this Mortgage, together with interest thereon as therein provided; (iii) all accrued and unpaid interest upon the Indebtedness; (iv) the unpaid principal amount of the Indebtedness; and (v) the surplus, if any there be, unless a court of competent jurisdiction decrees otherwise, to the Mortgagor.

- Required Notices; Address for Notices. The Mortgagor will give immediate notice by registered or certified mail to the Mortgagee of any fire, damage or other casualty affecting the Premises, or of any conveyance, transfer or change in ownership of the Premises, or any part thereof. All notices to Mortgagor and to Mortgagee shall be deemed to be duly given if and when mailed by registered or certified mail, postage prepaid, to the respective address of the Mortgagor and Mortgagee appearing on the first page hereof.

- Assignment of Leases; Land Contracts. Mortgagor, to the extent permitted by law and as additional security for the indebtedness secured hereby, hereby grants, conveys, mortgages and assigns to Mortgagee all rents, issues and profits of the Premises and all the estate, right, title and interest of every nature whatsoever of Mortgagor in and to the same, including, but not limited to, all rights conferred by Act No. 115 of the Michigan Public Acts of 2022 (MCLA 554.1051 et seq.), as amended and any and all existing and future land contracts or other agreements by which Mortgagor is or shall be selling the Premises or other interest therein, together with all rents and profits arising from, and all other proceeds of, any such leases, land contracts, or other agreements. Without the written consent of Mortgagee, Mortgagor will not cancel, accept a surrender of, modify, consent to an assignment of the lessee's interest under, or make any other assignment or other disposition of any such lease, land contract, or other agreement or of any interest of Mortgagor therein, and will not collect or accept any payment of rent or of principal or interest or any other amount thereunder more than one month prior to the time when the same shall become due and payable under the terms thereof. Mortgagor will pay and perform all obligations and covenants required of it by the terms of any such lease, land contract or other agreement. If Mortgagor shall default in the payment or performance of any such obligation or covenant, then Mortgagee shall have the right, but shall have no obligation, to pay or perform the same on behalf of Mortgagor, and all sums expended by Mortgagee in connection therewith shall become part of the indebtedness secured hereby, payable by Mortgagor to Mortgagee upon demand, together with

interest at the default rate of six percent (6%) per annum. Nothing contained in this paragraph or in any other portion of this Agreement shall be construed to constitute consent by Mortgagee to the sale, lease or transfer of the Premises or any interest therein.

○ Successors and Assigns. The covenants and conditions hereof shall bind, and the benefits and advantages thereof shall inure to the respective heirs, executors, administrators, successors and assigns of the parties hereto. Whenever used, the singular number shall include the plural and the singular, and the use of any gender shall be applicable to all genders.

○ Severability. Any provisions of this Mortgage prohibited or unenforceable by any applicable law shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

○ Waiver. No waiver by the Mortgagee of any right or remedy granted hereunder or failure to insist on strict performance by the Mortgagor hereunder shall effect or extend to or act as a waiver of any other right or remedy of the Mortgagee hereunder, nor affect the subsequent exercise of the same right or remedy by the Mortgagee for any further or subsequent default by the Mortgagor hereunder, and all such rights and remedies of the Mortgagee hereunder are cumulative.

○ Notice and Hearing on Foreclosure. The Mortgagor hereby waives all rights to a hearing prior to sale in connection with any foreclosure of this Mortgage by advertisement and all notice requirements except as set forth in the Michigan statute providing for foreclosure by advertisement.

○ Further Instruments. The Mortgagor shall execute, acknowledge and deliver any and all such further conveyances, documents, mortgages and assurances, and do or cause to be done all such further acts, as the Mortgagee may reasonably require to confirm and protect the lien of this Mortgage or otherwise to accomplish the purposes hereof forthwith upon the request of the Mortgagee, whether in writing or otherwise.

○ Governing Law; Binding Effect. This Mortgage, made in the State of Michigan, shall be construed according to the laws of the State of Michigan and shall be binding upon the Mortgagor and its successors and assigns and any subsequent owners of the Mortgaged Property, and all of the covenants herein contained shall run with the land, and this Mortgage and all of the covenants herein contained shall inure to the benefit of the Mortgagee, its successors and assigns.

