

**Memorandum of Understanding (MOU)**  
**Between**  
**Arkansas Development Finance Authority (ADFA)**  
**and**

**Lender Name:** \_\_\_\_\_

**WHEREAS**, ADFA has applied for and received HOME Investment Partnership Program funding (hereinafter designated as the “HOME Program”); and,

**WHEREAS**, ADFA currently utilizes the HOME Program funds to administer the Arkansas Dream Down payment Initiative (“ADDI”); and,

**WHEREAS**, ADFA utilizes the ADDI funds to (1) increase the overall homeownership rate; (2) create greater opportunity for homeownership among lower income persons and minorities; and (3) revitalize and stabilize communities; and,

**WHEREAS**, Named mortgage lender wishes to utilize the ADDI funds for down payment and closing cost assistance toward the purchase of single-family homes for their borrowers.

**FURTHERMORE**, the ADFA and Named lender agree as follows:

**I. Scope of Services & Eligible Activities**

- a. Mortgage Lender will utilize ADDI funds to provide down payment and closing cost assistance for eligible homebuyers in Arkansas.
- b. Mortgage lender shall submit requests for payment and associated documentation as required by ADFA to support pay request for ADDI funds.
- c. Mortgage lender shall abide by all applicable federal, state, and local laws, regulations, codes, and ordinances in the performance of all activities required by this MOU, and specifically agrees to adhere to program directives published by ADFA from time to time.

**II. Down Payment Funding:**

- a. ADFA will provide ADDI funding to mortgage lender to provide down payment and closing cost assistance toward the purchase of single-family homes for their borrowers.
- b. Mortgage lender shall ensure ADDI funds provided under this MOU will be requested for disbursement for eligible activities as described in Section I and payment of eligible costs.
- c. The minimum amount of down payment and closing cost assistance for a homebuyer is \$1,000.

- d. The maximum amount of down payment and closing cost assistance for a homebuyer will be 6% of purchase price not too exceed \$10,000.00.
- e. ADFA will take a second lien position on the property for the amount of the closing cost assistance provide to the homebuyer. The homebuyer will be required to sign an ADDI Mortgage, Mortgage Subsidy Agreement and Promissory Note.
- f. The terms of the ADDI assistance shall be a zero percent (0%) interest rate forgivable loan, forgivable over a five (5) year affordability period. If the homebuyer fails to continually own, occupy and maintain the home for the full five (5) year affordability period, ADFA will recapture the entire unforgiven balance of the ADDI assistance. ADDI is not a grant program.

**III. Term of MOU**

ADFA and mortgage lender hereby agree that this MOU shall remain in effect until: (1) terminated by written notification of either party; or (2) the MOU is superseded by a subsequent written agreement entered into by both parties.

**IV. Modifications**

This MOU may be modified or amended by written agreement of ADFA and mortgage lender. A request for amendment to the MOU may be initiated by either of the two (2) parties.

Now therefore, ADFA and Mortgage Lender do hereby agree to the aforementioned terms of this MOU as evidenced by the following signatures:

**Arkansas Development Finance Authority**

\_\_\_\_\_  
**(Name of Mortgage Lender)**

By: \_\_\_\_\_  
 (ADFA Official)

By: \_\_\_\_\_  
 (Lender Official)

Date \_\_\_\_\_

Date \_\_\_\_\_