

Term Sheet for Agreement Between the City and Hamilton East Kiwanis Non-Profit Homes, Inc. for Funding, Management and Administration of the Kiwanis Down Payment Assistance Pilot Program

This Term Sheet summarizes the principal terms of a proposed agreements for the funding, management and administration of the Kiwanis Down Payment Assistance Pilot Program between the City and Hamilton East Kiwanis Non-Profit Homes Inc. ("Kiwanis").

- A. Kiwanis will ensure the following services are provided in the management and administration of the Kiwanis Down Payment Assistance Pilot Program (KDPAPP) and shared appreciation mortgages:
 1. The administrative services to be provided for the KDPAPP include managing the program application process, the sale of the Kiwanis units and mortgage registration, on-going management of the program, and management of the combined shared appreciation mortgage, to the satisfaction of the General Manager of the Healthy and Safe Communities Department or his designate in general accordance with historical City practices administering the Down Payment Assistance Program, and agreed to by the City, Kiwanis, and the Hamilton Community Foundation.
 2. In exchange for these services Kiwanis will be remunerated by the City as follows:
 - a. one-time single program set-up fee for all shared appreciation mortgages of \$5 K payable at the same time of the advance of the \$1 M of funding for down payment assistance;
 - b. an annual administration fee of 0.45% of the City's portion of the total of the shared appreciation mortgages value under administration based on the total value of the shared mortgages existing on January 1 and July 1 of each administration for the lesser period of 10 years or the date upon which all of the shared appreciation mortgages are paid, payable semi-annually;
 - c. commencing on date that is 11 years from the anniversary of the date the agreement between the City and Kiwanis takes effect, an annual administration fee of 0.15% of the City's portion of the total shared appreciation mortgages value under administration based on the total value of the shared appreciation mortgages existing on January 1 and July 1 of each administration year for the lesser period of 20 years or the date upon which all of the shared appreciation mortgages are paid, payable semi-annually.
 - d. The annual administration fees will be payable semi-annually, no later than 20 days after July 31 and December 31 of the administration year,

until the termination of the agreement or the repayment of the last mortgage, whichever comes first.

- e. The maximum amount of administration fees payable by the City to Kiwanis shall in no circumstances exceed \$65 K.

B. Funding & Security Terms

1. \$1 M will be provided to Kiwanis in a single advance once all agreements have been executed and the security has been registered for 24 months. These funds are to be used for the KDPAPP after which time any funds not used for the KDPAPP are to be returned to the City.
2. Kiwanis will provide security to the benefit of the City for the entirety of the funding provided by the City for down payment assistance through the KDPAPP for \$1 M. The City will release portions of the security provided by Kiwanis at 5, 10, and 15 years based on the value of the mortgages that have been paid out.
3. Kiwanis will hold the shared appreciation mortgages.

C. Agreement Terms

1. The agreement between the City and Kiwanis will remain in place for the earlier of 20 years from the date of the last mortgage registration or until the last mortgage is discharged.
2. Kiwanis may enter into separate agreements with a third party for the administration of the KDPAPP on terms and conditions approved by the General Manager of the Healthy and Safe Communities Department or his designate and consistent with the terms and conditions in this term sheet.
3. Kiwanis shall enter into a separate agreement with the Hamilton Community Foundation which requires that funds provided for the KDPAPP be used on the same terms and conditions as contained in this term sheet and shall not conflict this term sheet.
4. Kiwanis will indemnify the City in accordance with current City practice.
5. Kiwanis and all purchasers will be required to meet insurance requirements set by the City Risk Management Department.

D. Eligibility Criteria

1. Purchaser households are required to be over the age of 18, rent in Hamilton for at least the last 6 months, not currently own a home or property, be a legal resident of Canada, intend this home as their one and only residence, not be in a spousal relationship with a person that has any form of interest in ownership of

a property, and be pre-approved for a mortgage from a Canada Mortgage and Housing Corporation (CMHC) approved lender.

2. The maximum total annual household income of purchasers is the 60th income percentile of renters in Hamilton.
3. The maximum home price is \$400,000 or such greater amount as determined by the General Manager of the Healthy and Safe Communities Department or his designate from time to time.

E. Purchaser Selection

1. Purchaser households will be selected by Kiwanis in the following order of priority:
 - a. Tenants currently residing and paying market rent in a unit to be sold
 - b. Tenants paying market rent in another Kiwanis unit
 - c. Tenants paying market rent in other social housing units
 - d. Low-income purchasers in the broader community that meet all program requirements

F. Application and Purchase Process

1. Kiwanis will ensure purchasers will be provided education about homeownership and the home buying process, including financial aspects.
2. Purchasers will be required to have an independent home inspection completed by an accredited professional prior to finalizing the agreement of purchase and sale.

G. Purchaser Loan Conditions

1. Purchasers will be provided assistance in the form of a second shared appreciation repayable mortgage for up to 10 years in the maximum amount of 30% of the purchase price of the home, with 10% funded by each investor.
2. No regular interest will be payable, but at the time of discharge of the mortgages the purchasers shall repay the principal plus a total of 30% of the capital appreciation of the home commensurate with the portion of the purchase price funded by the shared appreciation mortgage. Mortgage prepayments of a minimum of \$500 are acceptable.
3. Regardless of when the Kiwanis and Hamilton Community Foundation funded portion of the shared appreciation mortgage is required to be paid out, the City

portion may continue up to a total of 20 years, at which point the loan will be forgiven. No portion of the City portion of the mortgage is forgivable prior to 20 years.

4. Purchasers must maintain insurance on the home, ensure taxes are paid, maintain the home according to property standards.
5. Terms regarding the administration of the Kiwanis Down Payment Assistance Pilot Program may be amended with the consent of the General Manager of the Healthy and Safe Communities Department or his designate to address unanticipated or extenuating circumstances.

H. Additional Provisions will address matters including, but not limited to:

1. Events of mortgage default
2. Mortgage postponement and discharge provisions
3. Confidentiality and MFIPPA
4. Documentation requirements
5. Monitoring requirements
6. Other terms and conditions as determined by the General Manager of the Healthy and Safe Communities Department or his designate and the City Solicitor.