○ Headings. The headings in this Mortgage are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

○ Entire Agreement; Amendment. This Mortgage and the Note constitute the entire agreement between Mortgagor and Mortgagee with respect to the subject matter hereof, and supersedes all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents. This Mortgage cannot be modified, changed or discharged except by an agreement in writing, duly acknowledged in form for recording, signed by the party against whom enforcement of such modification, change or discharge is sought.

○ Subordination. If the Mortgagee enters into a Subordination Agreement with another party to subordinate the Mortgagee's rights in this Mortgage and the Note to such other party, then this Mortgage is hereby deemed to be subordinate to the lien of the mortgage from the Mortgagor (as mortgagor) to such other party (the "**Senior Mortgage**") as set forth in such Subordination Agreement. If so subordinated, then the subordination of this Mortgage shall be self-operative and

shall not require any further writing or confirmation of such subordination other than that set forth in the Subordination Agreement. Such subordination is expressly for the benefit of the holder of the Senior Mortgage, and its respective successors and assigns.

○ Additional Provisions.

○ False Claim or Statement. **Warning: Any person, including the Mortgagor, who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729.**

○ Flood Insurance. If the Mortgaged Property is in a special flood hazard area (as defined by FEMA), then Mortgagor shall obtain and maintain flood insurance for the Mortgaged Property in the amount and duration prescribed by FEMA's National Flood Insurance Program. Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) is a statutory requirement that property owners receiving disaster assistance that triggers the flood insurance purchase requirement have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance and to maintain such written notification in the documents evidencing the transfer of the property, and that the transferring owner may be liable if he or she fails to do so. Mortgagor and any transferee hereunder is hereby notified of its responsibilities pursuant to 42 U.S.C. 5154a. The insurance required hereunder shall apply during the life of the Mortgaged Property, regardless of transfer of ownership of such Mortgaged Property. Nothing contained in this paragraph shall be construed to constitute consent by Mortgagee to the sale, lease or transfer of the Mortgaged Property or any interest therein.

○ Duplication of Benefits. The Universal Notice requires HUD and its grantees to coordinate with federal agencies that provide disaster assistance to prevent duplication of benefits. Mortgagor acknowledges that, per the Universal Notice, a duplication of benefits occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. Mortgagor shall execute the Duplication of Benefits Certification attached to this Mortgage as Exhibit B; provide such completed Certification to the Mortgagee; use the proceeds of the Homebuyer Down Payment Assistance Loan solely as set forth in the Note, in a manner that does not result in a duplication of benefits, and in compliance with the Mortgagee's policy and procedure to prevent duplication of benefits as set forth in Exhibit B; and execute such other documents and agreements as Mortgagee shall require, in its sole discretion, to comply with the foregoing and the prohibition on duplication of benefits as set forth in the Universal Notice, the AAN, 24 CFR Part 570, Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5155), and related regulations, guidance, and instructions.

○ Prohibition on Variable Interest Rate. Mortgagor covenants and agrees that the Mortgaged Property does not and shall not secure any indebtedness that has a variable rate of interest or that, by its terms, could have a variable rate of interest.

[Signature page follows.]

IN WITNESS WHEREOF, this Mortgage has been duly signed and sealed by the Mortgagor on or as of the day and year first above written.

| | |
|---------------------------------|---------------------------------------|
| Rebecca J. Dunham | City of Detroit |
| City of Detroit, Law Department | Housing and Revitalization Department |
| 2 Woodward Avenue, Suite 500 | 2 Woodward Avenue, Suite 908 |
| Detroit, Michigan 48226 | Detroit, Michigan 48226 |
| | Attention: Director |

EXHIBIT A

A. DESCRIPTION OF THE PREMISES

Real Property located in the City of Detroit, County of Wayne, State of Michigan, more specifically described as:

Commonly known as: [_____]

Tax Id No.: [_____]

