



**HARRIS COUNTY COMMUNITY SERVICES
DEPARTMENT**

**DOWNPAYMENT ASSISTANCE PROGRAM
(DAP) GUIDEBOOK AND PROCEDURES
MANUAL**



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INTRODUCTION

The Harris County Downpayment Assistance Program (DAP) was created by the Harris County Community Services Department (formerly named Community and Economic Development Department) in May 2002. This program is designed to utilize mortgage lenders and banks in the delivery of downpayment assistance to low-to-moderate income homebuyers in Harris County.

This guide was prepared to provide an overview of the DAP as well as information to the participating lenders on the guidelines and requirements for participants of the program.

The primary goal of this program is to increase the homeownership rate in Harris County as well as meet the National Objectives of the federal funding sources that are used to provide this assistance.

Funding for this program is made available through Harris County's HOME Investment Partnerships (HOME) Program, Neighborhood Stabilization Program (NSP) and Community Development Block Grant - Disaster Recovery (CDBG-DR) Program.

DISCLAIMER STATEMENT

Subsidies are subject to fund availability on a first-come-first-serve basis. Acceptance of an application for Downpayment Assistance Program (DAP) funds assistance in no way constitutes a commitment or obligation on the part of Harris County or the Harris County Community Services Department (CSD). No commitment is made or implied until a formal approval letter is issued by CSD Lending Services. Due to funding limitations, no applicant should assume any commitment even when an applicant must expend personal funds to meet application requirements.

Harris County will give a 30-day notice of any changes to the Downpayment Assistance Program Guidebook and Procedures.

“Exceptions may be made if approved by the CSD Executive Director on a case by case basis.”

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1.0 ACRONYMS AND DEFINITIONS

Acronyms

CDBG	Community Development Block Grant Program Funds
CDBG-DR	Community Development Block Grant Program – Disaster Recovery Funds
CSD	Harris County Community Services Department
DAP	Downpayment Assistance Program
HOME	HOME Investment Partnerships Program Funds
HUD	U.S. Department of Housing and Urban Development
NSP	Neighborhood Stabilization Program
SFH	Single Family Home Inspection
TREC	Texas Real Estate Commission Inspection

Automated Clearing House (ACH)

The automated clearing house (ACH) is an electronic funds-transfer system that facilitates payments

Affordability Period

Terms in the second lien deferred loan Deed of Trust that require the homebuyer(s) to maintain the property purchased as their primary residence for a specific number of years based on the amount of funds provided for the mortgage assistance.

Annual Income

The anticipated gross income from all sources for all adult family members during the coming 12-month period in accordance with 24 CFR § Part 5, Section 8 definition of annual (gross) income.

Appraisal

Conducted by a professional appraiser (HUD certified or Texas Real Estate Commission) who will look at a property and give an estimated fair market value based on physical inspection and comparable houses that have been sold in recent times.

Area Median Income (AMI)

The income limits published annually by HUD for the County Metropolitan area, including areas serviced by the County that are subject to pay County property taxes.

Automated Underwriting System (AUS)

The Automated Underwriting System is also referred to as AUS; this is a very sophisticated

automated system that analyzes a borrower's credit and income profile within seconds and renders an automated decision.

Back-End Ratio

The back-end ratio, also known as the debt-to-income ratio, is a ratio that indicates what portion of a person's monthly income goes toward paying debts (i.e. credit cards, school loans, car payment, alimony, child support, etc.) based on a percentage of the gross monthly household income.

Borrower(s)

The person(s) that (i) has applied, met specific requirements, and received a monetary loan from a lender; (ii) is legally responsible for repayment of the loan and (iii) is subject to any penalties for not repaying the loan back based on the terms as described in the loan agreement, promissory note and/or deed of trust.

Buyer Contribution

The amount the buyer(s) must contribute to the property acquisition transaction, either through earnest money, option fee money, or other related costs paid outside of closing.

Community Development Block Grant Disaster (CDBG)

An entitlement grant fund administered by the U.S. Department of Housing and Urban Development (HUD) to local agencies and municipalities to develop and enforce fair, affordable, safe and sanitary housing.

Community Development Block Grant Disaster (CDBG-DR)

CDBG-DR a special appropriation intended to respond to Presidentially Declared Disasters. In general, CDBG-DR follows the regular State CDBG program's legal and regulatory provisions.

Closing Cost

The cost associated with the acquisition of a real property, to ensure a legal and secure transfer from one owner to the next.

Closing Disclosure

A five-page form that provides final details about the mortgage loan you have selected. It includes the loan terms, your projected monthly payments, and how much you will pay in fees and other costs to get your mortgage (closing costs). (Replaces the preliminary and final TIL or Truth-in-Lending Disclosure and HUD-1 Settlement Statement).

Conflict of Interest

Applicants who knowingly participate in the program and receive benefit, and who have immediate familial ties to CSD employees shall be referred to the County Attorney for further action. Harris County employees employed outside of CSD that have no direct involvement with the HCDAP are not considered subject to the Conflict of Interest policy.

Counseling Agency

HUD-approved agencies provide tools to current and prospective homeowners, and renters, so they can make responsible choices to address their housing needs.

DAP Amount/ Deed Restrictions/ Forgiveness

The Harris County DAP provides for mortgage, downpayment, prepaids, and closing cost assistance up to \$23,800.00 in direct financial assistance to eligible applicants/homebuyers for Harris County sponsored projects.

Applicant(s) must agree that the property shall be subject to an uninterrupted affordability restriction period where the property shall be occupied as a primary residence by its owner whose annual income is not more than eighty (80%) percent of the Harris County area median income for individuals or families adjusted by family size, as published by HUD and adjusted annually.

Downpayment assistance indebtedness as evidenced by a second lien deferred loan that will be forgiven upon maturity of the affordability period.

As a condition to forgiveness, however, the applicant must not have allowed a default under the Harris County loan documents or the DAP lender's loan documents to remain unsecured and must be in compliance with the affordability restrictions set forth in the deed pursuant to which the applicant acquired the title to the property. Compliance is monitored annually by CSD.

The second lien deferred loan mortgage assistance funding is due in full if the affordability period has not been satisfied or matured upon sale, and lease with option to purchase, transfer, or other disposition (including contract for deed) of property within the recapture/affordability period. The Recapture Method in 24 CFR 92.254(a) (5) (ii) (A) (3) will be used to recoup the mortgage assistance investment if the homebuyer does not complete the affordability period due to foreclosure. ***The second lien deferred loan is not assumable.***

Deferred Payment Loan (DPL)

A loan whose principal and/or interest payments are postponed for a specific period of time provided the Borrower meets the terms and conditions of such loan.

Dependents

Individuals under eighteen (18) and reside in the same household as the applicant(s). Adult dependents eighteen (18) years of age or older will be included if they are full or part-time students. Unborn children are not included. Examples of supporting documentation for dependents that may be required for the loan package include:

- Birth Certificates (for each dependent)
- U. S. Passport
- Legal documentation of adoption or guardianship
- Copy of current college class registration, if applicable

Displaced Owner/Tenant

A person that moves from real property or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a project assisted with downpayment assistance funds.

Duplication of Benefits

Subsidy layering also known as a duplication of benefits; occurs when a beneficiary receives assistance from a combination of governmental assistance sources.

Desktop Underwriting System (DU)

Desktop Underwriting System (Fannie Mae) aka (AUS) or automated underwriting system. Provides lenders a comprehensive credit risk assessment that determines whether a loan meets Fannie Mae and Ginnie Mae eligibility requirements.

First-Time Homebuyer

A prospective homebuyer who has not owned a home in the last three (3) years; lost home due to a divorce and has custody of the children under the age of eighteen (18) and does not have liquid assets over \$15,000; or has lost home due to extenuating circumstances such as fire, hurricane, etc.

Front-End Ratio

A ratio that indicates what portion of an individual's income is allocated to mortgage payments (includes principal, interest, taxes, homeowner(s) insurance and mortgage insurance) divided by Applicants(s) gross monthly income.

HOME Investment Partnerships Program Funds (HOME)

The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to

fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

Homebuyer

A prospective purchaser is one that must be low-income; that is, with an annual gross income that does not exceed eighty (80) percent of median for the area; and occupy the property as a principal residence for the affordability period as stated in the second lien deferred loan. In the case where there is a contract to purchase existing housing, the purchasing household must be low-income at the time of purchase; in the case of a contract to purchase housing to be constructed, the purchasing household must be low-income at the time the final purchase contract is signed. (Income for household adjusted by family size per HUD annually).

