

Questions and Answers
Single Family 2012 Rules Changes Webinar
April 24, 2013

- 1. Q: Does the appraisal have to be conducted by an appraiser or can it be done by the local appraisal district?**
A: The appraisal which states the post-rehabilitation or post-reconstruction value must be conducted by a licensed appraiser. The appraisal district's determination of value may only be used to justify reconstruction based on the pre-rehabilitation value of the home.
- 2. Q: Where can I get a copy of the 2012 Home Program Rules?**
A: The 2012 HOME Rules (10 TAC 20, 10 TAC 23) are available online at: <http://www.tdhca.state.tx.us/index.htm>.
- 3. Q: What is an unincorporated area?**
A: "Unincorporated" refers to the part of the county that has not been formally organized or annexed into a municipality with its own taxing district, law enforcement, etc.
- 4. Q: Can we procure the appraiser with 3 telephone quotes or do we have to publish in the local paper?**
A: For HOME Program purposes, it is permissible to procure a licensed appraiser or licensed surveyor using the small purchase method of procurement. However, if your organization is subject to more restrictive procurement requirements you must follow those procedures.
- 5. Q: Would final appraisal be covered under third party costs?**
A: Yes. Appraisals are considered third party costs.
- 6. Q: Can a résumé be used to document a qualified inspector?**
A: Home inspections for construction-related activities (HRA, HBA-With-Rehabilitation, CFDC, and SFD) must be completed by a "professional inspector" or a "qualified inspection individual," which are described fully in the 2012 Rule at 10 TAC 20.10(c) available online at <http://www.tdhca.state.tx.us/index.htm> . You must determine whether a résumé provided by the potential inspector is sufficient support documentation of his/her qualifications. If the inspector is not a licensed professional, ensure that whatever support documentation you obtain clearly demonstrates the individual conducting home inspections meets the definition of "qualified inspection individual." Additionally, ensure the signed/dated "*Inspector Qualification Certification*" form available online at http://www.tdhca.state.tx.us/home-division/forms/home_forms_hra.htm is retained in your Program File.
- 7. Q: Many rural counties do not have inspection requirements or guidelines. What information must these rural counties provide regarding inspections?**
A: Refer to Question #6 above. Qualifications and requirements for "professional inspectors" and "qualified inspection individuals" are available online at <http://www.tdhca.state.tx.us/index.htm> .
- 8. Q: What would be the procedure if the town/county does not have building codes in place and/or does not issue Certificates of Occupancy (CO)?**
A: HOME Rules require that Rehabilitation must comply with Texas Minimum Construction Standards and Specifications, and Reconstruction/New Construction must comply with the 2000 International Residential Code. If no CO is available from the city/county, provide a document from the local government entity verifying the unit has passed all applicable building codes.
- 9. Q: If the home has an existing mortgage, does it constitute HRA with Refinance?**
A: Refinance of an existing mortgage loan is an option offered under the HRA Program. Having an existing mortgage does not "constitute" refinance, nor does it mean that refinance is required in order to assist the household. Refer to 2012 Rules at 10 TAC 23.31(d) available online at <http://www.tdhca.state.tx.us/index.htm> for specific program requirements applicable to refinance eligibility. In some cases, refinance may be the

recommended course of action, but “regular” HRA assistance may be provided to eligible households with an existing mortgage without also providing refinance.

10. Q: Will TDHCA be providing any inspection related training in the future?

A: No. TDHCA is not planning to train individuals to inspect housing units.

11. Q: If the homeowner has a 30-year repayable loan but lives in the home for 15 years, is the loan forgiven after 15 years of continued occupancy?

A: No. The requirements of the affordability period end after 15 years, but the repayable loan must be paid in full. TDHCA extended the repayment term to 30 years in order to decrease the amount of monthly payments, and to be consistent with mortgage industry standards. The homeowner would have the option to lease the home or otherwise cease to occupy the home as their principal residence after 15 years without penalty, but payments would continue.

12. Q: Is there any time limit on how long the residents can be out of the home due to the condemned status of the home?

A: No. There is no stated time limit for non-occupancy in cases where a property has been condemned or declared uninhabitable by the local governmental entity. However, the homeowner must demonstrate that he/she previously occupied the home and he/she must demonstrate that at the time of occupancy the home was registered as his/her homestead with the local taxing authority.

13. Q: Is there a rule on how long a person must reside in a home to be eligible for HOME Program assistance?

A: No. The 2012 HOME Rules do not require that a homeowner must have owned or occupied his/her residence for a specific period of time to be eligible for HRA assistance. An individual who has owned and occupied the home as his/her principal residence for as little as one day meets the ownership and residence requirements.

14. Q: Who pays the third party cost?

A: Reasonable eligible third party costs such as appraisals, title reports, title commitments, surveys, and closing costs are reimbursed by the TDHCA HOME Program to the Administrator. Third party costs are considered “soft costs.” Third party costs generally must be paid “out of pocket” by the Administrator at closing, and are later reimbursed when a Project draw request is submitted.

15. Q: Does the 1% per 1,000 persons of Project match start at 0 persons or at 5,001 persons.

A: Match requirements are specified in the 2012 Rules at 10 TAC 23.30(1) available online at <http://www.tdhca.state.tx.us/index.htm>. Zero percent of Project funds is required for cities with populations less than 5,000 persons, and for unincorporated areas with populations less than 25,000 persons. One percent of Project funds is required for every 1,000 persons for cities with population of 5,000 or more, and for every 10,000 persons for unincorporated areas of 25,000 or more. Match requirements are waived through August 31, 2013 for Homebuyer Assistance and December 31, 2012 for other HOME activities *unless* you were required to contribute match in order to meet threshold requirements on your application for HOME funding.

16. Q: Specifically, what major changes are going to be imposed on the Resale and Recapture provisions?

A: For situations in which the home ceases to be the household’s primary residence, the 2012 Rules were clarified as follows:

Projects requiring a federally-imposed affordability period: recapture of the full amount of HOME assistance provided may be required.

Projects requiring a state-imposed affordability period: forgiveness of the grant may continue if ownership transfers to a low-income household.

17. Q: Please re-state: "Administrative funds must be proportionate to..."

A: Draws for Administrative funds must be proportionate to the amount of Direct Project Costs already disbursed. Under prior Rule years we were able to disburse 10% of the total Administrative funds “up-front” before any Project costs had been incurred or paid to the Administrator. Under 2012 Rules, we can no longer pay the 10%

up-front Admin draw. In other words, we cannot disburse Administrative funds until Project costs have been incurred and paid, and then a portion of Administrative funds will become available based on the percentage of Project costs drawn to-date.

18. Q: Are these rule changes TDHCA overlays that are in addition to the federal regulations issued by HUD?

A: The 2012 Rules provide uniformity among TDHCA Single Family activities, and help ensure compliance with federal regulations. In some instances, 10 TAC Rules do “overlay” more restrictive requirements than what is addressed in the federal regulations at 24 CFR 92. In some instances, 10 TAC Rules provide clarification of what is required in the federal regulations.

19. Q: Is a title report the same as a title policy?

A: No.

Title search: the process conducted by a title company to obtain information about the history of a property’s ownership

Title report: a compilation of information obtained through a title search pertaining to the current ownership of a property

Title commitment: a pledge provided by a title company to issue a policy of insurance for a property

Title policy: insurance provided by a title company guaranteeing the ownership status of a property

For more detailed information, refer to the March 27th webinar “Homeownership Documentation for HRA” available online at <http://www.tdhca.state.tx.us/home-division/home-training.htm> .