


CITY COMMISSION POLICY

GRAND RAPIDS  MICHIGAN	NUMBER: 600-06	HISTORY	
		FILE #	DATE
	DATE: October 24, 1995	62503	12/10/96
	FILE NUMBER: 61196	64616	04/28/98
	DEPARTMENT: ADMIN. SERVICES		

SUBJECT: CITY EMPLOYEE HOME OWNERSHIP INCENTIVES

PURPOSE: To help to stabilize fragile areas of the City by providing an incentive for City employees to live in those designated areas of the City through assisting employees with the payment of closing costs and prepaid costs for home purchase mortgages for residences within the designated areas.

POLICY:

A program to assist City employees in closing the purchase of a home within the City is approved. The City Manager is authorized to enter into an agreement with financial institutions participating in a program to be established by the City to pay all or a portion of the closing costs and/or prepaid costs of an eligible employee's home within the City as set out in this policy.

1. The City will pay directly to an eligible financial institution an amount not to exceed the following:
 - a. For a home within a Specific CDBG Target area - actual closing costs and/or prepaid costs as determined on the closing statement from the financial institution up to a maximum of \$3,000.
 - b. For a home within the General CDBG Target area but not within a Specific CDBG Target area - actual closing costs and/or prepaid costs as determined on the closing statement from the financial institution up to a maximum of \$2,000.

2. To be eligible, an employee must:
 - a. Purchase and use the property purchased with the City relocation assistance as his or her homestead residence for a period not less than three years.

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- b. Finance the purchase through a financial institution participating in the City program.
 - c. Provide a down payment acceptable to the financial institution providing the financing.
3. Payment will be made only under the following conditions:
 - a. An employee will be eligible for only one relocation payment under this policy during his/her employment with the City.
 - b. Any home for which a relocation payment is made must qualify as a homestead as provided for under Michigan law.
 - c. Mortgage purchases only shall be eligible. Relocation expense payments shall not be made for land contract purchases, lease/option purchases or other methods of purchase not involving conveyance of legal title to the purchaser.
 - d. The total relocation assistance payments in any fiscal year shall be limited to the amount allocated by the City Commission.
 - e. The employee shall be responsible for any tax liability incurred as a result of the payment of relocation assistance benefiting that employee.
4. This program will be continued only as long as it is deemed appropriate by the City Commission. The City Manager may at his/her discretion recommend the discontinuance or modification of this program due to a determination that (1) the desired purpose of stabilization of neighborhoods has been attained; (2) the program is not sufficiently meeting the desired goal; (3) the program is not cost effective; or (4) the program should be discontinued or modified for any other legitimate reason.
5. If, during the three year period specified in 2a of this policy, an employee fails to maintain the purchased home as a homestead, the employee is obligated to repay the grant according to the following terms:

<u>Occupancy Time</u>	<u>Repayment Amount</u>
Less than 1 year	100% of the net incentive
1 year to 2 years	70% of the net incentive
2 years to 3 years	40% of the net incentive
Over 3 years	No repayment required

The employee will be given the option of immediate repayment of the full amount, or repayment in 13 equal installments through payroll deduction.