Homeowners Insurance

A type of property insurance that covers a private residence. It is an insurance policy that combines various personal insurance protections, which can include losses occurring to one's home, its contents, loss of use, or loss of other personal possessions of the homeowner, as well as liability insurance for accidents that may happen at the home or at the hands of the homeowner within the policy territory.

Household Income

The annual gross household income anticipated to be received during the coming 12-month period for all adults who will reside in the household. The annual gross income shall be determined by HUD's income eligibility calculator under the "Part 5" definition.

In addition to all wages and salaries, income includes overtime pay, commissions, fees, tips and bonuses, and all other compensation for personal services (*before* payroll deductions).

Household income must include the following types of income and current supporting documentation:

- Child Support
- Alimony
- TANF
- Social Security (SSA)
- Disability / SSI

Household Size

Includes all persons who will be residing with the applicant(s) in the house.

Housing Counseling

The eight-hour (8) first-time homebuyer education course; from a HUD approved counselor the buyer(s) must complete as a pre-requisite for participation in the Harris County Downpayment Assistance Program.

HUD

United States Department of Housing and Urban Development

Interest Rate

Interest will not be charged on the Deferred Principal unless there is a Default. It is the Executive Director of Harris County Community Services discretion to approve a Workout Agreement and not charge interest. If there is a Default on the Workout Agreement to repay the full award agreed to with the Harris County Attorney then the Executive Director of Harris County Community Services, at his/her discretion, can declare a six percent (6%) per annum default rate on the unpaid balance of the Workout Agreement.

Liquid Asset

An asset that can that can be converted into cash in a short time, with little or no loss in value. Liquid assets include items such as (1) cash; (2) demand deposits; (3) time and savings deposits; and (4) investments (i.e. most stocks, money market instruments and government bonds not eligible for tax deferral).

LP

Loan Prospector underwriting system (Freddie Mac) aka (AUS) automated underwriting system. Provides lenders a comprehensive credit risk assessment that determines whether a loan meets Freddie Mac and Ginnie Mae's eligibility requirements.

Mortgage-to-Income Ratio

Portion of an individual's income allocated to mortgage payments.

Participating DAP Lender

Mortgage brokers and lenders who would like to participate in submitting prospective clients to the Harris County DAP must be in good standing with the qualifying organization that they receive their license and provide proof of good standing to CSD Lending Services. The broker or lender must fill out a questionnaire pertaining to their prior marketing and participation with low and moderate income (LMI) clients. They also must explain some of their proposed outreach marketing they will use in helping LMI clients understand the DAP program. After we receive the information we determine if they will be an eligible participant for the program at which time, we invite two employees from each company to come to our office for approximately one to one and a half hours of training on DAP. They are instructed on all HUD regulations that make a proposed client eligible for the award and explain how to assemble a file for submission to CSD Lending Services. If the broker or

lender does not submit an approved client file to us within one year of becoming a Participating DAP Lender their company is removed from the list and they must reapply.

Payment Shock

Risk that a loan's scheduled future periodic payments may increase substantially and may cause the borrower to default on the loan.

Program Administrator

Harris County Community Services Department (CSD) also known as Lending Staff.

Property Standards

Properties must meet all local codes, rehabilitation standards, and zoning or other ordinances. When there are no local codes, HUD requires that the property must meet and comply with local codes: **The International Residential Code, 2. – 2012 Edition, Uniform Plumbing Code, Uniform Mechanical Code and International Energy Conservation Code, 2015.** Homes within airport runway clear zones and flood zones will not be approved.

Ratio

Determine by the portion of an individual's income used to make mortgage payments and remaining debt.

Release of Lien

A release of lien will be issued at maturity of the affordability period or in the event of a loan payoff. The release of lien must be reviewed and approved by the Harris County Attorney office and the CSD Executive Director.

Second Lien Deferred Loan

A lien that is placed against the property until the affordability period is matured or satisfied by the terms of the Deed of Trust. This lien is in second position to the mortgage lender first lien placed against the property. This loan does not require repayment unless the affordability period is not satisfied. **If the affordability period is not satisfied, the full amount of the assistance must be repaid to Harris County CSD.**

Service Area

Properties located within the unincorporated areas of Harris County or in one of the fifteen (15) cooperative cities in Harris County; excluding the cities of Houston, Pasadena, and Baytown.

Single Family Home Inspection

Property inspection performed by the Harris County CSD staff.

Temporarily Absent Family Member

- Incarcerated for a short time and will return to household
- Seasonal workers who will return
- Active military members who will return to household
- Students temporarily away at school

TREC Inspection

Inspection performed on a structure conducted by a licensed inspector subject to the rules (“Rules”) of the Texas Real Estate Commission (TREC).

Other Items of Importance

- Approved Mortgage Lender’s loan must be at a rate considered prime for FHA, VA, or Conventional.
- No adjustable rate mortgages (ARM’s).
- Approved Mortgage Lender’s fees must not exceed 1% origination and 1% processing and admin fees plus appraisal, survey, TREC inspection, credit reports, and Title Company fees.
- Seller is required to pay the owner’s title policy. Exceptions will be granted on a case-by-case basis.
- Applicant may not pay discount points.

2.0 DAP PROCESSING PROCEDURES

2.1 The prospective homebuyer(s) must attend and receive certification from a HUD Approved Counseling Agency before filing an application with a Participating Mortgage Lender.

2.2 The prospective homebuyer(s) who is interested in the program will go to one of the Participating Mortgage Lenders and complete the Downpayment Assistance Program Registration Form and Total Family Income Worksheet with the Participating Mortgage Lender.

2.3 If it is determined that the prospective homebuyer(s) is initially eligible by the Participating Mortgage Lender, then the Mortgage Lender will forward the documents to CSD. (See Loan Submission Process – Left Side and Loan Submission Process – Right Side.) At this point, the Program Administrator will review the documentation and contact the prospective homebuyer(s) to schedule an interview. Interviews will be scheduled by appointment only.

- **IMPORTANT: Application will be scrutinized for significant increase in monthly liabilities such as a housing payment. The increase in payment will heighten the risk of a default and is subject to a DAP application declination.**

2.4 The Participating Mortgage Lender will submit a complete processed file directly to the Lending Services Department to the attention of the Lender Manager. All files will be reviewed within 24 - 72 hours of submission. If the submission file is not complete with all required submission documents, it will be moved to inactive status. Upon receipt of a complete document submission; it will be moved to active status.

2.5 There is a forty-five (45) day limitation for processing mortgage assistance applications with the exception of by reason of emergency; causes beyond the control and without the fault or negligence of the Participating Mortgage Lender or Homebuyer, including but not restricted to, acts of God, fires, floods, epidemics, quarantine restrictions, and adverse weather conditions affecting the work to be performed. The forty-five (45) day processing begins the day CSD receives the applicant(s) file from the Approved Mortgage Lender.

2.6 The Earnest Money Contract must be finalized by the Seller and the Buyer with the final purchase price included in the contract. The contract must be legible and cannot have any cross-outs or initials on the purchase price or be changed during the qualifying and closing process.

2.7 CSD will determine what type of funding is available at the time of loan application. If Community Development Block Grant (CDBG) funding is to be used the applicant will be required to pay one half of the lender's required down payment. This down payment can be applied to costs involved with earnest money, appraisals, credit reports, origination fees, and other deposits that the applicant has paid upfront.

2.8 Applicant(s) contribute the required downpayment for FHA loans is set forth by HUD per program guidelines. Applicant(s) required downpayment for Conventional loans is set forth by Fannie Mae and Freddie Mac program guidelines.

Due to HUD funding guidelines, the homebuyer is not allowed to receive any cash back in the mortgage purchase, subordination agreements, etc.

2.9 At the scheduled interview, the prospective homebuyer(s) will meet with the one of the Lending Services Staff and provide all necessary documentation as well as sign all forms. The homebuyer(s) will be provided a letter requesting current contact information such as new telephone numbers, etc. at the time of the purchase of the home. The homebuyer(s) will be provided contact information for possible alternatives to consider if they are having problems with making mortgage payments and the property is being considered for foreclosure.

2.10 CSD can disapprove an applicant(s) based on, but not limited to poor credit history such as bankruptcies charged off rent and utilities, delinquent student loans, tax liens, etc.; fraudulent information provided on any documents; do not meet eligibility income requirements.

2.11 If the Lending Staff and the Underwriting Review Committee (URC) deem that the applicant(s)/prospective homebuyer(s) is eligible, a pre-approval letter will be issued and a submission to Commissioners Court will be made for approval of funding. Exhibit A information must be provided to CSD by the Participating Mortgage Lender for Commissioners Court approval. After approval is received, the Lending Staff will issue a final letter of approval to the Participating Mortgage Lender upon receipt of a passing CSD inspection of subject property and the final 1008 or LT signed by underwriter.

