

HARVEY HOME BUYER ASSISTANCE PROGRAM APPLICANT GUIDEBOOK

CITY OF HOUSTON

HOUSING AND COMMUNITY
DEVELOPMENT DEPARTMENT

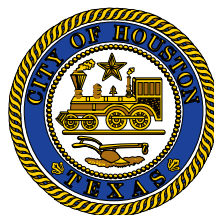


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GUIDEBOOK OVERVIEW

The Harvey Homebuyer Assistance Program provides up to \$30,000 in assistance to first-time homebuyers (which includes those who have not owned a home for three years or more), or those who are purchasing a home to replace property lost in Hurricane Harvey.

This guide provides an overview and some definitions to help you understand where you are in the process.

Because our program is federally funded and subject to state oversight, there are several steps involved. Make sure to meet all deadlines and work to get documents in on time – this way, you can avoid delays.

Please note that while this guidebook covers each process step, it is not a substitute for the Program Guidelines, which includes the full rationale and list of requirements for each program step.

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MAKE SURE YOU'RE READY

Before you express interest in the Harvey Homebuyer Assistance Program, make sure that you meet the basic eligibility requirements:

1. U.S. Citizen or permanent resident?
2. Lived in Houston during Hurricane Harvey (August 25, 2017) – this means your home address in August 25, 2017 needs to be under City of Houston jurisdiction. To check, use the mapping tool on our website, recovery.houstontx.gov/hbap.
3. First-Time Homebuyer OR Lost a Home in Hurricane Harvey?
4. Willing to attend an 8-hour homebuyer education course?
5. Able to obtain a fixed-rate mortgage from a lender?
6. Household Income at or below 120% of Area Median?
7. Not a registered sex offender?
8. Not delinquent on child support payments?
9. Household liquid assets do not exceed program cap of 15K?

2021 Houston/The Woodlands/Sugar Land Region HUD Maximum Annual Household Income Limits*

Household Size	80% Area Median Income (AMI)	120% Area Median Income (AMI)
1-person	\$44,350	\$66,550
2-person	\$50,700	\$76,050
3-person	\$57,050	\$85,550
4-person	\$63,350	\$95,050
5-person	\$68,450	\$102,650
6-person	\$73,500	\$110,250
7-person	\$78,600	\$117,850
8-person	\$83,650	\$125,450

* Household income limits are subject to annual changes.

For the sake of this program, Houston residents who earn up to 120% Area Median Income have been deemed most in-need of assistance and are eligible for this program. Note that AMI requirements differ between programs offered by HCDD, and you should always check requirements before applying to other programs.

PRE-APPLICATION STEPS

You will need to take some steps to begin your home search before applying to the program. Make sure you have these three items before you apply.

1. **Find a Realtor** – on our website, recovery.houstontx.gov/hbap., you can find a sample of realtors that have worked with the program before, or you can choose any realtor you like.
2. **Take an 8-hour homebuyer education course** at a location approved by the U.S. Department of Housing and Urban Development (HUD). Our website, recovery.houstontx.gov/hbap., has a tool you can use to find an upcoming session at an approved location.
3. **Get a Pre-Approval Letter** from a lender for a fixed-rate mortgage.

Once you have a realtor, a HUD-approved 8-hour course certificate, and a pre-approval letter, you can begin the application process.



PROGRAM OVERVIEW

FIRST STEPS

(complete!)

PHASE 1

Homebuyer Application

- Call 832-393-0550 to begin
- Homebuyer Checklist
- Homebuyer Application
- Application Review

PHASE 2

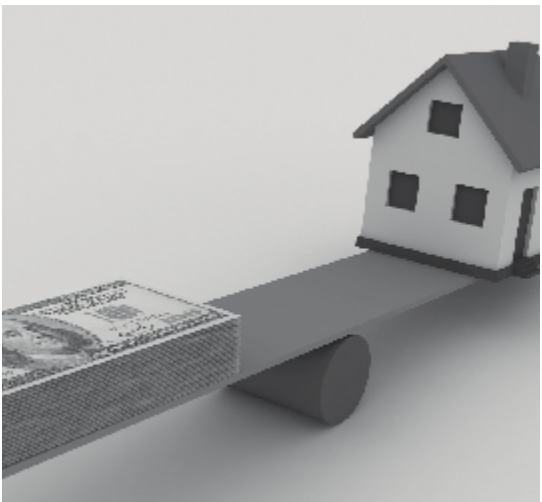
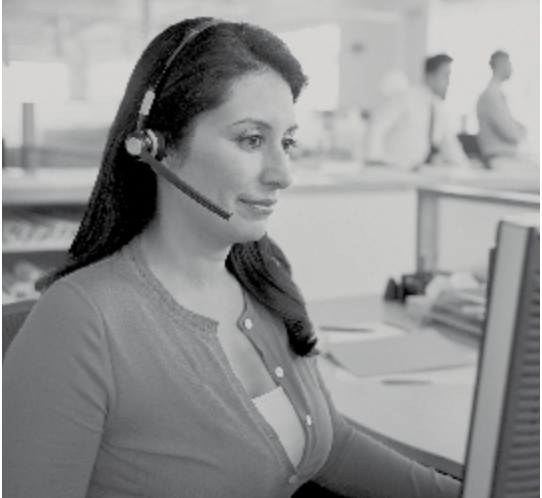
Property Inspection & Underwriting