EXHIBIT B

B. DUPLICATION OF BENEFITS CERTIFICATION

Background: The U.S. Congress appropriated supplemental Community Development Block Grant Disaster Recovery (“**CDBG-DR**”) funding to assist in long term recovery from disasters that occurred in 2023 and 2024 through the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158, Division B) approved on December 21, 2024, and the City of Detroit (“**City**”) has elected to use a portion of its CDBG-DR funds allocation to support the national objective of low-to-moderate income persons – housing (LMH) (24 CFR 570.208(a)(3)), in response to the impact from the August 24-26, 2023 one in twenty-five year storm experienced by the City, with the eligible activity being homeownership assistance (24 CFR 570.201(n)), pursuant to said

national objective. The CDBG-DR funds are subject to the Universal Notice published in the Federal Register on January 8, 2025 (90 FR 1754), as amended (“**Universal Notice**”), as made applicable by the Allocation Announcement Notice published in the Federal Register on January 16, 2025 (90 FR 4759) (“**AAN**”), and 24 CFR Part 570, and related regulations, guidance and instructions, including, but not limited to relevant provisions of the Uniform Guidance found at 2 CFR 200 et seq. The Universal Notice provides that the Secretary of Housing and Urban Development (“**HUD**”) shall ensure there are adequate procedures in place to prevent duplication of benefits as required under section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155) as amended (“**Stafford Act**”). HUD requires that each grantee have procedures to prevent the duplication of benefits when it provides financial assistance with CDBG-DR funds.

Definition: Duplication of benefits occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount of the duplication of benefits is the amount received in excess of the total need for the same purpose. When the total need for eligible activities is more than total assistance for the same purpose, the difference between these amounts is an “unmet need”. Grantees must limit the awarding of CDBG-DR assistance to unmet needs for eligible activities to prevent a duplication of benefits.

Certification:

I/We,

(the “**Undersigned**”), hereby certify that CDBG-DR funds awarded by the City through Public Law 118-158 do not exceed the need for assistance, duplicate other assistance received by the Undersigned for the same purpose, or duplicate any funds from the following sources:

- The Paycheck Protection Program
- Unemployment Compensation Benefits
- Insurance claims/proceeds
- Federal Emergency Management Agency (FEMA) funds
- Small Business Administration funds
- Other Federal, State, or local funding
- Other Non-Profit, Private Sector, or Charitable funding

This certification serves to acknowledge that the Undersigned understands and agrees that the CDBG-DR funds must be repaid if it is determined that such assistance is duplicative.

The Undersigned acknowledges that the City shall ensure there are adequate procedures in place to prevent any duplication of benefits as required by the Stafford Act and the Universal Notice, and that the Stafford Act requires a fact- specific inquiry into assistance received by each person, household, or entity.

| | | | | | |
|---|--|--|--|--|--|
| a. FEMA | | | | | |
| b. Small Business Administration (SBA) Loan | | | | | |
| b. Insurance | | | | | |
| c. Private Funds | | | | | |
| d. _____ | | | | | |
| Total | | | | | |

Duplication of Benefits

Total From Column 2: \$ _____

NOTES:

DPA Note

**PROMISSORY NOTE
(CDBG-DR HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM)**

\$ _____

Detroit, Michigan

C. Maturity Date: XXXX, XX, 20
202

Dated: XXXX, XX,

PURSUANT TO THIS PROMISSORY NOTE (this “**Note**”) and for value received, the undersigned ([collectively,] “**Debtor**”) promises to pay to the order of the City of Detroit (the “**City**”), or its successors or assigns, in immediately available funds, the principal amount of _____ and 00/100 dollars (\$ _____) (the “**Homebuyer Down Payment Assistance Loan**”), pursuant to the terms of and in accordance with the provisions of this Note and that certain Mortgage dated as of the date hereof by Debtor to the City, as it may be amended, restated, or modified from time to time (the “**Mortgage**”) until the principal sum hereof, and any interest thereon, is paid in full in accordance herewith.