2.12 The Participating Mortgage Lender must provide to CSD on the lender's letterhead (signed and dated) clearance against both the System for Award Management (SAM) and the Office of Foreign Asset Control (OFAC) listing concerning the submitted homebuyer's application.

2.13 The Participating Mortgage Lender needs to fax or email the Single-Family Home (SFH) Inspection Request Form to CSD for the property inspection **at least ten (10) days prior to closing**.

2.14 Once approved in Commissioners Court, the Lending Staff will take steps to obtain ACH for funding so that the applicant(s) can proceed to purchase the home. However, checks may be issued if necessary.

2.15 After a final letter approval is sent out by CSD and funding is ready, it is the responsibility of the Participating Mortgage Lender to schedule a time and date of closing with the Title Company. Once this is set, the Title Company should contact the Program Administrator at least twenty-four (24) hours in advance to make arrangements for funding. The Title Company Instructions, second lien deferred

loan documents and homebuyer agreement will be emailed to the Participating Mortgage Lender and the Title Company.

2.16 On the scheduled closing date, the Title Company (or Participating Mortgage Lender) will forward the Loan Disclosure to CSD for approval. After approval, the Loan Disclosure will be forwarded to the Title Company and closing will proceed.

Closing may not proceed unless the Loan Disclosure is approved and a Funding Number is provided by CSD to the Title Company.

2.17 Participating Mortgage Lender's total fees must not exceed 2% including origination, processing fee, discounts points and administrative type fees.

2.18 Additional Lender's fees including appraisal, survey, TREC Inspection, credit report and title company fees may not exceed 2%. In addition, the seller will pay owners title policy.

2.19 Ineligible DAP Funds – DAP assistance may not be used to pay any portion of a real estate agent's fees, pay delinquent taxes; pay fees or charges on property which are the result of the seller.

- **IMPORTANT:** The "original" Harris County deferred loan documents (the Second Lien Deed of Trust, Loan Note and Homebuyer Agreement) must be returned to the CSD office with a copy of the Participating Mortgage Lender's loan documents (Deed of Trust, Loan Note, and the final signed Loan Disclosure) in order to pick up the downpayment assistance funding check. CSD will send the Harris County Second Lien Deed of Trust to the County Clerk's Office for recording.

3.0 CSD POST-CLOSING PROCEDURES

3.1 Letter will be sent to the mortgage holder requesting they contact Harris County CSD if client is going into default.

3.2 An annual affordability letter will be mailed to the new homebuyer(s) to ensure compliance to the Second Lien Deed of Trust that the property is currently their primary residence.

3.3 If the annual affordability letter is not returned within thirty (30) days, a second (2nd) request letter will be mailed.

3.4 If the second request letter is not returned within thirty (30) days, a final letter will be hand delivered by a representative of Harris County Community Services Department.

3.5 If the final letter is not executed and returned within thirty (30) days, the homebuyer's information of non-compliance will be referred to the County Attorney for possible legal action.

3.6 Purchase (3) Three Year Home Warranty on All Pre-Existing Homes – Maximum of \$500.00 per year.

3.7 Purchase a (2) Two Year Home Warranty on All New Construction if the 2-10 Builder Warranty is not offered. – Maximum of \$500.00 per year

3.8 Purchase (1) One Year Flood Insurance Policy – Maximum Policy \$500.00

3.9 HUD – 92544 Warranty of Completion signed by builder and homebuyer.

4.0 APPLICANT(S) ELIGIBILITY REQUIREMENTS

To be considered an eligible applicant(s), the prospective homebuyer(s) must meet the following eligibility requirements:

4.1 Applicant(s) must successfully complete 8 hours in person homeownership education course from a HUD approved counseling agency (see HUD Approved Homeownership Education Providers).

Each file must contain a final household budget on their approved HUD Homeownership Education Provider letterhead. The budget will have to include monthly recurring expenses. The household budget should be signed and dated by the potential homeowner and housing counselor.

4.2 Applicant(s) must have a minimum credit score of 580 and must meet DAP's Credit Criteria.

4.3 Applicant(s) with a credit score of less than 620 and greater than 580 may qualify for FHA loan financing only with a required investment of ten (10) percent per Harris County program guidelines.

4.4 Applicant(s) must be a first-time homebuyer or have lost their previous home in extenuating circumstances such as a loss due to a fire, flood, or hurricane.

4.5 Applicant(s) total annual gross household income cannot exceed eighty (80) percent of the area median income adjusted for family size, annually as determined by HUD.

4.6 Applicant(s) must agree to maintain the home as their primary place of residence for the full affordability period. If affordability period is not satisfied, the full amount of assistance is to be repaid in full to Harris County CSD.

4.7 Applicant(s) is required to invest at least \$500.00 toward the purchase of the property. This includes fees for credit report, real estate inspections, earnest money deposits credited.

4.8 Applicant(s) must have continuous, satisfactory and verifiable employment history of two (2) years and at least six (6) months employment history with current employer. Exception will be allowed on a case-by-case basis.

4.9 Applicant(s) may not have liquid assets in excess of \$15,000.00. IRA's and 401K's (retirement accounts) are subject to a (.06%) imputed income from assets. All deposits over \$100.00 and recurring deposits must be sourced and documented. Unsourced deposits may result in assets being considered as income per program requirement.

4.10 Applicant(s) must qualify for a conforming fixed rate conventional, FHA, or VA mortgage loan from a participating Mortgage Lender.

4.11 All adult household members must be a US citizen or permanent resident alien (support documents are required: Birth Certificate, US Passport, Permanent Resident Card) – no work permits are allowed.

- 4.12** If applicants are married, both must execute Harris County documents.
- 4.13** Two years of current tax returns are required. If self-employed applicant (s) must provide a Year-To- Date Profit and Loss Statement from one of the following: Tax Preparer, Certified Public Accountant.
- 4.14** Buyers front-end ratio cannot exceed 39% and the back-end ratio or DTI (debt-to-income) cannot exceed 42%. DTI (debt-to-income) ratio may exceed 42% with a DU/LP AUS Findings from Participating Mortgage Lender and/or investor.
- 4.15** The homebuyer (s) income must be greater than the total overall household debt (recurring expenses, monthly expenses, short- and long-term obligations) in order to sustain homeownership.
- 4.16** Eligible cost for DAP includes down payment, closing cost and pre-pays. Interest Rate Reduction is an eligible expense only when the reduction is necessary to help the homebuyer meet the 39% front end ratio and the 42% DTI.
- 4.17** Principal Reduction is not an eligible expense or allowable for over funding of Downpayment assistance.

5.0 DAP Credit Criteria

Secondary Underwriting Standards
March 1, 2004 (Updated June 1, 2019)

Scope: Have in place criteria for the analysis of each DAP applicant for the determination of their financial and credit worthiness to minimize the financial exposure to Harris County.

Procedure: Each applicant will have all necessary information in the file that will give the analyst enough information for determination of eligibility; i.e., Loan Estimate, Loan Application, Mortgage Underwriters Analysis with debt to income ratios, credit report(s) and job or profession tenure. Each document must be in the file, or the process is halted until the mortgage lender provides the document(s).

Loan Estimate and Loan Disclosure will need to be completely filled out as accurately as possibly by the Participating Mortgage Lender. The amount of the down payment assistance will be based solely on “as need” from the Loan Estimate. If there is a significance between the amounts on the sales contract and the Loan Estimate, then the Participating Mortgage Lender will need to recalculate the Loan Estimate.

Loan Application (DAP Registration Form) needs to be completely filled out and original signed by the client(s).

Mortgage Underwriters Analysis needs to be accurate; therefore, an updated and/or final 1008 must be submitted and signed by the underwriter prior to final approval. If the analysis is not based on the contract amount, then the Form 1008 or FHA Loan Underwriting and Transmittal Summary (LT) needs to be re-evaluated in order that the proper mortgage payment is anticipated and compared to the income of the client. A Copy of the DU/LP AUS Findings must be submitted on all loans to confirm accuracy of loan program and approval of the underwriter. Any omission or evidence of fraudulent information will result in a DAP loan decline.

