

HARVEY HOMEBUYER ASSISTANCE PROGRAM 2.0 APPLICANT GUIDEBOOK

CITY OF HOUSTON
HOUSING AND COMMUNITY
DEVELOPMENT DEPARTMENT

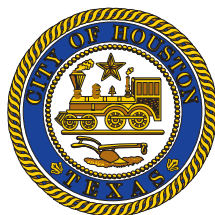


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The Harvey Homebuyer Assistance Program 2.0 provides up to **\$125,000** in assistance to first-time homebuyers (who have not owned a home in the past three years or more), or those who are purchasing a home to replace property lost in Hurricane Harvey.

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. Be sure to meet all deadlines and submit documents on time to avoid delays.

Please note that while this guidebook covers each process step, it is not a substitute for the Program Guidelines, which explain each step and list all requirements.



MAKE SURE YOU'RE READY

Before you express interest in the Harvey Homebuyer Assistance Program 2.0, 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, houstontx.gov/hcdrecovery/dr17/hbap.html.
3. First-Time Homebuyer OR Lost a Home in Hurricane Harvey?
4. Willing to attend a HUD approved 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 Income?
7. Not a registered sex offender?

2024 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	\$53,000	\$79,450
2-person	\$60,600	\$90,800
3-person	\$68,150	\$102,150
4-person	\$75,700	\$113,500
5-person	\$81,800	\$122,600
6-person	\$87,850	\$131,700
7-person	\$93,900	\$140,750
8-person	\$99,950	\$149,850

*Effective as of May 1, 2024. Household income limits are subject to annual changes.

For this program, Houston residents earning up to 120% of the Area Median Income (AMI) are considered most in need of assistance and qualify for this program. Note that AMI requirements differ between programs offered by HCDD, and you should always check requirements before applying to other programs.

PRELIMINARY 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.

- Find a Realtor – on our website, <https://houstontx.gov/hcdrecovery/dr17/hbap/>, you can find a list of realtors who have previously worked with the program, or you may choose any realtor you prefer.
- Take an 8-hour homebuyer education course at a location approved by the U.S. Department of Housing and Urban Development (HUD). Our website, <https://houstontx.gov/hcdrecovery/dr17/hbap/>, has a tool you can use to find an upcoming session at an approved location.
- 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

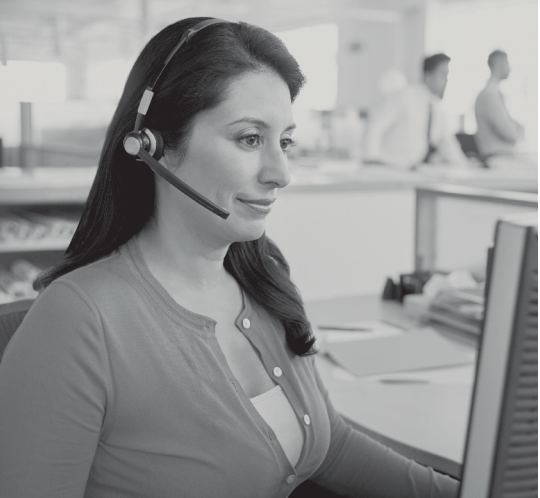
PROPERTY SELECTION/ UNDERWRITING & INSPECTIONS

- Buyer selects a property.
- Lender submits property documents.
- Underwriter works with Lender to determine the subsidy amount needed.
- HCDD performs environmental review and inspections.
- Underwriting ensures all documents are received and the property has passed all inspections.
 - Commitment Letter is issued.

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 ensure you meet basic qualifications for the program. This step will help you understand the eligibility criteria and determine if you qualify. If our customer service representatives determine that you may qualify, they will provide you with a Harvey Homebuyer Assistance Program 2.0 (HbAP) Number.

We strongly recommend that you provide an email address at this time. If you do, you will automatically receive an email with instructions on retrieving and submitting the required documents. At this point, your file will enter the *“Interested with Email”* queue. You will have 30 days from your initial phone call to complete the program application and submit any required documentation.

If you do not have a valid email address, it is still possible to participate. You will have 45 days instead of 30 to submit all documentation, and your file will enter the *“Interested without Email”* queue.

INTERESTED...

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

Most of the required documents can be downloaded from our website at houstontx.gov/hcdrecovery/dr17/hbap/. You can find the full list of required documents in the Applicant

Document Checklist.

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

If you fail to submit documentation in a timely manner (30 or 45 days, see above), you will be automatically moved to a queue called *“Withdrawn”*. If your application is withdrawn, you will have to restart the process by calling 832-393-0550.

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

APPLICATION REVIEW

Once all your application documents are received, your application will move from *“Applications Submitted”* to *“Application In Review”*. At this stage, our staff is reviewing your application to verify eligibility, check for missing documents, and ensure all requirements are met.

If any documentation is missing, you will receive an email or hard-copy request to submit the required documents. You will have up to 10 business days to submit the requested documents. Our staff will follow-up every three business days until all documents are received.

Once we have received and reviewed all documents, you will be deemed either eligible or ineligible. If you are ineligible – or, if at any point in the process, you fail to submit documents on time—your application will be moved to the *“Ineligible”* queue and will not be approved.

We do encourage buyers to begin searching for homes while going through the eligibility process. However, we prefer that you are not under contract before eligibility is determined. Additionally, all files must receive GLO approval before moving to the next phase.

If you have not yet identified a property, your application will be placed in the *“Pending”*



APPLICATION REVIEW CONT.

Lenders Without Property” queue.

If you are deemed eligible, you will receive a Pre-Approval Letter, indicating that you meet the initial program requirements based on the information provided.

PHASE 2

PROPERTY SELECTION, UNDERWRITING & INSPECTIONS

FINDING A HOME

We do encourage buyers to begin searching for homes while going through the eligibility process. However, we prefer that you are not under contract before eligibility is determined. You should identify a home within 90 calendar days, though a 30-day extension may be granted in some cases. Once you notify us of your selected home, your application will move to the *“Pending Lenders With Property”* queue.

To be eligible, a home must meet the following basic requirements:

- The home must be within the City of Houston’s jurisdiction.
- If the home is within a floodplain, you must obtain and maintain flood insurance.
- 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 request the necessary documents for Phase 2 of our program. Your lender will need to submit initial Property/Lender documents.

Once initial documents are submitted, the Underwriting Specialist will review documents to determine the amount of subsidy we can provide, based on the financial need of the homebuyer. The file will then progress to an environmental review.

ENVIRONMENTAL

When your application is ready for inspections, it will move to the *“Environmental Review”* queue. A typical environmental review process takes only a few days. Depending on results, the application will be placed in either 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 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 ensure the homebuyer receiving assistance, is purchasing a home that will be safe and secure; our inspectors must approve the home.

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 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

INSPECTION CONT.

the home still does not meet our requirements, the repair 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 is to send your application to the *“Awaiting Income & Funding”* queue, where it should remain for no more than two business days before progressing to the *“Income Funding Review”* queue. Here, an Underwriting Specialist will re-confirm your financial situation and ensure all required documents have been received. The Harvey Homebuyer Assistance Program 2.0 requires that applicants do not exceed a front-end ratio of 33% and 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 additional information is required from you.

There are some additional reasons a file could fail at this stage. Since these factors are often specific to each homebuyer, our staff will work closely with applicants and other stakeholders to resolve any issues. If further verification is needed, your file may remain in the *“Awaiting Income & Funding”* queue or be moved to the *“Eligibility Manager Review”* queue for additional eligibility review.

If you do pass the underwriting stage, your file will be moved to the *“Underwriting Manager Review”* queue. The Underwriting 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

At this stage, our role is to guarantee the funding, and your responsibility is to ensure that your lender submits all required pre-closing documents. You will receive a Commitment Letter confirming your approval for program funding, along with terms and conditions and instructions about submitting pre-closing documents.

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 the *“Pre-Closing Documents Complete”* queue.

At this point, it is time to set up a closing. Closings can be scheduled 7 business days after you have received the Commitment Letter. When closing is scheduled, your file will enter *“Funds Released”* queue where it will





stay until you receive your funds and closing is complete.

CLOSING CONT.

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 must be submitted 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 2.0 must comply with the Compliance Period.

The structure of the compliance period is as follows:

- 5 years for assistance up to \$50,000
- 8 years for assistance between \$50,000.01 and \$75,000
- 10 years for assistance between \$75,000.01 and \$125,000

To fulfill the terms of the contract, the homeowner must live in the home for those periods 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 houstontx.gov/hcdrecovery/dr17/compliance/.

In the case that the homeowner decides to break the terms of the compliance 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 purchase of the home, but no 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 2.0 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 houstontx.gov/hcdrecovery/dr17/hbap/.

ARE CREDIT REPORTS REQUIRED FOR ALL HOUSEHOLD ADULTS?

No. All household income must be reported, but only the applicant, co-applicant and non-purchasing spouse's credit is reviewed during underwriting.

IS THERE A DEBT-TO-INCOME REQUIREMENT?

Yes, the program requires a 33% front-end ratio and 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 front-end ratio is calculated by taking the proposed monthly mortgage payment (principal, interest, taxes and insurance) and dividing the sum by the borrower's monthly gross income.

IS THERE A CREDIT SCORE REQUIREMENT?

No, the Harvey Homebuyer Assistance Program 2.0 does not consider credit score.

IS THERE A MAXIMUM HOME PRICE?

Yes. The buyer can select any home up to \$450,000 as long as it fits their need and budget.

WHAT CAN THE ASSISTANCE PROVIDED BE USED FOR?

The assistance provided by the Harvey Homebuyer Assistance Program 2.0 can be used on any of the following:

- Down-payment
- Reasonable closing costs

WHAT CAN THE ASSISTANCE PROVIDED BE USED FOR? (CONTINUED)

- To subsidize the mortgage interest rate
- To reduce the principal amount of first mortgage.
- To cover pre-paid items (homeowner's insurance, mortgage interest, property taxes, etc.)

Funding may NOT be used for realtor commissions.

CAN THE BUYER(S) RECEIVE CASH BACK?

No, buyers cannot receive cash back including earnest money or the minimum contribution fee initially paid.

WHAT IS THE SECOND LIEN?

When the City assists a homebuyer in buying a home, we invest in their long term future. Based on the amount of assistance awarded, the compliance period may vary. The loan is forgiven at the end of the structured compliance period. At the end of that term, please submit the Release of Lien Request to HCDDLLoanServicing@houstontx.gov.

The structure of the compliance period is as follows:

- 5 years for assistance up to \$50,000
- 8 years for assistance between \$50,000.01 and \$75,000
- 10 years for assistance between \$75,000.01 and \$125,000

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 proportional to the remaining residency period. To begin this process, please submit the Payoff Statement Request form to HCDDLLoanServicing@houstontx.gov.

WHAT IF I NEED TO REFINANCE MY HOME?

If your mortgage information changes, you will need to share the new information with our department. Please submit this Subordination Agreement Request to HCDDLLoanServicing@houstontx.gov.

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 inspection report can be downloaded on our website at houstontx.gov/hcdrecovery/dr17/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 houstontx.gov/hcdrecovery/dr17/hbap/.

If you have other questions about the program: Email us at singlefamilyeligibility@HoustonTX.gov.

Call us at 832-393-0550.