

Date: April 8, 2020

## **NCHFA Special Announcement: SHLP Forbearance Option for Borrowers Impacted by COVID-19**

NCHFA announces a special Forbearance Option for SHLP borrowers who have experienced a loss of employment income due to the COVID-19 pandemic and are receiving unemployment benefits from the North Carolina Employment Security Commission (ESC).

For SHLP Members (Members) who enroll borrowers in this program, NCHFA will defer our share of their mortgage payment for a **6-month period of time (180 days)** to provide the borrower(s) time to recover. We will suspend payments for enrolled borrowers from the Member's monthly ACH auto withdrawal during the forbearance period.

Members must agree to extend forbearance to the borrower(s) for their portion of the borrower's payment for at least the same duration as NCHFA's forbearance. Members also agree to contact NCHFA's Servicing Department if the borrower's income has been restored and forbearance is no longer necessary.

The total of deferred payments during the forbearance period will be accrued and due to NCHFA as a balloon payment at the loan maturity date. The Member may contact NCHFA's Servicing Department for payoff information at any time. Also, there is no prepayment penalty for paying off the deferred payments sooner than the maturity date.

Members signify their willing to participate in the SHLP Forbearance Option by signing the **SHLP Forbearance Option Participation Agreement**. In addition, Members must submit their complete Agreement **prior** to enrolling impacted borrowers. Please submit the Agreement as soon to the following program mail box: [SHLPForbearance@nchfa.com](mailto:SHLPForbearance@nchfa.com)

Once their Agreement form has been submitted and signed by NCHFA, Members may start enrolling impacted borrowers **through September 15, 2020**.

To do so, the Member must send / upload a copy of the borrower's **ESC Award Notification** confirming that unemployment benefits started on or after March 1, 2020.

Please upload document via the NCHFA Online Portal: <https://www.nchfa.org/LPPortal>

Borrowers enrolled by April 15 will have their payments deferred starting with the May 2020 monthly payment. Borrowers enrolled by the 15<sup>th</sup> of subsequent months will have their 6-month forbearance period start the following month.

For a copy of the full Annoucnement or more information, please contact Josh Burton ([jdburton@nchfa.com](mailto:jdburton@nchfa.com)) or Rich Lee ([rylee@nchfa.com](mailto:rylee@nchfa.com)).

**NORTH CAROLINA HOUSING FINANCE AGENCY**



# **Self-Help Loan Pool**

## **PARTICIPATION GUIDELINES**

**NORTH CAROLINA HOUSING FINANCE AGENCY**  
**Home Ownership Programs/ HOC Team**

Sonia B. Joyner, Director of Home Ownership Programs, 919-877-5630

Joshua Burton, HOC Team Leader & Community Partner Coordinator, 919-877-5678  
Rich Lee, Senior Community Partner Coordinator, 919-877-5688

Kim Hargrove, Team Leader – Documentation & Compliance, 919-877-5682  
Deborah Hamilton, Senior Program Documentation Specialist, 919-877-5709  
Vedera Mimms, Program Compliance Underwriter, 919-877-5655

Mailing Address: Post Office Box 28066 - Raleigh, NC 27611-8066  
Delivery Address: 3508 Bush Street - Raleigh, NC 27609

**Effective: January 1, 2020**  
**Last Revised: April 8, 2020**

*These guidelines will be revised periodically. Please check to ensure you have the most current version.*  
<https://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool/forms-and-resources>

# SELF-HELP LOAN POOL

## PARTICIPATION GUIDELINES

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# 1. Program Overview: The Self-Help Loan Pool (SHLP)

## Introduction

Through the Self-Help Loan Pool (SHLP) program, NCHFA offers financing to assist eligible home buyers purchase a home built or rehabilitated by a SHLP Member which includes North Carolina Habitat for Humanity affiliates or other nonprofit agencies that operate a similar self-help housing program. Members must provide mortgage financing that is combined with NCHFA funds to provide a single, affordable first or second mortgage structured as a 0%, amortizing loan with a term of 20-33\* years to eligible borrowers. Eligible borrowers are those participating in a self-help housing program (*i.e. borrower contributes sweat equity to help build/rehab the house they are buying from the SHLP Member*) and meet other SHLP guidelines. NCHFA also provides a fee for services to Members for each SHLP loan closed as well as fees for the certification of homes that meet certain energy efficiency standards.

*\*NOTE: 33 Years is for USDA 502D loans only, otherwise the term limit is 30 years.*

The primary objectives of SHLP are:

- To assist qualified households at or below 80% of Area Median Income to become home owners;
- To increase home ownership opportunities in underserved communities;
- To increase the capacity of N.C. Habitat for Humanity affiliates and other self-help housing nonprofits to produce more affordable homes;
- To leverage other public and private investment; and
- To encourage the production of healthy, energy efficient homes through the application of advanced building science.

## What the SHLP Offers

For **2020**, NCHFA offers the following SHLP funding options:

For Eligible Home Buyers:

Up to **\$35,000** in mortgage financing at 0% for up to 33 years to eligible borrowers who purchase a home built or renovated by a participating SHLP Member

### **NEW Option for 2020**

- Up to **\$50,000** in mortgage financing at 0% for up to 33 years for eligible borrowers purchasing a home built or renovated by a participating SHLP Member in an Underserved County served (*\*for more info on which counties are designated as Underserved, please see page 27*).

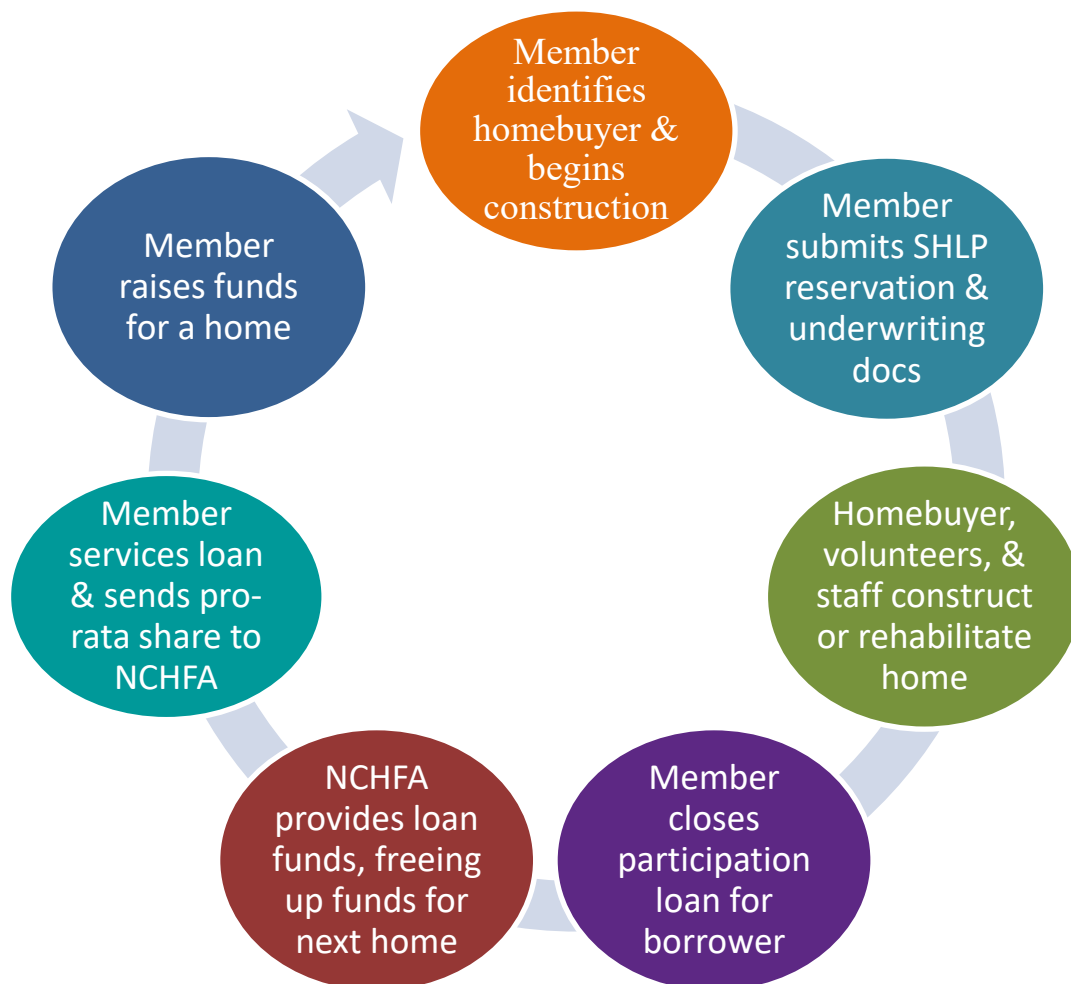
Loan Pool Member Benefits (for nonprofits):

- **\$1,500** fee for home buyer preparation services provided, including homeownership education, and pre-purchase counseling (**Fee Increase from 2019**)
- **\$4,000 (slab) or \$5,000 (crawl)** fee for homes built to SystemVision™ for New Homes Standards (**Fee Increase from 2019**).
- **\$5,000 or \$6,000** fee for homes rehabilitated to SystemVision™ for Existing Homes Standards.
- **\$1,000** fee for meeting any of the five Agency approved Green Building Certification standards for New or Existing Homes.

### How the Self-Help Loan Pool Works

1. SHLP membership is open to NC Habitat for Humanity affiliates and other Self-help housing nonprofits. NCHFA accepts applications throughout the year.
2. Once approved, the Member can reserve financing, on a house-by-house and borrower-by-borrower basis.
3. After the underwriting and unit information has been submitted and approved, the Member selects the closing date, and the Agency sends appropriate closing documents to the closing attorney.
4. After the loan has been closed and required documentation received, the Agency sends the Member the SHLP loan amount and appropriate fees/incentives for services provided. If applicable, the Agency also sends the Member a fee for meeting SystemVision™ standards and/or Green Building certification after appropriate documentation is received at NCHFA that the home has passed the final SystemVision™ or Green Certification Inspection.
5. The Member, or their agent, services the loan. NCHFA auto-drafts the SHLP portion of the homebuyer's monthly payment. As part of their SHLP Participation & Servicing Agreement, the Member guarantees payment to NCHFA even if the Borrower fails to pay the Member on a timely basis. In the event of foreclosure or if the borrower(s) no longer occupy the home, the Member pays NCHFA the outstanding balance of the SHLP loan. These homes may be rehabilitated and sold to a new borrower(s) who can apply for SHLP funds to finance the purchase of the "recycled" home.