Credit Report(s) should be scanned for outstanding current and past debt that could have an effect on the client making it through the affordability period. Credit report(s) should be analyzed for short-term debt (debt that should be paid off in ten months) and long-term debt (debt that will extend more than ten months). This is very important in the evaluation. Client(s) is required to have a 580 credit score. Care should be taken to make sure Educational (student) Loans are given proper handling. If the loan(s) is in forbearance, then the future payment(s) is 1% of the principal balance should be included in the debt ratio.

If any client is turned down for the DAP program by Lending Services, a letter of denial must be sent to the lender and the client immediately.

Diligence must be taken in the overall evaluation of the DAP client to use the

proper funding stream to keep Harris County's exposure during the affordability period to a minimum. If refinance occurs before the affordability period ends, repayment of the Downpayment assistance is required in full.

6.0 HUD APPROVED HOMEOWNERSHIP EDUCATION PROVIDERS

To be eligible for the Downpayment Assistance Program (DAP), the applicant and/or co-applicant must complete an **8-hour “in person”** homeownership education course prior to application for HUD assistance. Below is a list of local HUD approved counseling agencies.

COUNSELING AGENCY NAME	ADDRESS	TELEPHONE
AVENUE COMMUNITY DEVELOPMENT CORPORATION <i>Classes in English and Spanish</i>	707 Quitman Houston, Texas 77009	713-864-9099
CHINESE COMMUNITY CENTER <i>Classes in English and Spanish</i>	9800 Town Park Drive Houston, Texas 77036	713-271-6100 713-271-3713 Fax
CREDIT COALITION <i>Classes in English and Spanish</i>	3300 Lyons Avenue, No. 203A Houston, Texas 77020	713-224-8100 713-224-8102 Fax
EASTER SEALS OF GREATER HOUSTON, INC. <i>Classes in English, Spanish, and French</i>	4500 Bissonnet, Suite 340 Bellaire, Texas 77401	346-330-3904 713-838-9098 Fax
FIFTH WARD COMMUNITY REDEVELOPMENT CORPORATION <i>Classes in English and Spanish</i>	4300 Lyons Avenue, Suite 300 Houston, Texas 77020	713-674-0175 713-674-0176 Fax
HOUSTON AREA URBAN LEAGUE <i>Classes in English and Spanish</i>	1301 Texas Ave. Houston, Texas 77002	713-220-6012 713-768-7907 Fax
KEYSTONE COMMUNITY DEVELOPMENT CORPORATION <i>Classes in English and Spanish</i>	309 West X Street Deer Park, Texas 77536	281-476-3592 281-478-1236 Fax
NID-HCA COOKSEY <i>Classes in English</i>	4018 Chartres Street Houston, Texas 77004	713-987-7003 713-987-7004 Fax
NEIGHBORHOOD ASSISTANCE COOPERATION OF AMERICA (NACA) <i>Classes in English and Spanish</i>	14425 Torrey Chase Blvd., Suite 150 Houston, Texas	713-706-3400 877-329-6222 Fax
TEJANO CENTER FOR COMMUNITY CONCERNS <i>Classes in English and Spanish</i>	2950 Broadway Street Houston, Texas 77017	713-673-1080 713-673-1304 Fax

7.0 DAP INCOME REQUIREMENTS

The level of assistance may not exceed **up to** \$23,800.00 for Harris County sponsored projects. Determined by needed subsidy during the underwriting review. The level of DAP **assistance is based on “as need”**. Income is determined by the total household income of all adults over the age of eighteen (18). Adult dependents must have supporting documentation. Earnings from temporary absent household members must be included in income qualifying.

Use the following income guidelines to determine income qualifications. These income guidelines have been adjusted by family size. Dependents who will not be living in the house being purchased may not be counted toward family size. Applicant(s) combined annual household income must be *at or below* these amounts to qualify for DAP funds.

FAMILY SIZE	ANNUAL HOUSEHOLD INCOME
1	\$42,750
2	\$48,850
3	\$54,950
4	\$61,050
5	\$65,950
6	\$70,850
7	\$75,750
8	\$80,600

The above income chart represents eighty (80) percent of the Harris County service area median income for the family sizes shown as published annually by HUD, effective June 28, 2019.

Applicant(s) falling at or below the above categories may be eligible for a mortgage assistance loan based on total household income, cash needed to close, and limitations noted under Applicant Eligibility Requirements.

INCOME

Harris County determines income eligibility is based on HUD’s definition of annual gross income using the Section 8 Part 5 (24 CFR§5.609) definition of HUD’s Technical Guide for Determining Income and Allowance for the Home Program

See link:

<https://files.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf>

8.0 PROPERTY REQUIREMENTS

- Properties must be located within unincorporated areas of Harris County or in one of the fifteen (15) cooperative cities. (See CSD Downpayment Assistance Service Area Map). Properties located within the cities of Houston, Pasadena, and Baytown are not eligible for assistance.
- Properties must be either pre-existing housing (built post 1978), or new construction. They may take the form of single-family dwelling unit, condominium, or townhouse. (See the CSD Minimum Acceptable Standards for Residential Acquisition of New Home or Minimum Acceptable Standards for Residential Acquisition of Pre-Existing Home.)
- The acquisition of any property in this program cannot result in the displacement of the present tenant. Any property purchased with CDBG or HOME funds must comply with the HUD Displacement, Relocation and Acquisition requirements as well as the Uniform Relocation Act. Seller must sign Notice to Seller of Real Property.
- All properties must pass a final inspection performed by CSD. Depending on the type of home (pre-owned or new construction) certain inspections will be needed before funding is released (see Property Inspections).
- Loan amount cannot exceed 96.5% percent of the purchase price. Fannie Mae Program Home Ready, or Freddie Mac Program Home Possible at 97% on a case-by-case basis may be allowed.

All properties receiving DAP funds must meet property conditions as set forth by HUD and CSD. Each property must undergo inspections using the forms and procedures required by HUD.

The list below denotes items documented most in failed inspections:

- Property may not be located within airport runway clear zones, 100-year flood zones, or wetland areas.
- Anti-tipping device required on kitchen range.
- Living and Master Bedroom must be equipped with a ceiling fan.
- Door peephole required on front door.
- GFI installed in wet areas.

9.0 PREDATORY LENDING POLICY

Harris County does not condone unscrupulous actions carried out by a lender to entice, induce and/or assist a borrower in taking a mortgage that carries a high interest rate and fees or place the borrower in a lower credit rated loan to the benefit of the lender. All homebuyers receiving assistance through the down payment assistance program must have mortgages consistent with the following:

- 9.1** No adjustable rate mortgages.
- 9.2** No excessive fees. Participating Mortgage Lender's fees must not exceed 2% origination, processing fees, discount points and administrative fees.
- 9.3** Seller is required to pay the owner's title policy. Exceptions will be granted on an as needed basis.
- 9.4** No Balloon loans.
- 9.5** No prepayment penalty that requires you to pay a steep fee before refinancing.
- 9.6** Interest rate being more than 2% over the market interest rate.

10.0 REFINANCING POLICY

In order to obtain approval for refinancing by Harris County you must receive a Subordination Agreement. The following documents must be submitted to our office:

10.1 Authorization from homeowner giving permission to work with your company.

10.2 Complete name of the Lending Company.

10.3 Complete name of the Trustee for the Lending Company.

10.4 New loan amount (should not exceed the original loan amount and Adjustable Rate Mortgages (ARM) will not be approved).

10.5 No cash back at closing.

10.6 A copy of the Closing Disclosure signed Loan Application and any other applicable documents that will provide information as to the type of transaction being processed for the homeowner.