- Lenders submit property documents.
- HCDD performs environmental review and inspections.
- Underwriting
- Commitment letter

PHASE 3

Closing

- Lenders submit pre-closing documents.
- Closing day: you receive funds.
- Lenders submit post-closing documents.



PHASE 1 HOMEBUYER APPLICATION

YOUR FIRST STEP

CALL 832-393-0550

Our customer service representatives will conduct a short pre-screening survey to make sure that you meet basic qualifications for the program. This way, you know from the beginning if your application may be rejected. If our customer service representatives determine that you may qualify, they will give you a Homebuyer Assistance Program (HAP) Number.

We strongly recommend that you provide an email address at this time. If you do so, an email will automatically be sent to you with instructions about how to retrieve and submit required documents. At this point, your case enters a queue called “Interested with Email.” You will have an initial 30 days to complete the program application and submit supplemental documentation from the date of your initial phone call. If necessary, applicants may be provided an additional 30-days to submit all documentation (60 days).

If you do not have a valid email address, it is still possible to participate. You will have 75 days instead of 60 to submit all documentation, and your case enters a queue called “Interested without Email.”

INTERESTED...

Once your case enters the “Interested with Email” or “Interested without Email,” it’s time for you to submit your full application. The quickest and most efficient way to submit documents is through our online portal, which can be found at recovery.houstontx.gov/hbap. You can also submit documents via email at homebuyersapplication@houstontx.gov; or by mail or in person at our office at 2100 Travis Street, 9th Floor, Houston TX, 77002.

Some of the documents you will need are documents you can download from our website at recovery.houstontx.gov/hbap, and others you will need to provide. Find the full list of documents at our Applicant Document Checklist.

Remember, you will need your HAP Number in order to submit a full application.

If you fail to submit documentation in a timely manner (60 or 75 days, see above), you will be automatically moved to a queue called “Withdrawn Queue.” You will also be mailed a Withdrawal Letter letting you know that time has expired. If your application is withdrawn, you will have to re-start the process by calling 832-393-0550.

In some cases, applications bounce automatically due to an applicant stating that they do not meet a key qualification. For example, an applicant states that their income is above the accepted level, or they were not in Houston on the date of Hurricane Harvey (August 25, 2017). In these cases, the application will enter a “Failed Survey” queue – but don’t worry, a staff member goes through every application in this queue to make sure there wasn’t a mistake.

All documents must be uploaded as individual documents or the system will not move the file to the next stage. Once all your documents are uploaded, your application will enter a queue called “Applications Submitted.”

APPLICATION REVIEW

Within five business days, your application will be moved from “Applications Submitted” to a status called “Application In Review.” This queue is for applications that our staff members are actively examining. Applicant review can take up to 6 weeks, provided there are no external delays. Please note that the six weeks is measured from the time the applicant submits a complete application.

If any documentation is missing, you will receive an email and/or hard-copy request asking for those documents. You will have 60 days after initial contact from HCDD to provide all documentation to the department. Our



staff members will follow-up weekly about documentation until everything is submitted.

Once we have received all documents and conducted our review, you will either be deemed eligible or ineligible. If you are ineligible – or at any point in the above process, you did not complete documents in a timely manner – you will be moved to the Ineligible Queue, and your application will not be approved.

To avoid losing earnest money, you should not have properties under contract until you receive an approval letter from HCDD. We encourage applicants to please follow the process listed in this guide book. Moving outside of the process will place your earnest money at risk. The City does not guarantee assistance until an applicant and the identified property meets all program requirements. If you already have a property under contract, your application will be moved to a queue called “Pending Lenders With Property.” If you don’t have a property yet, your application will enter a queue called “Pending Lenders Without Property.”

In some cases, applications may be moved to a queue called “Eligibility Manager Review.” This designation simply means that our Eligibility Manager is performing an additional layer of review for the sake of quality assurance.

Once the approval letter is received, the file will move into the “Pending Lenders without Property” queue, and you can then identify a property you are interested in.

