

CITY OF HOUSTON  
HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

**THE SECOND AMENDED AND RESTATED  
ADMINISTRATIVE GUIDELINES  
FOR  
THE HOMEBUYER ASSISTANCE PROGRAM**

The City of Houston (City) Housing and Community Development Department (HCDD) has designed the Homebuyer Assistance Program (HAP) to provide financial assistance to low-to-moderate income homebuyers in the incorporated area of the City. HCDD staff and/or future sub-recipients will administer HAP according to the procedures and guidelines set forth in this document. The primary goal of HAP is to increase homeownership opportunities for low-to-moderate income persons while meeting national goals and objectives as set under the federal grant programs.

Funding for HAP will be available through the HOME Investment Partnership (HOME) Program, the Community Development Block Grant (CDBG) Program, the American Dream Down Payment Initiative (ADDI), Tax Increment Reinvestment Zone (TIRZ) and any other funds that become available.

HAP will provide:

- Direct financial assistance to offset portions of the down payment, closing costs, pre-pays and principal required for home purchase;
- Identification of prospective program participants;
- Development and monitoring of "case management plans" to overcome individual barriers; and
- Access to mortgage resources

Clients will be referred to HCDD for the HAP through the following entities and methods:

- Participating lenders.
- Participating realtors.
- Participating HUD approved housing counseling agencies.
- HCDD printed and published marketing materials.
- Homebuyer introduction meetings held in the community to promote homeownership.

## **DEFINITION OF TERMS**

ADDI shall mean American Dream Down-payment Initiative Act that authorizes up to \$200 million annually for fiscal years 2004-2007. ADDI will be administered as part of HOME.

ALP shall mean Affordable Lending Partner that has acknowledged to participate in HAP.

Affordability Period shall mean the period of time during which the Homebuyer is required to live in and maintain the property purchased as his or her primary residence. In no event will the amount of HOME funds invested in a single property exceed the threshold amount which would trigger a HUD-mandated Affordability Period in excess of 5 years. The Affordability Period shall commence on the date of closing.

Applicant shall mean the person/household requesting assistance through HAP.

CDBG refers to the Community Development Block Grant funds received from the U.S. Department of Housing and Urban Development ("HUD") under Title I of the Housing and Community Development Act of 1974, as amended.

CFR shall mean Code of Federal Regulations.

CHDO shall mean Community and Housing Development Organizations.

City shall mean the City of Houston.

Deferred Payment Loan (DPL) means a second lien, interest free loan provided through the City to a Homebuyer to provide a subsidy for the Homebuyer's purchase of a home, issued in an amount not to exceed \$19,500. The DPL may not include more than \$14,500 of federal HOME Program funds. The Deferred Payment Loan will be evidenced by a Loan Note and secured by a Second Lien Deed of Trust.

Director shall mean the Director of HCDD or an individual designated by the Director to perform duties specified in the HAP Guidelines.

First lien holder shall mean the Affordable Lending Partner or the City of Houston.

HAP shall refer to the Homebuyer Assistance Program.

HAP Guidelines shall mean the administrative guidelines embodied in this document, as amended from time to time.

HAP Loan Closing Documents shall include Second Lien Deed of Trust, Loan Note, Conditions of HOME Program Assistance, Homebuyers' Acknowledgement and Affidavit of Borrower(s), with a Statement of Total Family Income attached, in forms that have been approved by the City Attorney and HUD. The Title Company shall have the Second Lien Deed of Trust recorded in the Real Property Records of the appropriate county. There shall be no exceptions to this requirement.

HCDD shall mean Housing and Community Development Department of the City of Houston.

HOME shall mean Title II of the Cranston-Gonzales National Affordable Housing Act, entitled the HOME Investment Partnerships Act, and all regulations promulgated by HUD pursuant thereto, including but not limited to the regulations set forth at 24 CFR Part 92.

Homebuyer shall mean a prospective applicant whose annual gross household income does not exceed eighty (80) percent of the median for the City of Houston pursuant to guidelines established by HUD.

HUD shall mean the United States Department of Housing and Urban Development.

Household Income shall mean 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 under the "Part 5" definition. (Appendix I)

Household Size shall mean all persons who will be residing with the applicant(s).

IDIS shall mean Integrated Disbursement and Information System

Lead-Hazard Visual Assessment shall mean a screening required for all properties built before 1978.

Lead Hazard Warning Disclosure shall mean a Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards given to a Homebuyer for a property built during 1978 or after.

