COMMUNITY PARTNERS
LOAN POOL
PARTICIPATION GUIDELINES

NORTH CAROLINA HOUSING FINANCE AGENCY
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Updated: MAY 1, 2018

These guidelines will be revised periodically. Please check to ensure you have the most current version.
http://www.nchfa.com/Nonprofits/HPcommunitypartnersloan.aspx
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1. Program Overview

Introduction
The Community Partners Loan Pool (CPLP) program is a home buyer assistance program. Funds are made on a borrower-by-borrower, loan-by-loan basis to income qualifying home buyers who purchase new and like new homes that meet the program standards.

(UPDATED) What We Offer:
For 2018, CPLP will offer the following funding options for eligible Home Buyers:

➢ Up to 20% of the sales price, with a maximum of $30,000 per loan (*effective 5/1/18), if used in combination with a NC Home Advantage Mortgage™. CPLP funds are provided as a deferred payment, subordinate mortgage loan at 0% for 30 years to eligible borrowers who purchase a newly constructed or existing home through a CPLP Member.

➢ Up to 10% of the sales price if used in combination with a USDA Rural Development 502 loan (Direct, Construction-to-Permanent, or Mutual Self-Help programs). CPLP funds are provided as a deferred payment, subordinate mortgage loan at 0% for up to 33 years to borrowers who purchase a newly constructed or existing home through a CPLP Member.

➢ $1,000 to $2,000 match for Individual Development Account (IDA) savings for home buyers participating in a NCHFA-approved IDA Program (*see IDA Matching Funds on page 27 for more information).

Member Benefits:
• Up to $4,500 certification fee for homes built to SystemVision™ for New Homes Standards depending on how the home is constructed
  o $3,500 for homes built on an insulated slab
  o $4,500 for homes built with a sealed crawlspace
• $5,000 or $6,000 fee for homes rehabilitated to SystemVision™ for Existing Home Standards
• $1,000 fee for recognized Green Building Certification for New or Existing Homes
• $1,600 fee for home buyer readiness services provided, including homeownership education, and pre-purchase counseling as well as submitting the CPLP application

How CPLP Works
1. CPLP membership is open to North Carolina non-profits or government agencies that assist income-qualifying home buyers in preparing for the purchase of a home. Applications for membership are accepted throughout the year (*see Section 2: Becoming a CPLP Member on pages 5-10 for more information).
2. Once approved, the Member can reserve CPLP loan funding on a loan-by-loan basis for potentially eligible borrower(s).
3. After the underwriting and unit information has been submitted and approved, the Member selects the closing date, and the Agency provides funds and loan documents at closing.
4. After the loan has been closed and required documentation received, the Agency pays the Member the appropriate fee for services provided which may also include a fee for SystemVision™ certification with or without Green Building certification.

**Program Funding**
The Agency utilizes HOME funds from the U.S. Department of Housing and Urban Development (HUD) to provide Second Mortgage financing as well as to cover Member fees. The amount of assistance requested per unit/borrower depends on which option(s) the Member requests (*see pages 22-27 for additional info*).

For 2018, NCHFA estimates **$7 million** in CPLP funding will be available for down payment assistance. Please note that the amount may change depending on funding availability.

Additional funding may also be available under SystemVision™ Only Assistance and/or IDA Matching Funds (*see page 27 for additional information*). NCHFA will communicate with Members about funding availability throughout the calendar year.

**Civil Rights Act & Fair Housing**
The Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988 apply to all housing in the US, including homes assisted by the Community Partners Loan Pool. The Federal Fair Housing Act & NC Fair Housing Act prohibit discrimination based on the following protected classes:

- Race
- Color
- Religion
- Sex
- National Origin
- Disability
- Familial Status (Having children or being pregnant)
- The NC Fair Housing Act also includes low income housing as a protected class.
2. Becoming a Member of the Community Partners Loan Pool (CPLP)

Eligible Applicants for CPLP Membership
The following types of organizations can apply for membership, either individually or in partnerships with other organizations:

- Non-profit developers of affordable homes for home buyers
- Non-profit agencies with a home buyer education and/or counseling program (*HUD-approved housing counseling agency or Other)
- Public agencies that administer a homeownership program (*City Department of Housing or Community Development, Regional Council of Governments, Public Housing Authority, or Other)

*NOTE: Lender are not eligible to apply for CPLP membership. They must partner with a CPLP member who will help an eligible borrower apply for assistance. However, lenders must be approved to offer NCHFA’s first mortgage product, the NC Home Advantage Mortgage™.

Eligible Applicants for CPLP membership must have the capacity to prepare low-wealth families for successful home ownership and identify program eligible properties. If a nonprofit or local government wants to participate in the program but does not have the expertise to offer the required home buyer counseling and education, it can form a partnership with an agency that has a certified housing counselor (*see Required Home Buyer Education & Housing Counseling for CPLP Borrowers on pages 20-21 for more info). NCHFA encourages Members to partner with a HUD-Approved Housing Counseling Agency that offers home buyer classes and pre-purchase counseling whenever possible.

You can find a listing of current CPLP Members on the NCHFA website’s Current Partners page: http://www.nchfa.com/homeownership-partners/community-partners/current-community-partners

Applying to be a CPLP Member
To become a CPLP Member, please complete and return the Membership Application which you can download from the Agency website’s CPLP Forms and Resources page: http://www.nchfa.com/homeownership-partners/community-partners/community-programs/community-partners-loan-pool/forms-and-resources

NCHFA accepts CPLP Membership Applications on an on-going basis. All Applications that meet Program threshold criteria will be admitted to membership in the CPLP; this is not a competitive program. Interested organizations are encouraged to talk with Agency staff prior to submitting their Application. To schedule a meeting or for further information, please contact:

Joshua Burton  Team Leader  919.877.5678  jdburton@nchfa.com
Rich Lee  Community Partner Coordinator  919.877.5688  rylee@nchfa.com

Completed Membership Applications can be emailed to staff listed above or mailed to:
Community Partners Loan Pool / AHOP Team
NCHFA, P.O. Box Mailing Address: P.O. Box 28066, Raleigh, NC 27611
Agency Evaluation of the Application for Membership

The Agency will evaluate an Applicant’s staff capacity, legal standing, financial standing, fair housing affirmative marketing and outreach plan, and past performance. Applicants should provide a good overview of their Home Buyer program(s). Roles and responsibilities necessary for implementation must be identified, including, but not necessarily limited to: marketing, home buyer education and pre-purchase counseling, screening and qualifying applicants, working with local government and appropriate others, and communicating with first mortgage lenders.

Each application will be evaluated taking the following into consideration:

Applicant Capacity

- If the Applicant is a nonprofit organization, they must provide documentation of their 501(c) (3) tax exempt status.
- The Applicant organization (or at least one key member of the partnership) must have at least 1 year of experience managing a home buyer program and/or facilitated the purchase of at least 5 affordable homes.
- There must be no unresolved audit or monitoring findings or legal proceedings against the Applicant or Partnership.

Home Buyer Education & Pre-Purchase Counseling

Members should have a certified housing counselor or partner with an agency that has a certified housing counselor to provide the required home buyer education and pre-purchase counseling services (*see Required Home Buyer Education & Housing Counseling for CPLP Borrowers on pages 20-21 for more info). NCHFA encourages Members to partner with a HUD-approved housing counseling agency whenever possible.

On August 1, 2020, HUD will require that home buyer education and pre-purchase counseling be provided by a HUD-certified housing counselor working at a HUD-Approved Counseling Agency. For more info on these changes, please go to the HUD Office of Housing Counseling website: http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/OHC_CERT

Eligible Home Buyer Programs

CPLP Members must operate a Home Buyer Program that serves households at or below 80% of the Area Median Income.

Evaluating Affordable Housing Stock in Service Area

When reviewing Applications, the Agency will focus on determining whether there is a sufficient supply of quality, affordable housing below the 95% of Area Median Sales Price Limit for the county or counties served by the Applicant as well as if there are sufficient potential borrowers under 80% of the Area Median Income.

OTHER MEMBERSHIP INFORMATION:
Once an organization is preliminarily approved for membership, NCHFA will send the new Member the following documents:

**HOME Written Agreement:** At least every two years, each Member must sign a HOME Written Agreement with NCHFA that includes the following items:
- Maximum amount of CPLP assistance available to an eligible home buyer (*see CPLP Assistance Options on pages 24-25 for more info)
- Member Fees that can be earned (*see CPLP Assistance Options on page 26 for more info)
- Member Responsibilities (*see Required Services of the CPLP Member on page 8 for more info)

**OPTIONAL: SystemVision™ Agreement(s):** For Members which offer new or rehabilitated homes certified to SystemVision™ standards, they must also sign a separate SystemVision™ Agreement that outlines program provisions and governs the relationship with NCHFA. This is a three-party agreement between the Member, NCHFA, and Advanced Energy, which operates the SystemVision™ program. In addition, the Member must send a representative (i.e. staff member and/or builder) to a free technical training session provided by Advanced Energy.

Once the appropriate Member agreements have been executed, NCHFA will assign the new Member a Community Partner Coordinator who will be the new Member’s primary point of contact for CPLP program questions and training needs.

Appropriate Member staff will receive training on CPLP Program Guidelines as well as instruction on how to submit an application for CPLP assistance via the NCHFA Loan Pool Portal. Upon completion of the Portal Training, NCHFA will provide Member staff with a User Name and Temporary Password (*temporary password can be changed once the Member logs into the Portal).

Before a new Member submits their first CPLP application via the Portal, they should contact their assigned Community Partner Coordinator to review the application process and answer any questions the Member may have (*NOTE: See Appendix 7 for a list of current CPLP Contacts including Community Partner Coordinators).

Finally, at the beginning of each calendar/program year, the Member must submit a CPLP Membership Renewal form which updates NCHFA on changes with key personnel (staff & Board), Home Buyer Education/Counseling services, and Outreach/Marketing efforts. The Member also provides an estimate of the number of CPLP loans they plan to submit for the year.

**NOTE: Potential Members can request a copy of the current HOME Written Agreement and/or CPLP Membership Renewal form by contacting Rich Lee at 919.877.5688 or rylee@nchfa.com.**

A Member can become **inactive** and **suspended** from requesting CPLP funds for any of the following reasons:
- Member fails to submit their Annual CPLP Membership Renewal Form
- Member fails to sign a HOME Written Agreement or other applicable Program Agreements
- Member has not submitted an application for CPLP loan pool funds within the last 18 months
- Member has failed to comply with the terms of their Program agreements or fails to adhere to established Program Guidelines.

The suspension will stay in place until corrective action has been taken.

In addition, CPLP membership may be **revoked or terminated** if a Member is delinquent on submission of the required post-closing documents, applicable certifications, and/or other required documentation more than 3 times in a calendar/program year. However, the Member may reapply for membership when their organizational capacity has improved.

**Required Services of the CPLP Member**

All CPLP Members must perform the following services to remain active in the Loan Pool and eligible to receive a fee for services:

1. Perform outreach in their disclosed service area, intake of potential homebuyers, and evaluation of potential eligibility to participate in the Program. Outreach efforts must affirmatively further Fair Housing opportunities in Member’s service area.

2. Ensure that participating borrowers have completed 8 or more hours of homebuyer preparation, including but not limited to: classroom education, one-on-one education, one-on-one counseling, and evaluation of home purchase readiness within 12 months of the closing. Members develop a homebuyer readiness plan for each CPLP borrower which includes evaluation, pre-purchase education, and housing counseling. Homebuyer education must comply with the National Industry Standards for Homeownership Education and Counseling.

3. Assemble and collect the required package of documentation for the Agency to review the potential property and underwrite the potential borrower’s household within six (6) months of closing or at the time the sales contract is signed for newly constructed homes. This includes but is not limited to the documentation needed to conduct the environmental review, documentation of property condition, income documentation, loan documentation, and other needed documentation to review the property, funding, or borrower household.

4. Review all documentation regarding property condition. Members collect sufficient documentation for existing housing including but not limited to all needed inspections, work write ups, and proof of repairs. For properties older than 10 years old, Members carefully review property conditions which may include, but is not limited to, examining photos and videos of property, site visits to property, and careful review of repair documentation, inspections, and work write ups.

5. Facilitate communication between loan officers, realtors, inspectors, builders, repair contractors, energy raters, city officials, down payment assistance program staff, closing attorneys and their paralegals, and potential borrowers. Further, Members may need to share information including but not limited to disclosures, loan approvals, loan amounts, program requirements, and timing with any of the parties listed above. Members facilitate communication throughout the entire process and make efforts to ensure information shared is accurate and current.

6. Members ensure that units receiving SystemVision™ and/or Green Certification fees meet the applicable performance and design standards; and are approved for certification by the respective programs. Units must pass final inspection before occupancy or closing; and receive certification within 6 months of closing to be eligible to receive the fee(s).
Civil Rights Act & Fair Housing
The Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988 apply to all housing in the US, including homes assisted by the Community Partners Loan Pool. The Federal Fair Housing Act & NC Fair Housing Act prohibit discrimination based on the following protected classes:

- Race
- Color
- Religion
- Sex
- National Origin
- Disability
- Familial Status (Having children or being pregnant)
- The NC Fair Housing Act also includes low income housing as a protected class.

Conflicts of Interest
Every CPLP member must submit a copy of their organization’s Conflict of Interest policy as part of the initial membership application. The Policy should be reviewed at least once every 2 years by the member’s Board and documentation of the review should be submitted with their annual membership renewal form, when appropriate.

Further, any potential conflict of interest MUST be disclosed to NCHFA at the time of loan reservation or prior to starting the reservation. NCHFA will review the potential conflict of interest case-by-case and make a determination as to whether a conflict of interest exists.

NCHFA will not provide CPLP funding to individuals who assemble loan pool applications or are part of the leadership (staff or Board) of loan pool member organizations. However, staff that do not have a direct decision-making role for CPLP and are required to work through the same process as an external client, may apply for CPLP assistance.

Organizational conflicts of interest exist when the organization knowingly enters into undisclosed preferential relationships with service providers who are owned or operated by close family, friends, or members of a shared interest group.

In all cases, borrowers should be given the option to "shop for" lenders, realtors, appraisers, inspectors or any other real estate service provider related to their transaction. While choices for real estate service providers may be limited in some areas, the borrower(s) must be allowed to choose.

Under no circumstance may staff of the Loan Pool member receive a commission or payment for real estate services offered through another business entity to a CPLP borrower if they were also involved in helping that borrower apply for a CPLP loan.

Should the borrower(s) choose to work with a real estate business that employs a loan pool member staff or one of their family members, that loan pool employee cannot work with the potential borrower(s) on their CPLP application. Other CPLP member staff can assist in assembling and submitting the loan package. As part of the underwriting package, the borrower(s) must provide a signed statement that they voluntarily chose to work with the business entity that has a relationship...
with an employee of the loan pool member and that the employee referenced was not involved in their application for a CPLP loan.

Finally, any fees paid by the borrower for services provided by the loan pool member (i.e. home buyer education, reviewing credit, or other services related to the home buyer preparation) must be modest.

**Records Retention Policy:**
In addition to the HOME Written Agreement provisions regarding Record Keeping & Reporting (*see Section I of Agreement*), the CPLP Member should retain documents that support their efforts to Affirmatively Further Fair Housing and Affirmatively Market the CPLP program. Records should be kept for:

- Any Fair Housing Complaints Filed Against the Member’s Organization
- Affirmative Marketing Efforts
- Limited English Proficiency requests for accommodation and compliance with Member Organization’s Language Access Plan, if applicable
- Documentation that supports housing counseling time spent with clients served by CPLP

**Monitoring of Member**
NCHFA staff will conduct a monitoring of active CPLP members at least once every 4 years. Items to be monitored include:

- Updates to Four Factor Analysis or Language Access Plan (LAP), if applicable, plus documentation of any Limited English Proficiency requests for accommodation and how they were addressed
- Plan and actions to Affirmatively Further Fair Housing
- Documentation that supports home buyer education and/or housing counseling time spent with clients served by CPLP
- Documentation related to the approval of CPLP files
- Agreements with partners to provide home buyer education & pre-purchase counseling (if applicable)
- Agreements with partners to provide financial assistance for construction or rehab of a CPLP-assisted home (if applicable)
- Programmatic Agreements
- Programmatic Documents such as the annual CPLP Membership Renewal Form

**NOTE:** Additional items may be monitored, including programmatic requirements addressed in any of the CPLP-related Agreements.
3. Eligible Properties for CPLP

The Community Partners Loan Pool (CPLP) program is designed to support the purchase of good quality homes for households that meet program income requirements.