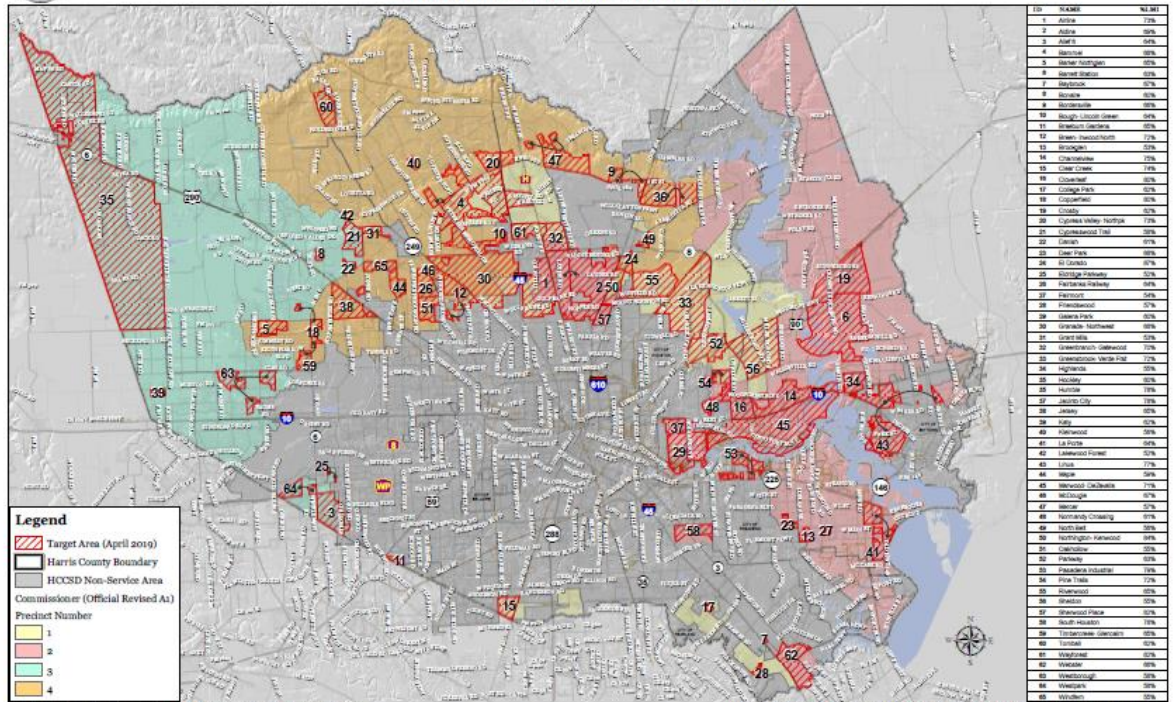
11.0 MINIMUM ACCEPTABLE PROPERTY STANDARDS

https://csd.harriscountytexas.gov/Documents/Harris_County_Affordable_Housing_Standards_Minimum_Prop_08272018-2.pdf

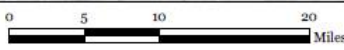
12.0 DOWNPAYMENT ASSISTANCE SERVICE AREA MAP



Harris County Service and Target Areas



Data Source: American Community Survey 2011-2015 5-Year
HUD Estimates of Low-to-Moderate Income Individuals
by 2010 Block Group



Harris County CSD Service Area includes unincorporated Harris County and Harris County land within 12 Cooperative Cities: Deer Park, Galena Park, Humble, Jacinto City, Katy, La Porte, Morgan's Point, Seabrook, Shoreacres, South Houston, Tomball, and Webster.

13.0 PROPERTY INSPECTIONS

All properties receiving DAP funds must meet property conditions as set forth by HUD and CSD. Each property must undergo inspections using the forms and procedures required by HUD.

New Construction Homes: Due to the fact that a formal inspection will be done by the lending agent, only a final HQS or Single-Family Home (SFH) inspection conducted by CSD is required. The Compliance Inspection Report for FHA new construction loans is to be provided to CSD.

Pre-Owned Homes: A TREC inspection is required on all pre-owned homes in addition to an inspection performed by a Harris County inspector. The Harris County inspector will determine what deficiencies will need to be corrected based on” Harris County’s Policy and Procedures Minimum Acceptable Standards for Pre-Existing Single-Family Housing”. In addition, the client(s) will be required to sign a “Notice Concerning Inspection” form which releases Harris County from all liability for existing or future deficiencies.

Audit Inspection: CSD or its representative shall audit at least twenty (20) percent of each inspector’s inspections. CSD will coordinate this audit inspection. The purpose of the audit inspection is to ensure that each inspector is performing as required. Properties will be chosen randomly, and any items found to be substandard at the time of the audit inspection must be repaired to meet the minimum standards prior to closing. CSD will diligently attempt to coordinate audit inspections to avoid delaying closings.

Inspection Fees: The homebuyer should negotiate the fees for the initial and final inspections and state-licensed inspections directly with the inspector. Neither CSD nor Harris County controls the amount or method of payment. While there is no fee for an audit inspection, CSD does reserve its right to charge the going market rate for any formal inspection it performs.

Termite Inspections: It is the responsibility of the seller to obtain a termite inspection for all pre-existing properties.

OVERVIEW OF LOAN PROCESSING PACKAGE

<i>Left Side – Originals Only</i>	<i>Right Side – Copies Acceptable</i>
— Registration Form	— Homeownership Education Certificate
— Lender Intent Letter	— Signed FHA Loan Underwriting and Transmittal Summary (HUD 92900-LT 5/2008)
— Lender Affidavit	— DU/LP AUS Findings
— Affidavit of Homeownership	— Loan Estimate
— Affidavit of Selling Parties	— Form 1003 (Uniform Residential Loan Application) – final typed and signed
— Total Family Income Worksheet	— Copy of valid Texas Driver’s License, Social Security Card
— Non-Income Affidavit (Part A & B)	— Proof of Citizenship (No Passports)
— Form 1010, Homebuyer Contribution	— Copy of Credit Report for all Applicant(s)
— Notice to Real Property Owner/Seller	— Verification of Employment for all adult members (cannot be provided from the Credit Report) and the last two (2) months of paycheck stubs
— Waiver for Disability, if applicable	— Section 8 Housing Voucher
— Monthly Household Budget	— 401K’s, IRA’s, pensions, etc.
For County Use:	— Divorce Decree / Child Support Information
— Verification of Homeland Security	— Signed Federal Tax Returns and W-2’s for last two (2) years and all Schedules
— Homebuyer Set Up and Completion Form	— The last two (2) months of current bank statements
— Time Tracker	— Verification of Rent (can be provided from Credit Report)
— Notice of CDBG Funds	— Copy of Fully Executed Contract of Sale (must be legible with no cross-outs)
— Lead-Safe Housing Rule – Applicability Form	— Current Property Appraisal
— Environmental Review Record (ERR) Documents	— Flood Determination Form (FEMA Form 086-0-32)
— Flood and Wetland Map	— Single Family Home (SFH) Inspection Request Form
— Provided to Homeowner Equal Opportunity, Complaint Process, and Loan Fraud Brochure	— Energy Star Certificate/HERS (new construction)
	— Compliance Inspection Report (new construction)
	— State-licensed TREC Inspection (pre-existing)
	— Repair Disbursement Form with receipts, if applicable
	— Clear TREC Re-inspection, if applicable (pre-existing)
	— Title Commitment (Schedules A, B, and C)
	— Builder’s Certification (Form HUD-92541) (new construction)
	— Exhibit A Information
	— Clearance for SAM and OFAC on Lender’s Letterhead

Harris County Community Services Department Lending Services Registration Form



Please print all requested information below.

Funding Lender Information

Loan Officer:	Phone:
Lender Name:	Fax:
Address:	E-Mail:

Applicant Information

Primary Applicant				Co-Applicant/Non-Purchasing Spouse			
Last:	First:	Last:	First:				
Home:	Work:	Home:	Work:				
DOB:	SSN:	DOB:	SSN:				
TDL:	Single / Married / Divorced <small>Circle one</small>	TDL:	Single / Married / Divorced <small>Circle one</small>				

Household Information

Total Number of Dependents Living in Household <small>(Provide Name and Dates of Birth for each)</small>		Total Number of Adults Living in Household <small>(A person over the age of 18 who is not in school full-time)</small>	
Name	Date of Birth		
1			
2			
3		Total Household Size	
4			

Property Information

Street Number:	Street Address:	Anticipated Closing Date:
City:	State:	Zip Code:
Property Type:	Newly Constructed	Pre-owned
Loan Type:	FHA / VA / Conventional	Year Built:
		Key Map:

Loan Information

Sales Price:	First Lien Amount:	DAP or NSP Subsidy:
--------------	--------------------	---------------------

Income Information

Figure should be taken from the Total Family Income Worksheet attached.

		80% DAP	120% NSP
Total Family Income: \$	Total Family Size	Maximum Income	Maximum Income
How did the homebuyer hear about the program?	1 Person	\$42,750.00	\$64,100.00
<input type="checkbox"/> Lender	2 Persons	\$48,850.00	\$73,250.00
<input type="checkbox"/> Radio/TV Release	3 Persons	\$54,950.00	\$82,400.00
<input type="checkbox"/> Housing Fair	4 Persons	\$61,050.00	\$91,550.00
<input type="checkbox"/> New spaper	5 Persons	\$65,950.00	\$98,900.00
<input type="checkbox"/> Realtor	6 Persons	\$70,850.00	\$106,200.00
<input type="checkbox"/> County Employee	7 Persons	\$75,750.00	\$113,550.00
<input type="checkbox"/> Flyers	8 Persons	\$80,600.00	\$120,850.00
<input type="checkbox"/> Other			

I plan on purchasing a house within the next forty-five (45) days and am interested in applying for assistance through the Downpayment Assistance Program (DAP) or Neighborhood Stabilization Program (NSP) - circle appropriate program .