- Loan Term. The term of the loan evidenced by this Note (the “**Term**”) shall be approximately three (3) years commencing on the date hereof and ending on _____ (the “**Maturity Date**”).
- Interest. No interest shall accrue or be due on the outstanding principal balance of this Note.
- Payments. Provided that no Event of Default (as defined in the Mortgage) has occurred, the principal amount of this Note shall be reduced daily by an amount equal to the daily pro rata amount of the original principal amount of this Note based on the number of days in the Term until, in the absence of an Event of Default, the principal amount of this Note is reduced to zero and 00/100 dollars (\$0.00) on the Maturity Date. If an Event of Default occurs prior to the Maturity Date, the full then-outstanding principal amount of this Note shall be immediately due and payable to the City’s Office of the Treasury or the holder hereof, without notice or demand, in lawful money of the United States, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, at the offices of the City of Detroit Housing and Revitalization Department, 2 Woodward Avenue, Suite 908, Detroit, Michigan 48226, or at any other place designated by the holder hereof.
- Records. The accounts or records maintained by the City shall be prima facie evidence absent manifest error of the amount of the indebtedness owed hereunder and the interest and payments thereon.
- Security; Use of Loan Proceeds. This Note is secured by the Mortgage, which encumbers certain real estate and property therein described, and located in the City of Detroit, County of Wayne, State of Michigan (the “**Premises**”). The Debtor promises to use the proceeds of the Homebuyer Down Payment Assistance Loan solely for the purpose of acquiring the Premises and for no other reason. Debtor acknowledges that the funds underlying this Note and Mortgage are federal Community Development Block Grant Disaster Recovery funds (“**CDBG-DR Funds**”) under the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158) from the United States Department of Housing and Urban Development. The City has elected to use a portion of its CDBG-DR Funds allocation to support the national objective of low-to-moderate income persons – housing (LMH) (24 CFR 570.208(a)(3)), in response to the impact from the

August 24-26, 2023 one in twenty-five year storm experienced by the City, with the eligible activity being homeownership assistance (24 CFR 570.201(n)), pursuant to said national objective. The CDBG-DR Funds are subject to the Universal Notice published in the Federal Register on January 8, 2025 (90 FR 1754), as amended, as made applicable by the Allocation Announcement Notice published in the Federal Register on January 16, 2025 (90 FR 4759), and 24 CFR Part 570, and are also subject to related regulations, guidance and instructions, including, but not limited to relevant provisions of the Uniform Guidance found at 2 CFR 200 et seq. The Homebuyer Down Payment Assistance Loan is subject to certain requirements to prevent a duplication of benefits as more particularly set forth in the Mortgage.

The principal sum evidenced hereby is further secured by the proceeds of any claim payable under any insurance now owned or hereafter acquired on the Premises to be improved containing a mortgage or loss payable clause identifying the City as a mortgagee or a loss payee, as its interests may appear.

- Waiver of Presentment; Demand; Notice. Every person at any time liable for payment of the debt evidenced hereby, waives presentment, demand and notice of non-payment of this Note, and consents that the holder may extend the time of payment of any part or the whole debt, waive compliance with any other provision of this Note and release any security for this Note.
- Event of Default. If an Event of Default should occur, the full principal amount of this Note shall at once become due and payable without notice or demand at the place aforesaid, at the election of the holder hereof, and the City, its legal representatives or assigns, may proceed at once to collect this Note and foreclose the Mortgage given to secure the same, and sell the Mortgaged Property (as defined in the Mortgage), and collect costs and assessments that may be due thereon, together with actual reasonable attorneys' fees and legal costs, if suit be commenced for the purpose of collecting this debt or foreclosing the Mortgage securing the same. Failure to exercise said election, however, shall not constitute a waiver of the right to exercise the same thereafter.
- Joint and Several Obligation; Usury; Severability. This Note shall be construed as a joint and several obligation when signed by more than one party. Notwithstanding anything in this Note to the contrary, nothing herein contained or any transaction related hereto shall be construed, or shall so operate, either presently or prospectively, to: (a) require the Debtor to pay interest at a rate greater than is now lawful in the State of Michigan, but shall require payment of interest only to the extent that such rate is lawful, or (b) require the Debtor to make any payment or to do any act contrary to law; and if any clause or provision herein contained shall otherwise so operate to invalidate this Note, in whole or in part, then such clauses or provisions shall be held for naught as though not herein contained, and the remainder of this Note shall remain operative and in full force and effect.
- Indebtedness Non-Recourse. In any action or proceeding brought on this Note, any judgment obtained shall be enforced only against the Mortgaged Property (as defined in the Mortgage) and any other security for this Note or the indebtedness evidenced hereby, and not against the undersigned, or any successors or assigns thereof, personally, absent fraud or willful misrepresentation, it being understood and agreed that nothing herein shall be construed in any way so as to affect or impair the lien of the Mortgage or the other security documents or any other

instruments heretofore or hereafter given as security for the payment of the indebtedness evidenced by this Note, or to affect or impair the City's right to foreclose thereon by judgment against the Debtor or otherwise, as provided by law, or otherwise to limit or restrict any of the rights or remedies of the City hereof in any foreclosure proceeding or other enforcement of payment of the indebtedness, including, without limitation, the City's right to the appointment of a receiver in foreclosure proceedings on the Mortgage, subject only to the aforesaid limitation upon enforcement of any judgment against the Debtor, or any successors or assigns thereof personally.