NCHFA requires that eligible CPLP properties have an appraised value equal to or greater than the full contract sales price, including any subordinate mortgages. All properties must also have an appraisal or comparative market analysis conducted within 6 months of closing to document value.

To be eligible for CPLP financing, properties must be located on, or have direct access from, a publicly-maintained road. Properties accessed by a privately-maintained road will be reviewed on a case-by-case basis. Properties where road maintenance must be planned for and provided for by the home buyer are discouraged.

Eligible properties can be new or existing single family, stick-built homes; new modular homes; new manufactured (HUD code) on permanent foundations; and townhouse or condominium units (condos must be Fannie Mae Approved when applicable).

All existing homes must pass 2 required property inspections (*see Required Inspections for Existing Homes on pages 13-14 for more info) and show that the any needed repairs or replacements have satisfactorily addressed health, safety, deferred maintenance, and durability issues to be eligible to participate in CPLP. Quality, safety, and energy efficiency are important for the long-term success of participating borrowers, and therefore are priorities of the program.

Homes more than 10 years old MUST also show that major systems have at least 5 years of useable life remaining as determined from the information available in the inspections performed. Major systems are: structural support; roofing; cladding and weatherproofing (e.g. windows, doors, siding, gutters); plumbing (supply, drainage, water heaters); electrical; and heating, ventilation, and air conditioning. If any major system has less than 5 years of remaining useful life, the system must be replaced or the home will be ineligible for CPLP assistance.

For existing homes, the Member may coordinate the rehabilitation of the property or simply identify newer properties in like new condition. If the Member has not comprehensively evaluated and/or rehabilitated the home to be purchased, they should strongly encourage the borrower(s) to select a home with minimal deferred maintenance issues, that is less than 10 years old.

Eligible properties include:

Newly Constructed Units
- Must have a Certificate of Occupancy before the Member can close on the CPLP loan.
- If a home is certified to meet SystemVision™ standards, EnergyStar, or other Agency recognized Green Building Programs, Member can earn a fee to offset the cost of certification and/or to provide energy guarantees to CPLP-assisted borrowers. The Agency only recognizes certain programs which are expected to address the long-term affordability of heating and cooling for CPLP borrowers (*see Appendix 3 for more information).
• All homes financed under CPLP must meet local development regulations and applicable building codes, zoning, and other regulations. All newly constructed homes should, where possible, attempt to incorporate the best practices noted in the Newly Constructed Home Design Guidelines (*see Appendix 2 for more information).
• All properties should also meet the New/Existing Home Site Best Practices Reference (*see Appendix 1 for more information).
• If applicable, homes certified under the SystemVision™ option must also meet specific design, construction and performance standards developed by Advanced Energy Corporation, (*see Appendix 3 for more information).
• Members are encouraged to have Universal Design features incorporated into newly constructed and/or rehabilitated homes whenever appropriate (http://www.ncsu.edu/project/design-projects/udi/).

Recently Built Builder Inventory
• Newly constructed homes that have been unoccupied for less than 12 months are eligible. However, if the property has been unoccupied for more than 12 months, the property will be classified as an existing home, even if never occupied, and will require additional housing inspections (*see Existing Homes section below).

Existing Homes
• Unless the home has been comprehensively evaluated and repaired/rehabilitated, homes should be less than 10 years old.
• All homes must pass a Home Inspection by a licensed NC housing inspector. Any significant deficiencies that threaten the property or borrower must be repaired before closing. Repairs must be documented prior to closing.
• All homes must also pass a local Minimum Housing Code Inspection. In the absence of a local Minimum Housing Code, a Housing Quality Standards (HQS) Inspection or when made available by HUD, a Uniform Physical Condition Standard (UPCS) Inspection may be substituted (*see Required Inspections for Existing Homes on pages 13-14 for additional info).
• Repairs must adequately address:
  1. all major structural threats to the property (i.e. moisture penetration or standing water, structural integrity)
  2. all threats to health and safety of the buyers (i.e. trip hazards, air quality, security etc.)
  3. all major deferred maintenance issues

  NOTE: All major systems must demonstrate at least 5 years of remaining usable life at inspection as determined from the information available in the required inspections performed. Major systems include: structural support; roofing; cladding and weatherproofing (e.g. windows, doors, siding, gutters); plumbing (supply, drainage, water heaters, etc.); electrical; and heating, ventilation, and air conditioning. If any major system has less than 5 years of remaining useful life, the system must be replaced or the home will be ineligible for CPLP assistance.
4. Energy efficiency whenever possible

- Members must document all repairs to be performed and certify that listed repairs were completed prior to submission of the Underwriting Package.
- Members are also encouraged to have Universal Design features incorporated into rehabilitated homes whenever appropriate (http://www.ncsu.edu/project/design-projects/udi/).
- Homes more than 10 years old will be considered on a case-by-case basis only under the following conditions:
  1. Units are comprehensively evaluated and meet the existing property standards previously mentioned, including documentation that major systems have at least 5 years of remaining useful life; or
  2. Units gut rehabilitated before sale have passed all applicable state and local building codes, and received a new Certificate of Occupancy.

In addition, units built prior to 1978 must be pre-approved by the Agency to be eligible for funding. Units must comply with all applicable State and Federal regulations for lead-based paint (*see Pre-1978 Properties section on page 15 for more details). Members should contact their Case Manager prior to submitting a Reservation for any home older than 10 years old (*NOTE: The inspection standard and process may change during 2018 to align with new regulations from HUD. Additional guidance will be provided as it becomes available).

If minor repairs are escrowed, proof of repairs must be submitted before CPLP Member fees will be disbursed. All repairs must be completed no later than 30 days after closing. If repairs will be performed after closing, Agency approval must be obtained. Any repairs that would cause a property to fail a minimum housing inspection must be addressed before closing, or the property is ineligible for funding.

Required Inspections for Existing Homes

Local Minimum Housing Code:
For homes undergoing a gut rehabilitation, the permitting process, state and local code inspections, and corresponding Certificate of Occupancy adequately satisfy that the property meets the local Minimum Property Code (or local Minimum Housing Code). However, existing home not undergoing a gut rehab must provide other documentation as outlined below.

If the local government (City or County) has adopted and inspects for a local Minimum Housing Code for existing housing, then meeting the local Minimum Housing Code is required. Members must provide certification from the local government that the property meets the local Minimum Housing Code. Members should also retain a current copy of their local Minimum Housing Code and be prepared to provide NCHFA with a copy of it upon request.

In the absence of a local Minimum Housing Code for existing housing, units must pass a Housing Quality Standards (HQS) or Uniform Physical Conditions Standard (UPCS) inspection. The inspection must be performed by an individual that has experience conducting HQS inspections. The inspection...
must be documented on the standard HUD forms (52580-A or 52580). Local housing authority staff, local government staff, and some licensed home inspectors are able to perform HQS inspections.

*NOTE: UPCS inspections may be replacing HQS inspections in 2018 per HUD. Currently, UPCS inspections are not available for single family homes. Additional guidance will be provided as it becomes available.

Other instances when a Housing Quality Standards (HQS) Inspection can be substituted for a local Minimum Housing Code Inspection are:

- If the local government uses their local Minimum Housing Code to inspect rental properties for health and safety concerns and they provide written documentation that the local government does not inspect existing for-sale homes to certify they meet the local Minimum Housing Code, a HQS Inspection can be performed instead.
- If a local government does not have sufficient staff to inspect existing for-sale homes for compliance with their local Minimum Housing Code during the Due Diligence Period defined in the sales contract and the local government provides written documentation, an HQS inspection can be performed instead.

The Member must provide documentation that the home has passed the HQS inspection.

**NC Home Inspection**

In addition to meeting the local Minimum Housing Code, or the Housing Quality Standards (HQS) if the municipality does not have a local Minimum Housing Code, all units must be inspected by a licensed NC home inspector. Whereas a local Minimum Housing Code or HQS inspection is primarily focused on safety for the buyer, the home inspection should cover the functionality of building systems and relative age of these systems. The home inspection should also document the age, based on manufacturer’s label or estimated age range if exact information is not available, of all major equipment and systems, including but not limited to water heater, HVAC system, roof and exterior.

In the case of homes that are greater than 10 years old and not undergoing comprehensive evaluation and rehabilitation, the Agency will require specific system inspections if documentation of replacement is not available. All major systems must demonstrate at least 5 years of remaining usable life at inspection.

Major systems are: structural support; roofing; cladding and weatherproofing (e.g. windows, doors, siding, gutters); plumbing (supply, drainage, water heaters, etc.); electrical; and heating, ventilation, and air conditioning. If any major system has less than 5 years of remaining useful life, the system must be replaced or the home will be ineligible for CPLP assistance.

**List of Repairs / Work-Writeup**

Members should review the local Minimum Housing Code Inspection, or the HQS Inspection if the municipality does not have a local Minimum Housing Code, and the home inspection to identify the list of repairs to be performed on the property before CPLP assistance can be approved.

When a major deficiency has been identified, a good rule of thumb for prioritizing needed repairs is:
1. Threats to the household (homeowner) if not addressed
2. Threats to the property if not addressed
3. High cost to replace/repair items that are likely to have less than five (5) years of usable life

In all cases, critical systems should be replaced or repaired if they are estimated to have less than 5 years of usable life.

In the case of an “as-is” sale, the property must pass a local Minimum Housing Code Inspection, or HQS Inspection if the municipality does not have a local Minimum Housing Code, and pass a home inspection performed by a licensed NC Home Inspector, to demonstrate that there are no significant deficiencies (i.e. high cost items, threats to the property or homeowner) with the property.

All units with significant deficiencies (health and safety threats, structural threats, minor items that will lead to major repairs if not addressed, etc.) must be addressed or the home will be ineligible for purchase with CPLP funds.

Comprehensively Evaluated and Rehabilitated Homes and Gut Rehabilitated Homes
Comprehensively evaluated and rehabilitated units must still meet all of the inspection requirements addressed above and any additional applicable local and state code requirements. In most cases, substantial or gut rehabilitated properties will be required to obtain a new Certificate of Occupancy to show compliance with the NC Building Code. Existing residential properties built after 1978 may reserve program funds if eligibility criteria are met. Any rehabilitation work performed must meet the current NC Building Code.

Pre-1978 Properties
Members must contact their assigned Community Partner Coordinator if planning to request funds for a comprehensively rehabilitated pre-1978 property. Pre-1978 properties are approved on a case-by-case basis.

In North Carolina, contractor firms working on pre-1978 homes are required to be certified as Renovation, Repair, and Painting (RRP) firm; as well as provide verification that a supervisor on the project is RRP certified.

A risk assessment for Lead-Based Paint (LBP) as well as compliance with both the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856) will be required. A LBP risk assessment or full lead clearance report must be provided for the unit to be eligible for CPLP funds.

Members should have a plan in place to address LBP compliance before any pre-1978 property is rehabilitated. NCHFA will not make funds available for pre-1978 units in cases where applicable LBP regulations were not followed appropriately.
**(UPDATED) Lead-Based Paint Pamphlet & Disclosure**

For any pre-1978 property addressed, the Member must provide a fully executed copy of the: Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. All borrowers must be provided a copy of the HUD pamphlet: Protect Your Family from Lead in the Home, whether or not lead has been found in the home. You can download a copy of pamphlet from: https://www.hud.gov/sites/documents/PROTECT_FAMILY_LEAD_2012.PDF

**Timing on Submission**

Whenever possible, all home inspections, repairs, and minimum property standard inspections should be completed when a Reservation Request is submitted. This is not a requirement, but a best practice. For properties older than 10 years old, the Member should visually inspect the unit or have a qualified professional visually inspect the unit before reservation. The Member must submit the required inspection(s), along with proof that any needed repair and/or replacement is complete, when they submit the Underwriting Package.

The Agency reserves the right to withdraw the reservation approval if the property does not adequately meet our program guidelines.

**Maximum Sales Price**

CPLP is supported with HOME funds. Section 215(b) of the National Housing Affordable Housing Act of 1990 requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed 95% of the area median purchase price for single family housing, as determined by the U.S. Department of Housing and Urban Development (HUD). Annually, HUD provides a sales price limit by county and by housing type (existing homes or newly constructed).

In addition, HUD sets **Households Income Limits** for HOME-funded programs at 80% of the Area Median Income.

Both the 95% Area Median Sales Price and the 80% of Area Median Income limits are **absolute** and the Agency has no flexibility to exceed them.

HUD updates both the Sales Price and Household Income Limits on an annual basis. However, there is no set schedule for when these are updated but generally HUD releases them within the first 6 months of the calendar year.

To view the current HOME Sales Price Limits and the Household Income Limits for North Carolina, please go to the CPLP Page on the NCHFA website: http://www.nchfa.com/homeownership-partners/community-partners/community-programs/community-partners-loan-pool
4. **Borrower Requirements for CPLP Assistance**

**Eligible Home Buyers**
For CPLP, eligible home buyers are those with **gross annual incomes up to 80% of the area median income** adjusted for household size as determined by HUD. The median income limit is adjusted each year, so members should verify that they are referencing the current limit if it appears a household may be close to the 80% limit.


Applicants for CPLP funds will be required to document the household income through third party verification to ensure participant eligibility. If a Member pre-sells a home prior to construction or rehabilitation, the home buyer’s income must be verified as of the date the contract to purchase is signed. Otherwise, the home buyer’s household income must be verified when the Underwriting Package is submitted with appropriate documentation (i.e., W2’s, verification of employment, paystubs, etc.).

*NOTE: See Section 8: Program Underwriting & Income Qualifications on pages 41-47 for more information.*

Home buyers **must** occupy the property financed under CPLP as their principal residence. When the assisted home buyer no longer occupies the assisted CPLP home, it is considered a default.

Members are encouraged to select and prepare home buyers carefully so the responsibilities of homeownership will not financially overburden the buyers (*see Borrower Ratios section below)*.

Finally, CPLP home buyers are **not** required to be first time home buyers (i.e. never owned a home or not owned a home in the past 3 years).

**Borrower Ratios**
Members must qualify all borrowers to be assisted with CPLP financing. The borrower’s **Housing Ratio** (Principle, Interest, Taxes, and Insurance) must be between **20%** and **32%** of their total monthly household income. Also, the borrower’s total **Debt-To-Income or DTI Ratio** should be **no more** than **43%** of their total monthly qualifying income.

CPLP **does not** allow gross up of qualifying or compliance income. However, if the first mortgage lender can qualify the buyer with grossed up qualifying income, CPLP will consider borrowers who have a DTI Ratio between **43%** and **45%** **without** grossing up income. Borrowers with a debt-to-income above **43%** will need to demonstrate sufficient available cash after paying for their house payment, interest, taxes, insurance, maintenance, utilities, and childcare expenses.
Income and Cash flow
Because home ownership frequently requires cash to maintain the home and respond to unforeseen repairs and other household expenses, borrowers with a housing ratio above 30% must be able to demonstrate that they will have adequate cashflow on a monthly basis after all housing expenses (payment, interest, taxes, insurance, maintenance, HOA, utilities, maintenance), revolving debts, and child care expenses are considered.

Grossing Up Income
While some insurers allow lenders to gross up unearned income (i.e. treating the income like it was higher because it was not taxed) for the borrower, CPLP does not use “grossed up” income for qualifying income or compliance income. CPLP is designed to serve low income households and grossing up income to meet minimum ratios does not help the borrower afford a home long-term.