Printed Name	Signature	Date
Printed Name	Signature	Date

Subsidies are available on a first-come-first-serve basis. No commitment or obligation on the part of Harris County or the Community Services Department is made or implied by the acceptance of these documents.

LENDER INTENT LETTER

Harris County Community Services Department
Douglas Croffitt, Lending Services Manager
8410 Lantern Point
Houston, Texas 77054

RE: _____

Dear Mr. Croffitt:

On this date, _____ made application with _____
_____. After a careful review with the purchases and review of their
credit report, other documents and qualifications, we are prepared to process their mortgage
application to purchase the property located at _____
_____. The price and terms are as follows:

Sales Price: _____

Type Loan: _____

Term: _____

Interest Rate: _____

Estimated Closing Date: _____

Applicant(s) understands that if they are considered eligible to participate in the
Downpayment Assistance Program (DAP) or the Neighborhood Stabilization Program
(NSP) (circle appropriate program) up to \$_____ will be reserved in their
name(s) for forty-five (45) days in the Downpayment Assistance Program (DAP) or sixty
(60) days in the Neighborhood Stabilization Program (NSP) (circle appropriate program) to
assist them with mortgage, downpayment, prepaids, and closing cost expenses, etc.
Applicant(s) also understands the loan must be fully approved by mortgage underwriting
within thirty (30) days. There is a forty-five (45) day limitation for the Downpayment
Assistance Program (DAP) or sixty (60) day limitation for the Neighborhood Stabilization
Program (NSP) for processing mortgage assistance applications with the exception of by
reason of national emergency; causes beyond the control and without the fault or negligence
of the Mortgage Company or Homebuyer, including but not restricted to, acts of God, fires,
floods, epidemics, quarantine restrictions, and adverse weather conditions affecting the work
to be performed.

If you have any questions, please call CSD Lending Services at 832-927-4700.

Sincerely,

Date: _____

Lender Signature

Printed Name

LENDER AFFIDAVIT

The undersigned lender representative warrants that the property to be purchased through the Harris County Downpayment Assistance Program (DAP) or Neighborhood Stabilization Program (NSP) (*circle appropriate program*) is located within the jurisdiction of the Harris County Community Services Department (CSD), which is the governmental agency supplying the Home Investment Partnerships Program (HOME), or NSP funds for the respective homebuyer.

Furthermore, **attached is a copy of the key map page** with the subject property plotted in the correct location. Based upon the above information, the property listed is located within the Harris County service area.

Applicant(s) Name: _____

Property Location: _____

Lender Representative: _____
Print Name

Lender Representative: _____
Signature Date

Lender: _____
Name of Company

The willful falsification of any of the above statements or information may subject the person(s) to Civil or Criminal Prosecution.

AFFIDAVIT OF SELLING PARTIES

Displaced Occupants

Under the Downpayment Assistance Program (DAP) guidelines and in accordance with 49 CFR 24.101, Applicability of Acquisition Requirements, the Seller(s) must not displace tenants of the property being purchased. If someone currently occupies the property other than the Owner or the Buyer in the transition, the Seller(s) must notify the tenant(s) that: (1) there is a purchase offer on the house, and (2) that the Buyer will be using Federal funds to purchase the house. Under federal guidelines, the current tenant(s) is not required to vacate the property. If they decide not to vacate, this condition will invalidate the contract for purchase. The Buyer must then select another site for purchase in this case.

Application Process

Funds are available on a first-come-first-serve basis. The Applicant's application does not ensure the availability of funds under this program or any other. The Buyer(s) must meet Lender's underwriting requirements and be approved for a mortgage loan. In addition, the Applicant(s) must meet all Harris County Community Services Department (CSD) program eligibility requirements and guidelines. Given the nature of the DAP; it is important for all Selling Parties to understand that the Applicant(s) must receive these funds in order to close. This process usually takes longer than a non-assisted mortgage transaction. The Seller understands that the unit must be inspected to ensure that the unit is decent, safe, and sanitary prior to any Federal assistance being provided. Date of the release of the closing funds may exceed the estimated closing date from time to time.

I have read, understand, and agree to all of the conditions stated above. By signing below, I confirm my understanding of the stated requirements above.

Property Address: _____

Applicant(s): _____

Seller: _____
Printed Name Signature Date

Seller: _____
Printed Name Signature Date

Listing Agent: _____
Printed Name Signature Date

Company Name: _____

Selling Agent _____
Printed Name Signature Date

Company Name: _____

The willful falsification of any of the above statements or information may subject the person(s) to Civil or Criminal Prosecution

TOTAL FAMILY INCOME WORKSHEET

This form is required to comply with federal funding requirements. The requested information applies to all persons who will be living in the property who are eighteen (18) or older and not a full-time student. Pay stubs, tax returns, and/or contact with employer(s) will be used to verify income information. I acknowledge that all of the information provided is accurate and correct and is important to the issuance of the federal assistance for which I have applied. I agree to allow my employer(s) or any other person with knowledge about my income to provide the information to the Program Administrator in an effort to determine my eligibility.

Applicant Name:

	Printed Name	Signature	Date
--	--------------	-----------	------

Co-Applicant Name:

	Printed Name	Signature	Date
--	--------------	-----------	------

In order to effectively determine a family's annual income the last two (2) months of payroll stubs need to be reviewed and copies provided to the Program Administrator.

To begin the annual income calculation, list on a separate page the gross income for the current two (2) months of payroll. Total the two (2) months of payroll and divide by the number of payroll stubs involved in the calculation. Then multiply that amount by the number of annual payroll periods to determine the anticipated annual income.

	<i>Applicant</i>	<i>Co-Applicant</i>
<u>Regular Job Income</u>		
<i>Total of 2 months gross income on pay stubs:</i>	\$ _____	\$ _____
<i>Divide by number of pay stubs to get average amount per pay period:</i>	\$ _____	\$ _____
<i>No. of Pay Periods per Year:</i>	_____	_____
<i>Multiply average pay period by number of pay periods per year:</i>	\$ _____	\$ _____
<u>Add Extra Job Income</u>		
<i>Commissions, Fees, Tips, Bonuses:</i>	\$ _____	\$ _____

Annual Job Gross Income \$ _____ \$ _____

	<u>Applicant</u>	<u>Co-Applicant</u>
<u>Business Income</u>		
<i>Self-Employment (Profit and Loss Statement required for last 6 months from Accountant or Bookkeeper)</i>	\$ _____	\$ _____
<u>Government Assistance</u>		
<i>Unemployment</i>	\$ _____	\$ _____
<i>Disability Social Security</i>	\$ _____	\$ _____
<i>SSI</i>	\$ _____	\$ _____
<i>Public Assistance</i>	\$ _____	\$ _____
<u>Other Income</u>		
<i>Alimony</i>	\$ _____	\$ _____
<i>Child Support</i>	\$ _____	\$ _____
<i>Re-occurring Gifts</i>	\$ _____	\$ _____
<i>Misc. Income _____</i>	\$ _____	\$ _____
<u>Total Income Per Person</u>	\$ _____	\$ _____

TOTAL COMBINED FAMILY INCOME \$ _____

HARRIS COUNTY DOES NOT GROSS UP INCOME

NOTICE TO REAL PROPERTY OWNER/SELLER

Date: _____

Owner(s)/Seller(s): _____

Buyer(s): _____

Address of Property Under Consideration: _____

Dear Owner/Seller:

Property believed to be owned by you is being considered for purchase, as referenced above. Because Federal funds in the form of down payment and closing cost assistance to the Buyer may be used in the purchase of your property, we are required to disclose the following information by the U. S. Department of Housing and Urban Development (HUD) [Uniform Relocation Assistance and Real Property Acquisition Policies Act as amended (URA), Section 24.101(b)(2)]:

1. The proposed sale is voluntary. In the event negotiations fail to result in an agreement, the property will not be acquired via voluntary purchase or eminent domain.
2. The fair market value of the property is estimated to be \$_____. However, since this transaction is voluntary, current or future negotiations may result in a price that could be (a) commensurate with this estimate or, (b) for an amount that exceeds or is less than this estimate.

