

Southeast Houston Affordable Housing Initiative (SEHAHI)

Center for Civic and Public Policy Improvement (CCPPI)

Homebuyer Eligibility Requirements

Homebuyer Eligibility Requirements – To be considered eligible, the prospective homebuyer must meet the following requirements:

1. Homebuyer(s) must be US Citizen or permanent resident alien and provide one of the following:
 - a. Birth certificate issued by any U.S. jurisdiction
 - b. U.S. Passport
 - c. Green Card
2. Homebuyer(s) must be a resident of the City of Houston metropolitan area for at least the past twelve (12) months or longer and provide evidence of same which may include but is not limited to one of the following:
 - a. Lease in the name of the prospective homebuyer(s) for a period covering the last twelve (12) months
 - b. Utility bill in the name of the prospective homebuyer(s) covering the last twelve (12) months
3. Homebuyer(s) must be a first-time homeowner [has not owned a home in the last three (3) years] and provide the following:
 - a. Affidavit certifying to the above
4. If not self-employed, Homebuyer(s) must have been employed by the same employer for at least three months and provide the following:
 - a. Employment verification.
5. Homebuyer(s) may not own another home or residential real estate property other than heir property with multiple owners and must provide the following:
 - a. Affidavit certifying to the above
6. Homebuyer(s) total annual gross household income cannot exceed a maximum of 120% AMI or the income level designated in the applicable development agreement, adjusted for household size, as published annually by HUD. Homebuyer's total Mortgage PITI cannot exceed 33% of annual gross household income. If the income verification process is conducted by Houston Area Urban League (HAUL), Homebuyer(s) must submit the following documents related to income and assets:
 - a. One of the following:
 - i. If employed: Two (2) months of pay stubs
 - ii. If self-employed: YTD Profit & Loss Statement from a CPA or tax preparer
 - b. Two (2) months of statements for all bank accounts including personal and business
 - c. Most recent IRA, 401K or other retirement or pension account statements
 - d. Award letters for pension(s)
 - e. Award letters for social security
 - f. Two (2) years of filed tax returns

- g. Any other documentation that HAUL may reasonably request to determine Homebuyer(s) income eligibility
7. Homebuyer(s) must successfully complete eight (8) hours of homeownership education course from a HUD Certified counseling agency & taught by a HUD Certified Counselor. Houston Area Urban League (HAUL) is utilized to provide this homeownership education. If Homebuyer chooses to utilize another HUD certified counseling agency an additional two (2) hour course conducted by HAUL must also be completed. This course will cover requirements/restrictions unique to the Midtown Redevelopment Authority (MRA) affordable housing program as well as information related to ad valorem taxation including filing protests and homestead tax exemptions.
8. Homebuyer(s) may not have liquid assets more than \$30,000.00. IRA's and 401K's (retirement accounts) are subject to a (.06%) imputed income from assets.
9. Homebuyer(s) must agree to maintain the home as their principal place of residence for the full affordability period of 20 years (25 years if Homebuyer(s) receives more than \$40,000 of federal HOME Program assistance). If the affordability period is not satisfied, the full amount of the Midtown Homebuyer assistance must be repaid to MRA.
10. Homebuyer(s) must meet Lender's underwriting requirements and be approved for a mortgage loan for at least the length of the affordability period. Homebuyer(s) must escrow taxes through the mortgage.
11. Homebuyer(s) must agree to participate in compliance monitoring and lien requirements for the duration of the affordability period. The current affordability period is twenty (20) years.^{5 5}
12. Homebuyer(s) must agree not to use the home as a long-term or short-term rental property during the affordability period. Homebuyer(s) must provide the following annually:
 - a. Affidavit certifying to the above
13. Developer(s) is prohibited from sale of home to buyer related within three degrees of consanguinity or affinity to developer(s) by blood, marriage or adoption. Developer(s) must provide the following:
 - a. Affidavit certifying to the above
14. Developer and the prospective Homebuyer must each submit a Conflict of Interest Affidavit, signed under penalty of perjury, stating that neither the Developer nor the Homebuyer has a familial or business relationship with Midtown Redevelopment Authority, any of its Developers, or their respective boards of directors, officers, managers, employees, agents, or consultants.
15. To the extent any of the guidelines set forth herein are in conflict with contemporaneous City of Houston, Texas Affordable Home Development Program guidelines (see Exhibit A); Harris County, Texas affordable housing guidelines; or other vetted homebuyer down payment assistance guidelines, any terms and conditions contained in the above-cited guidelines that are not included in the Midtown Development Authority (MRA) Homebuyer Guidelines contained herein, will be adopted for homebuyers receiving such assistance. The purpose is to ensure that homebuyer down payment assistance provided by any entity that offers the same is available to homebuyers purchasing homes under auspices of the Southeast Houston Affordable Housing Initiative.

Notwithstanding the foregoing, MRA's affordability period shall exist according to its terms and is not impacted by the affordability period adopted by any of the entity that provides down payment assistance.

THESE ELIGIBILITY REQUIREMENTS MAY BE AMENDED FROM TIME TO TIME

EXHIBIT A

CITY OF HOUSTON AFFORDABLE HOME DEVELOPMENT PROGRAM GUIDELINES*

Applicant(s) and co-applicant(s) must be able to obtain a fixed-rate mortgage loan for the length of the Affordability Period.

Eligibility is valid for 120 days from the date the applicant is determined to be income eligible. If contracts are not signed within 120 days of that date, applicant may submit a written request for a one-time, 60-day extension, which HCD may grant on a case-by case basis at its discretion. Income-eligible determination is subject to appeal by the applicant pursuant to the process established by HCD.

Applicants and co-applicants must satisfy delinquency on a federal or federally insured loan, Internal Revenue Service taxes, utility payments applicable to the current or former address(es) or owe the City for City services provided to them (for example, City Emergency Medical Services bills, and municipal violations), listed on credit report, real property records or otherwise, prior to program participation.

Any applicant(s), co-applicant(s) and household member(s) 18 years of age and older who are registered as sex offenders are not eligible to receive financial assistance.

Any household member must be legally divorced to list themselves as separated from their significant other on the application. The valid divorce decree is required.

Homebuyer(s) must contribute \$350 into the purchase to demonstrate a level of commitment to the purchase transaction. The cost of the appraisal, credit report, inspection, earnest money and/or cash brought to closing satisfies this requirement.

To receive assistance, the total household income from all sources (including income from a non-purchasing spouse, and any other household member(s) 18 years of age or older) cannot exceed 120% percent of the AMI, adjusted for household size, as determined annually by HUD. Annual Income refers to gross annual income calculated using the 24 CFR §5.609 Part 5 definition.

Homebuyer applicant(s) must submit income certification documentation for the purpose of determining eligibility. Eligibility determination will be conducted by HCD staff upon written request.

Liquid assets for the household cannot exceed \$30,000, or otherwise upon approval of the Assistant Director for the Single-Family Division.

Homebuyer applicant(s) agrees to an annual monitoring of the residence performed by the HCD staff to ensure that the Homebuyer is living in the home as their primary residence and complying with the restrictive covenants.

Program participants must agree to the Affordability Period and lien requirements. The Affordability Period of homes purchased will be five (5) years for up to \$100,000 of assistance or otherwise upon approval of the Director. The lien on the property will be removed by the City upon completion of the terms and conditions of all documents related to the Program and completion of the Affordability Period.

Forgiveness of the loan provided will be prorated over the course of the determined Affordability Period. The annual proration percentage will depend on the length of the Affordability Period, with 100% of the loan being forgiven and the lien satisfied at the termination of the Affordability Period.

*Other City of Houston requirements may apply.