*Please see Borrower Ratios section on previous page.

Income Stability
To demonstrate that a borrower has sufficient income stability, the Agency requires documentation of 2 years of income history or a combination of educational training and employment. Self-employed businesses are typically required to document 2-3 years of profits and losses. CPLP follows insurer guidelines for whichever product the borrower is using for their first mortgage.

Minimum Credit Score
Eligible borrowers listed on the promissory note must have a minimum middle credit score of 640 to be eligible for CPLP. Buyers with a middle credit score less than 640 are not eligible to participate.

For USDA 502 Direct borrowers without a credit score, the Agency will consider non-traditional (alternative) credit. Member should include copies of all credit references reviewed by USDA as part of their CPLP underwriting package submitted to NCHFA.

For USDA 502 Direct borrowers with newly forming credit, the Agency will review borrowers with credit scores 600 – 640 on a case-by-case basis. Member must provide a full credit report with credit history. If the low credit score is only due to limited lines of trade and newly forming credit, the borrower will be considered for CPLP financing. Borrowers with late payments, non-medical judgments, and charge-offs in the recent 12 months will not be eligible for consideration.

Borrower Contribution and Cash Out
Eligible borrowers must meet the minimum out of pocket contribution of the lender or insurer(s). Generally, the Agency encourages borrowers to contribute at least $1,000 of their own funds for their down payment or to cover closing costs and/or other fees related to the purchase (i.e. inspections, surveys, earnest deposit, appraisals, etc.). This is not an eligibility requirement, but a best practice.

Borrowers may not receive cash out of the closing. The Agency requires that any cash out be applied to the principle loan balance of the CPLP loan. The only exception is nominal amounts of cash out of closing are allowed due to last minute adjustments to settlement charges, not to exceed $250. Any cash out of closing is subject to approval by the Agency.
Verification of Employment or Income
Verification of employment or income documents (VOEs) must be dated no more than 6-months prior to the date of the loan approval. Paystubs may be used if no more than 90 days old at the time the package is submitted for approval and the Member has included related W-2’s for the previous 2 years of employment. A minimum of 60 days/2-months of Year-To-Date (YTD) earnings must be provided. The home buyer’s income and employment status must remain stable and unchanged from the time of verification through closing (*See pages 40-46 for additional information).

Borrower Assets
While there is not an asset limit, if net assets exceed $5,000, annual income shall include the greater of the actual interest earned on all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD (*currently less than 1%). In order to properly include income for assets greater than $5,000, actual interest income should be added as part of the household income or if there is no interest income, the current passbook savings rate should be used to impute an interest income amount that should be added to household income.

Other Property Ownership
The CPLP is a program designed to support the purchase of a qualified home buyer’s primary residence, not to support the development of a rental portfolio. Potential home buyers do not need to be first-time home buyers. Other property ownership is limited to multiple heir property. The home buyer may not use other owned property as an investment while also trying to participate in the loan pool program.

Borrower Marital Status
The home buyer(s) sign a Borrower Affidavit that among other things, verifies their marital status. However, if the prospective CPLP borrower is separated but not divorced, at least one of the following documents must be submitted with the underwriting package:

1. A recorded standalone free trader agreement that specifically addresses future real estate transactions.
2. A recorded separation agreement with free trader language that specifically addresses future real estate transactions.

Legally divorced individuals must provide a recorded divorce decree. A copy of the applicable agreement or decree must be submitted with the underwriting package.

If documentation cannot be provided regarding marital status, the spouse must sign the deed of trust and deed restrictions.

If documentation cannot provided OR if the borrower can only supply a free trader agreement, the spouse’s income will be included in the household income for eligibility purposes. If the borrower provide(s) a recorded separation agreement OR a recorded divorce decree, the spouse’s income does not need to be included.
The Agency reserves the right to withdraw approval for a potential borrower(s) who cannot adequately document marital status and demonstrate legal protection to allow the purchase of property without having the spouse sign the deed of trust.

**Legal Status**
All buyers assisted with Federal funds for the purchase of their homes must be legal residents of the United States of America. For the purposes of the loan pool program, the borrower and co-borrower should be permanent residents or working to become permanent residents as this program is a primary residence program, and not for temporary housing. This standard does not apply to other household members, only to those receiving direct financial assistance through the program. Due diligence for confirming citizenship and/or residency status and compliance with federal and other requirements for mortgage loan financing for borrowers is the responsibility of the CPLP Member.

**Required Home Buyer Education & Housing Counseling for CPLP Borrowers**
Home ownership is both a great opportunity and a big responsibility. The NC Housing Finance Agency wants to help individuals and families not just buy a home but to be successful homeowners. That’s why we require every borrower using CPLP funds to complete at least 8 hours of home buyer education and pre-purchase counseling before their application can be submitted for consideration. Post-purchase counseling is also strongly recommended. The minimum home buyer education and counseling must be completed within 12-months of closing and proof of completion must be submitted with the borrower’s Underwriting Package.

Home buyer education should cover a variety of including, but not be limited to, budgeting and savings, credit, selecting and buying a home, and home maintenance. Pre-purchase counseling should evaluate home buyer readiness, income, debts, and ensure the home buyer has understood the educational component and applied it to their intended home purchase.


NCHFA encourages Members to provide in-person home buyer classes whenever possible. However, when in-person classes are not available or convenient, a Member may use a NCHFA-recognized or HUD-approved online home buyer education program that requires at least 4 hours to complete, and completed modules are tracked and documented.

Borrowers can satisfy a portion of the CPLP education requirement by completing Homebuyer Express, an online pre-purchase course that takes an estimated 4-5 hours to complete. Homebuyer Express is based on NeighborWorks America’s acclaimed “Realizing the American Dream” curriculum and exceeds the National Industry Standards for Home Ownership Education and Counseling. For more information on Homebuyer Express, please go to the CPLP page:


If a CPLP borrower receives their home buyer education online, they must also receive additional hours of in-person home buyer education and/or housing counseling provided by a CPLP member.
Both home buyer education and pre-purchase counseling should be provided by a housing counselor certified by The Association of Housing Counselors (TAHC), NeighborWorks America, or another nationally recognized entity (i.e., NCRC, NHNL – National Council of La Raza, National Foundation for Credit Counseling, etc.). If you have any questions about which certifications are acceptable to NCHFA, please contact your assigned Community Partner Coordinator.

If the Member does not have a certified housing counselor on staff, they may partner with another agency that has a certified housing counselor to provide the required home buyer education and pre-purchase counseling. Whenever possible, NCHFA encourages Members to partner with a HUD-approved housing counseling agency that offers home buyer classes and pre-purchase counseling.

**On August 1, 2020,** HUD will require Home Buyer Education and Pre-Purchase Counseling be provided by a HUD-certified housing counselor working at a HUD-Approved Housing Counseling Agency. For more info on these changes, please go to the HUD Office of Housing Counseling website: [http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/OHC_CERT](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/OHC_CERT)
5. Program Financing / Program Options

CPLP Financing Availability & First Mortgage Requirements
Members may request loans for their clients on a first-come, first-served basis. To maximize the efficient use of CPLP funds, borrowers must utilize one of the following first mortgage products:

1. NC Housing Finance Agency’s **NC Home Advantage Mortgage™** (FHA, VA, USDA, or Conventional)
2. **USDA Rural Development Section 502 Loan** (Direct, Construction-to-Permanent, or Mutual Self-Help programs)

The NC Home Advantage Mortgage™ is ONLY available through a network of participating lenders across the state. To find a list of participating lenders and preferred loan officers in your area, please go to the NCHFA website’s “Find A Lender” page: [http://www.nchfa.com/home-buyers/find-lender](http://www.nchfa.com/home-buyers/find-lender)

CPLP members may request Agency staff meet with them and area loan officers to answer questions around coordinating NC Advantage Mortgage™ with CPLP financing. NCHFA also provides CPLP training sessions for lenders throughout the year.

**(UPDATED) CPLP Terms**
- For 2018, the maximum CPLP loan amount is **20%** of the sales price, not to exceed **$30,000** (*Effective 5/1/18), when CPLP is used in conjunction with a **NC Home Advantage Mortgage™**.
- The maximum CPLP loan amount is **10%** of the sales price when CPLP is used with a **USDA 502 loan**.
- CPLP is **only** available for use in combination with a **NC Home Advantage Mortgage™** or a **USDA 502 loan**.
- The minimum CPLP loan amount is **$1,000** (*see SystemVision™ Only Assistance on page 27).
- Loan amount will be adjusted to reflect what is needed to make the home affordable for the borrower.
- Loans will be provided to home buyers in appropriate amounts that will make the home purchase affordable without over-subsidizing. A loan is considered over-subsidized if the non-amortizing portion of the loan (CPLP gap financing + forgiven subsidy + grants) **exceeds 35%** of the sales price, excluding amortizing loans at 0%. Requests for over-subsidized loans or financing that exceeds funding and program maximums may be reduced or denied.
- Requests for gap financing will be reduced or withdrawn if a homebuyer is paying **less than 20%** of their monthly income for principal, interest, taxes, and insurance.
- The combined loan-to-value (CLTV) from all sources for homebuyer financing generally should **not exceed 100%** of the appraised value, or CPLP financing may be reduced or denied. In the case that the CLTV is > 100%, the loan-to-value shall **NOT exceed insurer (FHA, Conventional, USDA, VA) limits and** must be approved on a case-by-case basis by the Agency. Closing costs and fees must be reasonable. Loans that financially overburden the home buyer (exceed CPLP borrower ratios) will be denied. The borrower must contribute to the purchase of the home. It is expected, particularly for loans over 100% CLTV, that the borrower(s) must demonstrate they can save and contribute to the purchase of the home. As such, the borrower(s) may not receive cash out of the closing.
• The length of the borrower’s CPLP mortgage shall be equal to the term of the first mortgage and the maximum term shall not exceed 30 years when used with a NC Home Advantage Mortgage™ loan or 33 years when used with USDA 502 loan.

• If CPLP is combined with any NC Home Advantage Mortgage™ down payment assistance (DPA), the CPLP loan will be in 3rd position and NC Home Advantage DPA will be in 2nd position.
# CPLP Assistance Options *(UPDATED)*:

<table>
<thead>
<tr>
<th>Borrower Benefits &amp; Requirements</th>
<th>Option A: Home Buyer Loan + SystemVision™ with or without Green Certification</th>
<th>Option B: Home Buyer Loan only</th>
<th>Option C: SystemVision™ Only Assistance with or without Green Certification</th>
<th>Option D: IDA Matching Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Financing Available</td>
<td>Up to 20% sales price with NC Home Advantage Mortgage™ or Up to 10% when used with USDA 502 loan <em>Not to Exceed $30,000 effective 5/1/18</em></td>
<td>Up to 20% sales price with NC Home Advantage Mortgage™ or Up to 10% when used with USDA 502 loan <em>Not to Exceed $30,000 effective 5/1/18</em></td>
<td>$1,000</td>
<td>$1,000 minimum $2,000 maximum</td>
</tr>
</tbody>
</table>

*2nd Source of Match Funds (2:1) for Borrower’s IDA Savings; Local Match REQUIRED

<table>
<thead>
<tr>
<th>Type of Assistance</th>
<th>2ND Mortgage, deferred PMT loan</th>
<th>2ND Mortgage, deferred PMT loan</th>
<th>Down Payment Assistance, Deferred PMT, forgivable loan</th>
<th>Matching funds to be used for home purchase only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>n/a</td>
</tr>
<tr>
<td>Term</td>
<td>30 to 33 yrs. *matches term of 1ST mortgage</td>
<td>30 to 33 yrs. *matches term of 1ST mortgage</td>
<td>5 years 20% forgiven per year</td>
<td>n/a</td>
</tr>
<tr>
<td>Maximum Sales Price of Home:</td>
<td>95% of Area Median Sales Price</td>
<td>95% of Area Median Sales Price</td>
<td>95% of Area Median Sales Price</td>
<td>95% of Area Median Sales Price</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Home:</th>
<th>New &amp; Existing Single family homes <em>NOTE: Pre-1978 homes must be pre-approved</em></th>
<th>New &amp; Existing Single family homes <em>NOTE: Pre-1978 homes must be pre-approved</em></th>
<th>New &amp; Existing Single family homes <em>NOTE: Pre-1978 homes must be pre-approved</em></th>
<th>New &amp; Existing Single family homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1ST Mortgage Product</td>
<td>NC Home Advantage™ or USDA 502 loan</td>
<td>NC Home Advantage™ or USDA 502 loan</td>
<td>NC Home Advantage™ or USDA 502 loan</td>
<td>NC Home Advantage™ or USDA 502 loan</td>
</tr>
</tbody>
</table>

| Other Financing Info: | Must have equal Local IDA Match Source & savings | | | |

| Maximum Financing Available | 95% of Area Median Sales Price | 95% of Area Median Sales Price | 95% of Area Median Sales Price | 95% of Area Median Sales Price |

*NOTE: Pre-1978 homes must be pre-approved*
## CPLP Assistance Options:

<table>
<thead>
<tr>
<th>Borrower Benefits &amp; Requirements</th>
<th>Option A: Home Buyer Loan + SystemVision™ with or without Green Certification</th>
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<th>Option C: SystemVision™ Only Assistance with or without Green Certification</th>
<th>Option D: IDA Matching Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Financing Info:</td>
<td>May be used with MCC</td>
<td>May be used with MCC</td>
<td>May be used with MCC</td>
<td>May be used with MCC</td>
</tr>
<tr>
<td>Recapture</td>
<td>Upon default or sale. <em>NOTE: If home is inherited by an income-eligible heir, Agency may roll over loan or issue a new loan.</em></td>
<td>Upon default or sale. <em>NOTE: If home is inherited by an income-eligible heir, Agency may roll over loan or issue a new loan.</em></td>
<td>Upon default or sale within the first 5 years, Buyer pays remaining principal balance to Agency</td>
<td>n/a</td>
</tr>
<tr>
<td>Affordability Period</td>
<td>5-15 years depending on amount of CPLP assistance</td>
<td>5-15 years depending on amount of CPLP assistance</td>
<td>5 years</td>
<td>n/a</td>
</tr>
<tr>
<td>Occupancy Requirements</td>
<td>Borrower’s principal residence during affordability period (*considered default if not)</td>
<td>Borrower’s principal residence during affordability period (*considered default if not)</td>
<td>Borrower’s principal residence during affordability period (*considered default if not)</td>
<td>Principal Residency at closing</td>
</tr>
<tr>
<td>Home Buyer Ratios</td>
<td>32% Front End 43% Back End</td>
<td>32% Front End 43% Back End</td>
<td>32% Front End 43% Back End</td>
<td>Use 1st Mortgage lender guidelines</td>
</tr>
<tr>
<td>Minimum Credit Score</td>
<td>640</td>
<td>640</td>
<td>640</td>
<td>Use 1st Mortgage lender guidelines</td>
</tr>
<tr>
<td>Asset Limits (Requirements)</td>
<td>If &gt; $5K, must include interest earned in total HH Income</td>
<td>If &gt; $5K, must include interest earned in total HH Income</td>
<td>If &gt; $5K, must include interest earned in total HH Income</td>
<td>n/a</td>
</tr>
</tbody>
</table>
## CPLP Assistance Options:

<table>
<thead>
<tr>
<th>Member Fees:</th>
<th>Option A: Home Buyer Loan + SystemVision™ with or without Green Certification</th>
<th>Option B: Home Buyer Loan only</th>
<th>Option C: SystemVision™ Only Assistance with or without Green Certification**</th>
<th>Option D: IDA Matching Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Buyer Prep fee</td>
<td>$1,600</td>
<td>$1,600</td>
<td>$1,600</td>
<td>n/a</td>
</tr>
<tr>
<td>SystemVision™ New Homes certification fee</td>
<td>$3,500 to 4,500</td>
<td>n/a</td>
<td>$3,500 to 4,500</td>
<td>n/a</td>
</tr>
<tr>
<td>SystemVision™ Existing Homes certification fee</td>
<td>$5,000 or $6,000 if new HVAC installed</td>
<td>n/a</td>
<td>$5,000 or $6,000 if new HVAC installed</td>
<td>n/a</td>
</tr>
<tr>
<td>Green Building certification fee</td>
<td>$1,000</td>
<td>n/a</td>
<td>$1,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Member Benefits:</td>
<td>Up to $8,600.00</td>
<td>$1,600.00</td>
<td>Up to $8,600.00</td>
<td>n/a</td>
</tr>
</tbody>
</table>
SPECIAL CPLP ASSISTANCE:

SystemVision™ Only Assistance
To encourage the purchase of energy-efficient homes, the Agency provides a fee to Members for homes built or rehabbed to SystemVision™ standards as well as to certain certified Green Building standards. If a Member requests SystemVision™ Only Assistance (with or without a Green Building Certification), the Agency will disburse $1,000 to the Borrower as Down Payment Assistance to be applied to the cost of purchasing their home. The $1,000 will be forgiven over 5 years (20% per year) and recorded with a Promissory Note and Deed of Trust.

