HOMEBUYER ASSISTANCE PROGRAM

CITY OF HOUSTON
HOUSING AND COMMUNITY DEVELOPMENT

PROGRAM'S GOAL

- Provide financial assistance to:
  - Qualified low- to moderate- income first-time homebuyers.
  - City of Houston residents.
- Increase quality of living through homeownership.
- Help homeowners sustain ownership.
- Positively impact property tax base.
- Encourage mixed-income neighborhoods.

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HAP PROGRAM GUIDELINES

- ✓ Applicant must be a First-time homebuyer.
  - ✓ Have not owned a home within the past 3 years.
  - ✓ Recently divorced and did not receive primary residence in divorce decree.
- ✓ Complete application during an interview with a HAP Counselor.
- ✓ Household Income cannot exceed 80% of City's Area Median Income.
- ✓ Applicant must obtain a mortgage through a qualified lending institution.
- ✓ Property must pass HUD Environmental & Inspections Review.

2015 Household Income Limits	
Family Size	80% of the Area Median Income (AMI)
1	$38,850
2	$44,400
3	$49,950
4	$55,450
5	$59,900
6	$64,350
7	$68,800
8	$73,200

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HAP FUNDING LIMITS

- $15,000 max
- 50% downpayment match
- Closing costs –
  - $\leq 6\%$ of Purchase Price
- Front-end ratio cannot exceed 34%.
- Back-end ratio cannot exceed 45%.

(principle buy-down reduction is available)

	Average Minimum FHA	Average Minimum Conventional
Loan Amount	$ 100,000	$ 100,000
Standard Down Payment %	3.5%	5%
Down Payment Cost	$ 3,500	$ 5,000
CDBG 50% Match	$ 1,750	$ 2,500
Texas Avg. Origination Fees	$ 2,714	$ 2,714
Texas Avg. Title and Third-Party Fees	$ 6,500	$ 6,500
Texas Average Closing Costs	$ 9,214	$ 9,214
Texas Average Insurance Cost	$ 986	$ 986
Total HCD Cost	$ 11,950	$ 12,700

Ledger: HCD Funds

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WORKFORCE PROGRAM REQUIREMENTS

- ✓ Applicant must be a First-time homebuyer.
  - ✓ Have not owned a home within the past 3 years.
  - ✓ Recently divorced and did not receive primary residence in divorce decree.
- ✓ Complete application during an interview with a HAP Counselor.
- ✓ Household Income cannot exceed 110% of City's Area Median Income.
- ✓ Applicant must obtain a mortgage through a qualified lending institution.
- ✓ Property must pass HUD Inspections.

2015 Household Income Limits	
Family Size	110% of the Area Median Income (AMI)
1	$53,400
2	$61,100
3	$68,700
4	$76,200
5	$82,300
6	$88,500
7	$94,600
8	$100,700

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WORKFORCE FUNDING LIMITS

- $30,000 max
- Current Areas:
  - Leland Woods
  - Wayside Village
  - McGregor/ Riverside

	Average Minimum FHA	Average Minimum Conventional
Loan Amount	$ 100,000	$ 100,000
Standard Down Payment %	3.5%	5%
Down Payment Cost	$ 3,500	$ 5,000
CDBG 50% Match	$ 1,750	$ 2,500
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LENDER AND PROPERTY CHECKLIST

All documents listed must be present at the time of loan submittal and no more than 90 days old.

Required Documents	Specific Requirements
Tri-merged Credit Report	For applicant and co-applicant
Loan Application form 1003	Signed & dated by applicant(s) & lender
Transmittal Summary 1008 or 92900	Signed & dated by lender or provide DU/LP approval
Closing Disclosure	Must include $1,000 dollars into the transaction.
Loan Estimate	
Intent to Proceed	Signed & dated by applicant(s)
Property Data Sheet	Must include Builder's and/or Realtor's contact information.
Sales Contract and all other contract addenda including Escrow instructions, if applicable.	Initialed, signed, and dated by all parties as designated on documents. Copy of earnest money receipt from title company or a copy of earnest money funds provided (No copies of cash).
Builder's Letter —-OR— Appraisal Report	Signed and dated estimated completion date on Builder's letterhead must be included with documents when appraisal is not available. The appraisal must include all pages and property pictures.
Certificate of Compliance (COC) –OR– Builder Affidavit (new property)	Dated within the last 12 months
Notice to Seller(s)	Signed and dated by the Seller(s).
Wiring Instructions	Include Title Company's contact information

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TITLE COMPANY REQUIRED DOCUMENTS

PRE CLOSING DOCUMENTS – Due 5 days prior to closing

1. Closing Disclosure
2. First Lien Deed of Trust (all pages)
3. Insurance Binder (and flood insurance if applicable)
4. Schedule A & B of the Title Commitment (must include HAP funding)
5. Tax Certificate