An owner-occupant who conveys his or her property under these terms does not qualify as a displaced person. Additionally, any person who occupies the property for the purpose of obtaining assistance under the URA does not qualify as a displaced person. However, tenant-occupants displaced as a result of a voluntary acquisition may be entitled to URA relocation assistance and must be informed in writing as soon as feasible. In accordance with HUD requirements, if the information provided above is disclosed after an option to purchase or contract has been executed between the Buyer and the Seller, the Seller must be provided the opportunity to withdraw from the agreement. 1

Any title deficiencies, liens, or encumbrances on the property must be cleared prior to any closing. Generally, this is a cost that is borne by the seller of the property. However, if approved by the participating jurisdiction (PJ), these costs may be fully paid by the seller, by the buyer or, as negotiated between the seller and the buyer, using their own funds. **No federal funds can be used to pay these costs.**

Additionally, the Seller acknowledges compliance with Title VII – Protecting Tenants at Foreclosure Act of 2009, effective May 20, 2009, including, but not limited to the provision to provide bona fide tenants with a ninety (90) day notice.

Should you have any questions, please feel free to contact: Douglas Croffitt, Lending Services Manager, Harris County Community Services Department, at 832-927-4808.

SINGLE FAMILY HOME (SFH) INSPECTION REQUEST FORM
(MUST BE TYPED FOR SUBMISSION)

TO: HCCSD Lending Services	Date:	Fax:
----------------------------	-------	------

Requesting Agency		
Mortgage Company:		
Loan Officer:		
Address:	City:	Zip:
Phone:	Fax:	
Email Address:		

Unit Information		
Applicant Name:		
Property Address:	City:	Zip:
Key Map No.:	Year Built:	Contract Sales Price: \$
Inspection Request Date:	Estimated Closing Date:	

Seller Information (Builder/Owner)		<i>(To schedule inspection)</i>	
Builder/Owner Name:	Phone:		
Contact Person:	Phone:		
Address:	City:	Zip:	
Email Address:			
Are all utilities turned on:	Yes	No	
Unit ready for inspection:	Yes	No	

General Information <i>(To be filled out by Lending Services)</i>		
Builder Certificate received:	Yes	No
IDIS Number: _____	Funding Source: _____	

County Lending Services Contact Person: _____ Date: _____

Comments:
<i>1. All inspections will be performed by HCIS within ten (10) business days of request made by Lending Services.</i>
<i>2. Limit of one (1) CSD inspection. Follow up inspections will be \$100.00 each.</i>
<i>3. Seller must be present at inspection to open and secure unit(s).</i>
<i>4. All utilities must be operational during inspection.</i>

Inspection result:	Pass	Fail
Date Inspection Completed: _____	By: _____	

EXHIBIT A

Applicants/Homebuyers:	
Address of Purchased Property:	
City/State/Zip:	
Title Company:	
Address of Title Company:	
City/State/Zip:	
Closer:	
Office Telephone No.:	
Inspection Contact Person:	
Inspection Telephone No.:	
Homebuyer's Deferred Loan Amount:	
Commissioner Precinct No.:	

14.0 NEIGHBORHOOD STABILIZATION PROGRAM HOME OWNERSHIP MADE EASY (H.O.M.E.)

The Harris County H.O.M.E. (Home Ownership Made Easy) Program is a HUD Neighborhood Stabilization Program (NSP) and is administered by the Harris County Community Services Department (CSD). This program purchased recently foreclosed homes, rehab it to meet Harris County Minimum Property Standards (MPS) and Health & Safety and is being offered for resale at a discount below the County's total costs, to pre-qualified buyers who meet the guidelines of the H.O.M.E. program.

WHAT ARE THE GOALS OF THE PROGRAM?

- The program funds projects that create homeownership opportunities in neighborhoods hit hard by the mortgage foreclosure crisis since 2008 through the acquisition and rehabilitation of foreclosed, abandoned and vacant properties across the Harris County service area.
- To bring homeownership back into many of the neighborhoods that were impacted by the sub-prime mortgage crisis.
- To provide decent, safe, and sanitary housing within Harris County through the acquisition and rehabilitation of foreclosed homes.
- To help eligible households from Low, Moderate and Middle incomes with homeownership opportunities.

WHO DOES THIS PROGRAM HELP?

Households with incomes up to 120% of AMI.

WHAT ARE THE APPLICANT ELIGIBILITY REQUIREMENTS?

- Must be a United States citizen, or an eligible legal immigrant/resident
- Property must be the principal residence of the applicant(s)
- Household income cannot exceed 120% AMI
- Must be able to secure a first mortgage, non-subprime program, from a financial/mortgage institution as the first lien, or from another applicable local/national lender. Must also agree to a 2nd lien Deed of Trust with Harris County CSD as the trustee.
- Homebuyer must not have owned a residential property within the past 3 years and must attend and received an 8 hours HUD home buying education certificate from an approved provider.
- Other restrictions may include but not limit to current assets, credit score and debt ratios

WHAT ARE THE PROGRAM BENEFITS?

The program is made available for eligible homebuyers in the form of a deferred forgivable loan. The loan does not require monthly payments and is forgiven if you reside in the home for a minimum of five (5) years.

Loan assistance may include, but not be limited to:

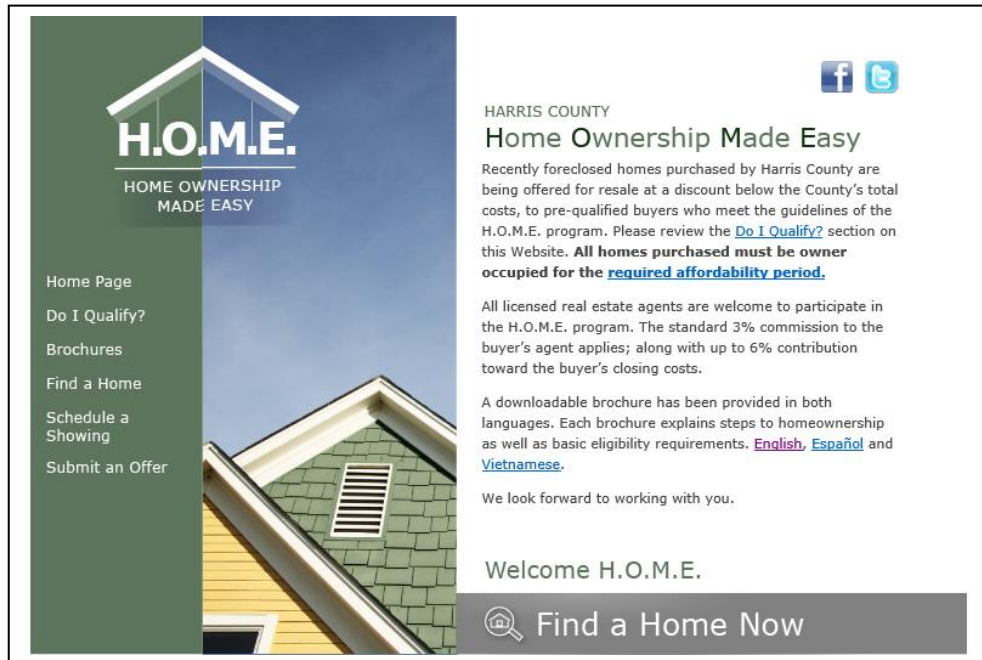
- Reduction in sales price from the listed price
- Closing Costs, up to 6% of the net listed price
- Owner's Title Policy (OTP)
- 1st year Home Warranty

FOR QUESTIONS OR ADDITIONAL INFORMATION RELATED TO H.O.M.E.

H.O.M.E.:

- Call 832-927-4958 or email harriscountyhome@csd.hctx.net
- Go to the H.O.M.E. website <http://hchome.harriscountytexas.gov>

14.1 HOME OWNERSHIP MADE EASY



H.O.M.E.
HOME OWNERSHIP
MADE EASY

Home Page
Do I Qualify?
Brochures
Find a Home
Schedule a Showing
Submit an Offer

HARRIS COUNTY
Home Ownership Made Easy


Recently foreclosed homes purchased by Harris County are being offered for resale at a discount below the County's total costs, to pre-qualified buyers who meet the guidelines of the H.O.M.E. program. Please review the [Do I Qualify?](#) section on this Website. **All homes purchased must be owner occupied for the [required affordability period.](#)**

All licensed real estate agents are welcome to participate in the H.O.M.E. program. The standard 3% commission to the buyer's agent applies; along with up to 6% contribution toward the buyer's closing costs.

A downloadable brochure has been provided in both languages. Each brochure explains steps to homeownership as well as basic eligibility requirements. [English](#), [Español](#) and [Vietnamese](#).

We look forward to working with you.

Welcome H.O.M.E.