To meet HOME affordability period requirements, the Agency must disburse a minimum of $1,000 to the Borrower so that there are funds to recapture should the borrower not occupy the home as their principle residence during the affordability period, which is also five years. This $1,000 must show on the HUD-1 Settlement statement and the same requirement of only minimal cash out at closing (not to exceed $250) applies. Borrowers must income-qualify for a SystemVision™ Only Assistance loan exactly as they would for any other CPLP loan.

Individual Development Account (IDA) Matching Funds
CPLP Members that operate an IDA Program can also access $1,000.00 to $2,000.00 as a 2ND Match Source for eligible home buyers using their IDA savings for down payment assistance and/or to cover closing costs. NCHFA will provide a 2:1 match for the home buyer’s IDA savings as outlined below:

<table>
<thead>
<tr>
<th>Borrower IDA Savings to be matched:</th>
<th>MINIMUM</th>
<th>MAXIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCHFA/CPLP Match (2:1):</td>
<td>$1,000.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Local Match (2:1):</td>
<td>$1,000.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>TOTAL MATCH $ Available (Local &amp; NCHFA/CPLP):</td>
<td>$2,000.00</td>
<td>$4,000.00</td>
</tr>
</tbody>
</table>

All IDA Matching Funds (*from NCHFA and non-NCHFA sources) must be available at CPLP Loan Closing and shown on the HUD-1 Settlement statement and/or Closing Disclosure.
➢ No cash out allowed at closing for home buyers approved for IDA Matching Funds
➢ IDA Program must be pre-approved by NCHFA. To be pre-approved, the IDA Program must: (1) provide at least 21 hours of financial literacy and home buyer education that the Borrower has completed; and (2) the IDA Program Sponsor must provide an equal or greater local match relative to the amount requested of the Agency. For example, if $2,000 is requested from NCHFA then at least $2,000 would be provided by the local IDA Program in addition to the borrower’s minimum savings of $1,000.

NOTE: *CPLP Members that operate an NCHFA-approved IDA Program may also access IDA Matching funds to assist a home buyer who purchases a home from a Self-Help Loan Pool (SHLP) Member (i.e. participating N.C. Habitat for Humanity Affiliate). However, in this case, the CPLP Member must submit an application just for the IDA Matching funds. If approved, NCHFA will send the IDA match funds to the closing attorney for the SHLP loan. Contact your assigned Community Partner Coordinator for additional information.
6. General Loan Requirements for CPLP

Subsidy Layering Review
CPLP loans should be provided to home buyers in appropriate amounts that will make homes affordable to them without overuse of subsidy. Requests for CPLP assistance that are determined to be over-subsidized will be reduced or denied. Loans that financially overburden the home buyer (exceed CPLP borrower ratios) will also be denied. A loan will be considered over-subsidized if the non-amortizing portion of the loan exceeds 35% of the sales price (the combination of deferred subsidy, forgiving subsidy, and grants). Amortizing loans at a low rate or 0% will not be considered in the subsidy review.

In addition, the Agency wants the limited resources available under the CPLP to assist as many families as possible. NCHFA requires that home buyers receiving CPLP assistance commit at least 20% but no more than 32% of their gross income for principal, interest, taxes, and insurance (PITI). CPLP funds may not be used to lower their housing payment or PITI below 20% of the home buyer’s monthly gross income. CPLP funds will be reduced or withdrawn if the home buyer is putting less than 20% of their income toward their PITI.

Members should be mindful of other regional costs that impact the affordability of housing, including but not limited to: property taxes, property insurance, flood insurance, wind insurance, and utilities. While the program allows up to 32% of a borrower’s gross income to go toward the house payment, for some borrowers more than 30% may overburden them. As part of the housing counseling process, borrowers should develop a budget and financial plan for their future. Housing costs should be carefully considered as part of this budget.

The combined loan-to-value (CLTV) from all sources for homebuyer financing should not exceed 100% of the appraised value, or CPLP financing may be reduced or denied. For a CLTV > 100%, the loan-to-value cannot exceed insurer (FHA, Conventional, USDA, VA) limits and must be approved on a case-by-case basis by the Agency. Fees must be reasonable, and the HUD-1 Settlement Statement must demonstrate that the borrower contributed at least $1,000 of their own funds to the transaction if CLTV exceeds 100%. Loans that financially overburden the home buyer (exceed CPLP ratios) will also be denied.

Lender/Borrower Requests for CPLP Assistance After Sales Contract Signed
Many times a potential CPLP borrower may contact a lender before becoming aware of CPLP or a lender may pre-qualify a borrower and discover that the borrower will need CPLP assistance to purchase a home. In either case, the lender should refer the borrower to the CPLP Member to verify eligibility and assess their readiness for becoming a homeowner BEFORE the borrower enters into a sales contract for a particular property and BEFORE the lender locks in the first mortgage rate for the borrower.

Lenders must allow enough time, usually 60 calendar days or more, for the CPLP Member to evaluate the home buyer’s readiness to purchase a home, provide home buyer education and counseling required of all CPLP borrowers, collect appropriate documents to underwrite the loan, and review applicable home inspections.
CPLP Members have **NO** obligation to assist potential borrowers who have signed a purchase agreement or sales contract **prior** to contacting them to apply for CPLP assistance. **ALL** referrals should be made **before** the borrower signs a sales contract or the first mortgage rate is locked.

However, in some cases the lender may be unaware of the CPLP or the borrower may do their own research, discover CPLP, and request to apply as part of their financing. If the CPLP Member is contacted **within 10** business days of the sales contract being signed and there are **more than 30** calendar days before the anticipated closing, the Member may choose to evaluate the borrower(s) and property for CPLP eligibility. If the Member determines that the borrower(s) and property to be purchased are eligible for CPLP assistance and there is sufficient time to adequately prepare the borrower(s) for homeownership, the Member can submit an application to NCHFA for CPLP assistance.

However, if there are **less than 30** calendar days before the expected closing or the due diligence period has expired or is near expiration, the CPLP Member **cannot** submit an application unless the applicable parties take one or more of the following actions, depending on the situation:

1. The lender extends the first mortgage rate lock (Lender)
2. All parties agree to a later closing date (Buyer, Seller, Lender, Attorney); a new/revised sales contract may be necessary to allow for the later closing date (Buyer, Seller)
3. For existing homes, a new/revised sales contract is executed that extends the due diligence period so necessary repairs can be completed (Buyer, Seller, Inspector, Contractors)

If none of the above conditions applies, there is NOT sufficient time to apply for CPLP assistance, including completion of necessary home inspections and any needed repairs, and completion of the home buyer readiness program, which includes evaluation, pre-purchase education, and homeownership counseling. If there is insufficient time to support the entire homebuyer readiness process or meet any of the other CPLP requirements, the borrower is ineligible to apply.

**Upgrades for Newly Constructed Homes**
For newly constructed homes, particularly in situations where a builder or sales office may be actively selling upgrades to a standard home, potential CPLP borrowers should contact the CPLP member **BEFORE** agreeing to any additional costs for their home. A borrower may no longer be eligible for CPLP assistance if they exceed program ratios.

**Existing Home Inspections After Sales Contract Signed**
CPLP requires at least two inspections for existing homes to ensure the properties meet CPLP housing quality standards. Contacting a CPLP Member after signing a sales contract limits the amount of time available to complete the required inspections and make any needed repairs. This is further complicated if the due diligence period has already begun. CPLP is NOT designed to assist borrowers who enter into a sales contract on an existing home prior to engaging a CPLP Member to help evaluate the property for program eligibility. Therefore, borrowers who enter into a sales contract **prior** to consulting with a CPLP Member run the risk of forfeiting due diligence funds as well as inspection and appraisals fees.
**NOTE:** See *Required Inspections for Existing Homes* on pages 13-14 for more information.

**Borrower Paid Appraisals**
All borrower-paid appraisals must be shared with the Borrower(s) at the time of receipt. In the case of builders who may be selling newly developed housing and may be using preferred lenders or employees as loan officers, a builder/lender may not challenge a borrower-paid appraisal without informing them of the initial appraisal value and providing an explanation to the borrower for the challenge to the initial appraisal due to Fair Market Value.

**CPLP Submissions**
Members submit appropriate documents to the Agency in the following three submissions:

1. The **Reservation Request**: Member submits Reservation Request and Environmental Review via the NCHFA Loan Pool Portal with Flood Map of home to be purchased attached. Members may submit their request *no more than 90 calendar days* but *no less than 18 Agency business days prior* to the anticipated closing.

2. The **Underwriting Package**: Member submits the underwriting package via the NCHFA Loan Pool Portal with applicable documents attached. Documents will include: income documentation, affidavits, and required Inspections for an existing home or a Certificate of Occupancy (CO) for a new home. Members may submit the Underwriting Package as soon as their Reservation Request has been approved but no less than *15 Agency business days prior* to the anticipated closing.

3. **Scheduling Closing**: After conditional approval of the CPLP Underwriting Package, Members review the funding for the loan for accuracy one last time. If the information is accurate and the First Mortgage has been approved (*by NCHFA for a NC Home Advantage Mortgage™ or by USDA for a USDA 502 Direct Loan*), they may schedule the closing through the NCHFA Online Portal. The portal enforces the Agency’s requirement that at least *6 Agency business days notice* be given prior to the loan closing so the Agency can communicate with the Closing Attorney, process CPLP funds, and finalize CPLP loan documents.

4. The **Final Closeout Package**: Includes copies or originals of recorded loan documents and energy efficiency and/or green building certifications, if applicable. As specified in the NCHFA Closing Instructions sent to the Closing Attorney, the signed set of closing documents should be received at NCHFA within *5 Agency business days* of the CPLP loan closing and the recorded documents should be received within *15 Agency business days* after the closing.

**Underwriting Package**
After receiving notice of Reservation Approval, the Member may upload the Underwriting Package to NCHFA anytime thereafter but generally *not less than 15 Agency business days prior* to the scheduled closing. The Member must submit the Underwriting Package electronically via the NCHFA Loan Pool Portal and upload the required documents.

The required documents include:

- Current Paystubs (for 2-months)
- W-2 for last year
- Verification of Employment
- Signed Home Buyer Written Agreement
- Property Appraisal
- Sales Contract
- Signed Borrower Affidavit
- Signed Addendum to Sales Contract

- **Two Required Inspections for an Existing Home**: (1) Home Inspection by a licensed NC Home Inspector, and (2) Local Minimum Housing Code or Housing Quality Standards (HQS) Inspection, whichever is applicable (*see Required Inspections for Existing Homes on pages 13-14 for more information). If a major problem is identified by either inspection, **Proof of Repairs** must also be submitted.

**OR**

- **One Required Inspection for a Newly Constructed Home**: Certificate of Occupancy (CO)

- Completion of required Home Buyer Education and Homeownership Counseling
- Loan Estimate Disclosure

Please note that the Borrower must **sign** the following 3 required documents and submit them with the Underwriting Package:

- Home Buyer Written Agreement
- Borrower Affidavit
- Addendum to Sales Contract

----- IMPORTANT NOTE ----- 

As of June 1, 2016, **all CPLP Reservation Requests and Underwriting Packages must be submitted via the NCHFA Loan Pool Portal: http://www.nchfa.org/LPPortal**

Member staff must complete a NCHFA Loan Pool Portal Training before they will be issued a Username and Password to access the portal.

For additional information on the NCHFA Loan Pool Portal, please see Appendix 4.

** QUESTIONS? Please contact your assigned Community Partner Coordinator **

**PRE-CLOSING: Confirming Closing Date & CPLP Loan Closing Documents**

Once the Borrower has been approved for CPLP assistance, the Agency will send an **Underwriting Approval Letter (Conditional Approval Letter)** (*see sample letter in Appendix 5) to the Member so they can finalize the closing date.

The Member must use the NCFHA Loan Pool Portal to select the closing date and the closing date must be at least **6 Agency business days after** the Underwriting Approval (Conditional Approval) Letter was issued. NCHFA staff needs this time to prepare the applicable CPLP closing documents and to process the CPLP check needed for the closing. Available closing dates will be reflected in the **Online Calendar** integrated into the Portal.
Also, if there have been any changes to the financing or property appraisal submitted to NCHFA, the Member should use the Portal to update the unit financing before scheduling the closing date. If any financing changes after the closing has been scheduled, the Member should use the Portal to contact NCHFA immediately.

Once the closing has been scheduled through the NCHFA Loan Pool Portal, Liz Hair or the assigned NCHFA paralegal, will send Pre-Closing Instructions Letter to the Closing Attorney with a list of documents, including Proof of Homeowners Insurance with acknowledgement of NCHFA’s loan interest(s), to be sent to NCHFA. After NCHFA’s review, the Closing Attorney absolutely must submit the final due diligence documents not less than 3 Agency business days prior to the scheduled closing. Please email requested documents specified in the Pre-Closing Instructions to: Liz Hair (echair@nchfa.com) or the assigned NCHFA paralegal.

After Liz Hair or the assigned NCHFA paralegal receives and reviews the requested documents, she will send the CPLP loan closing documents, including a Promissory Note and Deed of Trust for the approved CPLP loan amount, directly to the Closing Attorney along with a Closing Instructions Letter and an Authorization Code.

**Loan Changes Prior to Closing That Require Resubmission for Underwriting**

Before scheduling the closing date, the CPLP Member should reconfirm that information in the portal is accurate. If there have been any changes to the financing for the property or if the property appraisal previously submitted to NCHFA has changed, the Member should send a portal message to NCHFA notifying us of the change(s) prior to scheduling the closing date.

After a CPLP loan has been approved, NCHFA will review the final Closing Disclosure for the first mortgage and all other financing before issuing authorization to close. The loan closing must be rescheduled if any of the following conditions apply:

1. **Change in First Mortgage Amount of $5,000 or more***(increases or decreases)*
2. **Change in First Mortgage Loan Term**
3. **Other Changes in Financing Package** including any undisclosed loan(s) or other funding added or deleted

The CPLP loan will be unapproved and the file must be resubmitted for underwriting. If the loan is re-approved, the Member can schedule a new closing date via the portal.

*NOTE: For a change in First Mortgage Amount of less than $5,000, the CPLP member must notify NCHFA of the change at least 3 Agency business days prior to the scheduled closing. Failure to do so will result in CPLP loan being unapproved and the file resubmitted for underwriting and re-approval.

**POST-CLOSING: Documentation Needed**

After the closing has taken place and the appropriate loan documents have been recorded at the Register of Deeds Office, please send the Recording Receipt to Liz Hair or the assigned NCHFA paralegal.
*** IMPORTANT ! ***

If the loan closing does not take place as scheduled, please contact Liz Hair (919-877-5712 or echair@nchfa.com) or the assigned NCHFA paralegal, immediately so we can instruct the Closing Attorney on next steps to take. Depending on how long the closing is delayed, a new check and/or set of closing documents may have to be generated by NCHFA.

NOTE: Assigned NCHFA paralegal is identified in the Pre-closing Instructions sent to Closing Attorney.

