

NEW CONSTRUCTION HOMEBUYER INCENTIVE PROGRAM (NCHIP)

Agreement

THIS AGREEMENT is dated as of _____ day of _____, 20____, by and between the City of McPherson, Kansas, a municipal corporation (the “City”) and _____ (the “Owner,” which shall include the names of all owners).

SECTION 1; PURPOSE

A. The City has established its NCHIP Program for the purpose of stimulating new home ownership within the city limits of McPherson.

B. The Program shall be effective January 1, 2024, through December 31, 2026.

SECTION 2; DEFINITIONS

In addition to words and terms defined elsewhere herein, the following words and terms in this Agreement shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Agreement” means this agreement between the City and the Owner.

“Agreement Period” means the period commencing on the dated date of this Agreement and extending to the end of the Rebate Period or such earlier date as eligibility is terminated pursuant to subsection 4.c., below.

“NCHIP” or “Program” shall mean the New Construction Homebuyer Incentive Program approved by the City Commission by Ordinance.

“City” means the City of McPherson, Kansas.

“Owner” is owner/occupant of a Property (as defined hereinafter) within the corporate limits of the City of McPherson, which the Owner acquired on or after January 1, 2024.

“Homebuilder” is a professional business, which constructs buildings on properties it owns.

“Property” means a single-family, owner-occupied home, whether standalone or part of a multiunit structure as long as fee title to the residence is acquired, together with the underlying land and appurtenances that has never (prior to its acquisition by the Owner) been occupied or has not been rented for more than twenty-four (24) months by the original builder/developer, including the associated real property and appurtenances.

“Rebate Period” means a period of up to four years, commencing on July 1st of the year following the year in which the Owner acquired the Property.

SECTION 3; REPRESENTATIONS AND WARRANTIES

A. Representations of the City.

- (1) The City is a city of the second class duly organized and existing under the laws of the State of Kansas and is authorized, by an Ordinance of its governing body, to perform obligations, agreements and undertakings such as those set forth in this Agreement.
- (2) Subject to the limitations and restrictions of the Kansas Cash Basis and Kansas Budget Laws, this Agreement constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms.

B. Representations of the Homeowner.

- (1) The Owner acknowledges receipt of a complete copy of the NCHIP Agreement and agrees to comply with its terms and conditions.
- (2) The Property is a single-family, newly constructed home, whether standalone or part of a multiunit structure as long as fee title to the residence is acquired, together with the underlying land and appurtenances within the corporate city limits of the City of McPherson, owned and occupied or to be occupied by the Owner and the Owner occupies the Property as a single-family residence; or the Property has not been rented for more than twenty-four (24) months by the builder/developer.
- (3) The Owner is not delinquent in any special assessment or general tax obligation on the property for which the application is made and must be current as of the date the Owner closed the purchase of the property and must still be current as of the date of application.
- (4) The Owner must remain current on ad valorem taxes and special assessments throughout the rebate period.
- (5) The Property must not be located within a tax increment finance district or receive any other City incentive whether existing now or in the future or be participating in the Relocation Cash Assistance Program or Rural Housing Incentive District.
- (6) The Owner agrees to comply with all building permits, codes, rules and regulations in effect in the City with respect to the Property throughout the Agreement Period.
- (7) If the Property is sold by the Owner or ceases to be occupied by the Owner within the Agreement Period, the Owner recognizes that the Agreement is non-transferable and will terminate immediately when ownership by the Owner ends or occupancy by the Owner ends. Owner agrees to notify City in writing within 30 days of transfer.
- (8) The Owner covenants, represents and warrants that the person(s) identified above and signing this Agreement as Owner constitute(s) all the Owners of record of the Property.
- (9) The Owner covenants, represents and warrants that all ad valorem property taxes and special assessments assessed on the Property during the Agreement Period will be timely paid when due.
- (10) The Owner agrees to refrain from filing any valuation appeals or requests for refund of any payments or portions of payments of ad valorem taxes for which rebate payments have been made by the City pursuant to the Program.

SECTION 4; CITY TAX REFUND PROCESS

A. Owners are responsible for promptly paying all taxes and obligations. During each year, after the taxes for the current tax year have been paid (usually by May based on the current tax payment cycle), the City will compile a list of City of McPherson property taxes paid by Owners on eligible and approved Program participating Properties.

B. On or about July 1 of each year, the City will issue a rebate payment to the Owner equal to the amount of City general ad valorem property taxes paid on that Owner's eligible Property the preceding December and May. These rebate payments will be made on or about each July 1 during the Rebate Period, if the Owner is in compliance with all requirements of this Agreement.

C. City rebate payments shall cease immediately if an Owner/Homebuilder is no longer eligible. Loss of eligibility for Owner can be caused by:

- (1) Failing to make (or cause to be made) timely payment of any special assessment obligations or general ad valorem taxes relating to the Property, as and when the same are due;
- (2) (Appealing the County Appraiser's valuation of the Property;
- (3) Seeking a refund of any portion of tax payments for which rebate payments have been made;
- (4) The sale of the Property or Owner's failure to continue occupancy of the Property as a residence;
- (5) Rental of the Property for more than twenty-four (24) months by the original Homebuilder; and/or
- (6) The Owner's failure to comply with any other obligation or condition of this Agreement.

The Owner's eligibility for participation will not be terminated due to events referenced in subsections 4.C.1. or 4.C.5., unless the Owner/Homebuilder fails to cure a delinquent payment or other event of noncompliance with this Agreement for a period of thirty (30) days following written notice mailed by the City.

SECTION 5; MISCELLANEOUS

A. This Agreement may be amended only with the prior written consent of the City and the Owner.

B. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

C. The parties hereto agree that this Agreement shall be governed and construed in accordance with the laws of the State of Kansas. City ordinance shall control in the event there is a conflict between such ordinance and this Agreement.

D. In the event any part or parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

E. PAYMENTS MAY OR MAY NOT HAVE TAX IMPLICATIONS FOR THE OWNER AND THE OWNER'S ASSIGNS. EACH RECIPIENT OF PAYMENTS SHOULD SEEK THE ADVICE OF TAX PROFESSIONALS WITH RESPECT TO THE TREATMENT OF SUCH PAYMENTS FOR STATE AND FEDERAL INCOME TAX FILING PURPOSES.

F. This \$2,000.00 grant award is a one-time payment that requires no-repayment. A 1099 will be sent to forementioned address.

IN WITNESS WHEREOF, the City and the Owner have executed this Agreement as of the date first set forth above.

CITY OF McPHERSON, KANSAS

OWNER(S)

By: _____
City Staff

Name (print)

Signature

Name (print)

Signature