○ Assignment by Debtor Prohibited. The loan evidenced by this Note and the Mortgage securing same shall not be assigned or transferred by the Debtor for assumption of payment nor assumed without the prior written consent of the holder of this Note, which consent shall be at the sole option and discretion of the holder.

○ Subordination. If the City enters into a Subordination Agreement with another party to subordinate the City's rights in this Note and the Mortgage to such other party, then the City's right to payments under this Note shall be subject and subordinate to the rights of the holder of the Senior Mortgage (as such term may be defined in said Subordination Agreement) to receive all payments due and payable to the holder of the Senior Mortgage, under the terms of the note secured by the Senior Mortgage.

○ Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Michigan.

○ Notices. All notices to Debtor and the City hereunder shall be given as set forth in the Mortgage.

By executing this Note, Debtor

acknowledges receipt of a completed

copy hereof.

DEBTOR

By:

Print Name: []

[Add additional signatures if there is more than 1 debtor/mortgagor]

APPENDIX I

AFFIDAVIT OF DISCLOSURE OF INTERESTS

CDBG-DR HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM

Instructions. Complete and submit this Affidavit of Disclosure of Interests (“Affidavit”) as required by the Detroit Housing and Revitalization Department (“HRD”). This Affidavit is modeled after the ethical standards of conduct and disclosure requirements of Section 2-106.1, 2-106.2 of the [2012 Detroit City Charter](#) (“City Charter”) and Section 2-5-1, 2-5-31, 2-5-32 of the [2019 Detroit City Code of Ordinances](#), (“City Code”), respectively, as well as Sections 200.212, and 200.318(c) of the Uniform Guidance found at 2 C.F.R. 200 *et seq.* To the extent that the City Charter or City Code is referenced in this Affidavit, then such reference is for informational purposes only and not for instructional purposes. Please complete all applicable sections by typing or legibly printing. Where a section does not apply, please check the appropriate box and skip to the next section. If necessary, provide additional information or attach additional documents to this Affidavit. See the “Defined Terms” attached to this Affidavit for definitions that should be referenced when completing this Affidavit. **This Affidavit must be signed and returned to HRD.**

SECTION 1 - IDENTITY OF DISCLOSING FILER (INDIVIDUAL/HOMEBUYER DOWN PAYMENT ASSISTANCE APPLICANT)

Provide the complete name of the filer (individual requesting Community Development Block Grant

Disaster Recovery (“CDBG-DR”) funds from [INSERT VENDOR NAME]) making disclosure:

Name _____

_____ Street Address _____

_____ City _____

_____ State _____ Zip Code _____

_____ Telephone __ Fax _____ Email _____

Are you a City of Detroit employee?

yes (if checked, complete rest of section below)

no (if checked, skip to next section)

Provide the name of the Department/Agency with which you are employed:

Provide your Current Title/Position _____

In the course of your duties, do you exercise any significant authority in HRD and/or in the administration of the CDBG-DR Homebuyer Down Payment Assistance Program.

yes (if checked, complete rest of section below)

no (if checked, skip to next section)

Explain your duties and any significant authority you exercise with the aforementioned (use additional pages if necessary):

SECTION 2 - DISCLOSING FILER'S IMMEDIATE FAMILY MEMBERS EMPLOYED WITH CITY OF DETROIT

Please identify any and all of Disclosing Filer's immediate family members including direct or indirect employee, officer, director, or manager thereof, who are currently employed with the City of Detroit (attach additional pages if necessary).

If none, check here and skip to next section; otherwise, complete rest of section below:

Name _____

Street address _____

City _____ State _____ Zip code _____

Phone _____

Provide the nature of relationship to Disclosing Filer's _____

Provide the name of the Department/agency employed with _____

Provide the Current Title/Position _____

SECTION 3 - AFFIRMATION OF ACCURACY OF DISCLOSURE

I understand that the above representations provided in this Affidavit are material and important and will be relied upon by [INSERT VENDOR NAME] and the City in the application review process in determining eligibility for the Homebuyer Down Payment Assistance program and awarding CDBG-DR down payment assistance funds. I swear or affirm that the information provided is accurate and that concealment from HRD of the true facts relating to this Affidavit risks a determination of ineligibility and/or immediate penalties as set forth in the City Charter § 2-106.11.