POST CLOSING DOCUMENTS – DUE 15 DAYS AFTER CLOSING

1. Recorded 2nd Lien Deed of Trust
2. Executed Deferred Payment Loan Note
3. Closing Documents
4. Certified Copy of the 1st Mortgage Loan Note

HAP TIMELINE

90 DAYS

Task(s)	HOMEBUYER ASSISTANCE PROGRAM TIMELINE
Duration (days)	**Description**
	APPLICATION CREATED
5	APPROVAL AND ELIGIBILITY LETTER
	PROPERTY DATA SHEET SUBMITTED BY LENDER/ REALTOR
8	LENDER DOCUMENTS & WIRE INSTRUCTIONS SUBMITED
3	FUNDING AMOUNT CALCULATED
5	HAP INSPECTIONS & ENVIRONMENTAL REVIEW
3	APPLICANT PRECLOSING MEETING
5	CLOSING COMPLETE
	COMPLETED (max)

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MYTH vs. REALITY

Myth:	**HAP gives $19,500 to all applicants.**
Reality:	The revised HAP program only allows a maximum contribution of $15,000 per applicant. While the max is $15,000 each applicant's need vary, but the funding amount can be easily estimated. First identify the loan amount and loan type. Then, multiply the loan amount by the interest rate next to the loan type. Loan type: ___ FHA (3.5%) ___Conventional (5%) ___VA (0%) Loan amount:_____ x _____Percent of Loan type = $_____Required down payment x 50% = _____ A. Loan amount: _____ x 6% = _____ B. A. _____ + B. _____ = _____ HAP FUNDING
Myth:	If applicant signs a sales contract that exceeds the loan amount, HAP will pay the difference.
Reality:	To prevent over subsidizing applicants, HAP, in accordance with federal program and local guidelines, HAP uses a standard formula to calculate the funding amount provided to each applicant.
Myth:	Lenders can include a gift amount of $15,000 from the City of Houston HAP to decrease DTI during the underwriting process.
Reality:	An applicant's front-end ratio cannot 34% and back-end ratio cannot exceed 45%. If the back-end ratio is higher than 45%, remaining uncommitted funds can be used towards principle reduction buy-down to assist an applicant in decreasing the loan amount. The intent of principle reduction buy-down is to ensure affordability and to increase the likelihood of sustaining homeownership. Principle buy-down reduction is not intended to assist homebuyers in purchasing a home over their maximum loan amount.

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Phone: 832-394-6200

Email: HAP@houstontx.gov

Website: http://www.houstontx.gov/housing/hap

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HUD APPROVED HOUSING COUNSELING AGENCY

AGENCY	STREET	ZIP	PHONE	WEBSITE
AVENUE COMMUNITY DEVELOPMENT CORPORATION	707 QUITMAN	77009-8115	713-864-9099	www.avenuecdc.org
CHINESE COMMUNITY CENTER	9800 Town Park Drive	77036-2316	713-271-6100	
COVENANT COMMUNITY CAPITAL		77020-8254	713-223-1864 ext 13	http://www.covenantcapital.org
CREDIT COALITION	3300 Lyons Avenue, # 203A	77020-8252	713-224-8100	http://www.creditcoalition.org
FIFTH-WARD COMMUNITY REDEVELOPMENT CORP.	4300 Lyons Avenue, Suite 300	77020-2569	713-674-0175	http://www.fifthwardcrc.org
GULF COAST COMMUNITY SERVICES ASSOCIATION	9320 Kirby Drive	77054-2515	713-393-4700	http://www.gccsa.org
HOUSTON AREA URBAN LEAGUE	1301 Texas Avenue	77002-3508	713-393-8714	http://www.haul.org
MONEY MANAGEMENT INTERNATIONAL FUQUA BRANCH	11550 Fuqua St, Suite 350	77034-4200	866-232-9080	http://www.moneymanagement.org
MONEY MANAGEMENT INTERNATIONAL GREENWAY PLAZA	3800 Buffalo Speedway, Suite 162	77098-3706	866-232-9080	http://www.moneymanagement.org
NACA (NEIGHBORHOOD ASSISTANCE CORPORATION OF AMERICA)	6201 Bonhomme Rd, Suite 450N	77036-4365	713-706-3400	http://www.naca.com
NID-HCA COOKSEY	4018 Chartres St	77004-4122	713-987-7003	
NID-HCA DIGHTMAN	2616 S Loop W, Suite 430	77054-2303	713-349-8008	www.nidonline.org
TEJANO CENTER FOR COMMUNITY CONCERNS	6901 Brownwood St	77020-5319	713-673-1080	www.Tejanocenter.org

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