

COUNTY OF FRESNO
HOME BUYER ASSISTANCE PROGRAM (HAP)

OPERATIONAL GUIDELINES

(November 30, 2007)

HAP Mission Statement

To develop and promote viable communities by improving housing, providing a suitable living environment, and expanding economic opportunities for all residents of Fresno County.

NOTE: It is not the intent of this program to combine separate families into one household for the purpose of qualifying under the HAP program. Any HAP application submitted under the auspices of this intent, will forfeit their HAP assistance. All persons listed as household members on the HAP Application should have every intent to live in the new home as their primary residence. No subleasing of the home is permitted.

Real Estate Agent/Broker

- < Determine if Buyer is a first time home buyer and income does not exceed the maximum qualifying income in relation to number of persons in the household.

Size of Household	1	2	3	4	5	6	7	8
Maximum Household Annual Income	\$30,150	\$34,450	\$38,750	\$43,050	\$46,500	\$49,950	\$53,400	\$56,850

Note: These amounts are subject to change annually.

- < Verify that the property is within an eligible County of Fresno area and is vacant or owner occupied. New homes must have foundations poured with a final inspection approval prior to submitting a HAP loan request. If property is vacant, seller must certify that property has been vacant for three (3) months or longer prior to borrower's selection of home. If property is currently occupied by a tenant, submit a copy of the written notice tenant received prior to occupying the residence informing the tenant of the possibility that tenant may be asked to move if property is sold and that relocation assistance will not be provided. **Form 209, Voluntary Arm's Length Agreement, must be provided to seller for his or her signature and submitted with the HAP application.**
- < Inform Buyer and Seller that the HOME program must comply with HUD regulations. Homes purchased through the HAP program must meet minimum property standards and pass a LBP inspection. A home inspection must be conducted by a County Rehabilitation Specialist to verify whether or not the home meets Section 8 Housing Quality Standards (**access link http://www.hafresno.org/files/Housing_Quality_Standards_2004512-112913_.pdf**).

- < Appraisal must include one of the following clauses: **1.) Housing unit meets minimum property standards, or 2.) Housing unit does not meet minimum property standards and the following items must be corrected prior to sale.** For homes constructed on or before 1978, each appraisal must include a statement that house surfaces have been inspected for peeling, scaling and chipping paint. Appraisal must also include one of the following clauses: **1.) There is no evidence of defective paint surfaces, peeling, scaling or chipping, or 2.) There are defective paint surfaces at the following locations (state locations) and a lead base test assessment is required.**

Any home built prior to 1978 may require a lead base paint test. The payment of the Lead Base Paint Fee will be the responsibility of Seller or Buyer. The cost for the test may be paid by the Buyer and may be applied towards the Buyer's contribution if sale of the subject property is completed. If lead is detected in the home, the Seller must pay for the abatement. If the seller does not wish to abate, both Buyer and Seller can withdraw the HAP application.

Any home over ten years old must have a roof certification.

Lender/Mortgage Company

- < Your client must be pre-approved for a **Fixed Rate** mortgage loan. No ARMs will be accepted. Please forward your HAP packet to the County before sending your mortgage loan file to your Underwriters.
- < Review and complete the **HAP Application, Buyer's Disclosure and Buyer/Seller Voluntary Arm's Length Purchase offer** form with Buyer and Seller signatures.
- < The maximum amount of assistance per family may be up to 20% of the property sales price plus closing costs. The actual amount of assistance will be based on gap financing needed. The amount will be calculated based on the buyer's debt ratios and the maximum first mortgage loan they can obtain.
- < The buyer's total debt-to-income ratio (back-end) shall not exceed 43%.
- < The buyer must contribute 1.5% of the contract sales price of the home. Contribution may be a "gift" from a blood relative. Submit a **Good Faith Estimate** summary of requested assistance and closing costs. Buydowns are acceptable but cost must be paid out of closing and the Buydown amount will not be applied to the Buyer's required contribution. Closing costs include fees to process and settle the financing of a home purchase; such as, private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, appraisal fees, Lead Base Paint inspection fees, termite inspection fees, credit report fees, first year home warranty policy premium and inspection cost by the home warranty company.
- < Your client must **complete** a County approved Homeownership Training Course **prior** to receiving HAP loan approval.
- < Provide the following completed documents in the following order to the County:

1. HAP Application Form
2. Completed Mortgage Loan Application (1003)
3. Good Faith Estimate
4. Copy of current Credit Report
5. Original HAP Buyer Disclosure Form
6. Original HAP Buyer / Seller Voluntary Arm 's Length Purchase Offer form
7. Copy of Sales Contract or Escrow Instructions
8. Copy of 2 months payroll check receipts
9. Copy of 2 years signed Federal Tax returns, 3 years signed Federal Tax returns if self-employed
10. MCAW - Mortgage Credit Analysis Worksheet if FHA or 1008 Uniform Transmittal Summary if Conventional
11. Verification of Employment (VOEs) or 3rd Party Verifications
12. Homeownership Training Course Certificate of Completion
13. Estimated Settlement Statement

NOTE: Following items will be required following home inspection by County

1. Copy of Appraisal with certifications. The appraisal must include a plot map, floor plan layout, photograph and signature of Appraiser.
2. Certified HUD-1 Final Settlement Statement (that shows both the seller and buyers transactions)

If the submitted application is approved, the County will fax a **Conditional Approval Letter** to the mortgage company listed on the HAP application. The lender must provide the County a copy of the MCAW or 1008 Uniform Transmittal Summary and the County's Estimated Subsidy Calculation Sheet signed by the lender's underwriter prior to the County's request for funds. **County internal funding requests are fulfilled within ten business days of receiving request.** The County will prepare the HAP loan documents, attend the signing appointment, disclose the HAP documents, and notarize the HAP Trust Deed if necessary. **The County requires a Joint Protection Policy of Title Insurance, Tax Service, and to be listed as a second Loss Payee on the homeowner's insurance.**

Title /Escrow Instructions

The title company will receive Lenders/Recording Instructions signed by a County loan officer, with a copy of the Promissory Note, the original notarized Request for Notice, the original notarized Trust Deed and the funding check in the amount of the HAP loan. The Request for Notice shall be completed with the first mortgage holder Trust Deed information and recorded after the first mortgage Trust Deed. The HAP Trust Deed shall be recorded in second lien position, subordinate only to the lien securing the original mortgage loan. The County is exempt from paying recording fees. Title shall provide a Joint Protection Policy of Title Insurance and tax service for the term of the HAP loan. The Lenders/Recording Instructions will give detailed directions for the completions of these items. The borrower must obtain homeowner's insurance with an endorsement listing the County as second Loss Payee and coverage in an amount to include both the first and second mortgages.

The endorsement shall list the County loan number and is to be faxed to (559) 488-3940 and mailed to:

County of Fresno Affordable Housing Programs
Revenue Reimbursement Division
PO Box 226
Fresno, CA 93708-0226

Two weeks prior to the scheduled closing date, the following items shall be provided to the County:

HUD I Settlement Statement
Any required repair certifications
Proof that borrower has deposited down payment

Within 5 days of close of escrow, title shall provide a conformed copy of the County HAP Trust Deed, a conformed copy of the Request for Notice, a copy of the primary lender's Promissory Note, insurance endorsement, proof of Tax Service, and a certified copy of HUD I.

Within 30 days of the close of escrow, title shall provide the Joint Protection Policy of Title insurance.

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February 13, 2008