Required Timeline for Submission of Closing Documents
For any loan scheduled for closing on or after JANUARY 1, 2018, the following closing documents must be submitted within 5 Agency business days of closing to Stacy Lewis, Program Documentation Specialist:

1. Original Promissory Note
2. Recorded Deed of Trust (original or copy)
3. Recorded Declaration of Restrictive Covenants (original or copy)
4. Recorded Request for Notice(s) (original or copy)
   (originals to be completed, executed, and recorded by closing attorney’s firm)
5. Original Borrower’s Affidavit
6. Copy of Executed Loan Closing Disclosure for the 1st Mortgage
7. NCHFA CPLP HUD-1
8. Signed W-9 for all Borrower(s)
9. Supplemental Closing Instructions executed by closing attorney

Please mail the listed loan documents to:

North Carolina Housing Finance Agency
Attn: Stacy Lewis, Project Documentation Specialist
3508 Bush Street
Raleigh, North Carolina 27609-7509

If you have any questions about the closing documents to send, please contact Stacy Lewis, Project Documentation Specialist, at 919-877-5707 or selewis@nchfa.com

Required Timeline for Payment of Member Fees
NCFHA will process a single payment for Member fees earned once all the required documentation has been submitted.

Before the Member can receive the $1,600 fee for service, the Closing Attorney must submit the required loan documents within 5 Agency business days after the loan closing as specified above. NCHFA will only process the payment after all the required documents are received.

Should the Attorney fail to provide the above listed documents within 5 Agency business days of closing, the Member must intervene to insure the closing-related items listed above are provided no
**Later than 15 Agency business days** after the closing. The **$1,600** fee for services for the Member *will* be forfeited if documents are not received within this timeframe unless they can demonstrate the delay is due to situations beyond their control.

Members receiving a Certification fee for SystemVision™ and/or Green Building must submit the required certification within the following timeline:

- **within 30 calendar days** of the closing for homes built or rehabbed to SystemVision™ standards
- **within 120 calendar days** of the closing for homes built to Green Building standards

In addition, the home must **pass** a final SystemVision™ inspection **PRIOR to occupancy** and ideally **PRIOR** to closing. The SystemVision™ and Green Building fees will be **forfeited** if the buyer occupies the home prior to passing of the applicable final inspection. This requirement is both for the safety of the home buyer and to prevent needless delays due to re-inspections after occupancy.

As such, SystemVision™ certifications should be obtained no later than **30 calendar days after occupancy or closing**. Failure to do so within this timeframe will result in the Member **forfeiting** the appropriate fee: $3,500 to 4,500 for a newly constructed home and up to $6,000 for an existing home.

Processing a Green Building certification will require more time than SystemVision™ certification. As such, Members have **up to 120 calendar days after occupancy or closing** to submit the applicable Green Building certification to NCHFA. Failure to do so within this timeframe will result in the Member **forfeiting** the $1,000 certification fee.

However, if a delay in submitting any of the required documentation was due to circumstances beyond the Member’s control, they may submit an appeal with sufficient documentation to Josh Burton, AHOP Team Leader, for his review. He will make the final determination if any or all the SystemVision™ and/or Green Building certification fee(s) will be forfeited.

Finally, CPLP membership may be **revoked or terminated** for any Member is delinquent on submission of the required post-closing documents, applicable certifications, or other required documentation more than 3 times in a calendar year. However, the Member may reapply for membership when their organizational capacity has improved.

**USDA 502 Mutual Self-Help or Construction-to-Permanent Loan**

When CPLP loans are combined with USDA 502 Mutual Self-Help or Construction-to-Permanent loans, USDA will close the construction loan prior to starting construction. It is at this point that USDA underwrites the borrower and approves them. For CPLP, borrowers should be underwritten and conditionally approved after USDA approves the construction loan AND after construction has begun, but prior to the conversion to permanent financing.

Further, the CPLP loan amount and disbursement will not occur until the construction loan is converted to permanent financing, as CPLP is only a permanent financing resource. Just like the other uses of the CPLP program, the Agency must be notified **a minimum of 6 business days prior** to conversion to provide closing instructions, review the loan documents, and disburse funds.
USDA 502 Direct Underwriting for Credit and Combined Loan to Value
The Agency will on a case-by-case basis underwrite borrowers who are obtaining USDA 502 Direct financing for credit. The Agency requires that the Member provide all applicable credit reference information for the borrower, including credit references for alternative credit and a full credit report with history for borrowers with credit scores. Borrowers must demonstrate good credit performance for a minimum of 12 months prior to application to CPLP. Medical collections will be looked at on a case-by-case basis.

For USDA Construction-to-Permanent loans only, the Agency will review total debts against the final appraised value. Agency staff will determine whether the combined loan to value is reasonable if it exceeds the normal program limits of 100% CLTV.

Foreclosure or Death of a Borrower
In the event of the death of a borrower, heir involvement in dissolving owned assets, or the threat of foreclosure after a loan has been closed, the CPLP Member must contact their assigned Community Partner Coordinator or Hal Wright, Senior Servicing Analyst/Special Projects at 919-877-5690 or hewright@nchfa.com

Member may have the option of finding a program-eligible borrower to assume the financing attached to the CPLP-funded unit. If so, the existing CPLP loan must be paid off and a new CPLP loan secured for another program-eligible borrower. It is crucial that Members remain in contact with NCHFA throughout the foreclosure process.

Recapture
Recapture provisions are used to ensure that NCHFA recoups all or a portion of the HOME assistance, if the house does not continue to be the principal residence of the Borrower for the duration of the period of affordability. As defined by HOME regulations, the period of affordability expires 5 to 15 years after the date of loan closing. The affordability period is adjusted based on the amount of funding used for the Borrower loan and/or Member fees.

<table>
<thead>
<tr>
<th>Amount of CPLP Assistance:</th>
<th>Affordability Period:</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than $40,000</td>
<td>15 years</td>
</tr>
<tr>
<td>More than $15,000</td>
<td>10 years</td>
</tr>
<tr>
<td>Less than $15,000</td>
<td>5 years</td>
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Currently, the HUD affordability provisions require that even if a borrower repays the assistance but chooses to remain in the home before the affordability period expires, the affordability period remains intact and must continue to be complied with until the affordability period expires. If a borrower chooses to sell the property and repay the Agency in full, the period of affordability provision no longer applies.

In the event a Borrower proposes to sell (transfer) the property at a price that will not generate sufficient proceeds to pay off the Agency’s CPLP 2ND mortgage in full, NCHFA agrees to accept the net proceeds as full satisfaction.* However, if the price set out in the Borrower’s proposal does not reflect the fair market value of the property, NCHFA has the right to demand full repayment of the CPLP loan.
CPLP funds are governed by executed promissory notes and secured by deeds of trust for each unit. The units are also subject to a declaration of deed restriction and must comply with HOME regulations and provisions.

**Loan Modifications, Subordinations, and Assumptions**

Lenders must contact the Agency about CPLP loans modifications or subordinations for refinance. Each loan requires case-by-case approval for modifications and/or subordination.

Assumptions are allowed in the case of transfer of property due to inheritance or changes to the household configuration. Any other reason must be pre-approved by the Agency. In most cases subsequent borrowers must be income qualified to be eligible for assumption due to the affordability requirements for the HOME funding used in CPLP. In all cases, the Agency must approve the assumption and legal documents.

Members should submit their subordination request to: subordinations@nchfa.com
7. Additional Program Requirements

The CPLP is funded from the federal HOME Investment Partnership Program (HOME). The HOME Program was established under the National Affordable Housing Act of 1990 and requires that all housing developed using HOME funds must be consistent with HOME Program regulations. Therefore, in addition to the other CPLP requirements, certain HOME requirements must be met, as outlined in 24 Code of Federal Register Part 92. These requirements include:

Information Security
To protect the privacy of home buyer information (i.e. social security and other account numbers) and to comply with federal and state data security laws, Members should send all documents containing personal information to NCHFA via our secure Loan Pool Portal.

In addition, NCHFA uses encryption for the Reservation Confirmation Letter and Conditional Approval Letter which are emailed to the Member.

You should receive an email notification with a link to view a message, click the link and create a password to read the encrypted message. If you need assistance accessing your encrypted email, please contact your assigned Community Partner Coordinator.

To learn more about our system, please go to: http://userawareness.zixcorp.com/sites/index.php?b=486d9255f67a440f54eddd1cd0df8ac0&type=2&p=2

Helping Home Buyers with Limited English Proficiency
As required by the federal government, CPLP Members are required to take specific actions to make sure that potential home buyers have access to critical information whether or not English is their primary language. Members are required to develop a Four Factor Analysis and if applicable, a Language Access Plan (LAP) in order to address situations that may arise for individuals with limited English proficiency. The Analysis or LAP must address the scope of assistance being provided (such as translation of critical documents and a plan for interpretation).

NCHFA will ensure that each CPLP Member has a current Four Factor Analysis or LAP if applicable. Organizations applying for new membership in the CPLP will provide this information at application. Also, Members are required to update their Four Factor Analysis or LAP at least every 3 years. If a Member updates their Four Factor Analysis or LAP sooner, they must submit a copy with their Annual CPLP Renewal Form.

*See Appendix 6: NCHFA Guidance for Developing a Four Factor Analysis and Language Access Plan (LAP) for more information.

Relocation Assistance
It is the goal of the Agency to minimize the displacement of existing residents when federal and state funds are used for rehabilitation or acquisition. CPLP Members must comply with all the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). The
Agency prohibits displacement. This means that in the case of an existing home, previous legal occupants of the property may not be displaced due to addressing the property for the new homebuyer without complying with URA. For this reason, the agency encourages Members to verify that properties are legally vacant before considering them for CPLP assistance.

**Affirmative Marketing and Fair Housing**

CPLP Members must comply with all federal fair housing laws and regulations, including affirmative marketing and anti-discrimination policies. Marketing of Agency-funded programs like CPLP must be open and non-discriminatory. Guidance on meeting affirmative marketing requirements and additional information on fair housing and non-discrimination may be found at the website: [http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp).

The Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988 apply to all housing in the United States. The Federal Fair Housing Act & NC Fair Housing Act prohibit discrimination based on the following protected classes:

- Race
- Color
- Religion
- Sex
- National Origin
- Disability
- Familial Status (Having children or being pregnant)
- The NC Fair Housing Act also includes low income housing as a protected class.

**Conflicts of Interest**

Every CPLP member must submit a copy of their organization’s Conflict of Interest policy as part of the initial membership application. The Policy should be reviewed at least once every 2 years by the member’s Board and documentation of the review should be submitted with their annual membership renewal form, when appropriate.

Further, any potential conflict of interest **MUST** be disclosed to NCHFA at the time of loan reservation or prior to starting the reservation. NCHFA will review the potential conflict of interest case-by-case and make a determination as to whether a conflict of interest exists.

NCHFA will not provide CPLP funding to individuals who assemble loan pool applications or are part of the leadership (staff or Board) of loan pool member organizations. However, staff that do not have a direct decision-making role for CPLP and are required to work through the same process as an external client, may apply for CPLP assistance.

Organizational conflicts of interest exist when the organization knowingly enters into undisclosed preferential relationships with service providers who are owned or operated by close family, friends, or members of a shared interest group.
In all cases, borrowers should be given the option to "shop for" lenders, realtors, appraisers, inspectors or any other real estate service provider related to their transaction. While choices for real estate service providers may be limited in some areas, the borrower(s) must be allowed to choose.

Under no circumstance may staff of the Loan Pool member receive a commission or payment for real estate services offered through another business entity to a CPLP borrower if they were also involved in helping that borrower apply for a CPLP loan.

Should the borrower(s) choose to work with a real estate business that employs a loan pool member staff or one of their family members, that loan pool employee cannot work with the potential borrower(s) on their CPLP application. Other CPLP member staff can assist in assembling and submitting the loan package. As part of the underwriting package, the borrower(s) must provide a signed statement that they voluntarily chose to work with the business entity that has a relationship with an employee of the loan pool member and that the employee referenced was not involved in their application for a CPLP loan.

Finally, any fees paid by the borrower for services provided by the loan pool member (i.e. home buyer education, reviewing credit, or other modest fees related to the home buyer preparation) must be modest.

Records Retention Policy:
In addition to the HOME Written Agreement provisions regarding Record Keeping & Reporting (*see Section I of Agreement), the CPLP Member should retain documents that support their efforts to Affirmatively Further Fair Housing and Affirmatively Market the CPLP program. Records should be kept for:

- Any Fair Housing Complaints Filed Against the Member’s Organization
- Affirmative Marketing Efforts
- Limited English Proficiency requests for accommodation and compliance with Member Organization’s Language Access Plan, if applicable
- Documentation that supports housing counseling time spent with clients served by CPLP

Monitoring of CPLP Members
NCHFA staff will conduct a monitoring of active CPLP members at least once every 4 years. Items to be monitored include:

- Updates to Four Factor Analysis or Language Access Plan (LAP), if applicable, plus documentation of any Limited English Proficiency requests for accommodation and how they were addressed
- Plan and actions to Affirmatively Further Fair Housing
- Documentation that supports home buyer education and/or housing counseling time spent with clients served by CPLP
- Documentation related to the approval of CPLP files
- Agreements with partners to provide home buyer education & pre-purchase counseling (if applicable)
- Agreements with partners to provide financial assistance for construction or rehab of a CPLP-assisted home (if applicable)
• Programmatic Agreements
• Programmatic Documents such as the annual CPLP Membership Renewal Form

In addition to on-site monitoring, NCHFA will conduct remote (desktop) monitoring for items such as:
• Programmatic Agreements
• Documentation related to the approval of CPLP files
• Application Approval for Membership
• Three Party SystemVision™ for New Homes Agreement *(if applicable)*
• Three Party SystemVision™ for Existing Homes Agreement *(if applicable)*
• Programmatic documents such as the Annual CPLP Membership Renewal Form

**NOTE:** Additional items may be monitored, including programmatic requirements addressed in any of the CPLP related agreements.

**Buyer Written Agreement**

The Buyer Written Agreement is one of three required CPLP documents that must be signed and submitted as part of the Buyer’s Underwriting Package. This written agreement incorporates information from other forms and helps the CPLP Program comply with federal HOME funding requirements.

**Faith-Based Organizations**

Faith-based organizations that meet the other requirements to participate as a nonprofit organization are eligible for membership. These types of organizations will receive equal consideration. However, housing activities in conjunction with CPLP must be separate in time and location from explicitly religious activities.
8. Program Loan Underwriting & Income Qualifications

Members are expected to qualify all home buyers to be assisted with CPLP financing.

Timing the Verification of Income
The maximum household income under CPLP is **80% of the Area Median Income**, adjusted for household size. The current HOME Program Income Limits for North Carolina can be found on the CPLP Partner page on the NCHFA website:


When a borrower is accepted into the program, income-eligibility for the CPLP must be verified (or re-verified) within six months of the date that CPLP assistance is received by the homebuyer except in the case of a construction-to-permanent loan where the buyer is qualified at the initial closing. For construction-to-permanent loans, verification of employment/income should be resubmitted to NCHFA dated no more than 60 days before conversion.

For a typical purchase loan, verification of employment/income documents must be dated no more than 90 days prior to loan closing, or else recertification will be required. It is therefore advisable to make a preliminary determination of income level as early as possible. If a household is near the 80% of the county median income threshold, they should be advised that significant improvements to their income prior to loan closing could cause them to exceed the maximum for CPLP eligibility if the process takes longer than six (6) months.

Qualifying and Household Income
The Community Partners Loan Pool (CPLP) differs from other lender underwriting with respect to borrower eligibility requirements, calculating the household income (versus qualifying income), and timing of the approval process. The maximum household income under CPLP is **80% of the Area Median Income**, as adjusted for household size.

Unlike some loan programs which may calculate earned income or base income only for program eligibility purposes, the CPLP requires that all income, both earned and unearned, be included for all household members over 18 years of age (with the sole exception of documented full-time students).