Loan Closing shall mean the date on which all applicable loan documents are executed.

Low-to-Moderate Income shall mean a person/household whose annual income does not exceed eighty (80%) percent of the median income established by HUD for the City of Houston.

Minimum Property Rehabilitation Standards shall mean the document that sets forth the minimum condition the property must meet if federal assistance is to be provided. These conditions are based on the locally adopted property standards (as adopted by the City). Once deficiencies to this standard are identified, corrections shall be completed (before or after closing, as applicable) in full compliance with the City's adopted property minimum rehabilitation standards, as amended from time to time.

Participating HUD Approved Housing Counseling Agencies shall mean housing counseling agencies that are approved by HUD to perform housing counseling activities.

Participating Realtors shall mean realtors that have acknowledged participating in HAP.

Program Administrator shall mean the City of Houston Housing and Community Development Department (HCDD)'s HAP Section staff and/or future sub-recipients responsible for administering the Homebuyer Assistance Program.

Property Condition shall mean that the City conduct its own inspection of the property prior to acquisition to verify that the property is in compliance with the Property Standards before federal funds are invested in the property, or after closing if rehabilitation/repair assistance will also be provided from federal funds.

Recapture shall mean the proceeds from the repayment of the second mortgage by the original Homebuyer based on failure to reside in and use the property as principal residence during the Affordability Period or failure to meet other requirements of the Deferred Payment Loan or the HAP.

Release of Liens shall mean the document(s) which City shall prepare and issue, or cause to be prepared or issued, releasing the City's second lien on each assisted property upon Homebuyer's completion of the Affordability Period and compliance with all other requirements of the Deferred Payment Loan and the HAP.

Review Committee shall mean a committee designated by HCDD Director to receive and review all loan and grant requests.

Second Lien Deed of Trust shall mean the document which creates and evidences a lien that is placed against the property until the Affordability Period is matured or satisfied by the terms of the Loan Note. This lien is in second position to the ALP's first lien placed against the property. This loan does not require repayment unless the Affordability Period is not satisfied or upon the breach of any other conditions contained in the executed Terms and Conditions of HOME Program Assistance or other contractual documents.

Service Area shall mean a property located within the incorporated areas of the City of Houston.

Single Family Housing shall mean housing with one to four family units.

Terms and Conditions of HOME Program Assistance shall mean the document executed by HCDD and the homeowner(s) or between the Homebuyer and any sub-recipient or CHDO funded by the City which sets out the principal terms and conditions applicable to any HOME funding being provided.

Use of Property as Principal Residence shall mean that the Homebuyer must occupy the purchased property as the principal residence of the Homebuyer for the full designated Affordability Period.

TIRZ shall mean Tax Increment Reinvestment Zone Funds.

## **SECTION I - Homebuyer Requirements**

A homebuyer will be eligible for HAP if the applicant/household is a homebuyer who will

occupy the property as his/her principal residence during the affordability period. The homebuyer must be low-to-moderate income, defined for purposes of this program as having a gross annual income that does not exceed 80% of the City median income adjusted for family size, demonstrate the ability to obtain a mortgage loan and sustain ownership over the period of affordability.

The level of assistance provided to each homebuyer may not exceed \$19,500.00. (Federal HOME assistance may not exceed \$14,500.00). Applicant(s) combined annual household income must be *at* or *below* the amounts listed in the Household Income Limits to qualify for HAP funds. Below are a listing of the Houston area median income percentages and the level of assistance HAP will provide:

<u>Area Median Income Percentage (%)</u>	<u>Level of Assistance</u>	<u>Affordability Period</u>
50% or below*	\$14,500.00	5 years
51% to 65%	\$14,500.00	5 years
66% to 80%	\$10,000.00	5 years

\* Homebuyers at 50% of the area median income or below may be eligible for an additional amount of \$5,000 of other funds (excluding HOME funds) when available.

Similar to any normal mortgage loan, Homebuyers must meet the credit and underwriting criteria established by the participating ALP providing the loan. Based on guidelines, Homebuyers must also meet the HCDD’s requirements to qualify under this program.

**A. Income Determination**

Income for all persons over eighteen years of age living in the property must be included in determining income for program eligibility. Income from a non-purchasing spouse must be included in Family Income calculations. **Total Family Income used for program eligibility may be different from that used by the ALP.** The City has adopted the Section 8 program definition for annual (gross) income (23 CFR Part 5). The Part 5 definition of annual income is the gross amount of income of all household members anticipated to be received during the coming 12-month period.