 [Find a Home Now](#)

<http://hchome.harriscountytexas.gov/>

15.0 DISASTER RECOVERY PROGRAMS

Effective with Harris County and State of Texas 2019

The Harris County Community Services Department (CSD) is administering three (3) homebuyer Disaster Recovery Programs that provide Down Payment Assistance.

1. The Affordable Housing Preservation Program

The Harris County Affordable Housing Preservation Program (AHPP) is a program that provides the community with additional affordable single-family homes through acquisition of existing homes, rehabilitation, and deferred forgivable loan assistance to purchase homes for eligible buyers.

To view the Affordable Housing Program Guidelines visit the Harris Recovery website:

<https://harrisrecovery.org/affordable-housing-preservation-program/>

2. The Buyout Program

The Harris County Voluntary Buyout Program is jointly operated through the Harris County Community Services Department (HCCSD), the Harris County Engineering Departments Real Property Division (HCRPD), and the Harris County Flood Control District (HCFCD) to assist owners whose homes were damaged by the floods in 2015, 2016, and/or Hurricane Harvey (2017) to relocate outside the threat of flooding.

To view the Buyout Program Guidelines visit the Harris Recovery website:

<https://harrisrecovery.org/buyout-program/>

3. Single Family New Construction Program

The Single Family New Construction Program is designed to address the affordable housing shortage that was made worse by Hurricane Harvey. Harris County will develop new, affordable, single family housing units as well as purchase single-family homes for rehabilitation and resale. Homes rehabbed or built through the Single Family New Construction Program will remain affordable to low- and moderate-income residents. This program also includes funds for down payment assistance that can be used by eligible participants to help purchase the homes built through the program.

To view the Single Family Construction Guidelines visit the Harris Recovery website:

https://harrisrecovery.org/wp-content/uploads/2019/05/Harris-County_Single-Family-New-Construction_Guidelines_FINAL_050119.pdf

15.1 AFFORDABLE HOUSING PRESERVATION PROGRAM

The Harris County Affordable Housing Preservation Program (AHPP) is a program that provides the community with additional affordable single-family homes through acquisition of existing homes, rehabilitation, and deferred forgivable loan assistance to purchase homes for eligible buyers.

WHAT ARE THE GOALS OF THE PROGRAM?

- To increase the amount of affordable housing options in Harris County
- To provide relief for households that have been directly impacted by Hurricane Harvey or indirectly impacted due to the resulting housing shortage
- To provide decent, safe, and sanitary housing within Harris County through the acquisition and rehabilitation of homes
- To help eligible households with homeownership opportunities

WHAT PROPERTIES ARE ELIGIBLE FOR PURCHASE?

- Located within Harris County, Texas, including the 33 small cities
- Single-family detached, Duplexes, Townhomes, and Condominiums

WHAT PROPERTIES ARE INELIGIBLE FOR PURCHASE?

- Located within the city limits of Houston
- Located in the 100-year floodplain
- Manufactured or mobile homes

WHO DOES THIS PROGRAM HELP?

- Low & Moderate Income (LMI) Households 80% AMI
- Urgent Need (UN) Households 81%-120% AMI

- Participants receiving assistance through the Harris County Buyout Program

WHAT ARE THE APPLICANT ELIGIBILITY REQUIREMENTS?

- Must be a United States citizen, or an eligible immigrant
- Property must be the principal residence of the applicant
- Household income cannot exceed 80% for LMI and 120% for Urgent Need
- Must be able to secure a first mortgage from a financial/mortgage institution as the first lien, or from another applicable lender
- Harris County Buyout Program participants may not be required to secure a first mortgage from a financial/mortgage institution

WHAT ARE THE PROGRAM BENEFITS?

The program is made available for eligible homebuyers in the form of a deferred forgivable loan. The loan does not require monthly payments and is forgiven if homebuyer resides in the home for five (5) years.

Assistance for Low-to-Moderate Income households (income must not exceed the low-income limit of 80% percent of area median income) may include, but not be limited to:

- Reduction in sales price from the listed price
- Closing Costs up to 6%
- Home Warranty
- 1st year premium for flood & homeowners' insurance; and when applicable, windstorm insurance (if not covered by the homeowner's policy)
- Accessibility rehab (prior to closing or after transfer of ownership to buyer)

Assistance for Urgent Need households (income between 81% - 120% percent of area median income) includes:

- Down payment assistance only

To view the Affordable Housing Program Guidelines visit the Harris Recovery website:

<https://harrisrecovery.org/affordable-housing-preservation-program/>

15.2 BUYOUT PROGRAM

The Harris County Voluntary Buyout Program is jointly operated through the Harris County Community Services Department (HCCSD), the Harris County Engineering Departments Real Property Division (HCRPD), and the Harris County Flood Control District (HCFCD) to assist owners whose homes were damaged by the floods in 2015, 2016, and/or Hurricane Harvey (2017) to relocate outside the threat of flooding.

WHY IS IT IMPORTANT?

- Reduce the risk and costs associated with repetitive flooding.
- Relocates families to areas with a reduced risk of future flooding.
- Eliminates future flood damages and health and safety risks for owners and rescuers.

WHO DOES THIS PROGRAM HELP?

- Homeowners residing in areas identified by the HCFCD as “hopelessly deep” in the flood plain.
- Properties that were damaged by the floods in 2015, 2016 and/or Hurricane Harvey (2017)
- Low-to Moderate Income (priority)
- Urgent Need (Homeowners that are above the Moderate-Income level)

WHAT BENEFITS DOES IT PROVIDE?

While HCCSD and HCFCD are working together, both organizations offer two separate buyout programs. Listed below are the Project Recovery Buyout Program Incentives.

- Purchase price based on pre-storm fair market value
- Moving cost stipend of \$5,000
- Replacement housing incentives up to \$31,000 towards the purchase price of a replacement home
- Social Vulnerability Incentive up to 5% of the purchase price of the buyout home
 - Provided to homeowners who live in areas most prone to the hardest impacts and slowest recovery from a disaster. This must go toward the purchase of a replacement home.
- Equity Incentive
 - Provides financial assistance so that you may not owe more on your replacement home than you currently owe on your buyout home.
 - For example:
 - If homeowner does not owe anything on their current home, they should not owe anything on their replacement home.
 - If homeowner owes \$10,000 on their current home, they should only owe \$10,000 on their replacement home.
- Rehabilitation Incentive

- Provided to those that purchase a replacement home that needs repairs.
- Down Payment Assistance and Closing Costs
 - Provided to those that purchase a replacement home and are in need of gap funding.

Total Assistance Capped at FHA Mortgage Limits - \$331,200.00

Listed below are the differences between Flood Control and Project Recovery’s Buyout Programs.

Incentives	Flood Control	Project Recovery
Buyout Purchase Price	✓	✓
Moving Expenses	✓	✓
Replacement Housing Incentive Payment	✓	✓
Social Vulnerability Incentive		✓
Equity Incentive		✓
Rehabilitation Incentive		✓
Down Payment Assistance		✓

To view the Buyout Program Guidelines visit the Harris Recovery website:
<https://harrisrecovery.org/buyout-program/>

15.3 SINGLE FAMILY NEW CONSTRUCTION PROGRAM

The Harris County Single Family New Construction Program (SFNCP) will replace affordable single-family housing stock by developing new housing in areas of reduced risk of flooding. To meet this challenge, Harris County will implement innovative solutions for promoting and partnering with local homebuilders to create new inclusive communities that offer a wide variety of housing choice and construction solutions.

Funding for this program is made available through the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR)

Funds. The primary goal of this program is to preserve and increase affordable housing in Harris

County while meeting the requirements set by the CDBG-DR National Objectives associated with the SFNCP.

- Harris County's homebuyer programs are designed to assist eligible, low-income applicants to purchase decent, safe, and sanitary housing with financial assistance for downpayment, closing cost, and mortgage assistance. These funds for assistance (which constitute the "direct CDBG-DR subsidy") are made available in the form of deferred and forgivable loans. Deferred and forgivable loans are loans that do not need to be repaid until the end of the affordability period. If the homebuyer complies with the affordability requirements (described below), then the loan is forgiven at the end of the affordability period.
- The length of the affordability period for a CDBG-DR new single family - assisted homebuyer unit under a recapture provision will be ten (10) years pursuant to the County's CDBG-DR Single Family New Development Program Guidelines.

To view the Single Family Construction Guidelines visit the Harris Recovery website: https://harrisrecovery.org/wp-content/uploads/2019/05/Harris-County_Single-Family-New-Construction_Guidelines_FINAL_050119.pdf

CONTACT INFORMATION

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