Sign name: _____

Print name: _____

Sworn and subscribed to before me on _____, 20_____

by _____, the _____
[name] [title]

of the _____ and am an authorized representative of that
entity. [legal entity/company]



Sign: _____

Notary Seal

Print: _____

Notary Public, _____ County,

Michigan, Acting in _____ County

My Commission Expires: _____

D. ADDITIONAL INFORMATION

E. REFERENCES FOR DISCLOSURE

[2012 Detroit City Charter](#)

Sec. 2-105. - Definitions and Rules of Construction.

A. As used in this Charter:

* * *

1. Agency means, where appropriate and unless indicated otherwise, one or all of the following: any department, office, multi-member body, subdivision of the Legislative branch of City government or other organization of city government and includes any elective officer, appointee, employee, or person acting or purporting to act in the exercise of official duties.
5. City means the City of Detroit.
14. Employee means a person employed by the City of Detroit, whether on a full-time or part-time basis.
16. Exercises significant authority means having the ability to influence the outcome of a decision on behalf of the City of Detroit government in the course of the performance of a Public Servant’s duties and responsibilities.
20. *Immediate family member* means a Public Servant’s spouse, domestic partner, individual who lives in the Public Servant’s household or an individual claimed by a Public Servant or a Public Servant’s spouse as a dependent under the United States Internal Revenue Code at 26 USC 1, *et seq.*
27. Public Servant means the Mayor, members of City Council, City Clerk, appointive officers, any member of a board, commission or other voting body established by either branch of City government or this Charter
 - and any appointee, employee or individual who provides services to the City within or outside of its offices or facilities pursuant to a personal services contract.

* * *

Sec. 2-106.1. Ethical Standards of Conduct.

1. These standards of conduct apply to Public Servants including the Mayor, City Council members, City Clerk,

appointive officers, appointees, employees and contractors as defined in this Charter.

* * *

2. A Public Servant who, in the course of his or her duties, exercises significant authority shall not: a. Solicit or accept a loan or payment from an individual who is providing service to, receiving tax abatements, credits or exemptions from the City; or b. Unduly influence any decision to fill a position in City government with an immediate family member.

* * *

Sec. 2-106.2. - Disclosures.

1. Except as otherwise provided by applicable law, a Public Servant who exercises significant authority shall disclose:
 - a. Any financial interest, direct or indirect, that he or she or an immediate family member has in any contract or matter pending before City Council.
 - b. Any financial interest, direct or indirect, that he or she or an immediate family member has in any contract or matter pending before or within any office, department or agency of the City.
 - c. Any interest that he or she, or an immediate family member has in real and personal property that is subject to a decision by the City regarding purchase, sale, lease, zoning, improvement, special designation tax assessment or abatement or a development agreement.
 - d. Campaign contributions and expenditures, in accordance with applicable laws.
 - e. The identity of any immediate family member employed by the City or who is making application to the City.

* * *

3. The above disclosures shall be made in writing and be made by sworn, notarized affidavit, in accordance with City ordinance and applicable laws.

[2019 Detroit City Code of Ordinances](#)

Sec. 2-5-1. - Statement of purpose.

The disclosure requirements and standards of conduct apply to public servants including the Mayor, City Council Members, the City Clerk, elected members of the Board of Police Commissioners, appointive officers, appointees, employees, and contractors as defined in [Section 2-5-3](#) of this Code. The purpose of applying and enforcing these requirements and standards is to ensure that governmental decisions are made in the public's best interest by prohibiting public servants from participating in matters that affect their personal or financial interests.

Sec. 2-5-3 – Definitions.

For purposes of this article, the following words and phrases shall have the meaning respectively ascribed to them by this section:

Agency means any department, office, multi-member body, subdivision of the Legislative Branch of City government or other organization of City government and includes any elective officer, appointee, employee, or person acting or purporting to act in the exercise of official duties.

Employee means a person who is employed by the City on a full-time or a part-time basis.

Exercises significant authority means having the ability to influence the outcome of a decision on behalf of the City government in the course of the performance of a public servant's duties and responsibilities.