**Required Documentation**

HCDD will review and certify the family income information according to HUD approved procedures and guidelines for determining annual income (Exhibit A).

Each ALP will submit the following documents for all household members over the age of 18 years old when applicable:

- Income Worksheet signed by all household members.
- A written Verification of Employment (VOE) and three (3) calendar months of paycheck stubs dated within ninety (90) days of file submission.
- All award letters, income verification forms and/or third party verification forms to verify other

sources of income such as child support, social security, social security supplemental income (SSI), pensions, annuities, etc.

- The last two (2) years complete income tax returns including all schedules, W-2's or 1099's.
- Provide birth certificates or legal documentation of adoption or guardianship for all household members seventeen (17) years of age and under.
- Three (3) calendar months of bank statements dated within ninety (90) days of file submission.
- If applicable, additional documents/statements from the applicant(s) related to marital status, i.e., divorce decree, legal separation documents, and/or death certificate.
- All household members Texas Driver's License(s), Social Security Card(s), and/or Permanent Resident Alien Card(s).
- Verification of Deposits (VOD), bank statements and/or cashier's checks to verify that the borrower has at least \$1000 in reserves. The borrower cannot have more than \$50,000 in liquid assets (excluding retirement accounts).

#### **Income Calculations that may require explanation and review:**

- The City and/or ALP will review income from overtime, bonuses, seasonal work, etc., over a minimum period of three (3) years and complete an "income average" when the applicant has been employed at the same employer for the last three (3) consecutive years. The amount obtained by income averaging will be added to the applicant's projected gross annual income. See also Section II A of Appendix I.
- Provide proof of varying compensation, such as tips or gratuities, along with year-to-date information or average income.

*\*ALP's are encouraged to use the HUD online income calculator to determine family income. The HUD online calculator may be found at the following web address:  
<https://webapps1.hud.gov/hfc/calculator/>*

#### **B. Completion of Homebuyer Education**

Homebuyer must complete at least eight (8) hours of homebuyer education from any Participating HUD Approved Housing Counseling Agency or HAP staff. It is the responsibility of the homebuyer to pay all costs incurred with signing up for a homebuyer education course.

The Participating HUD Approved Housing Counseling Agency or HAP staff will prepare a Counseling Certificate and present it to the Homebuyer(s) after the course completed.

#### **Required Documentation:**

The Homebuyer must submit to ALP a copy of the Counseling Certificate to be included in the loan file.

#### **C. ALP Loan Approval**

Downpayment, maximum debt to income ratio, maximum total obligations, credit history and credit report or loan terms (Except for Lead-Based Paint See Section II E.) are the responsibility of the ALP to assess risk; however, the borrower, co-borrower, and non-purchasing spouse cannot be delinquent on a student loan, a student loan repayment plan, Internal Revenue Service taxes or City taxes. Also, the borrower, co-borrower, and non-purchasing spouse cannot be late or delinquent on any utility payments applicable to the current or former address(es). **Please be advised that the back ratio for all ALP loans cannot exceed 50% and PITI must be included in the total monthly payment.**

**Required Documentation:**

Approval letter from ALP showing interest rate and loan amount. Rate must be locked at the time of submission to HCDD. Also, an executed 1003 Loan application, 1008/MCAW Underwriting Summary and tri-merged credit report must be submitted. A tri-merged credit report is needed for the borrower, co-borrower, and non-purchasing spouse.

## **SECTION II - Property Eligibility Criteria**

Any property, existing or newly constructed, which will become the applicant's principal residence, may be eligible for HAP funds. Properties assisted with funds must be free from any defects that pose a danger to the health or safety of occupants before transfer of ownership.

### **A. Type of Property**

Property approved for funding includes new and existing structures:

- Single-family property (detached and attached 1-4 units)
- Condominium unit/Townhouse
- Modular home/Manufactured home
- Cooperative unit

**Required Documentation:**

One complete copy of the property appraisal showing the type of unit is required.

### **B. Sales Price Limitations**

The sales price for the property cannot exceed \$135,000.

**Required Documentation:**

The sales price must be supported by an executed earnest money contract or contract for sale not to exceed \$135,000.

### **C. Property Location**

Property must be located within the incorporated area of the City of Houston.

**Required Documentation:**

Tax Certificate obtained from Title Company by the ALP with the Tax I.D. Number. Also, HAP staff will verify the property location with the appropriate appraisal district.

#### **D. Property Condition**

If the property to be acquired is an **existing** property, it must be certified as decent, safe and sanitary by a clear HCDD Minimum Property Rehabilitation Standards Inspection Report pursuant to local minimum property standards and building codes adopted by the City. If the property to be acquired is a newly constructed unit, it must be in full compliance with the City's new construction codes and if applicable any state requirements for new construction, including documentation that the structure complies with energy efficiency requirements as contained in Chapter 11 of the state's International Residential Code (IRC).

#### **Required Documentation:**

The property must be appraised in order to establish that the property is decent, safe and sanitary. A full copy of the Appraisal listing the condition of the property as "Average" or above must be submitted to HCDD. Also, HCDD encourages the potential homebuyer(s) to have an inspection performed on the property to be acquired. If an inspection is performed, the ALP may submit a clear inspection report with the file if available. Prior to the commitment of any funds, HCDD Inspection Services Section will conduct an independent inspection on the property.

#### **E. Lead-Base Paint Risk Assessment**

Any property built before 1978 will have Lead-Based Risk Assessment prior to approval of HAP financial assistance. The methods contained in the Texas Environmental Lead Reduction Rules, Section 295.272 Standards For Conducting Lead Based- Paint Activities will be acceptable. All properties built in 1978 or later will have Lead-Hazard Disclosure attached to the file.

#### **Required Documentation:**

If the property was built before 1978, the property must be certified as free of lead hazards. The Houston Department of Health and Human Services will perform an independent Lead-Based Risk Assessment on the property once the file is submitted by the ALP.

If the property was built during 1978 or after, a "**Lead Hazard Disclosure**" will be delivered to HCDD with the applicant's signature and date.

#### **F. Environmental Review for Federal Funds**

A HUD Environmental Review must be performed on the property prior to federal funds being committed by HAP (24 CFR Parts 50, 58, 574, 582, 583, and 970). No commitment or disbursement of funds will occur prior to completion of the review. 24 CFR 58.35(b)(5) defines homebuyer assistance activities as "categorical exclusions not subject to § 58.5" using the following wording:

*"Activities to assist homebuyers to purchase existing dwelling units or dwelling units under construction, including closing costs and down payment assistance, interest buydowns, and similar activities that result in the transfer of title."*

When a homebuyer meets this definition, the City's responsibilities as the Responsible Entity (RE)

are described on p. 13 of CPD-01-11:

*“These activities are treated like exempt activities. The RE is not required to undertake NEPA level review or document that the activities comply with other Federal laws and authorities found at §58.5. Additionally, no public notices are published, and a Request for Release of Funds and Certification is not submitted to HUD (or the state in the case of state recipients). The RE must document its determination that the activity is a categorical exclusion not subject to §58.5 authorities, and place the document into the Environmental Review Record.”*

There is one condition under which homebuyer assistance alone might be considered subject to § 58.5 and one condition that might require NEPA environmental assessment under § 58.36 or categorical exclusion under 24 CFR 58.35(a).

1. If the commitment is made to a homebuyer subsequent to initiation of the construction of the house.
2. If the downpayment assistance financing is committed, reserved or otherwise directed to a specific developer or project prior to initiation of construction, whether by application of the developer (or intent to apply) or declaration of the city to set-aside funds for particular projects. In such cases, the presumption has to be that the buyer assistance is integral to the overall financing of the project.

In these cases, the City cannot proceed with commitment and the developer cannot proceed with construction until the City determines whether the project qualifies under § 58.35(a), 58.34(a)(12), or 58.36 and completes the appropriate review. All stop-work provisions should apply until the appropriate review can be completed.

Under these circumstances in single family situations of less than 5 units, a homebuyer project may be categorically excluded but subject to § 58.5. The project may be converted to exempt, if no conditions apply, as outlined in Section IV.D of CPD Notice 01-11 (see pp. 15 -16). However, a HOME project is subject to both NEPA and § 58.5 and requires an environmental assessment under § 58.36 if the following conditions apply:

- The project is 5 or more units of new construction, or a multifamily rehabilitation project that fails to satisfy the conditions of categorical exclusions under 24 CFR 58.35(a)(3)(ii) or a single family (1-4 units) rehabilitation project that fails to satisfy the conditions of 24 CFR 58.35(a)(3)(i) (i.e., the project will be considered as needing an Environmental Assessment when the project will result in the production of 5 or more units, involves a change in land use, or will increase the footprint of the building in a floodplain or wetland); and
- The request for homebuyer assistance precedes construction and is determined to be integral to the project financing assembled by the developer for 5 or more units.

All of these responsibilities will remain with the City as the Responsible Entity, even if the City should later delegate other program administrative responsibilities to a subrecipient.

### **Required Documentation:**

Homebuyers may be approved for downpayment assistance only to purchase existing homes or homes already under construction at time of application for assistance. **The ALP and homebuyer**

must submit “Builder’s Certification Letter” and property pictures to certify that the unit was under construction when the homebuyers signed “The Terms and Conditions of HOME Program Assistance”. The above-mentioned documents must be placed in the file as part of the determination that the downpayment assistance complies with 24 CFR 58.35(b)(5). For all existing dwelling units and dwelling units under construction a complete Compliance Documentation Checklist 24 CFR 58.6 is required

In addition, a copy of the Flood Insurance Determination Form must be submitted.

## **G. Environmental Review for Non Federal Funds**

Homebuyer assistance for the construction of homes not yet under construction may be considered for non-Federal assistance if and when funds are available.

### **Required Documentation:**

Requests for assistance to individual homebuyers purchasing a home not yet under construction will complete a non-federal fund application. In addition, a copy of the Flood Insurance Determination Form must be submitted.

## **H. Historical Review**

A historical review must be performed on all new construction properties and existing properties that will require rehabilitation prior to receiving federal funds.

### **Required Documentation**

As a part of the department's Environmental Review process all new construction projects will undergo the Section 106-historical review. If a potential homeowner is requesting downpayment for an existing home that will require rehabilitation, that home must undergo the Section 106 review. If the homeowner is requesting downpayment for an existing home that does not include rehabilitation, the 106 review is not required. However, the existing property must be in compliance with the law and authorities specified in 24 CFR 58.6.

## **I. Use of Property as a Principal Residence:**

The property must be occupied as the principal residence by the homebuyer throughout the affordability period commencing on the date that all required completion data is in IDIS.

### **Required Documentation:**

Three original typed **Terms and Conditions of HOME Program Assistance** must be submitted and signed by the borrower with the file

## **J. Relocation Obligations:**

The Uniform Relocation Act (URA) applies to federally assisted homebuyer programs. Under

the HOME Program guidelines, the Seller (s) must not displace tenants of the property being purchased. If Seller currently occupies the property, the Seller will waive rights to relocation benefits.

### **Required Documentation:**

The Seller will submit a signed "Affidavit of Selling Parties" to the Lender that attests to the fact that the property is not currently leased, unless to the buyer in the transaction.

## **Section III – Participating Partners**

The participating agencies that participate in the HAP programs will follow and comply with all HCDD established eligibility procedures.

### **A. Affordable Lending Partners:**

The participating institution of the ALP in processing mortgages for HCDD applicants will follow the HCDD established eligibility procedures. All programs available to the ALP including conventional, portfolio, FHA, VA or other types are allowable. The homebuyer(s) are encouraged to contact their ALP of choice and make an application for "pre-approval" to purchase a home. Upon approval, or during the process, they will contact a Participating Realtor to identify properties. Each ALP will submit (courier-return receipt required or regular mail) to HCDD a complete package of required program documents on each applicant requesting HAP funds. The file must be submitted in a folder with all pages secured to the folder. HCDD will verify all the information contained on each applicant in order to qualify the household for financial assistance.

### **B. Participating HUD Approved Homebuyer Counseling Agencies or HAP Staff**

HCDD will refer all applicants to a comprehensive counseling program. Counseling programs will encourage individuals to participate in homeownership and provide a method to track the achievement of the homeownership goal.

## **Section IV - Loan Financing and Closing Requirements**

The property must be occupied as the principal residence by the homebuyer throughout the affordability period commencing on the date of closing. All required completion data will be entered into IDIS within three (3) business days of the date of closing. A Second Lien Deed of Trust will be obtained to secure Homebuyer's compliance with the Affordability Period and all other requirements of the HAP. Homebuyer will also execute the Loan Note.

The documents will require an Affordability Period. Payments on the loan are to be "deemed paid" on a pro-rata basis throughout the term of the Affordability Period provided that there is no change in use and/or occupancy and Homebuyer complies with all requirements of the HAP. Should a

change in ownerships (including foreclosure) or occupancy occur during the affordability period, any balance would immediately become due and payable to the City.

If the homebuyer occupies the property as the principal residence for the Affordability Period, no recapture restrictions will apply. However, if the property is sold or the homebuyer vacates during the affordability period, the City must recapture the prorated amount from the Net Sales Proceeds, which shall be the sales price minus superior loan repayment (other than HOME funds) and any closing costs.

### **A. Program Loan**

The terms for assistance require 0% interest, deferred payment loan. There are four (4) key requirements to this “Soft Second” loan:

- The loan is not assumable.
- Owner financing is not acceptable under this program.
- No cash out home equity loan.
- Subordination will be for rate and term only.

#### **Required Documentation:**

HCDD will prepare required documentation in order to satisfy the HAP requirements.

### **B. Lender Mortgage Interest Rate**

ALPs will price the program at an interest rate that **will not exceed the intended federal funds rate plus 2.25%**. No discount points may be paid and neither temporary nor permanent interest rate buy-downs may be paid by the borrower. Please refer to ALP Acknowledgement executed by your company.

#### **Required Documentation:**

Loan Approval Letter with appropriate signature(s).

### **C. Closing Cost**

- Closing cost will be limited to actual cost.
- The ALP may charge no more than one percent (1%) origination fee or \$500 whichever is greater.
- **In addition to the ALP loan origination fee described above, all ALP fees that are not paid to a third party are limited to \$650.**
- Participating Realtor fees are not eligible closing costs.

- Mortgage wholesaler or broker transaction fees paid by the applicant are limited to \$650.

#### **Required Documentation:**

Certificate of Lender Approval is required. HCDD staff will review the HUD I Settlement Statement to ensure compliance

#### **D. Borrowers Cash Investment Requirement**

The borrower must invest at least \$500 into the transaction plus have at least \$1,000, but not more than \$50,000, in reserves (excluding retirement accounts). The cost of the appraisal, credit report, inspection, earnest money and/or cash brought to closing qualifies under this requirement.

#### **Required Documentation:**

HCDD staff will review the HUD I Settlement Statement to ensure compliance. HCDD will review Verification of Deposits (VOD), bank statements and/or cashier's checks to verify that the borrower has at least \$1000 in reserves.

#### **E. Lien Subordination**

The only liens to be placed on the property purchased through HAP will be the ALP's First Lien Deed of Trust and the City's Second Lien Deed of Trust. There will be no third lien recorded related to the purchase of property without prior written approval of the HCDD Director. Violations can result in ALP debarment from participation in HAP.

#### **Required Documentation:**

Executed by the HCDD "ALP Terms and Conditions."

#### **F. Homebuyer Assistance Program Closing Procedures**

Once HCDD has received a **complete** file, an evaluation of the information will be performed in order to determine the prospective homebuyer's eligibility for HAP funds and the amount of financial assistance required to facilitate the purchase of the housing unit. **If the file is not complete upon receipt, the ALP will be notified and give the opportunity to submit the required information.**

**If for any reason the prospective homebuyer does not qualify for financial assistance, a letter of explanation will be sent to the ALP and homebuyer. The ALP and prospective homebuyer will be given an opportunity to provide additional pertinent information and then re-submit the file. The review process will be the same for the re-submitted file.**

When an applicant is certified as eligible for the HAP program and the amount of financial assistance has been determined, then HCDD will utilize the step-by-step closing procedure as follows:

1. ALP will be notified via fax of approval or deficiencies within fifteen (15) business days of HCDD receipt of a complete application. HAP Supervisor/Manager will sign the faxed

Transmittal Form.

2. HCDD Inspection Services Section will perform an inspection(s) on the property within fifteen (15) business days of HCDD receipt of a complete application.
3. If the file has been approved, HCDD will fax a copy of the client approval letter to the ALP and title company. HCDD will request the preliminary HUD I, first page of First Lien Deed of Trust and Schedule A & B of the title commitment from the ALP. HCDD will review the HUD I to determine if charges are eligible pursuant to HAP guidelines. HCDD will notify the ALP of the outcome of the review.
4. During the HUD I review process; HCDD will prepare the Second Lien Deed of Trust, Loan Note, and Closing Instructions
5. Once the HUD I has been accepted, HCDD will contact the appropriate title company to pick up a check and all prepared and executed documents.
6. After closing, the title company will submit to HCDD the original recorded and executed Second Lien Deed of Trust, Loan Note, HUD I Settlement Statement and a copy of the ALPs recorded First Loan Note and Deed of Trust.

It should be noted that the HUD I, first page of First Lien Deed of Trust and Schedule A & B of Title Commitment must be received at HCDD by 10:00 a.m. if the file is scheduled to close the next business day. No exceptions will be made.