Student Loan Debt
If the borrower(s) has student loan debt, the total monthly debt must include one of the following:

- The Monthly Payment Amount if the interest rate is fixed and the loan will fully amortize within the term of the loan;
- One percent (1%) of the remaining loan balance reflected on the credit report for the borrower(s) if the borrower(s) cannot provide a fixed monthly payment amount or
- If the borrower’s first mortgage product allows use of income driven payments in lieu of the monthly payment and only if the borrower(s) is actively enrolled in a Federal Income Driven Repayment Plan, then the income driven payment may be used. Proof that the borrower(s) is on a Federal Income Driven Repayment Plan must be provided. For more information, please see: https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven*
*Note: Any student loan deferments or forbearance require use of the amortizing monthly payment or 1% of the remaining loan balance if a monthly payment cannot be provided.

Calculating Total Monthly Subsidy:

**Homeownership Vouchers**
If a borrower(s) is receiving a homeownership voucher, the voucher may be applied against the total house payment (principal, interest, taxes, plus insurance). Rental vouchers cannot be accepted as homeownership vouchers. Documentation must be provided supporting the homeownership voucher.

**Mortgage Credit Certificates**
A Mortgage Credit Certificate (MCC) requires that the borrower be a first time homebuyer and that he/she applies for the MCC through a **MCC-participating lender** before closing. It is a federal tax credit against mortgage interest paid of up to $2,000 annually, but requires that the borrower(s) have federal tax liability to take advantage of the credit. The credit can be up to 50% of mortgage interest paid for new construction or up to 30% of mortgage interest paid for existing housing.

If a borrower(s) has applied for and is receiving a Mortgage Credit Certificate:
1. The maximum annual tax credit amount is calculated by determining the annual mortgage interest paid on the loan and multiplying by 30% (existing) or 50% (new);
2. This maximum amount must be compared to the previous year’s Federal tax obligation for the household. If the previous year’s Federal tax liability is less than the maximum, then documentation must be provided to show why they anticipate there will be a tax obligation or the subsidy amount must be reduced to reflect the tax liability. The MCC subsidy may be used for underwriting if the borrower(s) Federal tax liability supports that the household will be able to take advantage of the Federal tax credit within two years from the anticipated date of closing;
3. The anticipated annual MCC subsidy is divided by 12 to determine the possible monthly subsidy. This subsidy can be applied one of two ways depending on the first mortgage used by the borrower.
   a) Some first mortgage products apply this amount against the total house payment (principal, interest, taxes, plus insurance).
   b) Other first mortgage products apply the value of the MCC to qualifying income. Please consult with the NC Home Advantage loan officer to determine which approach aligns with the first mortgage requirements.

**Required Third Party Documentation**
Calculated income must be supported by applicable third-party documentation, such as:
- W2 forms
- Verification of employment/income forms
- Minimum of 60 days of Year-To-Date (YTD) earnings not more than 90 days old
- Child support decrees - In cases where child support has been ordered, but not paid, on behalf of children in the household, the file must contain a statement to that effect.
- Divorce decrees
- Separation agreements
• Documentation from child support enforcement authorities
• Award letters for Social Security
• Award letters for Social Security Disability
• Award letters for Supplemental Security Income
• Documentation of full-time student status
• Payroll ledgers
• Section 8 vouchers
• Year-to-date Profit & Loss statement and previous 2 years of tax returns (*for Self-Employed only).

How Much Income Documentation
All income documentation must be retained on file and submitted to the Agency in the Loan Underwriting Package. For salaried and hourly employees, paystubs may be used if no more than 3-months old at the time the Underwriting Package is submitted to NCHFA and the Member has included related W-2’s for the previous 2 years of employment. A minimum of 60 days of YTD earnings (*not more than 90 days old) must be submitted. In addition, NCHFA will need a Verification of Employment (VOE) which includes the employee’s date of hire. For self-employed borrowers, NCHFA will require 2 years of tax returns as well as a current Profit & Loss Statement. The homebuyer’s income and employment status must remain stable and unchanged from the time of verification through closing.

Annualizing Income
Annual income is the anticipated gross annual income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as defined below. “Anticipated” means projecting future income based on current circumstances, which may include a recent job loss, a change in marital status, a recent promotion, etc. If it is not feasible to anticipate a level of income over a twelve (12) month period, the income anticipated over a shorter period may be annualized, subject to a re-determination at the end of the shorter period.

Overtime and Other Income
Overtime, commission and bonus earnings must be included in determining household income if the buyer has a documented history of these earnings and they are likely to continue. Generally speaking, other income is averaged over the 12 to 24 month period of documented income and added to the monthly base pay.

(CLARIFICATION) HUD Guidance on Determining Income
1) As defined by 24CFR85 (the federal regulations governing the HOME Investment Partnerships Program, from which CPLP funds are derived), annual gross income includes, but is not limited to:
   a. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
   b. The net income from operation of a business or profession. Expenditures from 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 as income, except to the extent that the withdrawal is reimbursement of cash or assets invested in the operation by the family. *NOTE: Net business losses will not be deducted from household income (NCHFA Guideline).

c. 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 a deduction in determining net income. Any withdrawal of cash or asset from an investment will be included as income, except to the extent that the withdrawal is reimbursement of cash or assets invested by the family. Where the family’s net assets exceed $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 (*rate currently less than 1%). In order to properly include income for assets greater than $5,000, actual interest income should be added as part of the household income or if there is no interest income, the current passbook savings rate should be used to impute an interest income amount that should be added to household income.

d. The full amount of periodic payments 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 payment for the delayed start of a periodic payment;

e. Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (except as noted in below);

f. Housing assistance: If the housing assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the housing assistance agency in accordance with the actual cost of shelter and utilities, the amount of housing assistance income to be included as income shall consist of the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus the maximum amount that the housing assistance agency could in fact allow for shelter and utilities. If the family’s housing assistance is ratably reduced from the standard need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

g. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the armed forces (except as noted below);

2) Annual income does not include:

a. Income from the employment of children (including foster children) under the age of eighteen (18) years;

b. Payments received for the care of foster children;

c. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses (except as noted above);

d. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses of any family member;

e. Income of a live-in aide, as defined in 24 CFR 5.403;

f. Amounts of educational scholarships paid directly to the student or educational institution, and amounts paid by the Government to a veteran, for the use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student.
g. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included as income;

h. The special pay to a family member serving in the armed forces who is exposed to hostile fire;

i. Amounts received under training programs funded by HUD;

j. Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income (SSI) eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

k. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program.

l. Temporary, nonrecurring or sporadic income, including gifts;

m. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United State Housing Act of 1937. A notice will be published in the Federal Register and distributed to PHAs and owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

n. Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse).

o. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.

Notes Regarding Documentation of Household Income

- In cases where child support has been ordered, but not paid, on behalf of children in the household, the file must contain a statement to that effect.

- Income documentation must be retained on file and submitted to the Agency in the Loan Underwriting Package. Paystubs may be used if not more than 90 days old at the time the package is submitted for approval and the Member has included related W-2’s for the previous two years’ employment. The homebuyer’s income and employment status must remain stable and unchanged from the time of verification through closing. A minimum of 60 days of income information not more than 90 days old must be submitted.

- Annual income is the anticipated gross annual income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as defined below. “Anticipated” means projecting future income based on current circumstances, which may include a recent job loss, a change in marital status, a recent promotion, etc.

- Overtime, commission and bonus earnings must be included in determining household income if the buyer has a documented history of these earnings and they are likely to continue.

- If it is not feasible to anticipate a level of income over a twelve (12) month period, the income anticipated over a shorter period may be annualized, subject to a re-determination at the end of the shorter period.
Annual income includes:
According to 24 CFR 85 (the federal regulations governing the HOME Investment Partnerships Program, from which CPLP funds are derived), annual gross income includes, but is not limited to:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- The net income from operation of a business or profession. Expenditures from 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 as income, except to the extent that the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- 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 a deduction in determining net income. Any withdrawal of cash or asset from an investment will be included as income, except to the extent that the withdrawal is reimbursement of cash or assets invested by the family. Where the family’s net assets exceed $5,000, annual income shall include the greater of the actual income derived from all family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD (*currently less than 1%). Members shall note on the compliance analysis worksheet if a potential borrower has more than $5,000 of assets or interest income.
- The full amount of periodic payments 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 payment for the delayed start of a periodic payment;
- Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (except as noted in below);
- Housing assistance: If the housing assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the housing assistance agency in accordance with the actual cost of shelter and utilities, the amount of housing assistance income to be included as income shall consist of the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus the maximum amount that the housing assistance agency could in fact allow for shelter and utilities. If the family’s housing assistance is ratably reduced from the standard need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the armed forces (except as noted below).

Household Annual income does not include:

- Income from the employment of children (including foster children) under the age of 18 years;
- Payments received for the care of foster children;
• Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlement for personal or property losses (except as noted above);
• Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses of any family member;
• Income of a live-in aide, as defined in 24 CFR 5.403;
• Amounts of educational scholarships paid directly to the student or educational institution, and amounts paid by the Government to a veteran, for the use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student.
• Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included as income;
• The special pay to a family member serving in the armed forces who is exposed to hostile fire;
• Amounts received under training programs funded by HUD;
• Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income (SSI) eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
• Amounts received by a participant in a public-assistance program which are specifically for or in reimbursement of out-of-pocket expenses incurred (i.e., special equipment, clothing, transportation, child care, etc.) to participate in a specific program.
• Temporary, nonrecurring or sporadic income, including gifts;
• Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United State Housing Act of 1937. A notice will be published in the Federal Register and distributed to PHAs and owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.
• Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household or spouse).
• Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.

Borrower Assets
➢ Borrowers whose total liquid assets exceed $5,000 must have the actual income derived from all family assets included when calculating household income for CPLP eligibility. The asset income will be imputed at the current HUD passbook rate (*currently less than 1%). Members shall note on the compliance analysis worksheet if a potential borrower has more than $5,000 of assets or interest income. Liquid assets include, but are not limited to: checking accounts, savings accounts, cash, CDs, stock accounts, and mutual fund accounts. Protected retirement vehicles such as 401Ks are not considered liquid assets due to the penalty charged to make them liquid.
Appendix 1:
New/Existing Home Site Requirements & Best Practices

1. The home must be outside the 100-year floodplain.
2. Property should have no problems with drainage, steep slopes or waterways that threaten the property or increase costs for homeowners above normal site maintenance. While applying across the state, the following issues often are critical for specific regions:
   a. Coastal Region:
      i. salinization of potable surface and ground water
      ii. positive storm water drainage over entire site including away from the home
   b. Coastal Plain Region:
      i. access to potable ground water
      ii. positive storm water drainage away from home
      iii. wetlands
   c. Piedmont:
      i. excessive storm water drainage issues
      ii. foundation issues due to soil composition mixed with water drainage
      iii. accessibility issues due to moderately steep slopes
   d. Mountain Region:
      i. soil loss due to steep slopes
      ii. accessibility issues due to steep slopes
3. Access to property must be compatible with existing traffic patterns and street capacity. Site should not enter or exit onto a major high-volume traffic artery that would create problems for resident access or hazards to children.
4. Property must be located on, or have direct access from a publicly maintained road.
5. Property should be free from excessive traffic and noise, including that from cars, trains and airplanes
6. The property should be free from significant industrial or agricultural hazards, including hazardous substances, toxic chemicals, gas, oil and chemical storage tanks and facilities, runoff, spills, odors, noise, and airborne particulates.
7. Property should be near schools, food and other shopping, appropriate services, and recreational facilities.
8. Property should be well-integrated into existing neighborhood or community and not isolated.

9. The neighborhood should be primarily residential or a well-planned mixed use development. Adjacent areas should be compatible with residential development.

10. Physical conditions of buildings and infrastructure in the neighborhood should be acceptable unless the home is part of a neighborhood revitalization program that will upgrade the buildings and infrastructure in the neighborhood. In the latter case, a comprehensive revitalization strategy should be adopted by the locality, with revitalization work already underway.
Appendix 2:
Newly Constructed Home Design Guidelines

Health, Safety and Accessibility

1. Materials should minimize levels of volatile organic chemicals (VOCs) in interior living spaces.

2. Guidelines for Radon:
   a. All units constructed in North Carolina should be tested for radon levels and all potential home buyers should be informed of the tested level and provided with EPA’s “Home Buyer’s and Seller’s Guide to Radon,” or an Agency-approved alternative. For more information on radon, please go to [http://www.epa.gov.radon/states/northcarolina.html](http://www.epa.gov.radon/states/northcarolina.html).
   b. The North Carolina EPA Map of Radon Zones is located at [www.ncradon.org/ncradon/#](http://www.ncradon.org/ncradon/#) Most NC home should include radon resistant features as described in the EPA's guide, "Building Radon Out".
   c. In the event that measured levels of radon exceed 4 picoCuries per liter of air (pCi/l), remediation measures should be taken to reduce the level to 4 pCi/l or below. All potential home buyers should be informed of the tested level and provided with EPA’s “Consumer’s Guide to Radon Reduction: How to Fix Your Home” or an Agency-approved alternative.

3. Units should incorporate the following universal design principals:
   a. Interior doors should be no less than 32 inches wide to facilitate wheelchair access.
   b. Wall switches should be no more than 48 inches above floor level.
   c. Electrical outlets should be located no less than 18 inches above floor level.
   d. A continuous, structurally appropriate, water resistant substrate should be installed on interior walls behind bathtubs and around toilets to facilitate the future installation of grab bars.
   e. Faucets should have lever-type handles.

4. The design should include a glass-free, well-braced interior refuge (such as a hallway or central closet) for increased safety in the event of a hurricane or tornado threat.

5. All units should be equipped with carbon monoxide detector(s) as per the 2012 NC Residential Building Code (NC RBC), Section 315.

Energy Efficiency and Minimizing Operating Cost

Note: This section applies to those projects not meeting SystemVision™ with or without Green Building standards.

1. Each unit must be insulated to NC RBC standards Chapter 11, Section 1102 or the local building code, whichever is more stringent. Additionally, insulation must be installed consistent with manufacturer’s requirements.

2. The building envelope must be properly sealed, including caulking of all plumbing and wiring penetrations of top plates and sole plates, sealing electrical outlets and switch plates, etc. Each unit should be tested for air leakage to meet the NC RBC, Section 1102.4.2.2.
3. The HVAC equipment must be properly sized in accordance with ACCA Manual S based on building loads calculated in accordance with ACCA Manual J as required by 2012 NC Residential Building Code.

4. All attic stairs, attic access scuttles and other access openings to unconditioned space should be treated as needed to minimize radiant and infiltration heat-loss. Attic doors should be framed such that R-30 insulation can be blown up to and around access opening. Doors should be weather-stripped and insulated as practicable. Folding stair frames should be weather-stripped and as required by the 2012 NC RBC, Section 1102.2.3.

5. The delivery system ductwork should be designed in accordance with ACCA Manual D standards to:
   a. avoid “spider system” design by use of a supply trunk/plenum;
   b. size the return air duct(s) for minimum noise;
   c. locate intake centrally, near front door if possible;
   d. strap all duct work as needed to eliminate crimping or sharp bends in ducts;
   e. locate registers at perimeter portions of house;
   f. use radius elbows or turning elbows or turning vanes in all supply trunks with 90 degree turns and not diminish the cross-sectional area or throat; and,
   g. allow for insulating supply and return ductwork.

6. All ductwork should be tightly sealed with mastic and tested for air leakage. All ducts should be insulated and tested to meet the NC RBC Chapter 11, Section 1103.2.

7. Ducted central heating equipment should have an Annual Fuel Utilization Efficiency (AFUE) rating of 78% or more. Air conditioning units must have a minimum Seasonal Energy Efficiency Rating (SEER) of 13.

8. All ceiling light fixtures should be sealed against air leakage.

9. All windows should be double-glazed and certified by the National Fenestration Rating (NFRC) to have a U-Factor of 0.35 or less. For homes built in Climate Zones 3 and 4, windows should also have a Solar Heat Gain Coefficient (SHGC) of 0.30 or less. These requirements are based on NC RBC, Chapter 11, Section 1102.1. Refer to the NCRBC for more information on glazing requirements and calculations.

10. Powered attic vents should be used only as a last resort. Continuous soffit and ridge vent systems, where feasible, are the preferred method of attic ventilation.

11. Homes and units certified with the ENERGY STAR label or that meet the local electric utility company’s standards for additional energy-efficiency discounts will be deemed to automatically meet CPLP energy-efficiency standards.
Structural Integrity

1. Moisture levels in crawlspaces, at basements, and below slabs should be minimized through foundation waterproofing, the effective placement of subsurface drainage systems, sufficient overhangs (12” or deeper), and/or grading to direct drainage away from the foundation.

   *NOTE: While acceptable, gutters and downspouts are the least preferred method to direct water away from the foundation due to their high maintenance requirements.*

2. Kitchens and baths must be equipped with mechanical ventilation systems that are properly sized according to ASHRAE standard 62.2P (100 CFM for kitchens; 50 CFM for baths). For kitchens, see Part V of the 2012 NC Mechanical Code (Abridged for Residential Code), Chapter 5, Sections 501 and 505. See ASHRAE website at [www.ashrae.org](http://www.ashrae.org). Each ventilation system should include back-draft dampers.

3. Keep untreated exterior wood well above the soil. In slab-on-grade construction, untreated framing lumber must be at least eight inches above the outside finish grade. Wood siding must be at least six inches above outside finish grade. In crawlspace construction, allow at least 18 inches of clearance under wood sills, girders, bands and joists.

4. Use wood that has been pressure treated with a wood preservative meeting the American Wood Protection Association (AWPA) standards whenever contact with moisture cannot be avoided. Some examples of where pressure-treated lumber should be used are:
   a) all wood in direct contact with soil;
   b) sills, plates, joists and beams in or on concrete foundations;
   c) exposed wood such as porches, decks, and steps.

5. Do not use earth-filled porches unless the earth is at least eight inches below untreated wood.

Interior Value Features

1. The design should allow for good traffic flow from room to room.

2. The smallest bedroom should be at least 10’ by 10’.

3. There should be sufficient space for dining table and chairs.

4. Hallways should be kept to a minimum.

5. Bathrooms and bedrooms should be located in close proximity.

6. Inside closet space should be maximized.

7. Space should be provided with all necessary hookups for clothes washers and dryers.
8. Dryer vents should include a backdraft damper and be extended with metal duct to the exterior of the building and shall comply with Part V of the 2012 NC Mechanical Code (Abridged for Residential Code), Chapter 5, Section 504.

9. All units should be pre-wired for the internet and/or telephones and other critical forms of communication when possible.

10. A minimum of 12 linear feet of solid wood base cabinets and 12 linear feet of solid wood wall cabinets should be installed in kitchens.

11. All water supply lines in unheated spaces should be insulated with ½ inch (minimum) preformed foam insulation or equivalent insulation material labeled for use on pipes.

**Exterior Value Features**

1. Adequate storage space with outside access should be provided for grounds-care and maintenance tools and equipment.

2. Utilities should be underground whenever possible.

3. All entrances should be protected from blowing rain by a roof or wide overhang.

4. At least one weatherproof exterior outlet should be installed.

5. At least one freeze-proof exterior water spigot should be installed.

6. Paved, off-street parking adequate for two vehicles should be provided.

7. Exterior materials should be selected so as to minimize deterioration and maintenance costs (e.g. brick veneer, cement siding/HardiePlank-type, and/or vinyl siding and trim).

8. Exterior design should be varied, unit-by-unit to provide for a varied streetscape.

*(effective 10/1/02, updated 1/1/14)*
Appendix 3 – Part 1
Fees for Home Performance and Green Building

NCHFA will provide additional fees to Members that build/rehabilitate homes that meet SystemVision™ Building Standards and certain Green Building Certifications.

1. SystemVision™
SystemVision™ is offered in partnership with the Advanced Energy Corporation (“Advanced Energy”), a public nonprofit corporation in Raleigh, North Carolina. The Agency provides up to $6,000 in fees to the Member for homes (newly constructed or existing) that meet the SystemVision™ building standard. The Member pays $1,050 of these funds to Advanced Energy Corporation for its services. If any remaining funds exist, they may be used by the Member for any HOME-eligible use.

As part of the fee, Advanced Energy will provide:

- a house plan review by Advanced Energy’s building scientists for SystemVision™ for New Homes;
- an energy audit review and scope of work review for SystemVision™ for Existing Homes;
- assistance with writing specifications for any subcontracted building components;
- training for key staff and sub-contractors;
- on-site quality control during construction; and
- performance testing of the house and HVAC systems to make sure they have been installed to manufacturer’s specifications and program standards.

For SystemVision™ for New Homes, Advanced Energy will certify that the house meets Program standards and will issue a two-year comfort guarantee and a heating/cooling bill guarantee (typically less than $35 per month). More information about SystemVision™ can be found at: http://www.advancedenergy.org/portal/systemvision

2. Green Building Program Standards
For homes that meet SystemVision™ standards and any of the following five approved Green Building standards, Members are eligible for an additional subsidy/fee of $1,000. When a requisition for funds is submitted, the CPLP Member must submit certification that unit meets one of the following Green Building standard.

1) Home Innovation Research Labs’ National Green Building Standard (NGBS) certification: www.homeinnovation.com/green
2) U.S. Green Building Council’s LEED Program: www.usgbc.org/leed
4) Green Built North Carolina: www.greenbuilt.org
5) ENERGY STAR® for New Homes under the program of the US Environmental Protection Agency and the US Department of Energy
Appendix 3 – Part 2
SystemVision™ for New Home Standards

Homes Built With SystemVision™ are better than most other homes in terms of health & safety, durability, comfort, energy efficiency (affordability to live in), and environmental impacts. The Program consists of the following elements, to be performed by Advanced Energy:

**House Plan Review**: Review the plans, making modifications necessary to meet the program standards.  
**Specification Writing**: Write, or re-write, specifications necessary to achieve program standards.  
**Contractor and sub-contractor training**: Provide training for contractors on the specs, standards, and the techniques for achieving them.  
**On-site Quality Control**: Site visits during construction to assist contractors in meeting the standards.  
**Performance Testing**: Testing of the house and HVAC systems to make sure they have been installed to manufacturers' specs and program standards.  
**Certification and Guarantees**: Once the house has been successfully tested, AE will certify that the house meets program standards and will issue a comfort guarantee and a heating/cooling bill guarantee. (See attached for guarantee language).

*For more information contact:*

Maria Mauceri, Program Specialist  
Phone: (919) 857-9053  
E-mail: mmauceri@advancedenergy.org  
Website: [www.systemvision.org](http://www.systemvision.org)
1. Air Tightness
   1.1. Tightness shall be less than or equal to .20 CFM50 per square foot of conditioned envelope area. 
   Air sealing details on www.systemvision.org

2. Moisture Management
   2.1. Finished grade shall be sloped away from foundation walls or slab.
   2.2. Slabs: Vapor retarder with 100% coverage, and overlapped seams, shall be installed under the slab.
   2.3. Crawl Spaces: Shall be closed and have the following components:
      2.3.1. A sump pump or drain to daylight with a backflow preventer shall be located at the low point of the crawlspace.
      2.3.2. All air leakage paths from the home to the crawlspace, and from the crawlspace to outside shall be air sealed.
      2.3.3. Vapor Barrier
         2.3.3.1. Walls- vapor barrier shall be sealed, mechanically fastened, and run up walls to within 3” of mudsill.
         2.3.3.2. Floors- vapor barrier shall be sealed at all seams, penetrations and to wall vapor barrier.
      2.3.4. Drying Mechanism- A stand-alone dehumidifier or supply register with backflow preventer that provides 1 CFM/30SF of floor area.
      2.3.5. Crawl spaces during construction shall have at least one of the following: (1) crawl space vents or (2) a vapor retarder covering the ground.

3. Framing and Insulation
   3.1. Roof framing shall allow for 10” of vertical space from exterior of top-plate to roof sheathing.
   3.2. Insulation shall be installed to manufacturer’s specifications, with no gaps, voids, compression or wind intrusion. Insulation and the air barrier shall be installed in physical contact with each other.
   3.3. Attic accesses shall be insulated to a minimum of R-30. This will require an insulated, air sealed and weather stripped box to be constructed for attic pull-down stairs.
   3.4. Insulation levels shall, at minimum, equal those in the following table or meet the 2015 IECC Total UA alternative.

<table>
<thead>
<tr>
<th>Climate Zone</th>
<th>Slab</th>
<th>Walls</th>
<th>Ceiling</th>
<th>Floors*</th>
<th>Crawl Space Walls*</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>NA</td>
<td>R-19 or R-15 + 3 cont</td>
<td>R-38</td>
<td>R-19</td>
<td>R-5 cont</td>
</tr>
<tr>
<td>4</td>
<td>R-10</td>
<td>R-19 or R-15 + 3 cont</td>
<td>R-49</td>
<td>R-19</td>
<td>R-10 cont</td>
</tr>
<tr>
<td>5</td>
<td>R-10</td>
<td>R-21 or R-15 + 5 cont</td>
<td>R-49</td>
<td>R-30</td>
<td>R-15 cont</td>
</tr>
</tbody>
</table>

To locate climate zone, go to https://energycode.pnl.gov/EnergyCodeReqs/?state=North%20Carolina
*Closed crawl spaces only require the floor or the crawl space walls to be insulated.

   4.1. Equipment Minimums
      4.1.1. Furnaces/AC – 90% efficient, 14 SEER
      4.1.2. Heat Pumps- 14 SEER, 8.2 hspf
4.2. All duct connections shall be sealed with a UL listed “bucket” mastic product.

4.3. Duct leakage, measured in cubic feet per minute at 25 Pascals, shall not exceed 3% of the conditioned square footage.

4.4. Mechanical systems shall be sized to within 6000 Btuh (or closest available size) of the whole home ACCA Manual J total load. ACCA Manual J room-by-room load calculations, including all inputs, shall be submitted for each plan to verify sizing. Physical copy of the load calculation with the AHRI certificate shall be attached to AHU unit or submitted to the rater prior to the final inspection.

4.5. Heat pumps shall have an outdoor thermostat installed to prevent supplementary heater operation when the heat pump is capable of meeting the load. The lockout shall be set no lower than 35F and no higher than 40F.

4.6. The measured airflow for each room shall be within ± 20% or 25 CFM of the ACCA Manual J calculation. This will require supply dampers to be installed for bedrooms and bathrooms.

4.7. Total system airflow shall be set between 300-400 CFM per ton in cooling, or set to total system airflow as specified by the manufacturer.

4.8. Whole House Ventilation: There shall be a filtered whole-house mechanical fresh air ventilation system that is capable of meeting the current version of ASHRAE 62.2 that complies with one of the following options:

   Option 1: Supply Ventilation - Air Handler cannot have a PSC motor. System shall be designed to operate intermittently and automatically based on a timer (e.g., air cycler) and to restrict outdoor air intake when not in use (e.g., motorized damper). Ventilation at a minimum shall occur 10% of every 24 hours.

   Option 2: Balanced Ventilation

4.9. Spot Ventilation: All ventilation ducts shall terminate beyond the exterior skin of the building.

   4.9.1. All bathrooms shall have a fan vented to the outside that exhausts 50 CFM intermittently. (Requires a min. fan rating of 70 CFM).

   4.9.2. All kitchens shall have a fan vented to the outside that exhausts 100 CFM. (Requires a min. fan rating of 120 CFM).

4.10. All ventilation ducts, excluding kitchen exhaust ducts, shall be insulated.

5. Pressure Balancing

5.1. All rooms within the conditioned space, except baths and laundry, shall not exceed +/- 3 Pascals pressure differential with respect to the main body when interior doors are closed and the air handler is operating. Returns, transfer grilles or jump ducts shall be used to balance each room in addition to door undercuts.

6. Plumbing

6.1. Electric water heaters shall have an energy factor (EF) of at least .94. Gas water heaters shall have an EF of at least .61.

6.2. From the water heater, the first three feet of hot and cold pipes shall be insulated to ≥ R-4.
6.3. Toilets shall be 1.3 GPF or less (including dual-flush models). Showerheads shall be 2.25 GPM or less. Kitchen faucets shall be 2.2 GPM or less. Bath faucets shall be 1.5 GPM or less.

7. Appliances & Lighting

7.1. Dishwashers and refrigerators, if provided by the builder, shall be ENERGY STAR rated.

7.2. Home shall not have any incandescent lights.

8. Combustion Safety

8.1. Any combustion appliance inside the conditioned space, other than gas ranges and wood fireplaces, shall be direct vent or power vented. Vent free gas logs are not allowed.

8.2. One hard-wired carbon monoxide (CO) detector shall be installed per 1,000 sq. feet of living space in homes that have any combustion appliance within the conditioned space, or which have an attached garage (minimum one per floor).
Appendix 3 – Part 3:
SystemVision™ for New Home Standards
Comfort & Energy Use Guaranty

Affordable Housing with SystemVision™

Comfort and Energy Use Guarantee

ENERGY USE GUARANTEE:________________________________________
Advanced Energy guarantees to the Original Homeowner for the two-year period after the original homeowner purchases the home, that the energy required to heat and cool the building will not exceed the Guaranteed Usage. Guaranteed Usage will be adjusted based on changes in energy rates and in the event of unusual weather conditions for the locale of the property. Should the Actual Usage for heating and cooling exceed the Guaranteed Usage in any one-year period, Advanced Energy will reimburse the Homeowner for 100% of the cost of the difference. The Guarantee will begin on the first day of the second month after closing.

COMFORT GUARANTEE:__________________________________________
Advanced Energy guarantees the comfort of the Original Homeowner for two years. Comfort is defined as a temperature differential of no greater than plus or minus 3 degrees F from the thermostat location to the center of any conditioned room within the zone. Should a comfort question arise, an Advanced Energy agent will evaluate the situation. Advanced Energy’s responsibility will be limited to repairing any defects in the building’s original envelope.

HOMEOWNER RESPONSIBILITIES:__________________________________
In order to maintain this guarantee, the Homeowner agrees to:
1. Prudent use of windows and doors when HVAC system is in operation.
2. Operate and service heating, cooling, and ventilation (HVAC) systems as recommended by the manufacturer. Change HVAC and ventilation filters according to manufacturer recommendations.
3. Maintain thermostat settings no higher than 72 degrees F during the heating season and no lower than 76 degrees F during the cooling season.
4. Apprise Advanced Energy of any alterations or modifications to the property, facilities, equipment, or occupancy that affect energy consumption so that appropriate adjustments can be made to the Guaranteed Usage. An additional fee will be required to evaluate or modify the Guaranteed Usage.
5. Submit a completed Guarantee Registration card within 30 days of occupancy to Advanced Energy to activate the guarantee.
6. Submit any claims in writing with copies of monthly energy billing information to Advanced Energy within 30 days of the end of each annual period of the
guarantee. Send to Advanced Energy, Guarantee Dept., 909 Capability Drive, Suite 2100, Raleigh, NC 27606.

ANNUAL ACCOUNT ANALYSIS:____________________________________________
Upon receipt of claim with energy billing information, Advanced Energy will prepare and return to the Homeowner an account analysis showing any reimbursement the Homeowner may be entitled to according to the guarantee. At its discretion Advanced Energy agents may inspect, meter or make repairs as necessary to lower the energy requirements for heating and cooling in the future. Heating and Cooling usage will be calculated by the following method: 1) The Base Load will be the average energy used for the three lowest months of full occupancy, multiplied times twelve; 2) Adjustments will be made for exceptional energy loads such as pools and hot tubs, 3) The total annual bill minus the annual base load minus adjustments = the heating and cooling bill.

LIMITATIONS:___________________________________________________________
Advanced Energy shall not be liable for any incidental or consequential damages resulting from breach of this Energy Use Guarantee other than expressly stated above, or any express or implied guarantee arising under state law. Guaranteed Usage will be adjusted based on changes in energy rates and in the event of unusual weather conditions for the locale of the property. The Advanced Energy Use Guarantee will not apply if excessive energy use results from the malfunction of heating, ventilation, and cooling equipment or failure of the Homeowner to fulfill all Homeowner Responsibilities. The Homeowner understands that Advanced Energy makes no warranties which extend beyond the warranty described hereof, including any express or implied warranties of merchantability or fitness for purpose. Without limiting the general disclaimers above, Advanced Energy makes no representations or warranties of any kind, express or implied, to anyone with respect to indoor Radon and Air Quality concerns.
Appendix 3 – Part 4:
How to Utilize SystemVision™ for Existing Homes

1. Organization becomes member of NCHFA’s Community Partners Loan Pool Program

2. Member chooses to participate in SystemVision™ for Existing Homes and enters into three party Agreement: NCHFA, Member and Advanced Energy

3. Member works with Advanced Energy to identify their process and capacity for conducting a SystemVision™ for Existing Homes Program Energy Retrofit Audit, including but not limited to:
   a. Having Member’s staff trained by Advanced Energy
   b. Member’s staff may become BPI certified
   c. Member may identify and contract with another Program-certified contractor to conduct Audit and establish Scope of Work

4. Member identifies property that could SystemVision™ for Existing Homes program standards

5. Member or a Program-certified Contractor conducts Energy Retrofit Audit and establishes Scope of Work and submits to Advanced Energy for review.

6. Advanced Energy reviews Energy Retrofit Audit and Scope of Work. Once the audit and scope of work are approved or if revisions are needed, Advanced Energy will communicate with Member.

7. Once approved, the Member or Program-certified contractor perform the energy retrofit to meet SystemVision™ for Existing Homes. Wherever possible, work should be performed in compliance with Department of Energy Single Family Work Specifications (see Standard Work Specifications at https://sws.nrel.gov/)

8. Affiliate will certify that all work in Scope of Work has been completed.

9. Advanced Energy (or AE’s contractor) will conduct performance testing on house and verify that house meets SystemVision™ for Existing Homes standards.

10. Member and Advanced Energy will coordinate to utilize designated data collection method. The Member will help the Borrower to enroll online to have energy information sent to the SystemVision™ for Existing Homes database.

11. Advanced Energy will certify house as meeting SystemVision™ for Existing Homes and report the certification to Department of Energy for participating in the Home Performance with ENERGY STAR program.

12. Member will requisition funds from the Agency.

13. Upon completion of SystemVision™ for Existing Homes certification and receipt of any other appropriate loan documents the Agency will disburse funds to the Member.
Appendix 3 – Part 5:
SystemVision™ for Existing Homes Standards

1. General
   1.1. Where feasible, the Department of Energy Single Family Work Specifications (see Standard Work Specifications at https://sws.nrel.gov/) shall be referenced and incorporated into work performed under the SV-E Program.

2. Air Tightness
   2.1. There shall be a continuous, durable air barrier enclosing the conditioned space. This includes features such as chases, knee walls, soffits, garage interfaces, intersecting walls and dropped ceilings.

   2.2. Air sealing shall be required for the following building planes:

       2.2.1. Attic plane – Any visible hole or crack leading from the attic into the building or building cavities shall be sealed (e.g., plumbing penetrations, electrical penetrations, chases, dropped soffits, chimney penetrations, top plate-to-drywall connections, bonus room floors, balloon framing).

       2.2.2. Exterior walls—Windows, doors, and any visible hole or crack leading from the building to the exterior shall be weather-stripped or sealed.

       2.2.3. Crawlspace/Basement—All penetrations between conditioned and unconditioned space shall be sealed.

3. Ventilation
   3.1. There shall be a whole-house mechanical fresh air ventilation system in compliance with ASHRAE 62.2.

   3.2. All bathrooms with showers or bathtubs shall have a fan vented to the outside exhausting at a rate of 50 CFM intermittent (requires a minimum fan rating of 70 CFM)

   3.3. All kitchens shall have a fan vented to the outside that exhaust 100 CFM (requires a minimum fan rating of 120 CFM).

   3.4. All ventilation ducts shall terminate at or beyond the exterior skin of the building.

4. Insulation, Windows and Doors
   4.1. Insulation shall be installed in walls, ceilings, and floors to manufacturer specifications with no gaps, voids, compression or wind intrusion.

   4.2. For vented crawls, floors must be insulated to meet code. For closed crawl spaces, foundation wall or floors shall be insulated to code.

   4.3. Insulation and the air barrier shall be installed in physical contact with each other.

   4.4. Accessible attics shall be insulated to R-38 or greater.

   4.5. Replacement windows, if installed, shall be ENERGY STAR labeled.

   4.6. Knee walls shall be insulated and backed with support material.
5. **HVAC Sizing and Installation**

   5.1. New and existing heat pumps shall have an outdoor thermostat installed and set to the balance point of the house to prevent supplementary heater operation when the heat pump is capable of meeting the load.

   5.2. All accessible duct connections shall be sealed with a UL-listed bucket mastic product.

   5.3. All uninsulated ductwork outside the conditioned envelope shall be insulated to R-8.

   5.4. New mechanical systems shall be sized to within ½ ton of an ACCA Manual J load calculation. ACCA Manual J load calculations, including all inputs, shall be submitted for each replacement unit to verify sizing.

   5.5. Replacement furnaces, if installed, shall be 90% efficient or greater. This requirement includes gas package units.

   5.6. Replacement heat pumps, if installed, shall have a minimum SEER rating of 14 and a minimum HSPF of 8.2.

6. **Lighting and Appliances**

   6.1. All light fixtures shall utilize compact fluorescent lamps (CFLs), light emitting diodes (LEDs) or tubular fluorescent bulbs.

   6.2. Appliances (e.g. refrigerator, dishwasher, clothes washer), if installed, shall be ENERGY STAR labeled.

7. **Combustion Safety**

   7.1. If existing gas equipment will remain atmospherically vented after the energy efficiency retrofits, BPI protocol or other Advanced Energy approved combustion safety testing protocol must be completed.

   7.1.1. Combustion safety tests shall be performed before and after the retrofit, as well as before leaving a multi-day retrofit.

   7.1.2. Results shall be documented and repairs must be performed immediately, once a negative result is discovered (e.g., pressure balancing, gas leaks repaired, correction to venting, increased make-up air).

   7.2. Homes containing vent-free gas logs or space heaters shall not be retrofitted until units are removed.

   7.3. If gas equipment is replaced and gas appliances are installed inside of the conditioned space, other than gas ranges, the new appliances shall be direct-vent or power-vented.

   7.4. One carbon monoxide (CO) detector shall be installed outside of each bedroom area and to manufacturer specifications in homes that have a combustion appliance or an attached garage (minimum 1 per floor).

8. **Durability and Moisture Management**

   8.1. All crawlspaces shall have a 100 percent ground cover as required by the NC building code. When the crawlspace is likely to be accessed by homeowner or for equipment repairs, reinforced ground cover, thicker poly, or additional protective layers shall be used in traffic areas and around equipment.

   8.2. Houses having crawlspaces with standing water or signs of water shall not be included in the program unless drainage is a part of the retrofit.

   8.3. All major structural and durability concerns must be addressed prior to the retrofit.
Appendix 4:
Submitting Application for CPLP Assistance via the NCHFA Loan Pool Portal

General Information
NCHFA created a secure, web-based Loan Pool Portal to submit applications for CPLP Assistance. On June 1, 2016, the portal replaced the previously used Excel Workbooks. All applications must be submitted via the portal.

What Tools Do You Need to Use the Portal?
- An internet-connected computer with an up-to-date internet browser
- A multiple page or high speed scanner
- Adobe Acrobat Reader (or another PDF Reader that will allow you to mark a PDF). This is a free PDF reader loaded on many computers by default.
- An email address to receive notifications

Member staff must complete a mandatory NCHFA Loan Pool Portal Training before they will be issued a Username and Password. For more information on Portal Trainings, please contact your assigned Community Partner Coordinator.

SUBMITTING A RESERVATION FOR CPLP FUNDS
When a Member has an eligible home and home buyer, they may submit a Reservation Request for CPLP funds using the NCHFA Loan Pool Portal: http://www.nchfa.org/LPPortal
The Reservation request consists of basic information on the Borrower/Co-Borrower and Property to be purchased. The only required document to be submitted with the reservation is a Flood Map that shows the location of the home to be purchased.

Key websites used to generate the required Flood Map of property to be purchased:
- Google Maps: https://www.google.com/maps

The Member should submit the Reservation Request no more than 90 days from the anticipated loan closing.

**SUBMITTING THE CPLP UNDERWRITING PACKAGE**

Once the reservation for funds has been approved, the Member must assemble and submit the Underwriting Package which shows that both the Borrower and the home to be purchased meet program guidelines. The Member can submit the Underwriting Package as soon as the Reservation has been approved and but no later than 15 business days prior to the anticipated closing date.

A number of supporting documents must be uploaded with the Underwriting Package including the following three documents that must be signed by the Borrower:

- Home Buyer Written Agreement
- Borrower Affidavit
- Addendum to Sales Contract

**NOTE:** For more information on other documents to be submitted as part of the Underwriting Package, please see on Underwriting Package on pages 30-31 for more information.

Please note that as you enter information on the Borrower and House to be purchased, the Portal will identify supporting documentation that must be attached to the Underwriting Package submission. The system will not allow you to submit the Underwriting Package without these required documents.

<table>
<thead>
<tr>
<th>**** IMPORTANT NOTE ****</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For more information on NCHFA Loan Pool Portal</strong></td>
</tr>
</tbody>
</table>

Please download the Loan Pool Portal Training Notes (June 2016) from the CPLP – Forms & Resources page on NCHFA’s website:


**QUESTIONS? Please contact your assigned Community Partner Coordinator.**

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APPENDIX 5: Sample Loan Conditional Approval Letter
COMMUNITY PARTNERS LOAN POOL
LOAN CONDITIONAL APPROVAL

**Insert Date**

**CPLP Partner Name**
**CPLP Partner Mailing Address**

The referenced underwriting package has been reviewed by NCHFA and your request for funding is approved subject to all the conditions outlined in the Community Partners Loan Pool participation guidelines and Community Partners Loan Pool HOME Written Agreement. Funding for Community Partners Loan Pool is funded at closing by NCHFA. An authorization to close must be issued by NCHFA to the closing attorney prior to closing.

The CPLP Member must use the NCHFA Online Loan Pool Portal to schedule the closing date. All closing dates must be selected in the portal at least 6 business days prior to the actual closing.

Borrower(s): **Borrower Name**  
Address: **Borrower Mailing Address**  
City: **Borrower City**  
County: **Borrower County**

CPLP Loan Amount: $XXXXX.00  
Member Fee: $XX.XX

NC Housing Finance Agency requires the closing attorney provide us the following documents at least 3 business days prior to closing:

- Copy of Title Commitment for 1st Lienholder
- Copy of Final Loan Closing Disclosure issued by 1st Mortgage
- Proposed HUD-1/HUD-1A Settlement Statement for the NCHFA CPLP Loan
- Loan Closing Disclosure or Promissory Note for all other subordinate financing
- Proof of Homeowners Insurance with acknowledgement of NCHFA’s loan interest(s)
- Flood Insurance (if applicable)
- Endorsement to Master Condo Policy (if applicable)
- Endorsement to Master Flood Policy (if applicable)
- Pre-Closing Instructions executed by closing attorney

In addition to the items above, the 1st mortgage MUST have NC Home Advantage (except USDA) loan approval before scheduling a closing date.

To avoid closing delays, please note that the Borrower’s Homeowners Insurance MUST include the Mortgagee Clause:

North Carolina Housing Finance Agency  
ISAOA/ATIMA  
P.O. Box 28066  
Raleigh, NC 27611-8066  
Loan #: XXXXXXX-XX

Sincerely,

Scott Farmer  
Executive Director - Authorized Officer

NC Housing Finance Agency Program Contact: Josh Burton  
Email: jdburton@nchfa.com  
Phone: (919) 877-5678
APPENDIX 6:
NCHFA Guidance for Developing a Four Factor Analysis
and Language Access Plan (LAP)

Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 require that recipients of federal funds take responsible steps to ensure meaningful access by persons with limited English proficiency (LEP persons). A Limited English Proficient person is a person who does not speak English as their primary language and who have a limited ability to read, speak, write or understand English. To ensure meaningful access to its programs for LEP persons, NCHFA requires all of its recipients receiving federal funds to develop a Four Factor Analysis.

To conduct the first part of the Analysis, you will need to access Census Data. Go to www.factfinder.census.gov, scroll down the page to the “What we Provide” section and click on “American Community Survey - Get Data”. Then on the left choose “Geographies”. Choose county for the geographic area, then select NC for the state, then the county your organization serves, and finally “add to your selections”. At this point you can choose another county if your organization serves more than one county. Close this box by clicking on the “X” when finished in the upper right section of the geographies box. At the top of the main page under “Topic or Table Name”, type B16001 click on the name of the table when it comes up, and then click on “Go”. This will allow you to choose the first table by clicking on the box to the left of “Language Spoken at Home by Ability to Speak English”. After choosing the table, click on “View” at the top left, then “Download” under “Actions”. Choose “PDF”, “Ok”, “Download”, “Open”. For any LEP group that is 5% or more of your county’s total population, NCHFA considers that significant size and requires a Language Assistance Plan (LAP). Each project still needs to conduct the Four Factor Analysis if the LEP population(s) are smaller than 5%.

To determine if you reach the 5% or higher threshold, take the total number of people in your county and multiply by .05. After you have this number, compare it to the numbers in the columns “Speak English less than very well”. If the number is the same or higher than the 5% number you calculated, the population is considered to be of significant size and requires a Language Access Plan (LAP) which will be discussed later in this guidance.

To create a Four Factor Analysis complete the following:

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by the program or recipient. (this is the percentage that was just determined from the Census data);
2. The frequency with which LEP individuals come in contact with the program
3. The nature and importance of the program, activity, or service provided by the program to people’s lives;
4. The resources available to the recipient and costs.
If your Census Data percentage is 5% or greater, you will need to create a Language Access Plan (LAP). In addition to the same information provided for your Four Factor Analysis, your Language Access Plan (LAP) should address what language assistance services will be provided, if requested or needed. For example, if your organization has bilingual staff or a program website in another language, these would be considered language assistance services. You can also include items like your organization will contact the Carolina Association of Interpreters and Translators if language services are requested and/or have HUD’s I Speak Cards available in your office for LEP persons who walk in. Other examples of language assistance services are to have a contract with another organization to supply an interpreter when needed or use a telephone service line interpreter; or the agency may seek the assistance of another agency in the same community with bilingual staff to help provide oral interpretation. HUD’s I Speak Cards and some translated materials are available here: [http://www.hud.gov/offices/fheo/lep.xml](http://www.hud.gov/offices/fheo/lep.xml).

The LAP should also include the following:

- Plan for outreach to LEP communities;
- Plan for training staff members on the LEP Guidance and the LAP;
- List of vital documents to be translated (if any);
- Plan for translating informational materials that detail services for beneficiaries;
- Plan for providing interpreters for meetings (if needed);
- Plan for developing community resources, partnerships, and other relationships to help with the provision of language services; and
- Designation of LEP/LAP contact person and address the process for handling complaints and updating the LAP.

Furthermore, the organization must maintain records regarding their efforts to comply with Title VI LEP obligations, including documents related to the Four Factor Analysis, the LAP, and LEP services provided. Such records should be available for State monitoring if needed.

It can be a concise document of 1-2 pages.

Updated 4/03/17
APPENDIX 7 *(UPDATED)*: Community Partners Loan Pool (CPLP) Contacts

Josh Burton, Team Leader of Home Ownership Development & Community Partner Coordinator
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Mark Lindquist, Senior Program Compliance Coordinator:
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mwlindquist@nchfa.com

For more info on CPLP: