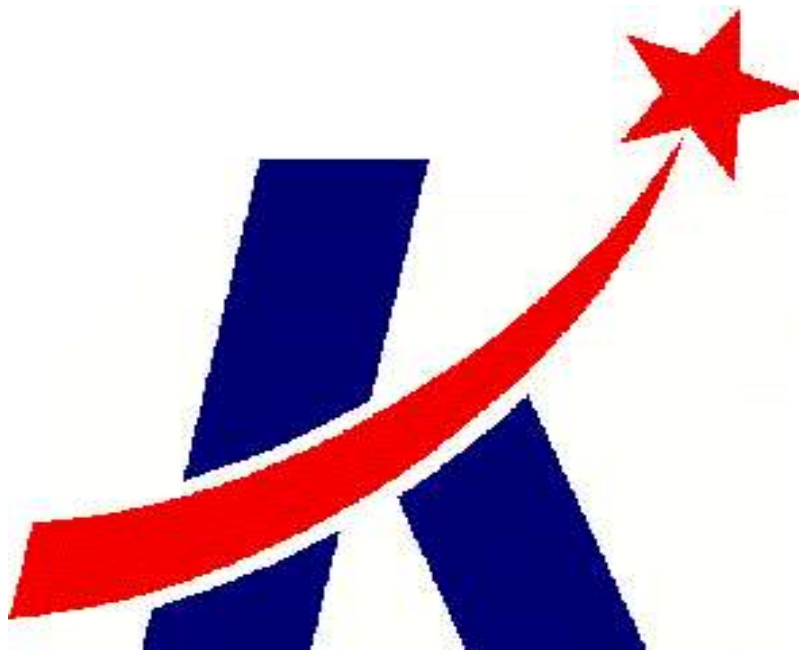


October 2018

Community Development Department

Home Investment Partnerships
Program

First Time Homebuyer Assistance Program



Correspondence: Table of Contents
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Definitions

Adjusted income means annual income of the members of the family residing or intending to reside in the dwelling unit.

Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
 - (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
 - (3) Which are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.
- (b) Annual income includes, but is not limited to:
- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
 - (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
 - (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);
- (6) *Welfare assistance payments.* (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
- (A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and
 - (B) Are not otherwise excluded under paragraph (c) of this section.
- (ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
- (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - (B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- (7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- (8) All regular pay, special pay and allowances of a member of the Armed Forces

The participating jurisdiction must calculate the annual income of the family by projecting the prevailing rate of income of the family at the time the family submits its information to be determined income eligible. Annual income shall include income from all persons in the household.

Applicant means a person or a family that has applied for housing assistance

Appraisal means a valuation or approximation of value, based on current market conditions, of an asset i.e., property such as real estate, by an impartial property qualified person who provides an expert opinion. To make a valid appraisal, the authorized person must have a designation from a regulatory body governing the jurisdiction of the appraiser and must use comparisons of other "like" property in concluding the value.

Area Median Income (AMI) means a statistic generated by the U.S. Department of Housing and Urban Development (HUD) for purposes of determining the eligibility of applicants for certain federal housing programs. HUD determines AMI on an annual basis for each metropolitan area and non-metropolitan county, making adjustments for household size



Dependent. A member of the family (**except foster children and foster adults**) other than the family head or spouse, who is under 18 years of age, or is a person with a disability, or is a full-time student.

Environmental Review the environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58. The applicability of the provisions of 24 CFR part 50 or part 58 is based on the HOME project (new construction, rehabilitation, acquisition) or activity (tenant-based rental assistance) as a whole, not on the type of the cost paid with HOME funds.

Family has the meaning as provided below and applies to all HUD programs unless otherwise provided in the regulations for a specific HUD program. *Family* includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

- (1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or
- (2) A group of persons residing together, and such group includes, but is not limited to:
 - (i) A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
 - (ii) An elderly family;
 - (iii) A near-elderly family;
 - (iv) A disabled family;
 - (v) A displaced family; and
 - (vi) The remaining member of a tenant family.

First Time Homebuyer means an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered **first-time** homebuyers); a single parent who has only owned with a former spouse while married.

Full-time student means a person who is attending school or vocational training on a full-time basis.

HAP Certified Agent/Broker means a real estate professional that is certified to participate in the Killeen First Time Homebuyer Assistance Program.

Household means the family of the applicant; one or more persons occupying a housing unit.

Household member means anyone who will live in the HOME assisted unit as a primary residence.

Live-in aide means a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

- (1) Is determined to be essential to the care and well-being of the persons;
- (2) Is not obligated for the support of the persons; and
- (3) Would not be living in the unit except to provide the necessary supportive services.

Low income family means a family whose annual income does not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of the median income for the area on the basis of HUD's findings that such variations are necessary because of unusually high or low family incomes.

Mortgage is a loan in which property or real estate is used as collateral. The borrower enters into an agreement with a mortgage lender (usually a bank) wherein the borrower receives cash upfront then makes payments over a set time span until the entire loan is repaid to the mortgage lender.

Noncitizen means a person who is neither a citizen nor national of the United States.

Primary Residence means residency exceeding 21 days from the first date of arrival.

Recapture mean recapture provisions ensuring the participating jurisdiction recoups all or a portion of the HOME assistance to the homebuyer(s), if the housing does not continue to be the principal residence of the family for the duration of the period of affordability.



Real Estate Agent means an individual who is licensed to negotiate and arrange real estate sales; works for a real estate broker. Negotiate and arrange can include showing property, listing property, filling in contracts, listing agreements, and purchase contracts. Real estate agents generally are licensed to operate under the supervision of a real estate broker; is licensed by the Texas Real Estate Commission (TREC).

Real Estate Broker means a person licensed to negotiate and arrange real estate transactions. This would include writing contracts for listing and purchasing homes, land and commercial properties. The broker is a higher level license than a real estate agent and would be authorized to hire real estate agents to work under the broker's supervision; is licensed by the Texas Real Estate Commission (TREC).

Restrictions on Assistance to Noncitizens - Section 214 of the Housing and Community Development Act of 1980, as amended (42 U.S.C. 1436a). Section 214 prohibits HUD from making financial assistance available to persons who are not in eligible status with respect to citizenship or noncitizen immigration status.

Survey means an assessment of property lines to determine the exact amount of land that a homeowner owns. Surveys show easements or encroachments on a property that is noted on the title of the home; encroachments are documented on the title and usually resolved before closing.

Texas Real Estate Commission means the Texas Real Estate Commission (TREC) as established by the Texas Legislature in 1949 to safeguard consumers in matters of real property transactions and valuation services.

Underwriting Standards for Homeownership Assistance means the evaluation of housing debt and overall debt of the family, the appropriateness of the amount of assistance, monthly expenses of the family, assets available to acquire the housing, and financial resources to sustain homeownership.



Welcome HOME!

The City of Killeen has designed a housing assistance program that enables low-income individuals and families to own their own home— the City of Killeen First Time Homebuyer Assistance Program (HAP). This program utilizes federal funding from the Home Investment Partnerships (HOME) Program funds, provided by the U.S. Department of Housing and Urban Development (HUD).

The program provides first time homebuyers with necessary assistance for down payment and closing costs and is allocated on a first-come first serve basis. The program assists persons wanting to buy a home in Killeen who earn 60-80% of the Area Median Income (AMI) for the Killeen/Temple/Fort Hood area, with program eligibility based on current and anticipated annual income of all persons that will occupy the home as their primary residence. Homes must be within the corporate city limits of Killeen and financed through an approved mortgage lender for a FHA, VA*, or conventional loan with a fixed interest rate for not more than 30 years. The mortgage lender will make sure the loan type is the most beneficial for the buyer and provide required debt to income ratios are acceptable by the program.

Key Program requirements include: being a first time homebuyer—meaning no prior ownership in the most recent 3 years; attending homebuyer education classes; qualifying for a mortgage loan with a program approved lender; participating in homebuyer counseling; contributing a minimum of \$500 toward the purchase of the home; participating in annual verification of residency; and occupying the home for the duration of the five year affordability period.



Where does the money come from?

Congress appropriates funds for a variety of established programs through annual formula allocations to entitled cities, urban counties and states for development of viable urban communities by providing decent housing and a suitable living environment , and by expanding economic opportunities, principally for the low– income persons.

Certain trends and statistics point to an increased need for affordable housing. The HUD (U. S. Department of Housing and Urban Development) definition of affordability is for a household to pay no more than 30% of its annual income for housing. **HUD’s Office of Affordable Housing Programs (OHAP) bring federal resources directly** to the local level for use in the development of affordable housing units, or to assist income-eligible households in purchasing , rehabilitating, or renting safe and decent housing. The City of Killeen homebuyer assistance program helps expand access to quality affordable housing for low-income families through local governments called participating jurisdictions (PJs) .