PHASE 2 PROPERTY INSPECTION AND

UNDERWRITING

FINDING A HOME

If you do not already have a property under contract, it’s time to find a home! You should take no more than 120 days – though we can sometimes grant a one-time extension of 60-days. Once you have identified a home and let us know, your application moves to the “Pending Lenders With Property” queue.

There are some basic requirements for the homes that will be considered eligible:

- The home must be within the City of Houston’s jurisdiction.
- The home must not be in the floodway.
- If a property is within a floodplain a further investigation of the property is needed. Mandatory insurance requirements may apply
- The home must pass an environmental review and HCDD’s inspection process, as detailed below.

LENDERS

Once your application enters the “Pending Lenders with Property” queue, our staff will reach out to your lender to receive documents for Phase 2 of our program. Your lender will need to submit initial Property/Lender documents.

Once initial documents are submitted, your application will progress to an environmental review. For a newly constructed home, all construction must be complete before the file can progress to the next stage

ENVIRONMENTAL

When your application is set to begin inspections, it will be moved to a queue called “Environmental Review.” A typical environmental review process takes no more than a few days. Depending on results, the application will

either be moved to an “Environmental Pass” or “Environmental Fail” queue.

If the home you have selected fails environmental review, you will be notified so that you can select another property. Once you do find a new home, this stage will be repeated.

Once your selected home passes environmental review, it will automatically be submitted to the “Inspection #1” queue.

INSPECTION

HCDD wants to make sure that homebuyers who receive our assistance purchasing homes that will be safe and secure for them, so our inspectors must approve of homes first. An inspection will be scheduled within five business days of your application entering the queue.

If the inspection fails, it means that the home needs repairs or adjustments to be made before HCDD would support a homebuyer moving in. All stakeholders will be notified so that the repairs can be made. While waiting for repairs to be made, your application will be held in a queue called “Inspection #1 Repairs/Corrections.” Once those repairs have been reported back to HCDD, we will conduct a second inspection. If the home still does not meet our requirements, the repairs process can repeat one more time.

However, if a home fails a third inspection, your application will enter a queue called “Inspection Fail.” You will need to find another property in order to be eligible for the program, which will then have to go through the environmental and inspection phases again.

Once a property passes inspection, regardless of which cycle it passes, your application will be moved to a queue called “Send to QA/QC (Pass).” QA/QC stands for Quality Assurance/Quality Control, and it is a last check to make sure that the inspection was done correctly. Once approved, your application will move to the funding process.

FUNDING

The next step will be to send the application to a queue called “Awaiting Income & Funding.” Your application should stay in this queue for no longer than two business days and will be moved to a queue called “Income Funding Review.” Here, an underwriting specialist will check your

financial situation. The Harvey Homebuyer Assistance Program requires that applicants do not exceed a 45% debt-to-income ratio, so this check is to make sure that your home will actually be affordable to you. This final check will likely take two business days, unless more information is required from you.

There are some additional reasons that a file could fail at this stage, and because they are likely particular to each homebuyer, our staff will work personally with homebuyers and other stakeholders to make any necessary corrections. It is possible that the file could stay in the “Awaiting Income & Funding” queue, or it could move to the “Eligibility Manager Review Queue” if more work is needed to verify eligibility.

If you do pass the initial underwriting stage, your file will be moved to a queue called the “Underwriting Manager Review.” A specialist will check to make sure all lender information matches and then, once approved, will send your file to the “Awaiting Commitment Letter” queue. At this stage, our team is preparing your Commitment letter.

PHASE 3 CLOSING

CLOSING

Please be advised that our financial offices shut down early on Fridays. The City of Houston accepts applications throughout the year, but cannot wire closing funds from late June





through mid-July due to the end of the Fiscal Year. Please DO NOT schedule closing dates during this time. Now our job is to guarantee the funding, and your job is to make sure your lenders submit all pre-closing documents as requested. We will need 3 business days to set up a wire transfer. You will receive a Commitment Letter explaining that you have been approved for funding through the program, along with terms and conditions and instructions about submitting pre-closing documents.

CLOSING CONT.

Your file will enter a queue called “Pre-Closing Documents Pending” during this time period. These documents should be completed within two business days unless more time is requested. Again, all pre-closing documents will be completed by the lender. Once the documents are completed, your file will move to a queue called “Pre-Closing Documents Complete.”

At this point, it is time to set up a closing. When closing is scheduled, your file will enter a queue called “Funds Released,” where it will stay until you receive your funds and closing is complete.

After closing, we will need a few more documents from your lender. Just like in the previous step, your file will be in “Closing Documents Pending” until the documents are received. All documents should be received within ten business days.