Public servant means the Mayor, members of the City Council, the City Clerk, appointive officers, any member of a board, commission, or other voting body that is established by either branch of City government or by the Charter, or by this Code, and any appointee, any employee, or any individual who provides services to the City within or outside of its offices or facilities pursuant to a personal services contract.

* * *

Immediate family member means:

- (1) A public servant's spouse;
- (2) A public servant's domestic partner;
- (3) An individual claimed by a public servant or a public servant's spouse as a dependent under the United States Internal Revenue Code, being 26 USC 1 *et seq.*; or
- (4) An individual who lives in the household of a public servant.

* * *

Sec. 2-5-31. - Disclosure of interests by public servants.

(a) Except as otherwise provided for by applicable law, a public servant who exercises significant authority over a pending matter shall disclose:

- (1) Any financial interest, direct or indirect, that the public servant or an immediate family member has in any contract or matter pending before City Council;
- (2) Any financial interest, direct or indirect, that the public servant or an immediate family member has in any contract or matter pending before or within any office, department, or agency of the City; and
- (3) Any interest that the public servant, or an immediate family member has in real or personal property that is subject to a decision by the City regarding purchase, sale, lease, zoning, improvement, special designation tax assessment or abatement, or a development agreement.

(b) All disclosures that are required under Subsection (a) of this section shall be made, in writing, on a form that is created by the Law Department and sworn to in the presence of a notary public. After completion, the form shall be filed with the Board of Ethics, which shall forward a complete copy of the form to the applicable department director or agency head.

Sec. 2-5-32. - Disclosure of immediate family member's employment or application.

(a) Except as otherwise provided for by applicable law, a public servant who exercises significant authority shall disclose the identity of any immediate family member employed by the City or who is making application to the City for employment.

(b) All disclosures that are required under Subsection (a) of this section shall be made, in writing, on a form that is created by the Law Department and sworn to in the presence of a notary public. After completion, the form shall be filed with the Board of Ethics, which shall forward a complete copy of the form to the applicable department director or agency head.

APPENDIX J

City of Detroit

Housing and Revitalization Department

CDBG-DR (Disaster Recovery) Duplication of Benefits Certification Form

The City of Detroit shall ensure there are adequate procedures in place to prevent any duplication of benefits as required by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance 1 Act (42 U.S.C. 5155) and in accordance with section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115–254; 132 Stat. 3442), which amended section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155).

Duplication of Benefits occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular recovery purpose. The amount of the duplication is the amount of assistance provided in excess of need. The Stafford Act requires a fact- specific inquiry into assistance received by each person, household, or entity.

I/We, _____, affirm (insert applicant name) DID NOT receive benefit from any other federal disaster relief/recovery programs (i.e. FEMA, SBA, Insurance). (NO FURTHER ACTION)

I/We, _____, affirm (co-applicant name) DID NOT receive benefit from any other federal disaster relief/recovery programs (i.e. FEMA, SBA, Insurance) for the exact SAME expenses being requested from the City of Detroit or its Subrecipients.

By executing this Certification, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

Applicant Signature

Date

Co-Applicant Signature

Date

I/We, _____, affirm the following dated this the ____ day of _____, 20____

List amount and source for ALL Federal and/or State financial assistance received for disaster recovery or resiliency planning projects

I/We have received the following disaster recovery assistance funds from **(List program(s):**

| 1 Source of Funding | 2 Amount Awarded (\$) | 3 Use of Funds | 4 Verification of Award (✓) or (X) | 5 Documentation of Expenditure (✓) or (X) | 6 Amount Expended |
|--|-----------------------|----------------|------------------------------------|---|-------------------|
| a. FEMA | | | | | |
| b. Small Business Administration (SBA) Loan | | | | | |
| b. Insurance | | | | | |
| c. Private Funds | | | | | |
| d. _____ | | | | | |
| Total | | | | | |
| Duplication of Benefits Total From Column 2 \$ _____: NOTES: | | | | | |

APPENDIX L

SUBORDINATION AGREEMENT
(CDBG-DR HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM)

THIS SUBORDINATION AGREEMENT (“Agreement”) is entered into on this ___ day of _____ 202_, by and between the CITY OF DETROIT, a Michigan municipal corporation (the “**City**”), acting by and through its Housing and Revitalization Department, whose address is 2 Woodward Avenue, Suite 908, Detroit, Michigan 48226 and [NAME OF LENDER], a _____ (“**Lender**”), whose address is _____.