Since 1996, the City of Killeen has received federal funding from HUD through the Home Investment Partnerships Act [HOME] Program as a participating jurisdiction. These Funding is administered by the Community Development Department office. Program design is flexible to accommodate the local housing needs and priorities within the guidelines established by the HOME program statute and final rule, as amended at 24 CFR Part 92.



Is homeownership right for you?

Buying a home is the largest purchase most people will ever make! Homeownership has **great benefits, but also comes with certain responsibilities. Let's check to see if you are** ready for homeownership. Look at your current housing situation and consider these things to make your own decision...

Do you:

- have no prior home ownership history in the last 3 years?
- have a steady, reliable source of income for the last 2 years?
- have a steady employment history for the past two years?
- have a good credit score and credit history?
- responsibly manage your debt obligations?
- have the at least \$750 in the bank?... \$500 for earnest money to buy the house and other associated costs, like... *a home inspection, other prepaid items, for costs associated with moving to your own home (i.e. utility deposits, moving expenses, etc).*
- can remain in one location for at least the next 5-9 years?

While you are thinking, also consider:

- the future and how that might affect your ability to manage the costs of homeownership;
- changes you may need to make to your current lifestyle to accommodate homeownership;
- changes associated with costs of a growing family; and
- consider whether your family plans include a wedding, college education, or caring for an elderly person.

Most importantly, remember that homeownership comes with budgeting for such items like unplanned repairs, regular maintenance, increasing taxes, insurance deductibles, etc.

Consider the pros and cons of homeownership and make the best decision for you and your family.

Pros/Advantages

- A place that is your own.
- Pay less than you would for rent.
- Steady monthly payment with exception to small annual insurance and tax increases.
- Build equity—the single greatest source of financial security and independence for the majority of people who have taken this step!

Cons/Risks

- More difficult to downsize to a smaller home.
- May need to sell due to life circumstances.
- You pay for the repairs/replacements and maintenance.
- Property values depreciation due to condition of your home, including other homes in the neighborhood area.

Be honest with yourself. **Once you fully understand your situation and how homeownership fits in to “your” big picture, make the best decision for your family.**



How can I qualify for the program?

Qualification for the City of Killeen First Time Homebuyer Assistance Program (HAP) is governed by regulations administered by the U.S. Department of Housing and Urban **Development (HUD)** and is based on three primary factors; the “total” household members, the annual (gross) income anticipated to be received by those members, and qualifying for a mortgage loan with a participating lender.

To start with - a Household Member is considered as: Anyone who will reside/live in the house as their primary residence. *Primary residence is defined as “residency exceeding 21 calendar days from the date of arrival.”* A household member may or may not be listed on the mortgage loan. Regardless, HAP will count everyone in the household.

A household member is not:

- Foster Children
- Live in aids and children of live-in aids
- Unborn children
- Children being pursued for legal custody or adoption, which are not currently residing at home

A child that is subject to a shared-custody agreement in which the child resides with households at least 50 percent of the time will be counted as a household member; court document proof is required.

Income from the above cannot be counted toward “annual income.”

Next – **defining “Annual Income”:**

HAP uses the definition of Annual Income as defined by 24 CFR Part 5 which is, the gross amount of income of all household members that is anticipated to be received during the coming 12-month period.

- *Annual income is: all income, unless specifically excluded, of the household including income from the persons who will occupy the home as their primary residence.*
 - * *this includes current and anticipated income to be received for the coming 12 months; and*
 - * *the value and income potential of real property owned by household members*

Examples of what is considered as “income”:

Wages (Bonuses and Commissions), Salaries (including Overtime Pay), Tips, Taxable Interest, Dividends, IRA or other Distributions, Pensions, Annuities, SSI/Social Security, Disability, Unemployment Compensation, Child Support,* and Other income received on a regular basis

**Court Ordered Child Support must be disclosed and verified*

Buyers are required to disclose all sources and amounts of income, monetary or not which:

- go to or on behalf of the family or to any family member in the household;
- is anticipated to be received during the 12-month period following the application signature date.

VERIFICATION OF ANNUAL HOUSEHOLD INCOME IS USED TO DETERMINE PROGRAM ELIGIBILITY



Qualification, continued

To qualify for HAP, use the chart below to check your income level. First, find the column for the number of persons in the household, then find the gross amount of annual income expected to be received based on the previous list. If the household income is between the minimum and the maximum amount listed for the total household members, the household could be eligible to participate in the program. Finally – qualify for a Mortgage Loan: Buyers must qualify for a mortgage loan with a HAP participating mortgage lender, prior to submitting an application for HAP assistance. This step will help you to fully determine whether you are financially ready to become a homeowner. HAP requires using one of the participating mortgage lenders listed here. (eff. Oct. 1, 2018)

HOME Program Income Limits – effective June 28, 2019								
2019 MSA Killeen/Temple/Fort Hood, TEXAS								
ELIGIBLE AMOUNT OF PROGRAM ASSISTANCE	# PERSONS IN HOUSEHOLD / MAX ANNUAL INCOME							
	1	2	3	4	5	6	7	8
Minimum Annual Income 60% AMI	\$26,880	\$30,720	\$34,560	\$38,340	\$41,460	\$44,520	\$47,580	\$50,640
Maximum Annual Income 80% AMI	\$35,800	\$40,900	\$46,000	\$51,100	\$55,200	\$59,300	\$63,400	\$67,500

APPROVED MORTGAGE LENDER	TELEPHONE	APPROVED MORTGAGE LENDER	TELEPHONE
AMCAP Mortgage, LTD dba Gold Financial Services 445 E. Central Texas Expressway, Harker Heights, TX 76548	254-718-5456 254-680-2707	Wells Fargo Home Mortgage 3407 S. 31st Street Temple, TX 76502	512-931-9075
Cornerstone Home Lending, Inc. 3820 W. Adams Avenue, Temple, TX 76504	254-760-5256	DHI Mortgage 2305 Bird Creek Terrace Temple, Texas 76502	877-773-7395
Extraco Mortgage 100 W. Centex Expressway, Harker Heights, TX 76548	254-200-3760	Sente Mortgage Corp. 3400 E. Central TX Expwy, Bldg 100 Suite, 105, Killeen, TX 76543	254-781-4232
Fairway Independent Mortgage Corporation (offices)	254-535-3078 254-423-0682 254-220-4154	First State Bank Central Texas 661 W. CTE, Harker Heights, TX 76548	254-953-3800
First Community Mortgage 2201 Trimmier Rd., Killeen, TX 76541	254-383-5760	Gateway Mortgage Group 3207 E. Stan Schlueter Loop, Killeen, TX 76542	254-519-0730
201 E. Central TX Expwy, Suite 2100 Harker Heights, TX 76548	254-258-8053 254-630-5053	SWBC Mortgage Corporation 4524 S. W.S. Young Dr., Ste.100, Killeen, TX 76542	254-634-2822
LeaderOne Financial Corp. 3901 E. Stan Schlueter Loop, Ste 101, Killeen, TX 76542	254-699-1683	U.S. Bank 439 E. Centex Expwy Ste. B, Harker Heights, TX 76548	254-953-2601



Qualification, continued

When qualifying for a mortgage loan, you will need:

- Money in the bank! - at least \$500-\$750.
- A credit score in the range of 600-620.—with no disputes, slow or late payments. *The lower your score the harder it will be to qualify for a mortgage loan; If you know you have issues, call the HAP office for some guidance before you go to the mortgage lender.*
- A good employment history or steady income source! - a minimum 2 years of verifiable income.

When you are ready for “loan application,” select a participating lender. We suggest you call and make an appointment to meet face-to-face with the loan officer. You will need to take proof of income, taxes, identification, etc. Each separate office may require slightly different documents, so be sure to ask exactly what you need to bring to the appointment to be obtain a pre-approval for a mortgage loan. After completing the loan application, the loan officer should provide you with a conditional commitment letter with a maximum loan amount.

Once you receive a conditional commitment letter stating a maximum loan amount, it will be time to find a real estate agent and prepare your application for HAP purchase assistance.

Choose a Licensed Real Estate Professional

The purchase of a home is one of the largest purchases in your lifetime, it is important that you choose a real estate professional that is right for you; one who will work with you in finding the home of your dreams.

These individuals are familiar with program and process and will help you through the **quest of finding the right home to accommodate your family’s current and future needs.** This person has vast knowledge of the various types and sizes of homes on the market; is familiar with several types of loan programs, and can answer questions first time homebuyers often have. Furthermore, the state of Texas requires individuals to be licensed and trained in the laws associated with buying and selling property, and has requirements for continued education to maintain their Texas Real Estate license.

All buyers need to be represented by a HAP certified agent/broker. The City of Killeen Community Development Department conducts a HAP Certification class for Texas licensed agents/brokers who will help you find your first home. All participating agent/brokers are awarded a certificate of completion and are required to re-certify with HAP every 2 years. *Before you look for a home or submit your HAP application find a HAP certified real estate agent or broker.*



HAP Assistance Amount

The City of Killeen First Time Homebuyer Assistance Program will provide up to \$7,500, to eligible buyers, to help pay for down payment and closing costs. There are some limitations and not every buyer will need the full amount. HAP will only provide what is necessary so there will be funds for as many buyers as possible.

The maximum amount allowed for down payment is generally governed by the loan product; i.e., FHA 3.5%; maximum, 5% for a conventional loan.

The HAP assistance amount will be secured as a second lien against the property with a deed of trust and promissory note. The total purchase assistance will be forgiven over 60 continuous months of residency. The buyer must maintain the home as their principal residence for the duration of the 60 months (5 year affordability period).

In addition to down payment and closing cost assistance, HAP will also pay for some costs associated with ensuring the home condition is within the current property code and meets HUD housing rehabilitation standards. See more information at Eligible Houses.

HAP Application and HAP Allocation of Funds

The HAP Application

With every form of federal assistance, there is an application process. The application will determine program eligibility and in order to submit the HAP Application, you must have a pre-qualification letter from a participating lender and several personal documents—like what you provided to the lender to get pre-approved

Once you have gathered all of the required documents and completed the HAP forms, contact the Community Development Department office to schedule an appointment to turn in your application packet—plan for a minimum of 1 hour.

*Due to Staff availability—Please—call prior to
coming to the office as “walk ins” cannot be accommodated.*

During the appointment, your HAP packet will be reviewed to ensure all required documents are present. If the application packet is incomplete, the packet will be returned to you along with instructions on what documents are missing and where those documents can be obtained.

The HAP Allocation and Expenditure

After a determination of eligibility is made, the Community Development Department will issue an Allocation Approval Letter, indicating a HAP allocation will be set aside in the qualifying applicant name(s). The letter will be sent by email to the Buyer, Mortgage Lender and the Buyer's Real Estate Agent/Broker.



HAP Application - HAP Allocation, continued

The approval letter will indicate the date of the allocation and the expiration (90 days, commencing on the date the application packet is approved).

The purchase and loan closing (transfer of property) must be completed within 120-days from the date of the HAP approval letter. In the event the property transfer is not complete, the buyer may reapply to the program, which requires the application process to be started and followed again.

Let's review so far....

1. *I am ready to be a homeowner* Yes No

Some other things I want to consider first:

2. *Currently there are _____ persons in my household.*

My future household may include:

3. *My monthly household income is \$_____, which equals an anticipated annual income of \$_____. I am within the HAP min/max income level.* Yes No

4. *My credit score is _____. I have \$_____ in the bank. I am ready to prequalify for a mortgage loan.* Yes No

5. *I will look for a real estate agent:*

List 3 places you could choose a real estate agent/broker

1.

2.

3.

I am ready what is next?

If you are not quite ready, don't worry... Good things come to those who wait, and better things come to those who are patient.



The HAP Application

To determine program eligibility, buyers must submit a formal application packet. You will do this after you receive a pre-approval for a mortgage loan and receive a commitment letter from one of the participating lenders. *Loan approval and commitment by approving mortgage lender is subject to the lending institution's underwriting criteria including changes to income and/or debt obligations of the buyer.*

The application packet consists of several documents— some provided as forms from this booklet, some from the mortgage lender and finally, some items that the buyer must provide from their personal records. *See the Application Packet and Required Documents listed on the following page.*

1. Complete the forms and gather the documents listed
2. Call for an appointment to submit your HAP Application.
Please— **call prior to coming to the office as “walk ins” cannot be accommodated.** During the appointment, Staff will briefly review the packet to ensure that the entire minimum required documents are present. If the application packet is incomplete, the entire packet will be returned to the applicant along with instructions on what documents are missing.
3. Wait for the HAP review and allocation letter.
Generally, the HAP Application review is complete within 72 hours (excluding weekends and holidays) from the time the completed packet is submitted. In some instances, the applicant may be asked to confirm certain circumstances within the household, that may include providing HAP with additional documentation necessary to confirm program eligibility.

If you have not received a HAP Allocation & Eligibility Approval letter from the City of Killeen Community Development Department Office...then you HAVE NOT been approved to receive assistance from the program.

Appeals Concerning the Eligibility Decision

If you are not approved for HAP you can appeal. You will be required to submit, in writing, with a cover letter requesting “Reconsideration of Eligibility.” You will need to include a minimum of three (3) additional items of proof substantiating the reason the application packet should be reconsidered.

Items submitted must not be of the same nature as those submitted in the original application packet.

Submit the letter and proof documents by U.S. Mail to:
Executive Director of Community Development - HAP Appeal
City of Killeen Community Development Department
802 N. 2nd Street, Building E
Killeen, TX 76541

The Director will have five (5) business days after receipt, to reply to the appeal. Applicants will be notified by mail of the final decision.



THE APPLICATION PACKET and REQUIRED DOCUMENTS

The following is the list of application forms and required documents that make up the *Formal Application packet*. Please place the forms and documents in order listed below.

Once you have all of the forms and documents in the above order, call the Community Development Department office to schedule an appointment to submit your HAP application.

An Application Packet WILL NOT be accepted without ALL of the required documentation

DOCUMENT RESPONSIBILITY	FORM AND /OR DOCUMENT DESCRIPTION
Applicant	<p>1. HAP FORMS F-1 through F-4 These documents must be Originals, completed and signed by the buyer</p> <ul style="list-style-type: none"> <input type="checkbox"/> F1 –APPLICANT INFORMATION- Original , completed and signed <input type="checkbox"/> F2 –HOUSEHOLD INCOME DISCLOSURE AND CERTIFICATION Original, completed, and signed <input type="checkbox"/> F3– PROGRAM INFORMATION AND COMPLIANCE DISCLOSURE Original, completed, and signed <input type="checkbox"/> F4 –AUTHORIZATION OF RELEASE OF INFORMATION –Original, Signed by the buyers <p>2. Applicant Household Identification—Copy of Drivers License or State ID and Social Security Card for ALL Adult members of the household</p> <p><input type="checkbox"/> 3. City of Killeen Certificate of Attendance from the homebuyer pre-purchase class. Certificate is valid for one year from the date of attendance.</p> <p><input type="checkbox"/> 4. Copy of three (3) consecutive months of the most recent Pay Stub for each person who receives income. COPIES ONLY. No original documents will be accepted.</p> <p><input type="checkbox"/> 5. Copy of Bank Statements –COPIES ONLY. No original documents will be accepted. A copy of the most recent three(3) consecutive months statements for EACH bank account</p> <p><input type="checkbox"/> 6. Copy of filed Federal Income Tax Returns - COPIES ONLY. No original documents will be accepted. A copy of each of the preceding three (3) years filed Income Tax Returns. In the event that an Income Tax Return was not filed, a statement from the IRS, certifying that a return was not filed, will be required. Please contact: 1-800-829-1040 to obtain a copy of the statement or to obtain the missing year tax return(s).</p> <p><input type="checkbox"/> 7. Copy of Credit Report (from mortgage lender)</p> <p><input type="checkbox"/> 8. Copy of the Mortgage Loan Pre-Approval Letter (from mortgage lender)</p>
<p>CALL for Appointment 254-501-7844 M-F 8am—5 pm</p>	<p>My appointment to submit the HAP Application is with:</p> <p>Staff Name: _____ Date: _____ Time: _____</p> <p style="text-align: right;">_____ AM PM</p> <p style="text-align: center;"><i>Please plan for 90 minutes—It may take less time, but please plan ahead.</i></p>



Eligible Houses

After you have received your HAP allocation letter, it is time to look for an eligible home. HAP requires assisted houses to meet specific guidelines and criteria identified in the International Property Maintenance Code (IPMC) as adopted by the City of Killeen and meet the Killeen Community Development Housing Rehabilitation Standards. Homes must be decent, safe, and structurally sound. For the safety of the occupants, houses built prior to 1978 must be free of lead based paint hazards. After you have looked at the potential home you want to purchase, the Killeen Community Development Housing Specialist will inspect the housing unit for the minimum property standards and age to determine program acceptability.

HAP will provide a rehabilitation grant for repairs that result in compliance with local codes and established housing rehabilitation standards.

Most types of homes in the Killeen area are considered eligible houses. These houses can be existing or new as long as the house meets the following criteria:

- 1. located within the corporate city limits of Killeen.*
- 2. does not exceed the HOME Program maximum purchase price amount.*
- 3. free of Lead Based Paint hazards.*
- 4. not located within a designated flood area.*
- 5. be a single family, detached, conventional construction dwelling.*
Modular, Mobile, and Manufactured housing types are not allowed.

The buyer must rely on a real estate agent/broker to assist in identifying available homes in the local real estate market. HAP and the Killeen Community Development Department do not act in the capacity of a real estate agent or broker.

Purchasing a leased home. HAP may be used in the purchase of a home that is currently being leased, under the following conditions:

- Buyer and Tenant are the same or
- Prior to leasing and occupying the property, the current tenant must have received a written notification of the possible sale of the property AND that relocation assistance will not be provided. *This is required to be in written form, from the property owner to the prospective tenant, at the time the lease was executed.*

Required Home Inspection. Each home assisted with HAP funds, is required to be inspected by a Texas Real Estate Commission licensed inspector (TREC) - **this is the buyer's expense**. The inspection includes such areas as; the overall condition of the main support structure, major mechanical systems, proper electrical, plumbing/drainage service, and other items that affect the intended function of the dwelling—**this does not include inspection for mold or termites**. **The inspector's report will identify those items recognized as "in need of repair" or "deficiency"** - these are the things that will be covered under the HAP housing rehabilitation grant unless specifically listed as "required to be repaired or as a Lender required repair" in the Lender's appraisal.



Eligible Houses, continued

The buyer will be required to make payment to the licensed home inspector/inspection company at the time the home inspection is performed. Inspection cost is usually less than \$375 and payment of this inspection fee may be counted toward the minimum commitment of \$500; it is not refundable by HAP. This is the buyer's investment in the property—choose wisely.

The home inspection must be in the buyer's name and conducted after the HAP allocation date.
Previously conducted independent home inspections are not accepted.

Call the Housing Specialist. Once you have scheduled the inspection, then its time to call the Housing Specialist to attend the home inspection with the home inspector. Once the home inspection is complete, a copy of the report must be forwarded to the Community Development Department office for review. The HAP inspection will determine necessary repair (rehabilitation) actions required on the house. All HAP repair actions will be completed prior to buyer occupying the home.

Homeowner's Insurance, start looking now! *This is a good time to start looking for homeowner's insurance. You may want to start with the company and agent currently carrying your auto insurance. Please indicate that you will be using the City of Killeen Homebuyer Assistance. The city will be required to be listed as "an additional insured" on the homeowner insurance policy.... be sure to mention it when you are checking rates!*

NOTES

It is now time to write a purchase contract. Here is how that process works.....



Purchase Contract to Closing

The Purchase Contract.

PLEASE do not give notice of your move to your current landlord until you are sure of your closing and completed repairs date. HAP suggests that you plan for a minimum of 12-16 weeks between the time you are approved for HAP and the time that you actually close on the mortgage loan and HAP repairs are completed (the time will vary depending upon inspections and repair actions).

A purchase contract is a negotiable agreement between the buyer and seller, committing each party to specific duties with regard to the purchase and sale of the property. Because HAP is federally funded, a specific notice and conditions must be included in the purchase agreement:

- Each seller must agree and sign a Notice to Real Property Owner/Seller (NRPOS) document at the time the purchase contract is initiated; and
- Each purchase contract must contain the following items in the Special Provisions section:
 - ♦ **“This contract is subject to the City of Killeen First Time Homebuyer Assistance Program”**
 - ♦ **“Seller agrees to pay for lender required repairs, in an amount not to exceed 5% of the Sales Price.”**
 - ♦ **“A one (1) year Residential Service Contract (Home Warranty) will be purchased by seller at a cost not to exceed \$500.”**

The real estate agent/broker can obtain the NRPOS document from the HAP web page at:

<http://www.killeentexas.gov/index.php?section=192>

Maximum Home Purchase Price

The initial purchase price and appraisal value of the home assisted with HOME funds may not exceed 95 percent of the median purchase price for single family housing, as determined by HUD.

Effective April 15, 2019 the Purchase Price limit is:

- \$147,000 for existing homes, and
- \$227,000 for new construction homes

Once the NRPOS document is signed and the contract with provisions is agreed upon by both the buyer and seller, submit a copy of both to the Killeen Community Development Department for review and approval.



Contract to Closing, continued

The Home Inspections

The buyer should take immediate action to have the home inspected by a licensed home inspector. Generally, this should be done within ten (10) calendar days from which the contract was accepted by both buyer and seller.

As previously stated on page 17,

⇒ This is also the time to contact the Housing Specialist to attend the inspection to perform the HAP inspection during that same home inspection time.

*HAP Staff will take action to arrange for the repair of those items identified as “**needs repair**” from the home inspection report **and necessary to meet the City’s current local codes and standards.***

⇒ This is now the time to select and notify the insurance company you have selected for your homeowners insurance .

Property Survey and Appraisal

The mortgage lender will require a property survey and appraisal. As the buyer, you may be required to pay for one or both of these items (*these could be considered as prepaid items*)

- The survey provides information on a parcel of land using distances and angles and quantity of land. The survey will include utility easements, roads, fences, structures, streams, or anything relative to the property’s boundary lines.
- The property appraisal is a valuation or approximation of value, based on current market conditions, of an asset i.e., property such as real estate, by an impartial property qualified person who provides an expert opinion. To make a valid appraisal, the authorized person must have a designation from a regulatory body governing the jurisdiction of the appraiser and must use comparisons of other “like” property in concluding the value.

The appraisal most likely will include items listed as “required repairs”; these are also known as “lender required repairs”.

All mortgage lender required repairs [identified during the lender’s appraisal inspection] must be completed at the seller’s expense, before the buyer(s) can purchase the house.

HAP will not allow for costs associated with lender required repairs nor will it allow the buyer to pay for those repairs identified in the lender’s appraisal.

HAP requires a copy of the lender’s Appraisal report be forwarded to the Community Development Department office.

If the seller refuses to make the “identified lender required repairs” then the seller shall return earnest money to the buyer and the buyer must search for another house.

Repairs

Ensure all mortgage lender required repairs [identified on the appraisal report] are complete prior to scheduling the loan closing.



Contract to Closing, continued

The buyer will not be granted occupancy until such time all repairs are complete and a re-inspection is conducted confirming the required items are complete. No exceptions will granted.

Prepare and Schedule Closing

At this time the buyer will sign the HOME Written Agreement accepting the HAP assistance and acknowledging the affordability and recapture clauses associated with the purchase assistance.

Additionally, your real estate agent/broker will help you to schedule a date for loan closing. You should plan for 4 hours.... **only because, if something is inaccurate it can delay your closing!**

Please remember the Community Development Department requires a minimum of 5 days advance notice of the scheduled closing date.

The mortgage lender will need to forward finalization documents to the HAP office.

These documents include:

- HAP Funds Request form (on HAP RE/Lender web page);
- Closing Cost Estimate;
- 1008 (Uniform Underwriting Transmittal Summary) form;
- Loan Application;
- Survey and Appraisal; and
- Closing Disclosure (HUD-1 Settlement Statement)

Lenders—please be sure to include the HAP filing fees when giving instructions to the Title Company/Closing Agent.

Once received, reviewed, and approved, Community Development (CD) Staff will issue a Final Funding Approval Letter to the Lender with a copy to the Real Estate Agent, and the Buyer.

CD Staff will prepare the HAP Deed of Trust and Promissory Note; a copy will be sent to the title company. **CD Staff will proceed to request the funds from the City's Finance Department.**

This will be in the form of a paper check from the City to the Title Company on behalf of the buyer.

Buyer must bring adequate proof of identification—
please bring your valid photo identification !



Contract to Closing, continued

CD/HAP Staff will attend the closing. The HAP Purchase Assistance funds (check) will be presented to the closing agent on behalf of the buyer. The buyer will sign the HAP Deed of Trust and Promissory Note, and all other documents required for the mortgage loan and **legal transfer of the property to the buyer's name. After all of the documents are signed, the HOME Program staff will forward the Deed of Trust to Bell County for official filing in the real property records. The CD Staff will forward a copy to the buyer for their records.**

Following the closing and loan funding, the title company will need to prepare a complete copy of the settlement packet. Call or email the CD Staff to pick up the packet or email to the CD Administrator.

HAP REPAIRS identified at the home inspection will be completed after loan closing and prior to buyer move-in. Please plan for a minimum of 15 days for repairs to be completed.

Final HAP Requirements

There are a few things left to complete your commitment for receiving the HAP purchase assistance; they are:

- Post PURCHASE EDUCATION REQUIREMENT
Homebuyers assisted through HAP must attend a post purchase education class within 120 days of the purchase. The buyer will receive notice of the available class dates at the time of closing.
- PARTICIPATION IN THE ANNUAL VERIFICATION OF RESIDENCY
All homebuyers must confirm their occupancy in the assisted home annually during the month of August. The Community Development Department will send a letter explaining your requirement to participate and request you complete the compliance form and return it to the office by the specified date in the letter. In the event that you do not respond to the notice, additional compliance actions [identified in the deed of trust and promissory note] will begin.

Failure to comply with the annual verification of residency will result in repayment of the entire amount of HAP assistance.

Please read the *Program Requirements and Program Qualification and Notes* sections of this manual before completing the application forms.



Program Requirements

HAP requires all buyers be “first time homebuyers” wishing to purchase their first home within the corporate city limits of Killeen.

Minimum criteria includes:

1. No prior property ownership of a home [including mobile home] or property in the most recent three (3) years—not just in Killeen or in Texas—any where.
2. The household must have a minimum gross annual income, anticipated for the next 12 months, equal to 60% of the Area Medium Income but not greater than 80% of the Area Median Income for the household size.
3. Must be Legal Residents/Citizens of the United States.
All members of the household are required to be those who are lawfully present in the United States - “not lawfully present in the United States” means a person who is defined as an “alien” in 8 CFR 103.12 and includes: (1) an alien present in the United States who has not been admitted or paroled into the United States pursuant to the Immigration and Nationality Act and whose stay in the United States has not been authorized by the United States Attorney General, and (2) an alien who is present in the United States after the expiration period of stay authorized by the United States Attorney General or who otherwise violates the terms and conditions of admission, parole or authorization to stay in the United States.
4. Must meet credit eligibility requirements and be able to qualify for a mortgage loan through one of the HAP participating mortgage lenders.
 - ◆ The monthly payment (principal, interest, taxes, and insurance) cannot exceed **30% of the buyer’s calculated gross monthly income.**
 - ◆ **The buyer’s overall debt, including the house payment, cannot exceed 43% of the buyer’s calculated gross monthly income.**
5. Have an amount equal to one house payment in reserves (*in the bank*) as required by HAP.
6. Participate in a minimum of **three (3) hours** of housing counseling.
7. Attend eight (8) hours of homebuyer education classes—4 hours prior to application and 4 hours within 120 days of purchasing the home.
8. Contribute a minimum of \$500 toward the purchase of the home. *These funds are for earnest money to be deposited with the title company or “closing agent” at the time the contract for purchase is written; additional funds may be needed for inspections or other prepaid items.*
9. Be represented by a Texas licensed real estate agent/broker who has completed the HAP Orientation/Certification, within the most recent 2 years, and is recognized as a HAP certified agent/broker.
10. Purchase an eligible home within the corporate city limits of Killeen.
11. **Have the “lender required reserves” in the bank at the time of closing.**
12. Occupy the home as a primary residence for the required five year affordability period... *The period of affordability is required and stated by the governing federal regulation... and*
13. Participate in the HAP Annual Verification of Residency.



Program Qualification and Notes

1. In the event household members file separate income tax returns, the City of Killeen First Time Homebuyer Assistance Program (HAP) will require a copy of the annual tax return for each filing individual.
2. HAP does not allow co-borrowers/co-mortgagors - This means the buyer applying and qualifying for the mortgage loan must be the person(s) that will occupy the house as their primary residence.
3. **When contacting a participating lender, schedule an appointment for a “loan app” to obtain a pre-approval for a mortgage loan.** You will need basic information about your household income and expenses, including the most recent pay stub from your employer, statements from other **income sources that will be used to determine your ability to repay the mortgage loan, W2's and Income Tax Returns from the last two years, and 2 months bank statements.** *(This is not all-inclusive and additional documents may be required.)*
4. You may be required to pay a fee to the participating lender to cover the cost of the credit report.
5. **Contacting multiple mortgage lenders will not provide you with “more buying power”.** Your monthly income and your monthly debt *(how much you earn and how much you pay out to creditors)* will determine the amount of money you can borrow to purchase a house.
6. Once you receive a pre-approval, **the mortgage lender should issue a “preapproval conditional commitment letter” guaranteeing a loan amount for the purchase.**
7. HAP funds cannot be used to pay for lender required debt relief.
8. Sub-prime Lending is not permitted in the HAP program.
9. HAP or Killeen Community Development Department does not provide mortgage loans to purchase a house.
10. **Initial and Continued Loan approval and commitment is subject to the lending institution's underwriting criteria including changes to income and/or debt obligations of the buyer(s).**
11. If the buyer changes mortgage lenders/companies, the buyer MUST IMMEDIATELY NOTIFY the HAP office. The process will be halted until the buyer provides an updated HAP Application including item number 8 from the HAP Application Packet and Required document checklist.
12. All pre-1978 homes assisted through HAP must be free of Lead Base Paint hazard.



Program Qualification and Notes continued

13. Homes leased that are for sale—The City of Killeen may provide HAP funds to assist the buyer(s) in the purchase of a house being leased, under the following conditions:

- ◊ The buyer and tenant are the same, or
- ◊ Prior to leasing and occupying the property, the current tenant must have been provided with written notification of the possible sale of the property AND that relocation assistance will not be provided (Required to be in written form from the Property Owner to the Tenant).

14. All houses must be inspected by a licensed independent home inspector [of buyer's choice] and meet specific property standards.

15. Purchase contracts dated prior to the HAP allocation letter date will need to be re-negotiated to reflect a date equal to or later than the HAP allocation date and to include the required provisions and notice to seller.

16. The City of Killeen will not repair or replace an appliance that is not permanently attached to or a part of the housing unit. (i.e., refrigerator, range/oven, microwave, swimming pools, hot tubs, accessory structures, or items considered as luxury items, etc.)

17. In the event of non-compliance with the class requirements, the buyer will be responsible for repaying the HAP assistance to the City of Killeen HOME Program and the payment will be due in full within 30 days of notice from the Community Development Department office.

18. Although an allocation of “up to \$7,500” is reserved for the qualified buyer, HAP will not over subsidize any loan; HAP funds are provided for only what is necessary to close the loan. Cash back to the buyer is not allowed. HAP funds may pay for the following closing costs within the stated limits.:

Customary Closing Costs Limited To:

Application fee, Loan Origination Fee, Title Insurance, Title Search, Credit Report Fee, **Courier Fees, Appraisal Fee, Survey Fee, Recording and Attorney's Fee, 1 Year Home warranty** up to \$500, Document Preparation Fee, Settlement or Closing Fee, *Hazard Insurance, *Property Taxes, *Pest Inspection (wood destroying insects), etc. *Other fees must be submitted and approved by HAP Administration.*

*Limitations

- 30 days interest
- 14 months hazard insurance
- 9 months property taxes
- \$100 pest inspection

Funds for Down Payment are limited to: 3.5% FHA Loan; % minimum for Conventional Loan
ALL LOAN TERMS MUST BE 30 YEARS OR LESS



KILLEEN FIRST TIME HOMEBUYER PROGRAM

Purchase Process Checklist

1. Attend homebuyer education class and obtain HAP manual and application.
2. **Put required reserves in the bank to “season”.**
3. Go to a HAP approved Mortgage Lender who will pre-qualify you for a mortgage loan amount—your “buying power” to purchase your home.
4. Find a HAP Certified Real Estate Professional - a Real Estate Agent or Broker to help you on your journey to find a home within your approved loan amount.
5. Get all of your documents together and schedule the appointment to turn in your HAP application packet.
6. Call to obtain an appointment to submit your HAP Application Packet.
7. WAIT until you have received the HAP Eligibility Letter.
8. After you have the HAP Eligibility Letter—Work with your Real Estate
9. Professional to find a home that meets HAP requirements.
10. Call the CD Housing Specialist to do a HAP inspection.
11. Prepare to make an offer/write a purchase contract for the home you want to buy.
12. Schedule a Home Inspection and invite the CD Housing Specialist to attend the inspection. Pest Inspections are required on all HAP assisted homes.
13. Forward a copy of the Home Inspection to the HAP office.
14. **Get homeowner’s insurance quotes on the house you are wanting to purchase.**
15. Forward a copy of the Purchase Contract and NPROS form to the HAP office.
16. Forward a copy of the Appraisal report to the HAP office.
17. Sign the HOME Program Written Agreement –First Time Homebuyer with Recapture.
18. Time to visit with HAP to review the HAP repair actions and approve the scope of work.
19. Check again to be sure you have all of the required reserve funds in the bank and **they are “seasoned” (in the bank for 15+ days).**
20. Schedule and prepare for closing – Lender provides listed documents allowing for 5 business days - to obtain HAP purchase assistance funds.
21. Schedule time off work and arrange for child care for the closing.
22. Read ALL of the documents 24 hours before they are to be signed at closing.
23. Attend Closing and bring photo identification and any money you are told to bring.
24. HAP receives keys to house to complete HAP required repairs.
25. HAP Required repairs are completed - **Buyer receives notice to do “Completed Repairs Walk-Thru”**
26. Receive approval from HAP to move in to the home.
27. Attend Post Purchase Education requirement within 120 days from move in.
28. Participate in the annual verification of residency.





City of Killeen, Texas

Community Development Department

First Time Homebuyer Assistance Program APPLICATION FORMS & Agreement

WARNING: Title 18 U.S Code §1001 states that a person is guilty of a FELONY for knowingly and willingly making a false or fraudulent statement to any Department or Agency of the United States. State Law may also provide penalties for false or fraudulent statements.

100112





SAMPLE - HAP Written Agreement

City of Killeen, Texas
HOME PROGRAM WRITTEN AGREEMENT
FIRST TIME HOMEBUYER WITH RECAPTURE

The applicant, recipient, borrower herein referred to as the "Homebuyer" understands that a portion of the funds being used to purchase the home are federal funds received through the Home Investment Partnerships Program hereinafter referred to as HOME. These funds have been allocated to the City of Killeen. The Homebuyer agrees to abide by all of the terms and provisions of this program. Homebuyer further agrees to abide by the HOME Federal regulations at 24 CFR Part 92 which is hereby incorporated as if fully set forth herein. The Homebuyer(s), its heirs, successors, and assigns, forever, are subject to the following referenced conditions:

1) DEFINITIONS

- a) **AGREEMENT:** This written agreement between the City of Killeen and the Homebuyer shall be referred to as the "Agreement"
- b) **APPLICANT:** This term refers to the prospective homebuyer (s)/purchaser (s) who is (are) applying and has the capacity to enter into a legal contract and will occupy the unit purchased with HOME funds
- c) **HOMEBUYER:** The term "Homebuyer" refers to applicant(s) pre-qualified by a bank or mortgage company, who will obtain title to the property and whose names will be on the Warranty Deed, the 1st and 2nd Lien Deed of Trust and who will occupy the home as their principal residence.
- d) **HOUSEHOLD:** The term "Household" refers to all persons who will occupy the unit upon purchase for the entire affordability period.

2) TERM OF AGREEMENT [24 CFR 92.504(c)(3)(ix)]

- a) The Agreement shall remain in force for five (5) years from the execution date.
- b) The Agreement may be ended by the City of Killeen for lack of progress by the Homebuyer.
- c) The Homebuyer acknowledges, understands and agrees that the Homebuyer will become ineligible if the Homebuyer fails to complete the purchase within ninety (90) days from the date of the allocation letter, unless re-certified.

3) TERMS OF ASSISTANCE

- a) This assistance to the Homebuyer is for single-family housing in Killeen only.
- b) The address of the unit to be purchased by the Homebuyer will be determined within ninety (90) days of the allocation letter ADDRESS, CITY, COUNTY, STATE, ZIP CODE
- c) The appraised value of the unit to be purchased by the Homebuyer is \$ NUMERICAL AMOUNT. The Sales Price cannot exceed the appraised value. The bank or mortgage company orders the appraisal prior to closing and forwards a copy to the City of Killeen.

FTHB Written Agreement
HOME Recapture
Page 1 of 7



SAMPLE - HAP Written Agreement

- d) The sales price of the unit to be purchased by the Homebuyer will be determined within the ninety (90) days of receiving an allocation letter from the City of Killeen. The Homebuyer agrees to provide the City of Killeen a copy of the Sales Contract with the Seller upon execution.
The sales price of the home to be purchased is: \$ NUMERICAL AMOUNT.
- e) Tenant occupied homes are NOT eligible properties; unless the first time homebuyer is the tenant.
i. Rental homes vacant for the previous ninety (90) days are eligible for purchase
- f) HOME funds in the amount of \$TOTAL HAP FINDS will be provided to the Homebuyer as direct homebuyer assistance.
i. \$NUMERICAL AMOUNT to be used toward down payment.
ii. \$NUMERICAL AMOUNT closing costs, excluding:
1. prorated taxes to closing;
2. discount points;
3. origination points exceeding 1% unless approved
4. Broker's fees and costs that the Seller should normally incur; and fees or terms considered to be predatory by City of Killeen.
- g) Borrower(s) must pay a minimum of \$500.00 from his/her/their own funds as the buyers investment. Buyer cannot receive money at closing unless it is for pre-payment of appraisal.
- h) The form of the HOME subsidy is a five (5) year, zero (0%) percent interest, deferred payment loan, forgivable one sixtieth (1/60th) per month beginning one (1) month from the completion date as defined by HUD IDIS system. Forgiveness is contingent on the Homebuyer:
i. Complying with all terms and conditions of this written Agreement
ii. Providing or causing to be provided, a certificate of homeowners' insurance naming the City of Killeen as co-insured or additional insured.
- i) The HOME subsidy will be secured by a second lien deed of trust, filed in the Bell County Deed Records.
- 4) WRITTEN AMOUNT and 00/100 (\$NUMERICAL AMOOUNT) will be forgiven monthly for the duration of the five (5) year affordability period.
- 5) **INCOME ELIGIBILITY** [24 CFR 92.217]
a) Homebuyer understands that to qualify under HOME guidelines, total household income is required to be verified under Part 5 [24 CFR 5.609] and must be between 60- 80% of area median income for the Killeen – Fort Hood Metropolitan Area as determined by the United States Department of Housing and Urban Development.
b) The Household's income must be verified with Household's being income eligible prior to entering into this Agreement.
c) The Homebuyer agrees total household income has been submitted to the City of Killeen and that the income amount and household composition provided is correct.

FTHB Written Agreement
HOME Recapture
Page 2 of 7



SAMPLE - HAP Written Agreement

- d) The Homebuyer must not have cash assets greater than \$10,000 in their bank accounts; no assistance will be provided if cash assets are \$10,000 or more.
- 6) **PRINCIPAL RESIDENCE [24CFR 92.254(a)(3)]**
- a) The Homebuyer must comply with the HOME Program requirement to occupy the property as their principal residence during the five (5) year affordability period.
- b) The balance of the loan shall be due and payable upon sale or transfer, rental or lease, cash out refinance, or the Homebuyer(s) no longer being a physical occupant of the property.
- 7) **HOMEBUYER'S TERMS [24 CFR 92.254(a)]**
- a) The Homebuyer's application is attached to and made a part of the Agreement.
- b) The second lien deed of trust is for a period of five (5) years from the date executed.
- c) During the five (5) year period the Homebuyer agrees to abide by the terms of the Agreement and the provisions of the second lien deed of trust.
- d) The Homebuyer agrees to occupy the property upon loan funding if no repairs are needed. In the event the City of Killeen makes rehabilitation repairs to the home; the buyer agrees to occupy the property upon a final inspection of rehabilitation repairs is completed.
- e) Homebuyer agrees that the house will not exceed 95 percent of the median purchase price for the area as indicated in the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) for the Killeen – Fort Hood Metropolitan area.
- f) The Homebuyer grants the City of Killeen the right to make technical amendments to this Agreement to:
- i. Reflect the actual subsidy to the Homebuyer;
 - ii. Reflect the actual property address;
 - iii. Reflect the actual sales price; and/or
 - iv. Reflect the actual appraised value
- g) The Homebuyer agrees to sign the amended Agreement reflecting the technical amendments at close with the City of Killeen.
- h) Homebuyer agrees that it will maintain the City lien in second position if refinancing loan. A subordination agreement will be signed by the City and the homeowner maintaining the lien in second position. Homebuyer agrees that mortgage loan will only be refinanced if interest rate will be reduced by two percent.
- 8) **PERIOD OF AFFORDABILITY (24 CFR 92.504(c)(3)(ix))**
- a) Under the regulations the period of affordability in years for homeownership assistance is based on the amount of HOME funds that are in the project (unit) and are as follows:

FTHB Written Agreement
HOME Recapture
Page 3 of 7



SAMPLE - HAP Written Agreement

<u>HOME FUNDS PROVIDED</u>	<u>AFFORDABILITY PERIOD</u>
Less than \$15,000.00	5 Years
\$15,000 – \$40,000.00	10 Years
More than \$40,000.00	15 Years

- b) HOME funds that will be used to assist the buyer with down payment and closing costs will not exceed \$7,500.00; therefore the home must meet the affordability requirement for five (5) years.

9) RECAPTURE (24 CFR 92.254(a)(5)(ii)(A)(4))

- a) Recapture is defined as the recovery of HOME funds upon the sale or transfer, rental or lease, refinancing, or the Borrower(s) no longer being a physical occupant of the property
- b) The balance of the loan shall be due and payable upon sale or transfer, rental or lease, refinancing, or the Borrower(s) no longer being a physical occupant of the property.
- c) This recapture provision shall remain in force from the date the legal documents are executed at loan closing until the expiration of the affordability period defined above.
- d) Net Proceeds from Sale for the purpose of Recapture are defined as follows:
 - i. Sales Price
 - ii. Less Seller's Closing Costs
 - iii. Less First Mortgage Balance
 - iv. Less documented Capital Improvements in excess of \$500
 - v. Less Down payment and closing costs paid from the Homebuyer's cash at purchase
 - vi. Equals Net Proceeds from Sale
- e) The City of Killeen shall recapture from the net proceeds from sale, the remaining Homebuyer direct subsidy and return the recaptured funds to the HOME Investment Trust.
- f) Funds remaining after Recapture shall accrue to the Homebuyer
- g) If there are no Net Proceeds from Sale, then the City of Killeen shall forgive the remaining balance of the loan.

10) Enforcement (24 CFR 92.504(a)(X))

- a) The Homebuyer and the City of Killeen acknowledge the City of Killeen's right and responsibility to enforcement of this agreement.
- b) The City has adopted a Recapture Policy.

11) Default (24 CFR 92.504(a)(X))

FTHB Written Agreement
HOME Recapture
Page 4 of 7



SAMPLE - HAP Written Agreement

- a) The Homebuyer shall be in default if the Homebuyer abandons, leases, rents, fails to list the City of Killeen as an insured party, or fails to occupy the property at any time during the affordability period
- b) If the Homebuyer defaults, the HOME loan, as defined, shall be immediately due and payable to City of Killeen

12) Other Requirements

- a) **Credit Check-ups:** It is understood and agreed that the City of Killeen has the right to obtain credit report information as long as the lien on the property exists.
- b) This written agreement must be executed by all parties prior to any occupancy of the unit specified by the Homebuyer. (CFR 92.254(a))
- c) **Nondiscrimination.** The Homebuyer agrees for itself and any successor in interest shall not discriminate upon the basis of race, creed, color, sex, disability, national origin, or familial status in the sale, lease, or rental or in the use or occupancy of the property hereby conveyed or any part thereof or of any improvements erected or to be erected thereon or any part thereof.
- d) **Homebuyer's Class.** Homebuyer agrees to attend a homebuyer's class provided by the City of Killeen and to provide the City of Killeen a copy of a Homebuyer's Certificate of Completion when submitting the application for assistance. A post purchase class is required after 90-days of closing on the mortgage loan.
- e) **Housing Counseling.** A minimum of three hours of housing counseling is required by homebuyer.
- f) **Environmental Assessment (24 CFR 58.5), Inspection and Repairs:** An environmental assessment and inspection of the property will be performed by the City of Killeen staff prior to loan closing. The environmental assessment will be completed by staff prior to closing. The repairs made by the seller if any, must be made prior to closing.
 - i. This Written Agreement will be become null and void upon the failure of the property to pass the environmental assessment; and/or
 - ii. Completion of lender required repairs by the seller within a reasonable time.

The inspection of the property you are purchasing that is conducted by the CITY OF KILLEEN, TEXAS is ONLY for the purposes of determining whether the house meets local building codes. A summary of the inspection report will be sent to your realtor and lender. In order for assistance to be provided under the Program, the identified codes, safety or health-related deficiencies must be corrected prior to closing/occupancy.



SAMPLE - HAP Written Agreement

- g) **Contract between buyer and seller.** Homebuyer agrees to provide a copy of the sales contract to the City of Killeen.
- h) **Federal regulations under the Real Property Acquisition Act of 1970, as amended (URA).** If the home being purchased was occupied within last previous ninety (90) days prior to application by a tenant (renter) or the tenant was displaced because of the pending sale, the City of Killeen will be unable to provide assistance to the homebuyer.
- i) **Coordination of Closing.** The Homebuyer agrees that it is his/her/their responsibility to coordinate with the City of Killeen the lender, realtor and title company before setting up a loan closing time and date to ensure adequate time for the City of Killeen to:
 - i. Complete the required environmental assessment;
 - ii. Complete the property inspection;
 - iii. Allow time for repairs to be completed;
 - iv. Receive required verifications;
 - v. Receive information from lender and title company to complete document preparation
 - vi. Obtain the HUD-1 Settlement statement; and
 - vii. Order and receive funds to complete the transaction.
- j) **Indemnification.** Homebuyer shall defend, indemnify and hold harmless the City of Killeen, its officers, agents, employees, representative and volunteers from and against any loss, liability, claim or judgment relating in any manner to the performance of this Agreement.

I/We understand and acknowledge that any misrepresentation of material fact on the application and accompanying documents, including this Written Agreement, will subject me/us to possible prosecution for fraud under provisions of Title 18, United States Code, Section 1014 and under the Program Fraud Civil Remedies Act (Public Law 99-509)

SIGNATURE PAGE FOLLOWS

FTHB Written Agreement
HOME Recapture
Page 6 of 7



SAMPLE - HAP Written Agreement

In Witness Whereof, the parties have executed this Written Agreement as of _____, _____.

FIRST TIME HOMEBUYER (S):

BUYER NAME

BUYER NAME

CITY OF KILLEEN:

Ronald L. Olson, City Manager

THE STATE OF TEXAS §

COUNTY OF BELL §

BEFORE ME, the undersigned authority, a Notary Public, in and for said County and State, on this day personally appeared _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he/she/they executed the same for the purposes and consideration herein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 2017.

Notary Public in and for the State of TEXAS

THE STATE OF TEXAS §

COUNTY OF BELL §

BEFORE ME, the undersigned authority, a Notary Public, in and for said County and State, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration herein expressed and in the capacity herein stated, and as the act and deed of the City of Killeen.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, _____.

Notary Public in and for the State of TEXAS

FTHB Written Agreement
HOME Recapture
Page 7 of 7





THE APPLICATION PACKET and REQUIRED DOCUMENTS

The following is the list of application forms and required documents that make up the *Formal Application packet*. Please place the forms and documents in order listed below.

Once you have all of the forms and documents in the above order, call the Community Development Department office to schedule an appointment to submit your HAP application.

An Application Packet WILL NOT be accepted without ALL of the required documents.

DOCUMENT RESPONSIBILITY	FORM AND /OR DOCUMENT DESCRIPTION
Applicant	<p>1. HAP FORMS F-1 through F-4 These documents must be Originals, completed and signed by the buyer</p> <ul style="list-style-type: none"> <input type="checkbox"/> F1 –APPLICANT INFORMATION- Original , completed and signed <input type="checkbox"/> F2 –HOUSEHOLD INCOME DISCLOSURE AND CERTIFICATION Original, completed, and signed <input type="checkbox"/> F3– PROGRAM INFORMATION AND COMPLIANCE DISCLOSURE Original, completed, and signed <input type="checkbox"/> F4 –AUTHORIZATION OF RELEASE OF INFORMATION –Original, Signed by the buyers <p><input type="checkbox"/> 2. Applicant Household Identification—Copy of Drivers License or State ID and Social Security Card for ALL Adult members of the household</p> <p><input type="checkbox"/> 3. City of Killeen Certificate of Attendance from the homebuyer pre-purchase class. Certificate is valid for one year from the date of attendance.</p> <p><input type="checkbox"/> 4. Copy of three (3) consecutive months of the most recent Pay Stub for each person who receives income. COPIES ONLY. No original documents will be accepted.</p> <p><input type="checkbox"/> 5. Copy of Bank Statements –COPIES ONLY. No original documents will be accepted. A copy of the most recent three(3) consecutive months statements for EACH bank account</p> <p><input type="checkbox"/> 6. Copy of filed Federal Income Tax Returns - COPIES ONLY. No original documents will be accepted. A copy of each of the preceding three (3) years filed Income Tax Returns. In the event that an Income Tax Return was not filed, a statement from the IRS, certifying that a return was not filed, will be required. Please contact: 1-800-829-1040 to obtain a copy of the statement or to obtain the missing year tax return(s).</p> <p><input type="checkbox"/> 7. Copy of Credit Report (from mortgage lender)</p> <p><input type="checkbox"/> 8. Copy of the Mortgage Loan Pre-Qualification Conditional Approval Letter (from mortgage lender)</p>







First Time Homebuyer Assistance Program
 City of Killeen, Texas
 Community Development Department
APPLICANT INFORMATION

STAFF USE ONLY	
Annual (gross) income \$	%AMI
Total Household Members#	HUD Income Limits Date:

Applicant				Co-Applicant			
NAME		Head of Household?		NAME		Head of Household?	
		<input type="checkbox"/> YES <input type="checkbox"/> NO				<input type="checkbox"/> YES <input type="checkbox"/> NO	
Social Security Number (last 4 only)				Social Security Number (last 4 only)			
Current Address				Current Address			
City	State	Zip Code		City	State	Zip Code	
Currently receiving Federally funded housing assis-		YES <input type="checkbox"/> NO <input type="checkbox"/>		Currently receiving Federally funded housing assis-		YES <input type="checkbox"/> NO <input type="checkbox"/>	
If YES, please indicate which type of assistance: (check one)				If YES, please indicate which type of assistance: (check one)			
Public Housing <input type="checkbox"/>		Housing Choice Voucher/Section 8 <input type="checkbox"/>		Public Housing <input type="checkbox"/>		Housing Choice Voucher/Section 8 <input type="checkbox"/>	
Email		Telephone		Email		Telephone	

Total Household Members Enter the age and gender of all persons who will live in the home	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE
	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER

Household Type Please Check all that apply	Single/Non Elderly –a single applicant less than 62 years of age
	Elderly –1 or 2 person household with one person 62 years of age or older
	Related Single Parent –a single parent household with dependent child/children under 18 years of age
	Related Two Parents –a two parent household with dependent child/children under 18 years of age
	Other - any household, including 2 or more unrelated individuals not included above

RACE and ETHNICITY INFORMATION			Please check on box	Applies to the Head of Households ONLY
<input type="checkbox"/> White	<input type="checkbox"/> Native Hawaiian/Other Pacific Islander	<input type="checkbox"/> Black/African American and White		
<input type="checkbox"/> Black/African American	<input type="checkbox"/> American Indian/Alaskan Native and White			
<input type="checkbox"/> Asian	<input type="checkbox"/> Asian and White	<input type="checkbox"/> Multi-Racial		
<input type="checkbox"/> American Indian/Alaskan Native	<input type="checkbox"/> American Indian/Alaska Native and Black African			

ETHNICITY Hispanic YES NO Please check one
 The Ethnicity of a person is considered as Hispanic or Latino, if that person generally identifies themselves as any of the following:
 Hispanic/Latino group (including Mexican, Puerto Rican or Cuban) as well as those who indicate that they are "other Spanish, Hispanic or Latino" including Mexican, Puerto Rican, Cuban, Dominican Republic, Central American-Costa Rican, Guatemalan, Honduran, Nicaraguan, Panamanian, Salvadorian, Other Central American, South American-Argentinean, Bolivian, Chilean, Colombian, Ecuadorian, Paraguayan, Peruvian, Uruguayan, Venezuelan, , Other South American, Other Hispanic or Latino-Spaniard, Spanish American, and All other Hispanic or Latino *Census 2000*

REAL ESTATE AGENT INFORMATION

Name of Real Estate Office	Office Telephone
Agent Name	Agent Cell Phone #
RE Agent Assistant	Assistant Telephone
	Fax Number

MORTGAGE LENDER INFORMATION

Mortgage Company	Loan Processor Name
Loan Officer Name	Phone #

I certify that the information contained in this application is true and accurate to the best of my knowledge. Falsification of any documents, application or information provided will lead to my termination or participation in the City of Killeen HOME Program and could result in Felony Charges.

I understand this is an application for assistance and DOES NOT GUARANTEE ASSISTANCE.

Applicant Signature	Date	Co-Applicant Signature	Date	Staff





Applicant Name		Co-Applicant Name	
Employer Name		Employer Name	
Employer Address		Employer Address	
Employer Tele #:	Employer Fax #:	Date of Hire:	Employer Tele. #
			Employer Fax #:
			Date of Hire:

HOUSEHOLD INCOME DISCLOSURE AND CERTIFICATION

Enter the gross monthly amount for each category for household member who will live in the house

TYPE INCOME	APPLICANT	CO-APPLICANT	HOUSEHOLD MEMBER	OTHER HOUSEHOLD MEMBER	OTHER HOUSEHOLD MEMBER
EMPLOYMENT					
UNEMPLOMENT					
SOCIAL SECURITY or SSI or DISABILITY					
RETIREMENT/ PENSION/ SURVIVOR or DEATH BENEFITS					
CHILD SUPPORT/ ALIMONY					
DIVIDENDS/ ANNUITIES/ MUTUAL FUNDS/ INSURANCE					
IRA/ 401K/ STOCKS/ BONDS					
TAXABLE INTEREST					
OTHER CASH/ RECURRING IN-COME or ASSESTS					
TOTAL MONTHLY					

WARNING: Title 18 U.S. Code § 1001 states that a person is guilty of a FELONY for knowingly and willingly making a false or fraudulent statement to a Department or Agency of the United States. State law may also provide penalties for false or fraudulent statements.

I certify that the information contained in this application is true and accurate to the best of my knowledge and that falsification of any documents, application or information provided will lead to my termination or participation within the City of Killeen HOME Program and could result in a Felony Offense. I also certify that I have disclosed ALL income received by the persons in my household.

Applicant Signature		Date:		Staff Initial
Co-Applicant Signature		Date:		Staff Initial





Applicant Initials	PROGRAM INFORMATION DISCLOSURE AND COMPLIANCE	City Staff Initials
	I certify that I have received and read the City of Killeen First Time Homebuyer Assistance Program Information	
	I fully understand the requirement to participate and attend eight (8) hours of homebuyer education classes – 4 hours prior to application and 4 hours within 120 days of purchasing the home (a reminder letter will be mailed out) Failure to comply is a breach and triggers repayment of HAP assistance.	
	I have read and fully understand that I must complete 3 hours of housing counseling associated with application for and receipt of HAP purchase assistance.	
	I fully understand that I am required to sign a written agreement with the City of Killeen in order to participate in the First Time Homebuyer Assistance Program.	
	I have read and fully understand I must contribute a minimum of \$500 (a cash commitment), which may be used to pay inspection fees; earnest money at contract signing (deposited with the escrow agent/title company that will process the loan closing) or other costs associated with the HAP assistance transaction.	
	I have read and fully understand that I must have an amount equal to one month house payment in reserve (cash in the bank) or more, as required by the mortgage lender, prior to loan closing.	
	I fully understand that I am required to sign a Deed of Trust and Promissory Note, which will place a lien against the property I purchase using the City of Killeen First Time Homebuyer Assistance Program.	
	I have read and fully understand the term of the affordability period as is directly related to the amount of purchase assistance funds. The number of years I am required to meet the affordability period is 5 years for purchase assistance fund totals less than \$15,000.	
	I have read and understand the requirement to participate in the HOME Program Annual Verification of Primary Residence, which will confirm that I am occupying the home. I understand that the annual verification will include written verification notice and may include a physical inspection of the property for the duration of the affordability period.	
	I have read and fully understand that in the event of non-compliance with the affordability period [failure to occupy the house as a primary residence] that I will be responsible for repaying the HAP assistance to the City of Killeen HOME Program and that the payment will be due in full within 30 days of notice from the Community Development Department office.	
	I understand that I have the right to seek legal counsel regarding clarification of the above statements before affixing my signature below, which confirms my agreement to the City of Killeen First Time Homebuyer Assistance Program and its requirements.	
	I fully understand each of the above statements and my commitment to the City of Killeen Home Investment Partnership (HOME) Program—First Time Homebuyer Assistance Program.	
DATE	APPLICANT SIGNATURE	Staff Initials
DATE	CO-APPLICANT SIGNATURE	Staff Initials





AUTHORIZATION OF RELEASE OF INFORMATION

NAME <small>Print full legal name</small>	SOCIAL SECURITY NUMBER <small>Enter last 4 of SS Number</small>	SIGNATURE <small>Sign Only in presence of a Notary Public</small>

PURPOSE: Signatures on this Authorization of Release of Information form and the signatures of each member of the household which is 18 years of age or older, authorizes the City of Killeen Home Investment Partnership (HOME) Program of Killeen, Texas in conjunction with the City of Killeen, Texas First Time Homebuyer Assistance Program to obtain information from a third party relative to the eligibility and continued participation in the City of Killeen, Texas HOME Program-First Time Homebuyer Assistance Program.

AUTHORIZATION: I hereby authorize/grant permission of the release of information to the City of Killeen Home Investment Partnership Program and HUD to obtain information about me and my household that is related to eligibility for participation in the HOME Program.

I/We understand that this Release of Information is valid until revoked in writing.

THE STATE OF TEXAS §
 COUNTY OF _____ §
 This instrument was acknowledged before me on this _____ day of _____, _____.

SEAL

 Notary Public in and for Texas

PRIVACY ACT NOTICE STATEMENT: The Department of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant's eligibility in the HOME Program and the amount of assistance necessary using HOME funds. This information will be used to establish a level of benefit for the HOME Program; To protect the government's financial interest; and to verify the accuracy of information furnished. It may be released to appropriate Federal, State, and Local Agencies when relevant to civil, criminal or regulatory investigators, and prosecutors. Failure to provide any information may result in a delay or rejection of eligibility or approval. The Department is authorized to ask for this information by the National Affordable Housing Act of 1990.

