

SECTION II: HOMEBUYER ASSISTANCE PROGRAMS

A. Introduction and Purpose

The purposes of the Irving Housing Finance Corporation (IHFC) Homebuyer Assistance Programs are as follows: 1) to increase home ownership in neighborhoods; 2) to assist low-moderate income households with home purchases; 3) to rehabilitate existing affordable housing stock; and 4) to leverage private funds for these purposes with Federal grant funds (HOME, and/or ADDI). It is the goal of the Program to serve the maximum number of people with the most serious needs possible within the limited amount of funding available. Participants in the IHFC's Homebuyer Assistance Program are as follows:

Irving Housing Finance Corporation, Irving, Texas
Irving Housing Finance Corporation Board (IHFCB) of Irving, Texas
Income-Eligible Applicants
Preferred Lenders
Participating Non-Profit/For-Profit Subrecipients or Contractors
Other Entities Providing/Encouraging Affordable Housing Development

The policies and procedures set forth herein are subject to approval and revision by the Housing Finance Corporation of Irving, Texas, based on recommendations by the Irving Housing Finance Corporation Board and staff members responsible for administering the program. The U. S. Department of Housing and Urban Development (HUD), Community Planning & Development Division will determine income eligibility and funding availability for grants and loans provided under the program.

B. Authority for Program / Administration of Program

The Homebuyer Assistance Programs are funded by federal grant funds awarded to the Irving Housing Finance Corporation by the U. S. Department of Housing and Urban Development (HUD). Homebuyer Assistance Program is an eligible activity under the HOME Investment Partnerships (HOME) and (ADDI) grant programs. The IHFC Board (IHFCB) , as appointed and authorized by City Council, is responsible for funding recommendations and community relations issues. Staff of the Irving Housing Finance Corporation (IHFC) is responsible for oversight, and implementation of policies and procedures that have been reviewed and recommended by the IHFCB and adopted by formal resolution of the City Council.

C. Eligible Applicants

1. Applicant's gross annual household income may not exceed current HUD income limits for low-to mod-income households, as established and periodically revised by HUD. This is defined as households with incomes below 80% of the Area Median Income, adjusted for family sizes (24 CFR, §92.2 (9))
2. Applicants must purchase a home in Irving
3. Applicants must be U.S. Citizens or permanent legal residents
4. Applicant household assets may not exceed \$10,000. Any amount over \$5,000 will be used towards the purchase and subtracted from the IHFC's contribution
5. Applicants may not receive any gift funds towards the down-payment of a home in conjunction with the IHFC's assistance
6. Applicants must use an IHFC approved preferred lender
7. **Applicants cannot apply for assistance after signing a sales contract**

8. Verification of homeowner's insurance, paid property taxes, and homestead is required annually for the period of affordability after closing is complete
9. An applicant can not have owned real property in the past three years or can not have purchased real property as an individual with their current *co-applicant in the past three years **unless their current property is substandard and deemed uninhabitable**
 *Co-applicants are defined as spouses, live-in boyfriends, and live-in girlfriends
10. Income is calculated based on HUD-established procedures for calculating annual gross income (24 CFR, Subpart E §92.203)
11. Applicants must provide a minimum of \$1,000 in earnest money for existing homes or \$1,500 toward the purchase of a newly constructed home
12. Each applicant must attend and complete the IHFC's Homebuyer Education classes in a timely manner
13. Applicants will be served on a first-come-first-served basis, with minimum mortgage pre-approval
14. Homebuyer shall sign a Grant Agreement and Deed of Trust with the IHFC that is subordinate one to the first mortgage
15. All applicants are required to purchase a home that does not exceed the affordable mortgage amount as described under Section 7 Calculating Amount of Assistance
16. **Recipients of home-buyer assistance cannot receive rehabilitation assistance**
17. **Applicants who are deemed ineligible may reapply for assistance 60 days after denial notification**