At this point, you should have received your funding, and your file will be listed in our “Application Completed” queue. Congratulations! Our team may reach out to you in the future for compliance and monitoring purposes, but by this point, you should have received your assistance and be moving into your home.

AFTER CLOSING: IMPORTANT NOTE

Participants in the Harvey Homebuyer Assistance Program must comply with a five-year lien on the property. To fulfill the terms of the contract, the homeowner must live in the home for those five years without selling, leasing, or transferring ownership of the property. At that point, a Release of Lien can be started. You can find this document on our website at recovery.houstontx.gov/compliance.

In the case that the homeowner decides to break the terms of the affordability period, they will need to repay the City a pro-rated portion of the loan amount. For questions, please call us at **832-394-6200** and ask to speak to Loan Servicing.

FAQ - APPLICANTS

ARE THERE ANY FEES ASSOCIATED WITH THE PROGRAM?

The buyer must contribute a minimum of \$350 to the down payment of the home, but no additional fees are paid to the City of Houston. If someone tells you that there are participation fees, please report them for fraud.

IS THIS PROGRAM ONLY AVAILABLE IN CERTAIN AREAS?

No, the Harvey Homebuyer Assistance Program applies to any home that pays taxes to the City of Houston. You can check to see if your property is within the City's jurisdiction on our website at recovery.houstontx.gov/hbap.

ARE CREDIT REPORTS REQUIRED FOR ALL HOUSEHOLD ADULTS?

No. All household income must be reported, but only the loan applicant's credit is reviewed during underwriting.

IS THERE A DEBT-TO-INCOME REQUIREMENT?

Yes, the program requires a 45% back-end ratio. The back-end ratio is calculated by adding together all of a borrower's monthly debt payments and dividing the sum by the borrower's monthly gross income. For example, if a borrower has a monthly gross income of \$5,000 and monthly debt payments of \$2,000, their back-end ratio is 40% (\$2000/\$5000). The Harvey Homebuyer Assistance Program requires that an applicant has a back-end ratio less than 45%.

IS THERE A CREDIT SCORE REQUIREMENT?

No, the Harvey Homebuyer Assistance Program does not consider credit score.

IS THERE A MAXIMUM HOME PRICE?

No. The buyer can select any home that fits their needs and budget.

WHAT CAN THE ASSISTANCE PROVIDED BE USED FOR?

The assistance provided by the Harvey Homebuyer Assistance Program can be used on any of the following:

- down-payment
- reasonable closing costs
- to subsidize the mortgage interest rate
- to reduce the principal amount of first mortgage payment
- to cover pre-paid items (homeowner's insurance, mortgage interest, property taxes, etc.)

WHAT CAN THE ASSISTANCE PROVIDED BE USED FOR? CONT.

Funding may NOT be used for realtor commissions. Buyers also cannot receive cash back in excess of the out-of-pocket costs made in the transaction.

CAN THE BUYER(S) RECEIVE CASH BACK IF THEY DON'T USE THE \$30,000 ON DOWN PAYMENT?

No, buyers cannot receive cash back in excess of the out-of-pocket costs made in the transaction.

WHAT IS THE FIVE-YEAR SECOND LIEN?

When the City provides assistance for someone to buy a home, we are making an investment for someone to live in the home for the long-term. We require they live within the home for five years, secured through a forgivable loan. The loan is forgiven at the end of the five-year residency period.

WHAT IF I HAVE TO SELL MY HOME OR MOVE OUT BEFORE THE FIVE YEARS ARE OVER?

In these cases, the City will collect a portion of the investment made, proportional to the amount of time remaining in the residency period. For example, if the City provided \$30,000, and the homebuyer moves after two years, they will only be charged for the three remaining years, or \$18,000. To begin this process, please find the Payoff Statement Request form at recovery.houstontx.gov/compliance.

WHAT IF I NEED TO REFINANCE MY HOME?

If your mortgage information changes, you will need to share the new information with our department. To begin this process, please find the Subordination Agreement Request form at recovery.houstontx.gov/compliance.

IS THERE A COST FOR THE CITY'S INSPECTION? WHAT DOES THIS INSPECTION INCLUDE?

The inspection is a free service conducted by our department. A sample of the inspection can be downloaded on our website at recovery.houstontx.gov/hbap. Please note that the City's inspection does not replace an independent inspection; we strongly recommend that the buyer do their own inspection.

CONTACT US

To receive a status update on your application, please call 832-393-0550. For document downloads and references, please visit <https://recovery.houstontx.gov/hbap/>

If you have other questions about the program: Email us at homebuyersquestions@houstontx.gov Call us at 832-393-0550