The following flow chart illustrates how the SHLP Loan Pool works and supports Member organizations.



## Program Funding

The Agency utilizes HOME funds from the U.S. Department of Housing and Urban Development (HUD) to provide Mortgage financing for the SHLP program. The amount of assistance requested per unit/borrower will depend on available funding, program ratios, and other applicable funding requested by the Member (*\*For more info, see Section 6: Program Financing / Program Options on pages 36-42*).

For 2020, NCHFA has budgeted **\$10 million** for the SHLP program. Please note that the amount may change due to demand and/or funding availability. These guidelines as well as the NCHFA website serve as the announcement of funding availability. Funding availability is typically announced in January each year at: <https://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool>.

In order to support equitable distribution of SHLP funding across North Carolina, total funding for any one Member is limited by a per year unit maximum or cap. For 2020, the preliminary caps will be:

- Up to 12 loans Inside the Member's primary Service County @ \$35,000 per loan
- Up to 3 loans in each County outside the Member's primary Service County @ \$35,000 per loan
- Up to 3 loans in each Underserved County @ \$50,000 per loan (*\*see list of Underserved Counties on page 27*).

However, the Agency reserves the right to exceed the preliminary cap at its discretion if unreserved funds are available or additional funds become available. NCHFA will communicate with SHLP Member organizations about funding availability throughout the calendar year.

Two important reminders related to the preliminary loan cap for 2020:

- Members should only submit reservations for homes they expect to submit complete loan packages within 90 days and close within 90 days of underwriting
- For the last quarter of 2020, Members should only submit reservations for homes they expect to close by January 15, 2021.

## 2. Becoming a SHLP Member

### Eligible Applicants for SHLP Membership

Eligible Applicants include N.C. Habitat for Humanity affiliates or other nonprofit organizations that operate a similar self-help housing program where the organization:

- Develops affordable housing using sweat-equity of the home buyer(s), volunteer labor, and donations of materials, services, and funds.
- Provides first or second mortgage financing to eligible home buyers at 0% or low interest (i.e., below-market) rate.
- Provides servicing of the first or second mortgage after closing (*\*NOTE: Members may contract with a third party to service their loans with SHLP funds*).

Eligible Applicants for SHLP membership must also have the capacity to prepare eligible home buyers for successful home ownership and to build or renovate homes for eligible borrowers. If the Applicant wants to participate in the program but does not have a staff member certified to offer the required home buyer education and counseling, the Applicant may form a partnership with another agency that has a certified housing counselor (*\*For more info, see 23-24*).

*NOTE: Effective **August 1, 2020**, NCHFA will require all Members to partner with a HUD-Approved Housing Counseling Agency with at least one HUD-certified housing counselor.*

### Applying to be a SHLP Member

Interested organizations should contact Agency staff about their interest in applying for SHLP Membership prior to completing the application. As the Agency offers several different programs, it may be that another program is a better fit for your nonprofit organization. Nonprofits interested in learning more about 2020 funding availability or in applying as a potential member, may email or call:

Josh Burton	HOC Team Leader	919-877-5678	<a href="mailto:jdburton@nchfa.com">jdburton@nchfa.com</a>
Rich Lee	Community Partner Coordinator	919-877-5688	<a href="mailto:rylee@nchfa.com">rylee@nchfa.com</a>

To become a SHLP Member, please complete and return the **Membership Application** which you can download from the Agency website's SHLP Forms and Resources page:

<https://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool/forms-and-resources>

NCHFA accepts SHLP Membership Applications on an on-going basis. All Applications that meet Program threshold criteria will be admitted to membership in the SHLP; this is not a competitive program. Interested organizations are encouraged to talk with Agency staff prior to submitting their Application.

### Agency Evaluation of the Application for Membership

The Agency will evaluate an Applicant's capacity, legal standing, and past performances. Applicants must:

- Be a tax-exempt nonprofit 501(c)(3) organization
- Be a North Carolina Habitat for Humanity affiliate or similar organization that operates a self-help housing program that utilizes sweat-equity of home buyers and volunteers and donated materials to



offer below market rate homes for-sale to eligible households; provides first or second mortgage financing to the homebuyer; and services the borrower's loan after closing.

- Identify key personnel that will provide the following services:
  - Home buyer preparation (pre-purchase counseling and education);
  - Creating and maintaining home buyer pipeline;
  - Marketing strategy;
  - Screening and qualifying applicants;
  - Construction management; and
  - Housing rehabilitation management (*\*if applicable*)
- Have at least 1 permanent, full-time paid staff member to participate in SHLP; or employ a part-time, permanent staff member as well as contract with a professional third-party Loan Servicer\* to service loans with SHLP funds.

*NOTE: Applicant with a part-time staff member must be planning to have a permanent, full-time staff member within 24 months of their application for membership.*

- NCHFA recommends that all SHLP members, especially those with limited staff resources, consider using a professional loan servicer. If staff, volunteers, or board members leave the organization, this insures that loans stay current, insurance and taxes are paid, and critical mortgage requirements are met during transitions.
- Have at least 1-year of experience providing homes for-sale to lower-wealth households in their target area
- Have 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 (*\*For more info, see pages 22-23*). NCHFA encourages Members to partner with a HUD-approved housing counseling agency whenever possible.

*On **August 1, 2020**, the HUD counseling rule that effects federally-funded home buyer assistance program will take effect. The rule states that any required home buyer education or pre-purchase counseling must be provided by a HUD-certified housing counselor working at a HUD-approved housing counseling agency. Since SHLP is funded with HOME dollars from HUD, all SHLP borrowers must comply with this rule.*

*SHLP Members who have not partnered with a HUD-approved housing counseling agency yet must do so by the deadline. Failure to do so will mean the affiliate will not be able to access SHLP funding for their buyers until they do so. Please contact NCHFA if your affiliate needs assistance to meet this requirement.*

### **Evaluating Affordable Housing Stock in Service Area**

When reviewing Applications, the Agency will determine if there is need for quality, affordable housing below the 95% of Area Median Sales Price Limit for the county or counties served by the Applicant based upon the number of potential borrowers under 80% of the Area Median Income.

To view the current HOME Sale Price Limits for North Carolina, please go to the SHLP Partners page on the NCHFA website:

<http://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool>

## **Other Membership Information**

Once NCHA approves an organization's application for SHLP Membership, we will send the following:

### **1. HOME Written Agreement**

Members must sign a 2-year HOME Written Agreement with NCHFA that covers the following items:

- Maximum amount of SHLP assistance available to an eligible home buyer (*\*For more info, see pages 40-41*)
- Member Fees that can be earned (*\*For more info, see page 42*)
- Member Responsibilities & Other Requirements

### **2. Participation and Servicing Agreement**

In addition, Members must sign a Participation and Servicing Agreement with NCHFA that is updated/amended as needed. As part of the Agreement, the Member, or their agency, services the SHLP loan payments for NCHFA (*i.e. collects the full mortgage payment from the homeowner and NCHFA auto-withdraws its' portion of the monthly mortgage payment from the SHLP Member*).

The agreement further stipulates that NCHFA's portion of the SHLP loan must be paid, whether or not the Member is paid; that the Member must pay off the loan in the case of a default and transfer; and that the affiliate must service or enter into a servicing arrangement with a professional third party to service loans with SHLP funds.

In addition to allowing SHLP Members to offer a 0%, fully amortizing shared 1<sup>st</sup> Mortgage with NCHFA, the Agency also allows Members to work with other lenders to obtain fixed-rate, low-Interest, fully amortizing 1<sup>st</sup> Mortgage financing (*\*NOTE: Low-interest = Interest Rate below current NC Home Advantage Mortgage™ rate at the time SHLP Reservation is submitted to NCHFA*). If the Member wants to explore this option, please contact your assigned Community Partner Coordinator for further discussion.

3. **SystemVision™ Agreement (OPTIONAL):** Members choosing to build and/or renovate homes certified to SystemVision™ standards, should contact NCHFA to request a 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 construction manager and/or builder*) to a free 1-day technical training session provided by Advanced Energy.

<p>For more information about the SystemVision™ standards, please contact <b>Lisa Manuel at Advanced Energy:</b> 919- 857-9053 or <a href="mailto:lmanuel@advancedenergy.org">lmanuel@advancedenergy.org</a></p>
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### Required Member Training

Once the appropriate Member agreements have been executed and received, NCHFA will activate the Member's membership in SHLP. The Agency will also assign the new Member a **Community Partner Coordinator** who will be the Member's main Agency liaison. The Coordinator will provide required training for Member staff on SHLP Program Guidelines and the NCHFA Online Loan Pool Portal.

Before a new Member submits their first SHLP application, they should contact their assigned Community Partner Coordinator to review the application process and provide any needed technical assistance (*\*NOTE: See Appendix 9 for list of current SHLP Contacts including Community Partner Coordinators*).

### SHLP Membership Renewal Form

Finally, at the beginning of each calendar year, the Member must submit an annual SHLP Membership Renewal Form that updates NCHFA on any changes in key personnel (staff or Board), home buyer education/counseling program, and outreach/marketing plans; as well as estimates the number of SHLP loans for the coming year.