RECITALS:

- The City has made a loan of \$ _____ and 00/100 dollars (\$ _____ .00) (the “**City Loan**”) to [NAME OF BORROWER] (“**Borrower**”), whose address is _____, Detroit, Michigan 482 __, for the purpose of providing down payment assistance for Borrower’s purchase of certain real property in the City of Detroit, Wayne County, Michigan, as more particularly described on Exhibit A attached hereto (the “**Property**”), which City Loan is evidenced by that certain Promissory Note dated _____, 202_ (the “**City Note**”) and secured by that certain Mortgage dated _____, 202_ (the “**City Mortgage**”).
- Lender has made a loan of \$ _____ and 00/100 dollars (\$ _____ .00) (the “**Senior Loan**”) to Borrower, to provide mortgage financing secured by the Property, which Senior Loan is evidenced by that certain [Promissory Note] dated _____, 202_ (the “**Senior Note**”) and secured by that certain [Mortgage] dated _____, 202_ (the “**Senior Mortgage**”).
- The City and Lender desire to set forth the priority of the City Loan and the Senior Loan and other matters relating to the Property. **NOW THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:
 - The City and Lender hereby agree that, notwithstanding the order of their execution, filing, perfection, or recording, the priority of the documents evidencing each of the City Loan and the Senior Loan and the security, title, liens, and security interests created or granted under the Senior Note, the Senior Mortgage, the City Note, and the City Mortgage (collectively, the “Loan”

Documents”) and the rights, powers, and privileges granted to the City and Lender under their respective Loan Documents shall be as follows:

- first priority - the Senior Note and the Senior Mortgage;
- second priority – the City Note and the City Mortgage;
- During the term that the Senior Note and Senior Mortgage remain outstanding, all of the debt, rights, title, liens, and security interests of the City created or evidenced by the City Note and the City Mortgage, including, but not limited to the City’s mortgage lien on the Property shall be subject and subordinate to the debt, rights, title, liens, and security interests created or evidenced by the Senior Note and the Senior Mortgage; provided, however, the subordinations and relative priorities contained in this Agreement with respect to the Property are conditioned upon the prior interest or interests being properly perfected or recorded and non-voidable by a bankruptcy trustee.
- This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and no change, modification, addition, or termination of this Agreement shall be enforceable unless in writing and signed by or on behalf of all the parties hereto.
- No waiver of any of the provisions hereof shall be effective unless in writing and signed by the party to be charged with such waiver.
- This Agreement shall be governed and construed in accordance with the laws of the State of Michigan.
- This Agreement may be signed in several counterparts and all so executed shall constitute one agreement, binding on all parties hereto.
- This Agreement shall bind and inure to the benefit of the heirs, personal representatives, assigns, and successors of the parties to this Agreement.

[Signature pages follow]

[SIGNATURE PAGE TO SUBORDINATION AGREEMENT]

IN WITNESS WHEREOF, the parties by their duly authorized representatives have executed this Agreement as of the date stated above.

CITY OF DETROIT,

a Michigan municipal corporation

By:

Name: Julie Schneider

Its: Director, Housing and Revitalization Department

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on _____, 20__, by Julie Schneider, Director of the Housing and Revitalization Department of the City of Detroit, on behalf of the City of Detroit.

Print Name of Notary Public:
Notary Public, State of _____, County of _____
My commission expires:
Acting in the County of:

[Signatures continue on following page.]

[SIGNATURE PAGE TO SUBORDINATION AGREEMENT]

LENDER:

,
a

By:
Name:
Its:

STATE OF)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, the _____ of _____, on behalf of said _____.

Print Name of Notary Public:
Notary Public, State of _____, County of _____
My commission expires:
Acting in the County of:

Drafted By and Return To:
Rebecca J. Dunham
City of Detroit Law Department
2 Woodward Ave., 5th Floor

Detroit, MI 48226

EXHIBIT A

Legal Description of the Property

REAL PROPERTY SITUATED IN THE CITY OF DETROIT, COUNTY OF WAYNE, STATE OF MICHIGAN DESCRIBED AS FOLLOWS:

Common Address:

Tax Parcel No.: