



CITY OF SAN ANTONIO  
**NEIGHBORHOOD & HOUSING  
SERVICES DEPARTMENT**

## **PROCEDURAL GUIDE**

# **HOMEOWNERSHIP INCENTIVE PROGRAM**

## **HIP 80 – HOME FUND**

JULY 15, 2022

*Contact: 210-207-6459*

100 W Houston St., San Antonio, Texas 78205

Website: [www.sanantonio.gov/NHSD/programs/downpayment](http://www.sanantonio.gov/NHSD/programs/downpayment)

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## INTRODUCTION

HOME Investment Partnerships Program (HOME) funds are allocated by HUD to eligible State and Local governments for the expansion of the supply of decent, safe, sanitary, and affordable housing (24CFR Part 92).

The City of San Antonio's (CoSA's) Neighborhood Housing Services Department (NHSD) administers a down payment and closing cost assistance program out of HOME funds. The Homeownership Incentive Program (HIP 80) consists of federal funds made available to eligible first-time home buyers. The HIP 80 program provides homeownership opportunities for low to moderate-income families.

Families with income below 80% AMI may qualify for an FHA 203B, FHA, VA or a Conventional loan to finance the purchase of an existing or completed inventory new construction home. However, some of these families are unable to save the money needed for the down payment and closing costs that are required from the lender. Assistance will be provided in the form of a forgivable loan at 0% interest rate and no monthly payment are required.

Policy clarifications or general questions should be addressed to the City's Neighborhood and Housing Services Department (NHSD). Please call 210-207-6459 or submit questions to the following link: <https://www.sanantonio.gov/NHSD/programs/downpayment>

## WHO IS ELIGIBLE FOR ASSISTANCE?

**To be eligible for participation with HIP 80, clients must meet all of the following criteria:**

1. The household's gross annual income cannot exceed eighty percent (80%) of the Area Median Family Income (AMFI). Household income consists of all money received or earned by any person 18 years of age or older who currently resides, or who will reside in the structure to be purchased. This includes all income earned, i.e., part-time employment, overtime, child support, bonuses, SSI, etc. CoSA will re-verify the household's gross income if more than 6 months has lapsed from when borrower was initially qualified. CoSA reserves the right to re-verify the household's gross income at any time.
2. The borrower must be a first-time homebuyer as defined below:
  - a. Have not had an ownership interest in any residential property for at least three (3) years prior to applying for HIP 80 down payment assistance For example: inherited property or;
  - b. Displaced person or family that involuntarily and permanently moves from real property as a direct result of acquisition, rehabilitation, or demolition.
  - c. Individuals who have recently divorced and will purchase a new primary residence are exempt from the three-year rule. Proper documentation will be required such as divorce decree.
3. HUD regulations prohibit us from providing assistance to persons not lawfully residing in the United States.
4. All contributing members of a household receiving HIP 80 funds must be either a:
  - a. U.S. Citizen or,
  - b. Permanent Resident Alien or,
  - c. Temporary Resident Alien with permission to work in the United States. Documentation of status will be required.
5. The borrower must occupy the home and declare it as their homestead for tax purposes during the term of program assistance.
6. The borrower must qualify for an FHA, VA, or a Conventional mortgage loan from a legitimate mortgage lender.
7. Owner financed loan do not qualify for HIP 80 funds.
8. Buyer must attend an 8-hour HUD approved Homebuyer Education Course from the list that is available on the City of San Antonio webpage <https://www.sanantonio.gov/NHSD/Programs/DownPayment> and submit a certificate of

completion form prior to closing. In addition to this, the buyer must also watch our short HIP orientation video that is on our webpage:

<https://www.sanantonio.gov/NHSD/Programs/DownPayment>

9. Buyer should deposit a minimum of \$500 in earnest money prior to closing the loan at the title company. Funds must be receipted by the title company and sourceable for the Lender.

## WHAT TYPE OF HOUSE QUALIFIES?

1. The house to be purchased must be located within the City of San Antonio. You can conduct a search by address in [www.bcad.org](http://www.bcad.org) to verify that "City of San Antonio" is a taxing jurisdiction.
2. The home can be existing or complete new construction inventory.
3. The maximum sales price of an **existing home** shall not exceed **\$215,000**. The maximum sales price of a completed inventory **completed inventory new construction home** shall not exceed **\$251,000** "Affordable Home Price", established by HUD.
4. Eligible Property Types include any property that will serve as the purchaser's principal residence, including:
  - A single-family property (one unit);
  - A Condominium unit;
    - A condominium is a unit in an apartment house, or other multiple-unit complex, the units of which are individually owned, each owner receiving a recordable deed to the individual unit purchased, including the right to sell, mortgage, etc. That unit and sharing in joint ownership of any common grounds, passageways, etc.
  - A manufactured home;
    - The manufactured housing must be connected to permanent utility hookups.
    - The manufactured housing must be located on land that is owned by the manufactured housing unit owner
    - Or, be able to provide a lease of the lot for the full term of assistance
  - The home can be existing or new construction inventory
    - Any existing and complete new construction inventory homes that are acquired for homeownership (e.g., down payment assistance) must be decent, safe, sanitary, and in good repair. A newly constructed unit must also meet the City's universal design ordinance.

## HIP Property Review / Uniform Physical Conditions Standards (UPCS) Inspection

5. Per the U.S. Department of Housing and Urban Development (HUD) Regulation 24 CFR §92.251(c)(3), existing housing that is acquired for homeownership (e.g., down-payment assistance) must be decent, safe, sanitary, and in good repair. The participating jurisdiction (CoSA) must establish standards to determine that the housing is decent, safe, sanitary, and in good repair. At minimum, the standards must provide that the housing meets all applicable State and local housing quality standards and code requirements, and the housing does not contain the specific deficiencies proscribed by HUD based on the applicable inspectable items

and inspected areas in HUD-prescribed physical inspection procedures (Uniform Physical Condition Standards) issued pursuant to 24 CFR 5.705. The participating jurisdiction (CoSA) must inspect the housing and document this compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the housing does not meet these standards, the housing must be rehabilitated to meet the standards of this paragraph (c)(3) or it cannot be acquired with HOME funds. *\*\*HOME funds may not be used for the required repairs. \*\**

6. Condition of unit must be safe, decent, and sanitary. Must meet all City Building Codes and federal standards including Environmental, Lead Based Paint, and HIP Property Review / Uniform Physical Conditions Standards (UPCS) Inspection to be completed by COSA staff. HIP Property Review & UPCS Inspection is not a substitute for the TREC final inspection report.
7. For units built prior to 1978, a visual assessment on all painted surfaces shall be performed for detection of lead-based paint in accordance with 24CFR part 35.1015. At CoSA discretion, a lead "clearance" report may be required even though there may not be children in the household.
8. For information on visual assessments and/or inspections for lead base paint issues, contact Environmental & Consumers Safety at 1-888-778-9440. The National Lead Information Center Clearing House has specialists available to answer any of your questions regarding lead issues at 1-800-424-5323; website: [www.epa.gov/lead](http://www.epa.gov/lead)
9. Unit must contain adequate living space. HIP 80 funds are governed by certain Federal Regulations to ensure that funds are not used to contribute to overcrowded housing conditions. Refer to Page 13 for Occupancy Standards.
10. **The buyer should not pay for any of these repairs as they do not own the home.**
11. Once repairs are completed, a second UPCS/ HIP PROPERTY INSPECTION will be conducted by CoSA, to ensure all required repairs identified in the initial HIP/UPCS Property Review were completed in a satisfactory manner.
12. If the property to be purchased is in a flood plain area, the homeowner must maintain a flood insurance policy throughout the terms of assistance.

## TERMS OF ASSISTANCE

### 1. HIP 80 ASSISTANCE:

- Assistance is secured by a second lien loan on the total HIP 80 amount.
- Up to \$30,000 for down payment and closing costs assistance will be provided to eligible homebuyers and will be determined off of the Loan Estimate.
- Assistance of \$1,000 - \$15,000 and below is provided as a forgivable loan which is forgiven over a five (5) year period (affordability period) with 1/5<sup>th</sup> of the loan being forgiven on the anniversary date each year.
- Assistance of \$15,001 - \$30,000 is provided as a forgivable loan which is forgiven over a five (5) year period (affordability period) with 1/10<sup>th</sup> of the loan being forgiven on the anniversary date each year.
- If the property is sold, transferred, or refinanced (with cash-back) prior to the end of the five (5) year or ten (10) year forgiveness period, the borrowers will be responsible for payment of the remaining balance of the forgivable loan.
- Refinance without cash back is allowed.
- 0% Interest Rate and no monthly payment are required.



## CHANGE IN LENDER AND/OR PROPERTY

- If purchaser changes the lender after a HIP 80 commitment is issued, a “Letter of Transfer”, a revised Loan Estimate (LE), Itemized Fees Worksheet, and a Transmittal Summary are required by CoSA.
- Should the purchaser change properties after HIP 80 commitment, a new request must be submitted by the lender to CoSA-NHSD along with all items outlined on HIP 80 Lender Checklist.

## THE EARNEST MONEY CONTRACT

1. CoSA - NHSD requires a copy of an executed one that is legible.
2. The contract must show a fixed interest rate.
3. The contract must be properly receipted by a Title Company with a minimum of \$500 earnest money
4. Any changes to the contract must be dated and initialed by both parties.
5. Submit a copy of any contract extensions or amendments to CoSA – NHSD as soon as possible.
6. The location of the title company and closer’s name must be legible on the contract as well as the seller and buyer agent’s names (if applicable).

## UNDERWRITING GUIDELINES

1. Property must be located in City Limits of San Antonio
2. Qualifying debt to income ratios are 33% housing ratio on the front end and 45% total debt ratio on the back end, including compensating factor.
3. Up to 1.0% origination fee is covered by HIP 80 funds.
4. Up to 2 points Discount Fees or Buy-down fees is covered by HIP 80.
5. No credit score is required.
6. Minimum \$500 earnest money deposit shall be made by the buyer toward the purchase of the home. Funds must be receipted by the title company and sourceable for the Lender.
7. The initial down payment amount approved will be the minimum required in order to qualify per lender guidelines. Borrower's down payment amount must be clearly documented on the itemized worksheet, loan estimate and closing disclosure.
8. Maximum HIP 80 loan is up to \$30,000 and is subject to the 1st lien holder's approval of combined Loan to Value (CLTV).
9. Assistance for \$1,000 - \$15,000 and below is provided as a forgivable loan which is forgiven over a 5-year period (affordability period) with 1/5 of the loan being forgiven on the anniversary date each year.
10. Assistance for \$15,001 - \$30,000 and below is provided as a forgivable loan which is forgiven over a 10-year period (affordability period) with 1/10 of the loan being forgiven on the anniversary date each year.
11. Maximum sales Price for an existing home cannot exceed **\$215,000**. Maximum sales Price for a newly constructed home cannot exceed **\$251,000**.
12. Household assets over \$5,000 will be calculated as annual income at a rate of 0.0006% (passbook rate). For example, 401k, or a retirement plan.
13. No bankruptcy within the following timeframe:
  1. Chapter 7: Must be five (5) years from date of discharge.
  2. Chapter 13: Must be two (2) years from date of discharge.

## NHSD HIP 80 ELIGIBILITY PROCESS

It is recommended that the lender verify that the file is complete, and credit approved, prior to submitting the loan packet to the email bucket [downpaymentassistance@sanantonio.gov](mailto:downpaymentassistance@sanantonio.gov); **All documents must be legible.**

Coordinate with your real estate agent to send these as soon as they are available. HIP 80 will use these documents to **open a new file and conduct the HIP/ UPCS Property Review** even though your lender file may not yet be complete.

1. Copy of purchase contract receipted by the Title Company; including all addenda.
2. Copy of the Property Inspection Report (including Newly built homes).

**Property Inspection Report will be reviewed by CoSA personnel to process CoSA HIP/UPCS Property Review Form. A third-party inspector secured by CoSA NHSD will inspect the property for any needed repairs connected to health, safety and code violations. Realtor, lender and buyer will be advised of any required repairs within 5-7 business days. If the property does not pass the compliance inspection, CoSA must be notified to proceed with the loan process when all discrepancies are corrected.**

## Steps for Loan Submission Packet

1. Lender's loan approved packet should be received within 10 business days after the Inspection report and contract have been submitted.
2. The packet is reviewed to ensure completeness, accuracy and eligibility. There is a 7-10 business day turnaround time for this review.
3. In accordance with HUD occupancy standards, a review of the proposed property will determine if the structure has sufficient living/sleeping space to accommodate the family size.
4. A Site Specific Environmental Review Record (ERR) is conducted by COSA per HUD 24CFR 58.6. Certain ERR results may have a negative impact on COSA's ability to provide assistance (i.e. air, noise, or flood thresholds.)
5. Once income eligibility and ratios have been approved the HIP amount will be determined by reviewing lender's signed Loan Estimate and Itemized Fees Worksheet. The CoSA loan officer

will compute the amount of HIP 80 assistance based off of these documents as well as our list of allowable fees.

6. After the lender has submitted all required documentation and the property repairs have been satisfied, the HIP 80 assistance amount will be determined to issue a commitment letter.
7. The combined balanced CD acknowledged by the buyer should be sent three business days prior to closing.
8. CoSA - NHSD will order legal documents from the City Attorney's Office, which will need to be done three business days prior to closing.
9. CoSA will order wire transfer funds to title company once the CD is approved.
10. The CoSA - NHSD loan officer will send approved legal documents to the title company.

Coordination with CoSA – NHSD loan officer is essential to meet closing deadline schedules and avoid delays.

## HUD INCOME GUIDELINES

Income eligibility is based on Median Family Income for the San Antonio, Texas MFI. Income limits are updated automatically in compliance with the most recent transmittals received from HUD.

### 2021-2022 Income Limits / 80% AMI

(Updated by Department of Housing & Urban Development annually)

HH Size	1	2	3	4	5	6	7	8
Total Income	\$46,450	\$53,050	\$59,700	\$66,300	\$71,650	\$76,950	\$82,250	\$87,550

6/15/2022

## Occupancy standards

The funds provided through the Homeownership Incentive Program are governed by certain Federal Regulations to ensure that funds are not used to contribute to overcrowded housing conditions. The following standards will be applied in considering eligibility for federally supported housing assistance programs.

Number of Family Members		Number of Required Bedrooms
Minimum	Maximum	
1	2	1-2 Bedrooms
2	4	2-3 Bedrooms
4	6	3-4 Bedrooms
6	8	4-5 Bedrooms
8	10	5-6 Bedrooms
10 +		6 + Bedrooms

### Policy Clarifications:

"Bedroom" means an area of a dwelling intended as a sleeping quarters. The term does not include a kitchen, dining room, bathroom, living room, utility room, closet or storage area of a dwelling (Texas Property Code Sec. 92.010 Occupancy Limits).

## HIP 80 ESTIMATED LOAN CALCULATION FORM

Borrower: \_\_\_\_\_

New Address: \_\_\_\_\_

1. A final combined and balanced Closing Disclosure (CD) must be sent via e-mail to CoSA for approval at least 3 days prior to closing.
2. CoSA funds will not be released until the this final C.D. has been acknowledged by the buyer.

The Assistance in the amount of \$ _____ is to applied as follows:	Allowable Amount
<b>Down Payment:</b> FHA down payment amount from lenders LE page 2 Down payment/Funds from Borrower, CONVENTIONAL (Per lender's qualifying guidelines) & VA (N/A) / All approved down payment amounts are subject to review by NHSD Loan Officer	\$
<b>LENDER CLOSING COSTS</b>	
<b>Loan Origination Fees</b> (up to 1% of loan amount, if any) <u>do not</u> Include Application Fees, Administration Fees, Participation Fees, Discount Fees or Buy-down Fees.	\$
<b>Processing Fee (up to \$500)</b>	\$
<b>Underwriting Fee (up to \$500)</b>	\$
<b>Discount Fees or Buy-down Fees (up 2 points)</b>	\$
<b>Lender Commitment Fee</b>	\$
<b>Appraisal</b>	\$
<b>Final Appraisal Report (if apply)</b>	\$
<b>Credit Report</b>	\$
<b>Document Preparation/Attorney Fees</b>	\$
<b>Flood Certification</b>	\$
<b>Verification of Employment-Verification of Deposit</b>	\$
<b>TITLE COMPANY CLOSING COSTS</b>	
<b>Closing Fee/Settlement Fee</b>	\$
<b>Title Commitment Fee/Lender Title Insurance</b>	\$
<b>Courier Fees</b>	\$
<b>Notary Fees</b>	\$
<b>Survey</b>	\$
<b>Owner's Title Insurance Policy</b>	\$
<b>Recording Fees (include the recording fees to City Deed of Trust (10 pages) &amp; the Declaration of Restrictive Covenants, (3 pages)</b>	\$110.00 CoSA \$ _____ 1 <sup>st</sup> lien docs
<b>Transfer and HOA fees</b>	\$
<b>PREPAIDS</b>	
<b>Accrued Interest (up to 15 Days) \$ _____ per day/days)</b>	\$
<b>Fire and Extended Coverage (14 months)</b>	\$
<b>OTHER</b>	
<b>Independent Inspections:</b>	
<b>Property Inspection Report</b>	\$
<b>Second Property Inspection Report</b>	\$
<b>Lender Final Inspection/Lead Final Clearance</b>	\$
<b>Pest Inspection</b>	\$
<b>TOTALS:</b>	<b>\$</b>

## HIP 80 Allowable and Non-allowable Closing Costs

### CLOSING COSTS:

Appraisal

Appraisal Final Appraisal Report

Attorney's Document Preparation

Closing Fee/Title Company

Commitment Fee

Credit Report

Courier Fees

Flood Certification

Lead Clearance Report – 1 time only Origination Fee - up to 1% Mortgage loan

Discount Fees/Buy-down Fee - up 2 Points

Processing Fee lender – up to \$500

Underwriter Fees – up to \$500

Notary Fees

Pest Inspection

Property Inspection Report

Second Property Inspection Report

Recording Fees

Survey

Title Insurance

Transfer HOA Fees

Homeowners Insurance

Verification of Employment Fee

Mortgage Credit Certificate Fee – MCC

Flood Insurance

### PREPAIDS:

Accrued Interest - up to 15 days

Homeowner's Ins. - up to 2 months

Flood Insurance - up to 2 months

## **Non-allowable Costs**

Application Fee

Administrative Fees Closing

Investor Fee Commission (Real Estate)

Finder's Fees,

Servicing Fees

Mortgage Insurance Premium (MIP) Participation Fee

Property Taxes

Recording Fee Assignment to Investor Repair Escrow Fee

Tax Certificate

Tax Service Fee

Homeowner Warranty