D. Applicant / Homebuyer Responsibilities & Obligations

- Submit all eligibility information within 30 days of application submittal
- Attend Homebuyer Education classes prior to closing
- Notify the IHFC of changes in their household income, status, locations etc...prior to closing on a home
- Making reasonable accommodation to the schedules of the IHFC staff for the purposes of inspections
- Reviewing, executing, and understanding the grant agreement, deed of trust, and associated documents and to meet all Grant Agreement and Deed of Trust requirements
- Notify IHFC staff of any concerns and/or questions during the application process and homebuyer education period
- **All applicants must also adhere to the following policy regarding the fulfillment of their lien agreement:**
 - **Applicant agrees, for a minimum of the affordability period following their purchase of property, to continuously use the residence located on the property as applicant's principal residence. Applicant agrees that applicant will, on an annual basis, execute such certifications as the IHFC may require to confirm applicant's compliance.**
 - **Applicant understands and agrees that if: (i) Applicant sells the Property within the affordability period and such purchaser does not meet the requirements of 24 C.F.R. 92.254; or (ii) Applicant fails to continuously use the residence located on the Property as Applicant's principal residence for the entire affordability period; or (iii) Applicant fails to honor any of its other obligations to IHFC; collectively, "Defaults"; that Applicant, at IHFC's option, is required to repay the Downpayment Loan Amount, either immediately or in monthly installments in an amount necessary to fully amortize the outstanding Downpayment Loan Amount. In the event of Default, the Downpayment Loan Amount to be repaid shall be the difference between the Downpayment Loan Amount and any forgiven portion of the loan.**

E. Type of Assistance

The goal of the Irving Housing Finance Corporation Homebuyer Assistance Program is to increase homeownership in Irving, to assist low-to-moderate income households with home purchases, to encourage investment of private funds for home ownership through the use of federal grant funds.

The IHFC offers assistance for the purchase of new and existing homes. The IHFC provides down-payment, closing cost, minor repair, and interest rate discount assistance to eligible homebuyer assistance applicants. All assistance is provided in the form of a deferred forgivable loan with a lien in accordance with the information below:

- a) \$10,000 and less requires a 5-year lien period
- b) \$10,001 to \$15,000 requires a 10-year lien period
- c) over \$15,000 requires a 15-year period
- d) Liens are forgiven proportionately on an annual basis
- e) Liens must be in first or second position

The guidelines for existing home purchases are as follows:

- a. Assistance up to \$10,000 for applicants with incomes between 51% to 80%
- b. Assistance up to \$15,000 for applicants with incomes between 30% to 50%
- c. Down Payment
- d. Closing Costs up to \$4,000 (Subject to IHFC approval)
- e. Minor Repairs (up to \$3,000 per household as ADDI funds are available)* IHFC and Homeowner shall sign an agreement with the Contractor performing any minor repairs
- f. Discount Points to Buy Down Interest Rates (Approved on case-by case basis)

Guidelines for new home purchases are as follows:

- a. Assistance up to \$30,000
- b. Construction Subsidy
- c. Down Payment
- d. Closing Costs up to \$5,000 (Subject to IHFC approval)
- e. Discount Points to Buy Down Interest Rates (Approved on case-by case basis)

F. Calculating Assistance

Assistance is determined as follows:

- A. IHFC will calculate and provide the homebuyer with the affordable amount of monthly payment including principal and interest of a mortgage loan, property taxes and homeowner's insurance
- B. Preferred Lender will provide the IHFC with the mortgage approval amount
- C. Applicant is required to purchase a home that does not exceed more than \$10,000 of the affordable mortgage amount

The amount of assistance is calculated as follows:

Gross monthly income x 30% (HUD's recommended affordability amount) = affordable monthly
Affordable monthly payment X 100 = mortgage cap

G. Eligible Properties and Inspections

- Properties include pre-existing single-family homes and IHFC sponsored newly constructed homes whose purchase price does not exceed HUD's 203b mortgage limits for single-family homes as established by HUD
- Mobile homes, condominiums, manufactured homes, duplexes, quadplexes (any multiplex) and pre-sold newly constructed homes are not eligible under this IHFC policy
- The property must meet the IHFC's minimum standards inspection for "decent, safe and sanitary" as certified by an inspection conducted by the IHFC staff prior to closing.
- The IHFC will fund minor repairs and/or modifications required by the IHFC's inspection or FHA's inspection up to \$3,000 for existing units per household as funds are available
- Notifications will be given at the appropriate times to the homebuyer about the prohibition of the use of lead-based paint
- All legal documents shall contain language prohibiting the use of lead-based paint
- All exposed surfaces (walls, ceilings, floors, etc.) in all homes to be potentially purchased will be inspected for the presence of previously applied lead-based paint
- If evidence of lead-based paint is found, coverage, removal or other corrective action shall be taken in accordance with HUD Regulation 24 CFR, Part 35, and will be conducted in a manner that avoids further diffusion of lead particles throughout the residence. Required inspection or testing will be conducted for all potential properties built prior to 1978
- Lead based paint removal and/or coverage will be the responsibility of the seller unless otherwise authorized by the Irving Housing Finance Corporation (IHFC).

H. Irving Housing Finance Corporation (IHFC) Homebuyer Education

IHFC staff will schedule applicants for the classes. Participants will be informed in advance of the location and time of the classes

- Homebuyer education classes and/or homebuyer counseling will be provided free of charge to applicants for homebuyer assistance
- Applicant and/or his or her co-applicant shall attend class
- All classes shall be attended prior to any applicant closing on a purchase of a house
- Attendees shall be on time; if later than 15 minutes, another class must be attended to make up for the late/missed class
- Attendees shall bring assigned materials to class

I. Preferred Lenders -- Mortgage Companies, Banks, and Other Financial Institutions

- A "Preferred Lender" is defined as a mortgage lender partnering with the HFC of Irving to promote and support the Homebuyer Assistance Program, which has been selected by an applicant to the IHFC's Homebuyer Assistance Program
- Applicants must apply for mortgage financing with one of the lenders from the IHFC's Preferred Lenders List
- Lenders/Brokers will be placed on the IHFC's list if approved by the IHFC (At least two Loan Officers from each institution)

To participate as a preferred lender, the lender must meet the following criteria:

- A. Agrees to waive 10% of standard loan origination fees
- B. Agrees to provide a competitive interest rate
- C. **Agrees to schedule closing seven days after receipt of Final HUD-1**
- D. "Sub prime" loans will not be approved

- E. Lend to low and/or moderate-income families
- F. Agrees to participate in the marketing of Program (including participation in Annual Housing Fair)
- G. Agrees to pre-qualify applicants and supply the applicants with a pre-qualification letter and Good Faith Estimate
- H. Agrees that under no circumstances that lender will take our clients outside of our program
- F. Agree to contact the IHFC as soon as an applicant becomes delinquent to the extent of becoming a possible foreclosure
- G. FHA and/or Fannie Mae lenders preferred

J. Role of the Title Company

- Provide final HUD1 to the IHFC seven (7) days prior to Closing
- Provide the property Legal Description
- Close on Property
- File subordination agreement on behalf of the IHFC
- Provide the final deed, note, truth in lending and appraisal with applicant signature after closing to the IHFC within 5 days

K. Responsibilities of Irving Housing Finance Corporation and Staff

- Administer the program in a professional manner that ensures maximum effectiveness, efficiency and customer satisfaction
- Communicate with the applicant, title company, Preferred Realtor, and lender regarding all administrative procedures that affect completion of the purchase on behalf of the applicant
- Make reasonable accommodation with both parties regarding scheduling of inspections
- Document applicant files in compliance with all applicable HUD regulations
- Review or oversee the review of applicant credit and income information to determine pre-qualification for a mortgage and eligibility of applicants to attend the classes Advise the applicant regarding lending requirements
- Clarify with the applicant the advisability and eligibility of certain fees and/or charges

L. Grievance Procedures

Homebuyers or other participating parties with concerns about the administration of the Homebuyer Assistance Program, or about any specific incident in its administration, should communicate these concerns to the Housing Programs Coordinator. If these concerns cannot be negotiated or resolved successfully between the parties, they may present their concern to the General Manager for further investigation and resolution. If further evaluation of the complaint is necessary, the applicant will submit in writing the nature of the complaint to the Vice-President of the IHFC for further review. See attached Grievance Procedure.

M. Role of Non-Profit & For-Profit Housing Organizations

- Entities receiving funding from the IHFC will operate according to this Policy
- Non-Profit Developers
 - Serve as CHDOs
 - Serve as Subrecipients
- For-Profit Developers serve as Contractors

N. Affordable Housing Entities

All entities promoting or encouraging affordable housing are encouraged to participate with the Irving Housing Finance Corporation in mutually beneficial partnerships, which will expand the availability and affordability of single family homeownership in the City of Irving. Options for partnerships (with such agencies as the Metropolitan Housing Finance Corporation, the Fannie Mae Foundation, North Lake Community College, area Housing Authorities, and any other appropriate institutions) will be reviewed by the Community Development Advisory Committee for recommendation to City Council.

O. Refinancing

Clients who have received homebuyer assistance and wish to refinance their mortgage during their lien period may request that the IHFC subordinate to the new loan. The IHFC will review all mortgage refinancing requests on a case by case basis including all new loan documents. Approval for requests are granted for clients seeking foreclosure prevention, lower mortgage interest rates or mortgage default. The IHFC does not approve refinancing for the purpose of the homeowner receiving any equity from the home; such action would constitute payoff of the outstanding loan amount.