*NOTE: To download SHLP Member Documents from the NCHFA website, click on the following link:*  
<https://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool/forms-and-resources>

*For more info, contact Rich Lee, Sr. Community Partner Coordinator (919-877-5688 or rylee@nchfa.com)*

### Maintaining an Active SHLP Membership

A Member can/will become **inactive** and suspended from requesting SHLP funds for any of the following reasons:

- Member fails to submit their Annual SHLP Renewal Form
- Member fails to sign a HOME Written Agreement, Participation & Servicing Agreement, and any other applicable Program Agreement(s)
- 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, SHLP membership may be **revoked or terminated** if a Member is delinquent on submission of the required post-closing documents, 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.

### 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 United State. The Federal Fair Housing Act & NC Fair Housing Act prohibits 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 SHLP 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 SHLP 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 SHLP and are required to work through the same process as an external client, may apply for SHLP 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 personally receive a commission or payment for real estate services offered through another business entity to a SHLP borrower if they were also involved in helping that borrower apply for a SHLP loan. Any organizational commissions earned by brokers on staff must be managed as revenue which is reviewed by the board or commission of the organization.

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 SHLP application. Other SHLP 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 SHLP 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*), the SHLP Member should retain documents that support the organization's efforts to Affirmatively Further Fair Housing and affirmatively market the SHLP 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 if applicable, compliance with Member Organization's Language Access Plan
- Documentation that supports housing counseling time spent with clients served by SHLP
- Privacy Notices provided by the Member or the Member's subservicer to the borrower regarding the serving of the loan

### **Monitoring of Member**

NCHFA staff will conduct a monitoring visit of active SHLP members *at least once* every 5 years. Items to be monitored include:

1. Updates to Four Factor Analysis or LAP, if applicable, plus documentation of any Limited English Proficiency requests for accommodation and how they were addressed
2. Plan and actions to Affirmatively Further Fair Housing
3. Documentation that supports home buyer education and/or housing counseling time spent with clients served by SHLP
4. Documentation related to the approval of SHLP files
5. Agreements with partners to provide home buyer education & pre-purchase counseling (*if applicable*)
6. Agreements with partners to provide financial assistance for construction or rehab of a home purchased with SHLP funds (*if applicable*)
7. Programmatic Agreements
8. Programmatic Documents such as the annual SHLP Membership Renewal Form
9. Agreements with third party servicers, originators, or investors that have responsibility for any SHLP-funded properties

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

### 3. Eligible Properties for SHLP

NCHFA requires that eligible SHLP properties have an appraised value equal to or greater than the full contract sales price. All properties must also have an appraisal conducted within 6 months of closing to document value.

To be eligible for SHLP 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. The Agency discourages the purchase of properties where road maintenance must be scheduled and paid for by the home buyer. Eligible properties can be new or existing single family, stick-built homes; new modular homes; new manufactured (*HUD code*) on permanent foundations; and townhouse units.

All homes financed under SHLP must meet local development regulations and applicable building codes, zoning, and other regulations, including any existing homes rehabbed for-sale.

All properties should meet the SHLP site and neighborhood guidelines (*\*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.

For more information about the SystemVision™ standards, please contact  
**Lisa Manuel at Advanced Energy: 919- 857-9053 or [lmanuel@advancedenergy.org](mailto:lmanuel@advancedenergy.org)**

*NOTE: Members are encouraged to have Universal Design and/or Visitability features incorporated into newly constructed and/or rehabilitated homes whenever appropriate ([https://projects.ncsu.edu/design/cud/pubs\\_p/docs/UDinHousing.pdf](https://projects.ncsu.edu/design/cud/pubs_p/docs/UDinHousing.pdf)).*

#### **Eligible properties under SHLP include:**

##### **Newly Constructed Units**

- Newly constructed homes must obtain a Certificate of Occupancy before the borrower can close on the SHLP 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 SHLP-assisted borrowers. The Agency only recognizes certain programs which are expected to address the long-term affordability of heating and cooling for SHLP borrowers.
- All homes financed under SHLP must meet local development regulations and applicable building codes, zoning, and other regulations.
- All properties should also meet the Best Practices for Siting New/Existing Homes (*\*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 (*\*For more info, contact Lisa Manuel at Advanced Energy: 919-8576-9053 or [lmanuel@advancedenergy.org](mailto:lmanuel@advancedenergy.org)*).

- Members are encouraged to incorporate Universal Design and/or Visitability features into newly constructed and rehabilitated homes whenever possible:  
([https://projects.ncsu.edu/design/cud/pubs\\_p/docs/UDinHousing.pdf](https://projects.ncsu.edu/design/cud/pubs_p/docs/UDinHousing.pdf)).

### 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.

### Existing Homes

- Homes acquired by a Member for resale to a home buyer should be *less than* 10 years old unless the Member plans to renovate the home to “like new” condition.
- All homes must pass a **Home Inspection by a licensed NC Home Inspector**. Any significant deficiencies that threaten the property or borrower must be repaired before closing. Repairs must be documented prior to closing. Please note that for homes originally built by the SHLP Member (i.e., “recycled” unit), work write ups by the Member’s construction supervisor/manager will no longer be accepted in lieu of a Home Inspection by a licensed NC Home Inspector.
- 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 (*\*For more info see Required Inspections for Existing Homes on pages 15-16*).
- 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)
  3. all major deferred maintenance issues
  4. energy efficiency whenever possible

NOTE: For homes greater than 10 year old, major systems must have at least 5 years of usable life as documented by the licensed inspector or a qualified system contractor (i.e. licensed HVAC, Hot Water Heater or Roofing contractor). **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 SHLP assistance. 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 incorporate Universal Design features into rehabilitated homes whenever possible (<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 useable life; or
  2. Units are GUT rehabilitated before sale, have passed all applicable state and local building codes, and received a new Certificate of Occupancy.
- Member 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 the year to align with new regulations from HUD. Additional guidance will be provided as it becomes available*).
  - Moreover, homes BUILT PRIOR TO 1978 are the most challenging homes to assess properly due to the presence of Lead based paint. Units must comply with all applicable State and Federal regulations for Lead-Based Paint (*\*For more info see Pre-1978 Properties section on pages 17-18*).

## Required Inspections for Existing Homes

### 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.

For homes originally built by the SHLP Member that will be renovated for a new home buyer (*referred to as "recycled" units*), the work writeup by the Member's construction supervisor/manager is not acceptable in lieu of a Home Inspection by a licensed NC Home Inspector.

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 SHLP assistance.

Please allow additional time for supplemental inspections to determine the remaining life of the major building systems. Depending on the age of the home, the supplemental inspection and any needed system replacement(s), may require two or more weeks to complete.

### 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 during the year, based on HUD's release of new guidelines. Currently, UPCS inspections are not available for single family homes. Additional guidance will be provided as it becomes available.*

Other instances when a 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.
- 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.

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

### **List of Repairs / Work-Write Up**

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* SHLP 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

Repairs must adequately address:

- all major structural threats to the property (*i.e. moisture penetration or standing water, structural integrity*)
- all threats to health and safety of the buyers (*i.e. trip hazards, air quality, security etc.*)
- all major deferred maintenance issues
- energy efficiency whenever possible

*NOTE: For all homes greater than 10 years old, all major systems must demonstrate at least 5 years of remaining usable life as determined from the information available in the required inspections performed (\*For more info, see page 14 or 15 for a list of major systems). 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 SHLP assistance.*

Members must document all repairs to be performed and certify that listed repairs were completed prior to submission of the Underwriting Package.

### **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.

As part of the reservation for funds and underwriting package, the inspection(s), scope of work, and repairs should be submitted for review. Energy efficiency measures and replacement of high cost systems near the end of their usable life (i.e. HVAC, roof, water heating) is highly encouraged in order to prevent unexpected deferred maintenance from impacting the new homebuyer in the first five years of home ownership. If the rehabilitation does not allow the property to pass the required inspections and meet program guidelines (i.e. unaddressed deficiencies or threats to the buyer), the property will not be eligible for SHLP.

### **Pre-1978 Properties**

If a Member is planning to renovate a pre-1978 home for sale to a SHLP eligible home buyer, the Member **must** contact their assigned Community Partner Coordinator BEFORE submitting a reservation. The Federal Government banned the use of lead-based paint in 1978 so homes built before then have additional requirements to meet. Loan Pool Members must fully understand the process and requirements for submitting a pre-1978 property.

NCHFA will ONLY consider purchase of a pre-1978 home under the following conditions:

1. For properties that have undergone a complete gut-rehab, documentation that the home has received a lead clearance report from a NC certified Lead Inspector/Risk Assessor.
2. For properties that have *not* undergone a complete gut-rehab, documentation that the home has passed one of the following inspections/assessments:
  - **Visual Assessment** (\*minimum required) demonstrating NO deteriorating paint above HUD's "De Minimus" (*minimum*) levels
  - **Lead-based paint Inspection** Including a Visual Assessment documenting the condition of any paint found containing lead
  - **Lead-based paint Risk Assessment**

*\*For more info, please see Appendix 4: Lead-Based Paint Visual Assessment Introduction & Forms*

Contractors working on pre-1978 homes are *required* to be certified as Renovation, Repair, and Painting (RRP) firm. In addition, they are required to provide verification that a supervisor on the project is RRP certified. This state requirement applies whether or not the borrower applies for loan pool funding.

The 1971 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) define lead exposure risk and compel actions to be taken to reduce the risk of children being poisoned by lead-based paint hazards. Members involved in rehabilitation, renovation, or repair of homes built before 1978 should identify a strategy to address Lead-Based Paint compliance before any work is performed on pre-1978 property. NCHFA will **not** make SHLP funds available to borrowers for pre-1978 homes if applicable Lead-Based Paint regulations were not followed as part of the rehabilitation.

### **Lead-Based Paint Pamphlet & Disclosure**

For any pre-1978 property rehabbed and sold by the Member, the Member must provide the borrower with a fully executed copy of the: Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. All borrowers must also 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. Members can download a copy of pamphlet from: [www.epa.gov/lead/protect-your-family-lead-your-home](http://www.epa.gov/lead/protect-your-family-lead-your-home)

### **Recycled Units (CLARIFIED)**

Members who have a home returned to them through foreclosure, assumption, or deed-in-lieu of foreclosure and who want to sell the unit to another eligible borrower need to:

1. **Pay off the balance on the SHLP loan**, if NCHFA financed the unit originally;
2. Have home inspected for compliance with local Minimum Housing Code or if applicable, Housing Quality Standards (HQS);
3. Have home inspected by a licensed NC Home Inspector

The NC Department of Insurance maintains a state listing of licensed Home Inspectors here:

[https://ncdoi.com/osfm/Engineering\\_and\\_Codes/HILB.aspx](https://ncdoi.com/osfm/Engineering_and_Codes/HILB.aspx).

Members will need to coordinate timing of the payoff of the original NCHFA financing (if applicable) with Agency staff.

If at all possible, Members should repay the remaining portion of the SHLP loan upon transfer from the original buyer. At the very least the Member must continue to provide the pro-rated share of payment to the Agency until the property is ready for resale. At this time, the old loan amount can be repaid and new funds issued. Upon transfer of the property, the Member **MUST** maintain communication with the Agency. If funds are not repaid at the time of transfer, the Member must quickly prepare the property for resale and have it under contract to a new buyer within 90 days of transfer and closed within 6 months from date of transfer.

The Agency reserves the right to request repayment prior to resale if the Agency deems this request necessary. As soon as the Member is aware of a pending change in ownership (foreclosure, assumption, etc.), please contact Hal Wright (919-877-5690 or [hewright@nchfa.com](mailto:hewright@nchfa.com)).

### **Timing on Submission of Inspections**

Whenever possible, all home inspections, visual inspections (for pre-1978 properties), and minimum property standard inspections *should* be completed when a Reservation Request is submitted. As some inspections may show the need for repairs, replacement, or possibly paint stabilization (for pre-1978 properties), this investigative work should be performed as early as reasonably possible to allow time for repairs and re-inspections (if needed). In all situations, the due diligence period must allow sufficient time for inspections and re-inspections.

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 has been completed, 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**

SHLP is supported with HOME funds. Section 215(b) of the National Affordable Housing Act of 1990 requires that the initial purchase price or after-rehabilitation value of home ownership 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 unit type, new construction or existing homes. 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 maximum limits 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 but frequently not at the same time.

*NOTE: The HUD household income limits used by the Section 8 Program are not the same ones used for the HOME Program. To view the [the current limits](http://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool), go to the SHLP page on the NCHFA website:*  
<http://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool>

## 4. Borrower Requirements for SHLP Assistance

### Eligible Home buyers

For SHLP, 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 the current limit if it appears a household may be close to the 80% limit.

To view the current HOME Sale Price Limits and the 80% Household Income Limits for North Carolina, please go to the SHLP Partners page on the NCHFA website:

<http://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool>

Recipients of Program funds will be required to document the household income of home buyers through third party verification to confirm participant eligibility. Income must be verified as of the date the contract to purchase is signed (if home is pre-sold prior to construction or rehabilitation).

Home buyers must occupy the property financed under SHLP as their principal residence during the Affordability Period (*\*For more info, see pages 33-34*). When the assisted home buyer no longer occupies the assisted SHLP home, it is considered a default.

Members are also encouraged to select and prepare home buyers carefully, so the responsibilities of home ownership will not financially overburden the buyers. To ensure NCHFA is not over-subsidizing a borrower, the home buyer should commit *at least* 15% of their gross monthly income for housing expenses (i.e. loan payment, taxes, and insurance).

Finally, 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) to participate in SHLP.

### Responsible Lending Standards

#### 1. Borrower Ratios

NCHFA has set the following ratios for SHLP assistance: **Housing Ratio** cannot exceed **32%\*** of gross household income and total **Debt-To-Income (DTI) Ratio** cannot be more than **43%\*** of gross household income.

*\*NOTE: Borrowers whose Housing Ratio and/or DTI Ratio exceed program maximums will be evaluated on a case-by case basis by using a cashflow analysis and examining other compensating factors.*

#### 2. Residual Income and Cash Flow

Because home ownership frequently requires cash to maintain the home and respond to unforeseen repairs and other household expenses, borrowers must be able to demonstrate that they will have adequate residual income on a monthly basis after all housing expenses (payment, interest, taxes, insurance, maintenance, HOA, utilities, maintenance), revolving debts, and child care expenses are considered.

For borrowers with ratios close to the program maximum or for those using housing assistance (*i.e. Section 8 homeownership voucher*) to pay the majority of the monthly payment, or for borrowers with very modest income (especially non-taxed), demonstrating strong residual income above VA underwriting guidelines would be a necessary compensating factor. NCHFA reserves the right to not approve borrowers who cannot demonstrate sufficient residual cash after housing and basic living expenses.

Borrowers must also pass a residual income test modeled after VA underwriting guidelines. After deducting housing expenses, a utility allowance, childcare expenses, and all other monthly debts, the remaining monthly income must meet or exceed the minimum amount detailed below:

Household Size	For Total Loan Amounts of \$79,999 or Below	For Total Loan Amounts of \$80,000 and Above
1	\$382	\$441
2	\$641	\$738
3	\$772	\$889
4	\$868	\$1,003
5	\$902	\$1,039
> 5	+ \$75 per person up to a family of 7	+ \$80 per person up to a family of 7

*\*See Appendix 7 for copy of Cash Flow Worksheet to calculate borrower's residual income.*

### **3. Grossing Up Non-Taxable Income**

While some lenders gross up non-taxable income (*i.e. calculating a higher household income because of non-taxable income*) for the borrower, SHLP *does not* allow grossing up of qualifying or compliance income to meet program ratios. Borrowers whose Housing Ratio and/or whose Debt-To-Income (DTI) Ratio exceed program maximum will be evaluated on a case-by case basis by using a cashflow analysis and examining other compensating factors, including but not limited to:

- Strong cash reserves after closing
- Strong cash flow after paying other living expenses
- Mortgage payment is significantly lower from current rent
- Consistent work history
- Part-time or self-employment earnings that do not have the tenure yet to be included in qualifying income
- HOA's that maintain exteriors, Energy Efficiency certifications, or other enhancements that lower ongoing cost to live in home

### **4. Income Stability**

To demonstrate that a borrower has sufficient income stability, NCHFA prefers 2 years of income or income plus education history supported with W2's or profit and loss statements for self-employed.

### **5. Borrower Cash Out of Closing**

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 SHLP loan from NCHFA. 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 at closing is subject to approval by the Agency. In general, any final adjustment to loan amount(s) should be updated in the portal by the SHLP Member *prior* to scheduling the closing.

## **6. Verification of Income or Employment**

Verification of income or employment 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 for the previous 2 years of employment. A minimum of 60 days (2 months) of Year-To-Date (YTD) earnings must be provided. The homebuyer's income and employment status must remain stable and unchanged from the time of verification through closing (*\*For more info, see Section 8: Program Underwriting & Income Qualifications on pages 47-52*).

## **7. Borrower Assets**

Generally, borrowers should save not only for the down payment and closing costs, but also to establish a reserve fund sufficient to cover at least two months of housing expenses. While not a factor for denial, strong borrower reserves will be considered a positive compensating factor for loans where ratios are near the program maximum.

While there is not an asset limit, if 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 (*\*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 not interest income, the current passbook savings rate should be used to impute an interest income amount that should be added to household income.

## **Additional Borrower Eligibility Requirements**

### **Other Property Ownership**

The SHLP 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 SHLP borrower is separated but not legally divorced, one of the following documents must be submitted with the underwriting package:

- A standalone free trader agreement, recorded in the county where the property is located, that specifically addresses future real estate transactions; OR
- A separation agreement, recorded in the county where the property is located, and 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.

Also, if documentation cannot be 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 SHLP funds for the purchase of their homes must be legal residents of the United States of America. The borrower and co-borrower must be permanent residents or working to become permanent residents as this program is a primary residence program, 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 SHLP Member.

### **Required Home Buyer Education & Housing Counseling**

Homeownership 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 SHLP funds to complete an approved Home Buyer Education course and receive Pre-purchase Counseling from a certified housing counselor *before* their application can be submitted for consideration. Post-purchase counseling is also strongly recommended.

Each SHLP borrower must complete the approved **Home Buyer Education course** within 12-months of the anticipated closing date and submit proof of completion (*i.e. Certificate of Completion*) with their Underwriting Package.

Borrowers who completed their home buyer education course more than 12-months prior to closing must either retake a home buyer education course (*in-person or online*) OR be recertified for completing Supplemental Home Buyer Education with a certified housing counselor.

In addition, the borrower must submit a new Certificate of Completion or a Recertification Form from a certified housing counselor (*\*please use Recertification Form in Appendix 8*) issued within 12 months of the anticipated closing date.

Home buyer education should cover a variety of topics 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.

**NOTE:** Please reference National Industry Standards for Homeownership Education and Counseling at:



<http://www.homeownershipstandards.com/Home/Home.aspx>

Most Members provide their own Home Buyer Education classes/workshops or work with another agency that offers Pre-purchase classes/workshops. NCHFA encourages Members to provide in-person home buyer classes whenever possible. However, when Home Buyer Education classes are not available or convenient for the Borrower, he/she can complete a NCHFA-recognized or HUD-approved online home buyer education course that requires *at least* 4 hours to complete, and completed modules are tracked and documented.

NCHFA has made **Homebuyer Express (HBX)**, an online pre-purchase course that takes an estimated 4 to 5 hours to complete available to SHLP borrowers. HBX 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 HBX, please go to the Community Home Buying Programs page on the NCHFA website:

<http://www.nchfa.com/home-buyers/buy-home/community-home-buying-programs>

In addition to completing a Home Buyer Education course (in-person or online), the Borrower must receive *at least 2 hours of Pre-purchase Counseling* from a certified housing counselor to ensure the borrower is "mortgage ready" and that the home they are purchasing is affordable.

NCHFA recommends that both the Home Buyer Education and Pre-purchase Counseling be provided by a housing counselor with certification provided by The Association of Housing Counselors (TAHC), NeighborWorks or another nationally recognized entity (*i.e. NCRC, NHHLA - 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.

#### **\*\* IMPORTANT NEW CLARIFICATIONS for 2020 \*\***

##### **HUD COUNSELING RULE**

On August 1, 2020, the HUD counseling rule that effects federally-funded home buyer assistance program will take effect. The rule states that any required home buyer education or pre-purchase counseling must be provided by a HUD-certified housing counselor working at a HUD-approved housing counseling agency. Since SHLP is funded with HOME dollars from HUD, all SHLP borrowers must comply with this rule.

Once the HUD counseling rule takes effect, SHLP borrowers must complete a Home Buyer Class overseen by a HUD-certified housing counselor working at a HUD-approved housing counseling agency OR complete a HUD-approved Online Home Buyer Education course.

Furthermore, SHLP borrowers must receive at least 2 hours of Pre-purchase Counseling provided by a HUD-certified housing counselor employed by a HUD-approved housing counseling agency.

SHLP Members not already partnering with a HUD-approved housing counseling agency must do so by the deadline. Failure to do so will mean the affiliate cannot access SHLP funding for their buyers until they do so. Members should contact NCHFA if they need assistance identifying a HUD-approved housing counseling agency to provide the required home buyer education and Pre-purchase counseling to their borrowers.

#### **OTHER ELIGIBILITY CRITERIA AND FINAL ELIGIBILITY**

NCHFA reserves the right to request any additional documentation it deems necessary to carefully evaluate financial risk for all CPLP loans. In addition, final decisionsregarding eligibility will be determined by an Internal Review Committee. Strong compensating factors may be considered on a case-by-case basis if ratios, job history, or other eligibility criteria are close to program guidelines. Only loan pool Members may appeal a determination based on additional compensating factors or previously undisclosed underwriting information.

No requests from borrowers will be considered. Furthermore, no consideration for an exception may be given for:

- properties that do not meet minimum property standards (existing) or have not secured a certificate of occupancy (new)
- borrowers whose household income exceeds the 80% AMI limit
- borrowers who cannot show ability to repay their total loans
- homes where the final contract sales price exceeds the HUD sales price limit

## 5. General Loan Requirements for SHLP

### Loan Financing

For 2020, NCHFA will provide up to \$35,000 in SHLP loan financing (*up to \$50,000 if home is sold in an Underserved County*) under the following **two** options:

#### OPTION 1: Amortizing First Mortgage

As a combined 0% first mortgage where the SHLP Member and NCHFA contribute funding toward the amortizing first mortgage for the borrower. Members must retain a *minimum* interest of \$10,000 in the first mortgage financing. Any exception to this must be disclosed by the Member and approved by the Agency on a case-by-case basis BEFORE NCHFA receives the SHLP underwriting package from the Member.

In this option, SHLP funding must *not* exceed 50% of the appraised value for any participating home. For example, a SHLP request of \$35,000 must be reduced if the appraised value is under \$70,000.

Members are *responsible* for servicing the participation loan, or ensuring that their agent/sub-servicer services the loans. NCHFA will auto draft the SHLP portion of the home buyer's loan payment from the Member on a monthly schedule. The Member must immediately contact NCHFA if it changes bank accounts so that the auto draft references the correct account number.

#### OPTION 2: Amortizing Subordinate Mortgage

As a combined 0% subordinate mortgage where the SHLP Member contributes a *minimum* investment of **\$10,000** to the combined loan to the borrower. In this option, the SHLP funding of the participation loan will fully amortize, and the Member's participation amount will fully amortize, with the SHLP portion of the loan being paid first.

In this option, SHLP funding also must *not* exceed 50% of the appraised value for any participating home. For instance, a SHLP request of \$35,000 must be reduced if the appraised value is under \$70,000.

The Amortizing Subordinate Mortgage option allows SHLP Members to originate and close a first mortgage in their name. Servicing for all amortizing mortgages must be handled either by the SHLP Member or their designated sub-servicer. Whichever servicing approach is utilized, for the life of the loan all servicing must be consolidated to a single servicer for all amortizing mortgages. This is required so that SHLP borrowers can work with a single servicer in the payment of their amortizing mortgages.

SHLP Member **MUST** contact their Community Partner Coordinator to discuss this option further. In addition, the Member must submit a completed Alternate 1<sup>st</sup> Mortgage Review Form and receive approval from NCHFA *before* they submit a reservation under Option 2 for the first time **OR** anytime the Member plans to change financing strategies.

*\*NOTE: Please see Appendix 5 for a copy of the Alternate 1<sup>st</sup> Mortgage Review Form.*

Members can also download the form from the SHLP Forms & Resources page on the NCHFA website:  
<https://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool/forms-and-resources>

If SHLP Members propose any other financing strategy different from the Member originating the loans in their own name and combining servicing for both the amortizing loans, they must contact NCHFA PRIOR to submission of a reservation and allow a minimum of 90 days for investigation and review.

All SHLP loans will be provided as interest-free amortizing mortgages to eligible home buyers. Recipient organizations may use their own loan documents to make permanent “participation loans,” securing funds from both the recipient and the SHLP under a single first mortgage, provided:

1. Certain required language is included in the note and deed of trust to reference the dual funding sources
2. Loan term does not exceed 33 years.
3. Loan documents are reviewed and approved by the Agency prior to closing (Agency will review the Promissory Note and Deed of Trust for each unit funded as part of the approval process).
4. Restrictive Deed Covenants enforcing the HOME Affordability Period are properly recorded (supplied by the Agency).

Member organizations must retain the original executed and recorded notes and deeds of trust on file and forward copies of appropriate documents to the Agency within 5 business days of closing the loan, as specified in the SHLP Closing Instructions Letter.

#### **Targeted SHLP Assistance in Underserved Counties *(NEW for 2020)***

Under either the first mortgage or second mortgage option, SHLP members can receive \$50,000 per loan for up to 3 home buyers in each eligible Underserved County served.

NCHFA has designated the following **49** counties as Underserved for the 2020 SHLP program cycle:

Alexander	Davidson	Madison	Rockingham
Alleghany	Davie	McDowell	Rowan
Anson	Edgecombe	Mitchell	Rutherford
Ashe	Franklin	Montgomery	Sampson
Avery	Granville	Nash	Scotland
Bladen	Guilford (outside GSB)	Northampton	Stokes
Brunswick	Halifax	Onslow	Surry
Burke	Haywood	Pasquotank	Vance
Carteret	Hoke	Person	Watauga
Caswell	Jones	Polk	Wilkes
Columbus	Lenoir	Richmond	Wilson
Craven	Lincoln	Robeson	Yadkin
			Yancey

### **Refinancing Standards: Loan Servicing & Repayment**

SHLP funding, up to \$35,000 (*\$50,000 if home sold in an Underserved County*), is repaid to the Agency over the life of the loan term or when the borrower sells the home, refinances or no longer occupies the property as their primary residence. The funding is recaptured upon default. If the home is being inherited by an income-eligible heir, the Agency may allow the heir to assume the original loan or issue a new loan.

Lenders must contact the Agency about SHLP loans modifications, assumptions, or subordinations by emailing [Subordinations@nchfa.com](mailto:Subordinations@nchfa.com). Each loan requires case-by-case approval by NCHFA for modifications and/or subordination.

Assumptions are allowed in the case of transfer of property due to inheritance or changes to the household configuration (*i.e., divorce*). 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 SHLP. In all cases, the Agency must approve the assumption and legal documents used.

In most cases, Member fees earned for SystemVision™ with or without Green Building Certification do not have to be repaid to the Agency. However, if the Member received SystemVision™ Only Assistance and the home is sold during the 5-year HOME Affordability Period, the pro-rated share of the SystemVision™ and Green Building Certification fees must be repaid to the Agency out of the sales proceeds.

### **Loan Servicing: Forbearance Due to Emergency**

Loan pool members whose borrowers have experienced a temporary loss of income due to “act of God” emergencies (i.e. pandemic, flood, hurricane, wild fire, etc.) may request forbearance to scheduled ACH autodraft withdrawals for the accounts of impacted borrowers. Contact NCHFA for the acceptable documentation for the qualifying event and terms of forbearance. For widespread events, special responses will be posted near the beginning of the program guidelines.

### **Flood Insurance Eligibility and Maintaining Flood Insurance**

Structures including homes and other residential improvements must be outside the 100-year floodplain, also called a Special Flood Zone. If any portion of the structure is located within a Special Flood Zone, the home must be eligible for the National Flood Insurance Program and flood insurance must be maintained for the life of the loan. If a clear determination cannot be made about the boundary of the structure(s) relative to the flood zone, flood insurance must be maintained for the life of the loan.

### **Loan Servicing Capacity**

Members must maintain their organizational capacity to service loans for the likely life of the SHLP loan. At a minimum, Members must have at least one permanent, paid staff member to participate in SHLP, or in the case of a volunteer-only affiliate, must designate a professional third-party servicer for the loans. With Agency approval, Members may choose to contract with other Member organizations, local banks, or professional servicers to service the SHLP loans.

*NOTE: Given that many Members are now using a Third-Party Servicer, please note that per HUD's guidance, no servicing fee may be charged to the borrower for servicing the SHLP loan. Also, Member must also notify NCHFA when a Third-Party Servicer is contracted to sub-service a SHLP funded loan on behalf of the Member.*

### **SHLP 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 prior to submitting a complete underwriting package. Reservations should NOT be submitted with *less than 18* Agency business days *prior* to the scheduled 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 scheduled closing.
3. 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 must be received at NCHFA within 5 Agency business days of the SHLP loan 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 required documents including:

- Current Paystubs (60 days within recent 90 days or at time of sales contract)
  - W-2 for last year
  - Verification of Employment
  - Home Buyer Written Agreement (*\*must be signed*)
  - Property Appraisal
  - Sales Contract
  - Borrower Affidavit (*\*must be signed*)
  - Addendum to Sales Contract (*\*must be signed*)
  - 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 (*\*For more info, see Required Inspections for Existing Homes on pages 14-15*). If a major problem is identified by either inspection, *Proof of Repairs* must also be submitted.
- Required Inspection for a Newly Constructed Home: Certificate of Occupancy (CO) should be submitted with Underwriting Package if available. Must be submitted prior to closing.

- Completion of required Home Buyer Education & Pre-purchase Counseling
- Loan Estimate Disclosure

*NOTE: The following three required SHLP documents are auto generated by the Portal system based on information entered:*

1. *Home Buyer Written Agreement*
2. *Borrower Affidavit*
3. *Addendum to Sales Contract*

*They must be signed by the Borrower and uploaded with the Underwriting Package. Please note that NCHFA does not currently accept electronic signatures on any of these required documents.*

**\*\*\*\*\* IMPORTANT NOTE \*\*\*\*\***

Member staff must complete a NCHA Loan Pool Portal Training *before* they submit an application for SHLP assistance. For more info on the Portal, see Appendix 2.

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

**Pre- and Post-Closing: Documentation Needed**

Once the Borrower has been approved for SHLP assistance by the NCHFA Underwriter, the Member will receive an Underwriting Approval Letter /Conditional Approval Letter (*\*see sample letter in Appendix 5*) and they can finalize the closing date.

The Member must use the NCFHA Loan Pool Portal to select the closing date and provide the Agency with at least 6 Agency business days notice. NCHFA staff needs this time to prepare the applicable SHLP closing documents and to process the SHLP check needed for the closing. Available closing dates will be reflected in the Online Calendar integrated into the NCHFA Loan Pool Portal.

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

Before scheduling the closing date, the SHLP 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) before scheduling the closing.

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

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

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

For changes in any Amortizing Mortgage Amount of less than \$5,000, the SHLP 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 the SHLP loan being unapproved and the file resubmitted for underwriting and re-approval.

Once the closing has been scheduled through the NCHFA Loan Pool Portal, **Liz Hair** or the assigned NCHFA paralegal, will send a Closing Instructions Letter to the Closing Attorney with the following items:

- Copy of Loan Participation & Servicing Agreement
- Participation Agreement Instructions which outline the necessary changes to be incorporated within the Loan Note and Deed of Trust for the Combined first mortgage loan.

The Closing Instructions Letter includes a list of the documents that the Closing Attorney must submit to NCHFA at least *3* Agency business days prior to the closing:

- Copy of Promissory Note (showing HFH and NCHFA 1st lienholder)
- Copy of combination Deed of Trust
- Completed Loan Closing Disclosure

*NOTE: \*SHLP Member & Closing Attorney are responsible for preparing the Loan Closing Disclosure*

- Signed copy of Certificate of Occupancy, *if* not provided with the Underwriting Package

**\*\* \* IMPORTANT! \*\***

The Closing Attorney needs to email the above listed closing documents *at least 3* Agency business days *prior* to the closing. Please send documents to Liz Hair ([echair@nchfa.com](mailto:echair@nchfa.com)) or the assigned NCHFA paralegal.

Once the due diligence items are received and reviewed, NCHFA will send the the following items to the Closing Attorney to bring to the loan closing:

- Declaration of Deed Restrictions provided by NCHFA to be executed
- Authorization Code to close the SHLP Loan

**\*\* IMPORTANT! \*\***

If closing is delayed for any reason, Member must contact Liz Hair (919-877-5712/ [echair@nchfa.com](mailto: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: The NCHFA paralegal working on the SHLP closing is identified in the Pre-closing Instructions sent to the closing attorney.*

After the closing, the Attorney or Member should contact Liz Hair (919-877-5712/[echair@nchfa.com](mailto:echair@nchfa.com)) or the assigned NCHFA paralegal, to confirm that the loan closed on schedule.

### **Required Timeline for Submission of Closing Documents**

The following closing documents must be submitted within *5* Agency business days of closing to **Laura Welk**, Program Documentation Specialist:



**For SHLP 1st Mortgages: Amortizing First Mortgage (Option 1):**

1. Executed Promissory Note (copy)
2. Recorded Deed of Trust and recording receipt (copy)
3. Recorded Declaration of Restrictive Covenants (original or copy)
4. Evidence of Hazard Insurance with acknowledgement of Lender's loan interest(s). Minimum amount of policy: sufficient to cover total replacement costs of dwelling
5. Executed Loan Closing Disclosure for Closing (copy)

**For SHLP 2nd Mortgages – Amortizing Subordinate Mortgage (Option 2):**

1. Executed Promissory Note (copy)
2. Recorded Deed of Trust (copy)
3. Recorded Declaration of Deed Restrictions (copy)
4. Recorded Request for Notice(s) (copy)  
(originals of these documents to be completed, executed, and recorded by closing attorney's firm)
5. Executed Borrower's Affidavit (copy)
6. Executed Loan Closing Disclosure for 1<sup>ST</sup> Mortgage (copy)
7. SHLP "Combination" Loan Closing Disclosure (copy)
8. Signed W-9 for all Borrowers (copy)
9. Supplemental Closing Instructions executed by closing attorney (Copy)

Please submit Closing Documents and applicable Energy Certifications to:  
North Carolina Housing Finance Agency  
**ATTN: Laura Welk, Program Documentation Specialist**  
3508 Bush Street  
Raleigh, NC 27609-7509

**\*\* NOTE:** Member should review the closing documents for completeness and accuracy before they are submitted to NCHFA.

Finally, if applicable, the Member must submit the appropriate certification(s) for SystemVision™ *within 30* calendar days of closing and/or Green Building *within 120* calendar days of closing. If you have questions about the closing documents to send, please contact **Laura Welk, Program Documentation Specialist** ([lmwelk@nchfa.com](mailto:lmwelk@nchfa.com) or 919-981-2649).

**Payment of Loan Amount and Member Fees (UPDATED):**

Once the appropriate documentation has been received, NCHFA will process one or two SHLP payments, depending on whether or not the home received SystemVision™ and/or Green Building Certification.

**ONE PAYMENT for Homes Without SystemVision™ or Green Building Certification:**

If appropriate closing documents are received within 5 Agency business days of the closing, NCHFA will process one payment for the Borrower funds up to \$35,000 (\$50,000 if home sold in an Underserved County) plus the Member fee for home buyer prep services (\$1,500.00).

If the closing documents are not received within this timeline, the Member must intervene to insure that the closing-related items listed in the Closing Instructions Letter are provided no later than 15 Agency business days after the closing. The \$1,500 Member fee for home buyer prep services will be forfeited if documents are not received within this timeframe.

However, if the delay was due to circumstances beyond the Member's control, they can submit an appeal with sufficient documentation to Josh Burton, HOC Team Leader, for his review. He will make the final determination if any or all the Member fee(s) will be forfeited.

TWO PAYMENTS for Homes With SystemVision™ and/or Green Building Certification:

If the appropriate closing documents are received with 5 Agency business days of the closing, NCHFA will process one payment for the the Borrower funds up to \$35,000 (*\$50,000 if home sold in an Underserved County*). However, the fees for home buyer prep services (\$1,500) and SystemVision™ and/or Green Building Certification will be processed together once all the applicable certifications are received at NCHFA.

Standard SystemVision Certification Policy

Homes certified to SystemVision™ and/or Green Building Standards must have *passed* the final inspection PRIOR to occupancy and ideally, PRIOR to closing. The SystemVision™ and Green Building fee may be forfeited if the buyer occupies the home prior to receiving a passing SystemVision™ or Green Building 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™ certification should be obtained no later than 30 calendar days after occupancy or closing. As mentioned above, if the final inspection is completed and passed prior to occupancy, it is unlikely this will be an issue.

If the SystemVision™ certification is not received within 30 calendar days of occupancy or closing, the SystemVision certification fee will be forfeited: up to \$5,000 for a newly constructed home and up to \$6,000 for an existing home.

NCHFA recognizes that processing a Green Building Certification requires more time than SystemVision Certification™. As such, Members have up to 120 calendar days to submit the applicable Green Building certification to NCHFA. Failure to do so within this timeframe will result in the Member forfeiting the \$1,000.00 certification fee.

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

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

## Emergency Response SystemVision™ Certification Policy **(NEW)**

In the event of an emergency that would limit the ability for Advanced Energy staff, building inspectors, or energy raters to physical conduct inspections (pandemics, hurricanes, wild fires, etc.), Advanced Energy will coordinate with relevant construction staff to conduct remote inspections. Performance testing (i.e. duct blaster, blower door, pressure testing) may be postponed until the emergency has subsided. In the case of an emergency related delay, NCHFA will recognize a certification without the physical inspection for the certification incentive. It will be the responsibility of the loan pool member, Advanced Energy, and the borrower to setup a time for performance testing after the emergency has subsided.

### 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 SHLP Member must contact their assigned Community Partner Coordinator or **Hal Wright**, Senior Servicing Analyst/Special Projects at 919-877-5690 or [hewright@nchfa.com](mailto:hewright@nchfa.com).

The Member may have the option of finding a program-eligible borrower to assume the financing attached to the SHLP-funded unit. If so, the existing SHLP loan must be paid off and a new SHLP loan secured for another program-eligible borrower.

It is crucial that Members remain in contact with NCHFA throughout the foreclosure process.

### Recapture & Affordability Provisions

Recapture provisions are used to ensure that NCHFA or the Member recoups all or a portion of the HOME assistance, if the housing does not continue to be the principal residence of the family 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 HOME Affordability Period is adjusted based on the amount of funding used per loan, fees, and development subsidies;

Amount of SHLP Assistance (\$):	Affordability Period:
More than \$40,000	15 years
\$15,000 to \$40,000	10 years
Less than \$15,000	5 years

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 be complied with. If a borrower chooses to sell the property and repay the Agency in full, the period of affordability provision no longer applies.

In simple language, the affordability period is the timeframe the borrower is required to comply with the affordability provisions, which ranges between 5 and 15 years and is specified as part of the HOME Buyer Written Agreement signed by the borrower. During this period borrowers who benefit from SHLP must only use their home as a principle residence during the period of affordability. This means the property cannot be operated as a business or rental investment property. If borrowers choose to vacate the property, the property must be sold and the loan repaid to NCHFA, OR the property must be re-

occupied by the borrower immediately. Failure to reoccupy or sell the home is considered a default against the mortgage.

In the event a Borrower sells the property that does not generate sufficient funds to cover NCHFA's portion of the loan in full, the Agency agrees to accept the net proceeds in full satisfaction. If the price set out in the proposal does not reflect the Fair Market Value of the property, NCHFA shall have the right to demand its pro-rata share of the loan to be paid in full.

*\*NOTE: Any balance forgiven due to lack of sufficient proceeds likely may need to be treated as income when the borrower files taxes for the year in which the property sold. Check with a tax specialist to determine if it is applicable.*

SHLP 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. Additional guidance regarding recapture, as well as repayment, loan servicing, and other related matters can be found in the Participation and Servicing Agreement that is issued to Members upon approval.

#### **PRIVACY NOTICES AND CONFIDENTIALITY *(NEW for 2020)***

In the process of servicing the SHLP loan, the Member must ensure that borrowers are adequately informed about what personal information is collected from the borrower and how it is shared between the Member, NCHFA, the subservicer (if applicable), and other organizations engaged in the funding, servicing, account maintenance, and responding to court orders, legal investigations, or reporting to credit bureaus. Personal information from SHLP borrowers must be treated as confidential and must be safeguarded from unauthorized access. Privacy notices must be provided to the borrower within a reasonable timeframe after the closing of a loan that denote what information is held by the Member and their subservicer (if applicable) and how that information may be shared between NCHFA, the Member, other funders, and other organizations as part of the ongoing servicing and management of their loan for the entirety of the loan and possibly after the loan has been repaid depending on the nature of the inquiry.

## 6. Program Financing / Program Options

### SHLP Financing Availability & Terms of Assistance

Members may request SHLP financing for their clients on a first-come, first-serve basis. SHLP funding must be used with first mortgage financing provided by the Member.

NCHFA also provides a service fee to Members for helping the borrower apply for SHLP assistance, and, if applicable, for meeting SystemVision™ Building Standards with or without a Green Building Certification.

Funding is **not** available for land acquisition, land development, or construction financing.

Members access SHLP funds by submitting a Reservation Request then an Underwriting Package to NCHFA using the NCHFA Online Loan Pool Portal: <http://www.nchfa.org/LPPortal>

Members submit the reservation and underwriting package for each home they are building or rehabilitating for sale to an eligible home buyer. Reservation Requests can be submitted year-round as long as funding is available. Requests that meet program threshold criteria for organizational capacity and project standards will be eligible to receive SHLP funds.

Please see Appendix 4 for more information on the NCHFA Loan Pool Portal.

### SHLP Assistance (**UPDATED**)

<b>Type of Assistance: Borrower</b>	<b>New Construction</b>	<b>Rehab / Existing</b>
Participation Loan (1 <sup>ST</sup> or 2 <sup>ND</sup> Mortgage) at 0% for 30 years to Borrower	Up to \$35,000 <u>or</u> Up to <b>\$50,000</b> in Underserved Counties	Up to \$35,000 <u>or</u> Up to <b>\$50,000</b> in Underserved Counties
<b>Type of Assistance: Member</b>		
SystemVision™ Certification fee to Member	<b>\$4,000</b> (slab) <u>or</u> <b>\$5,000</b> (crawl)	\$5,000 or \$6,000 *if new HVAC system installed
Green Building Certification fee to Member	\$1,000	n/a
Home Buyer Preparation & Documentation fee to Member	<b>\$1,500</b>	<b>\$1,500</b>
<b>TOTAL</b> (maximum available to Borrower & Member):	\$41,500 / \$42,500 <u>or</u> \$56,500 / \$57,500 in Underserved Counties	\$41,500 / \$42,500 <u>or</u> \$56,500 / \$57,500 in Underserved Counties

### **Participation Loan Funding per Unit**

NCHFA will provide up to \$35,000 (*\$50,000 if sold in an Underserved County*) in SHLP funds as an amortizing loan at 0% with a maximum term of 30 years (360 months) to eligible Borrowers.

Members enter into a “Participation and Servicing Agreement” with the Agency, under which one promissory note and deed of trust secure funds loaned from two separate sources: the Member and NCHFA. Home buyers will make just one monthly payment to the Member organization which will then forward the SHLP’s pro rata share to the Agency.

The Agency reserves the right to reduce or withdraw funding per loan if these thresholds are not met; the borrower’s income is not sufficiently stable; the unit does not meet program design for quality and durability; or if the unit or borrower do not meet other program guidelines.

### **Energy Efficiency and Green Building Fee**

As part of the SHLP program, the Agency provides a fee for homes meeting SystemVision™ Standards and certain Green Building Certifications.

For homes built to the SystemVision™ for New Homes Standards, a \$4,000 for homes built on an insulated slab or \$5,000 for homes built with a sealed crawlspace per unit fee will be paid to the Member to compensate them for meeting a higher building standard.

For homes rehabilitated to the SystemVision™ for Existing Home Standards, a \$5,000 (the standard certification) or \$6,000 (standard certification and the HVAC system replaced to program standards) fee will be paid to the Member to compensate the Member for meeting a higher building standard.

NCHFA provides an additional \$1,000 fee for SystemVision™ certified units that also meet one of the following Green Building Certifications:

- EnergyStar 3.0, LEED for homes (any level)
- NGBS standards
- Enterprise’s Green Communities standards
- Green Built NC standards.

Units that qualify under SystemVision™ for New Homes *do not* automatically qualify under EnergyStar 3.0. EnergyStar 3.0 is treated as a green building program option, and Members will need to contract with their own EnergyStar rater to receive a certificate under that program.

A portion of the certification fee is paid to help defray the additional construction costs incurred to meet the higher building standards that cannot be captured in the sales price. This includes compensating Advanced Energy Corporation for completing various inspections throughout the building process.

For more information about the SystemVision™ standards, please contact  
Lisa Manuel at Advanced Energy: 919- 857-9053 or [lmanuel@advancedenergy.org](mailto:lmanuel@advancedenergy.org)

### **ADDITIONAL FINANCING: IDA Matching Funds**

If the home buyer has successfully completed an NCHFA-approved IDA Program administered by a NCHFA Community Partner Loan Pool (CPLP) Member, he/she may also be eligible for IDA Matching Funds.

NCHFA can be a secondary source of match funds for home buyers that use their IDA savings to help purchase a home from a SHLP Member. However, the CPLP Member must submit a **separate** application for IDA Matching funds.

If approved, NCHFA will provide funding to match the home buyer's IDA savings on a **2:1** basis with the following minimum and maximum amounts available:

- |                                   |  |
|-----------------------------------|--|
| ➤ Minimum NCHFA Match: \$1,000.00 | Minimum Home Buyer Savings: \$ 500.00  |
| ➤ Maximum NCHFA Match: \$2,000.00 | Maximum Home Buyer Savings: \$1,000.00 |

All IDA Matching Funds (*\*from NCHFA and non-NCHFA sources*) must be available at SHLP Loan Closing and shown on the HUD-1 Settlement statement.

- No cash out allowed at closing for home buyers approved for IDA Matching Funds
- IDA Program must be pre-approved by NCHFA
- Borrowers must complete at least 21 hours of financial literacy and home buyer education
- The IDA Program Sponsor must provide an equal or great local match relative to the amount requested by the Agency.

For more information, please contact your Community Partner Coordinator.

### **Home Buyer Preparation Fee**

To defray expenses associated with identifying, educating, and counseling the home buyer, NCHFA will provide a \$1,500 fee to the Member which is payable upon receipt of the complete closing package.

*NOTE: All SHLP borrowers are required to receive Home Buyer Education and Pre-purchase counseling. However, effective August 1, 2020, SHLP borrowers will be required to receive at least 2 hours of Pre-purchase counseling from a HUD-certified housing counselor working at a HUD-approved housing counseling agency. Furthermore, all Borrowers will need to complete an In-person Home Buyer Education course overseen by a HUD-certified housing counselor working at a HUD-approved housing counseling agency or complete a HUD-approved On-line course.*

### **Funding Available for SystemVision™ Only Option**

Under the SystemVision™ Only option the Agency will also disburse \$1,000 to the Borrower as a 0%, forgivable Down Payment Assistance loan that will be forgiven over 5 years (20% per year) and recorded with a Promisory Note and Deed of Trust. This \$1,000 is subtracted from the total certification fee. The remaining certification fee for SystemVision™ and Green Building is disbursed after closing. Borrowers must be income eligible to receive SystemVision™ Only assistance just as they would for any SHLP loan.

Once Member reaches the annual funding cap, no funds will be made available unless otherwise communicated by NCHFA. Funding availability is assessed throughout the year. NCHFA reserves the right to exceed the annual funding cap if unreserved funds are available.

<b>SystemVision™ Only Option</b>		
<b>Type of Assistance: Borrower</b>	New Construction	Rehab / Existing
Forgivable Down Payment Assistance loan at 0% for 5 years to Borrower	\$1,000	\$1,000
<b>Type of Assistance: Member</b>		
SystemVision™ Only Assistance deferred payment loan at 0%, forgiven after 5 yrs to Member	\$3,000 (slab) <u>or</u> \$4,000 (crawl) <i>Plus</i> <i>\$1,000 from the Borrower</i>	\$5,000 <u>or</u> \$6,000 if new HVAC system installed
Green Building Certification development fee to Member	\$1,000	n/a
Home Buyer Preparation & Documentation fee to Member	n/a	n/a
<b>TOTAL</b> (maximum available to Borrower & Member):	\$5,000 / \$6,000	\$7,000 / \$8,000

As part of the 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 Settlement Statement or Closing Disclosure, and the same requirements of only minimal cash out of closing apply (not to exceed \$250). Borrowers must income-qualify for SystemVision™ Only Assistance funds exactly as they would for other SHLP funding. Should the unit sell during the five (5) year affordability period, the pro-rata share of the \$1,000 fee (\*20% forgiven each year) will need to be repaid to the Agency by the Member out of proceeds from the sale.



## SHLP Assistance Options

<b>Borrower Benefits &amp; Requirements:</b>	<b>Option A:</b> Home Buyer Loan + SystemVision™ with or without Green Certification	<b>Option B:</b> Home Buyer Loan only	<b>Option C:</b> SystemVision™ Only with or without Green Certification
Maximum Financing Available	Up to \$35,000 as a shared 1st Mortgage <u>or</u> 2nd Mortgage *Up to <b>\$50,000</b> in Underserved Counties	Up to \$35,000 as a shared 1st Mortgage <u>or</u> 2nd Mortgage *Up to <b>\$50,000</b> in Underserved Counties	\$1,000 as a loan to the borrower
Type of Assistance	Amortizing participation loan	Amortizing participation loan	Forgivable subordinate loan - Over 5 years
Interest	0%	0%	0%
Term	20-33 yrs.	20-33 yrs.	5 years for the \$1,000 loan which is forgiven 20% per year
Maximum Sales Price of Home:	95% of Area Median Sales Price	95% of Area Median Sales Price	95% of Area Median Sales Price
Type of Home:	New & Existing Single family homes <i>NOTE: Pre-1978 homes must be pre-approved</i>	New & Existing Single family homes <i>NOTE: Pre-1978 homes must be pre-approved</i>	New & Existing Single family homes <i>NOTE: Pre-1978 homes must be pre-approved</i>
1 <sup>ST</sup> Mortgage Product	Habitat for Humanity	Habitat for Humanity	Habitat for Humanity
Recapture:	Upon default or sale.  <i>NOTE: If home is inherited by an income-eligible heir, Agency may allow loan to be assumed or issue a new loan.</i>	Upon default or sale.  <i>NOTE: If home is inherited by an income-eligible heir, Agency may allow loan to be assumed or issue a new loan.</i>	Upon default or sale within the first 5 years, Buyer pays remaining principal balance to Agency

## SHLP Assistance Options

<b>Borrower Benefits &amp; Requirements:</b>	<b>Option A:</b> Home Buyer Loan + SystemVision™ with or without Green Certification	<b>Option B:</b> Home Buyer Loan only	<b>Option C:</b> SystemVision™ Only with or without Green Certification
Affordability Period	5-15 years depending on amount of SHLP assistance	5-15 years depending on amount of SHLP assistance	5 years
Occupancy Requirements	Borrower's principal residence during affordability period <i>(*considered default if not)</i>	Borrower's principal residence during affordability period <i>(*considered default if not)</i>	Borrower's principal residence during affordability period <i>(*considered default if not)</i>
Home Buyer Education & Counseling Requirement	Must complete an approved Home Buyer Education course <u>and</u> Pre-purchase counseling from a certified housing counselor	Must complete an approved Home Buyer Education course <u>and</u> Pre-purchase counseling from a certified housing counselor	Must complete an approved Home Buyer Education course <u>and</u> Pre-purchase counseling from a certified housing counselor
Home Buyer Ratios	Maximum <b>32%</b> housing ratio, maximum <b>43%</b> debt-to-income ratio	Maximum <b>32%</b> housing ratio, maximum <b>43%</b> debt-to-income ratio	Maximum <b>32%</b> housing ratio, maximum <b>43%</b> debt-to-income ratio
Minimum Credit Score	n/a  <i>*set by HFH</i>	n/a  <i>*set by HFH</i>	n/a  <i>*set by HFH</i>
Asset Limits (Requirements)	If > \$5,000, must include interest earned in HH Income calculation	If > \$5,000, must include interest earned in HH Income calculation	If > \$5,000, must include interest earned in HH Income calculation
Other Property Ownership:	Not allowed unless multiple heir property	Not allowed unless multiple heir property	Not allowed unless multiple heir property

## SHLP Assistance Options

	<b>Option A:</b> Home Buyer Loan + SystemVision™ with or without Green Certification	<b>Option B:</b> Home Buyer Loan only	<b>Option C:</b> SystemVision™ Only with or without Green Certification
<b>Member Fees:</b>			
Home Buyer Prep fee	<b>\$1,500</b>	<b>\$1,500</b>	N/A
SystemVision™ New Homes certification fee	<b>\$4,000</b> (slab) <u>or</u> <b>\$5,000</b> (crawl)	n/a	<b>\$3,000</b> (slab) <u>or</u> <b>\$4,000</b> (crawl)  <i>PLUS \$1,000 for Borrower(s)</i>
SystemVision™ Existing Homes certification fee	\$5,000 <u>or</u> \$6,000 <i>if</i> new HVAC installed	n/a	
Green Building certification fee (new construction)	\$1,000	n/a	\$1,000
Maximum Fees per home (as applicable):	Up to \$8,500.00	\$1,500.00	Up to \$6,000.00

## 7. Additional Program Requirements

### 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 Online 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 in order 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, SHLP 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 SHLP Member has a current Four Factor Analysis or LAP if applicable. Organizations applying for new membership in the SHLP will provide this information at application. Also, Members are required to update their Four Factor Analysis or LAP *at least every 5 years*. If a Member updates their Four Factor Analysis or LAP sooner, they must submit a copy with their Annual SHLP Renewal Form (*\*See Appendix 6 for more info on developing a Four Factor Analysis or LAP*).

### 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. Members of SHLP 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 SHLP. All purchases with Agency SHLP assistance must be voluntary.

### Affirmative Marketing and Fair Housing

SHLP Members must comply with all federal fair housing laws and regulations, including affirmative marketing and anti-discrimination policies. Marketing of Agency-funded programs like SHLP 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 US. The Federal Fair Housing Act & NC Fair Housing Act prohibits 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 SHLP 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 and make a determination as to whether a conflict of interest exists.

NCHFA will not provide SHLP assistance 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 SHLP and are required to work through the same process as an external client, may apply for SHLP 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.

Under no circumstance may staff of the Loan Pool member personally receive a commission or payment for real estate services offered through another business entity to a SHLP borrower if they were also involved in helping that borrower apply for a SHLP loan. Any commissions earned by brokers on staff must be managed as revenue which is reviewed by the board or commission of the organization.

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*), the SHLP Member should retain documents that support the organization's efforts to Affirmatively Further Fair Housing and affirmatively market the SHLP 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
- Documentation that supports housing counseling time spent with clients served by SHLP

### **Monitoring of Member**

NCHFA staff will conduct a monitoring of active SHLP members *at least once* every 5 years. Items to be monitored include:

1. 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
2. Plan and actions to Affirmatively Further Fair Housing
3. Documentation that supports home buyer education and/or housing counseling time spent with clients served by SHLP
4. Documentation related to the approval of SHLP files
5. Agreements with partners to provide home buyer education & pre-purchase counseling (*if applicable*)
6. Agreements with partners to provide financial assistance for construction or rehab of a home purchased with SHLP funds (*if applicable*)
7. Programmatic Agreements
8. Programmatic Documents such as the annual SHLP Membership Renewal Form
9. Agreements with third party servicers, originators, or investors that have responsibility for any SHLP-funded properties

<p><i>NOTE: Additional items may be monitored, including programmatic requirements addressed in any of the SHLP-related agreements.</i></p>
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### **Buyer Written Agreement**

The Loan Buyer Written Agreement is one of three required SHLP 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 SHLP 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 SHLP must be separate in time and location from explicitly religious activities.

## 8. Program Loan Underwriting & Income Qualifications

Member organizations will be expected to qualify all home buyers to be assisted by SHLP financing.

### Income Qualification Timing and Use of a Sales Contract

In contrast to Habitat programs which determine eligibility when a borrower is accepted into the Habitat program, income-eligibility for the SHLP must be verified (or re-verified) within six months of the date that SHLP assistance is received by the homebuyer OR at the time a contract to purchase is signed (24 CFR 92.254 (a)(ii)(A)(7)). As many Habitat Members pre-sell inventory, this strategy allows income verification to occur at the time of the contract (before construction or rehabilitation has occurred) if the affiliate use sales contracts at the time of initial commitment to the buyer.

However, if units are not pre-sold or no sales contract exists, verification-of-income documents must be dated no more than six months prior to loan closing, or else recertification will be required. NCHFA recommends that Members make a preliminary determination of household income as early as possible. Unfortunately in this scenario, it is feasible that a home buyer that initially qualified may not qualify several months later if their household income has changed.

### Qualifying and Household Income

The Self-Help Loan Pool (SHLP) differs significantly from most Habitat programs with respect to borrower eligibility requirements, calculating the household income (versus qualifying income), and timing of the approval process.

The maximum household income under SHLP is 80% of the Area Median Income, as adjusted for household size. To view the current HOME Income Limits for North Carolina, please go to the SHLP Partners page on the NCHFA website:

<http://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool>

Unlike some Habitat programs which may calculate earned income or base income only for program eligibility purposes, the SHLP 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).

### Subsidy Layering Review

The SHLP loan is offered as an amortizing, 0% interest loan. SHLP assistance requires a minimum borrower contribution toward their monthly payment (front-end ratio). Borrowers should contribute a minimum of **15%** of their gross monthly income toward their housing payment.

Borrowers **must not** contribute more than **32%** of their gross monthly income toward their housing payment. 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.

### **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) have been accepted and are actively enrolled in a Federal Income Driven Repayment Plan, then either a half percent (0.5%) of the remaining loan balance OR the income driven payment may be used but the payment may be used ONLY if it is greater than a half percent (0.5%) of the remaining loan balance. 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 Section 8 homeownership voucher, the voucher may be applied against the total house payment (*i.e., principal, interest, taxes, and insurance*) for the purpose of calculating underwriting ratios. Rental vouchers *cannot* be substituted for a homeownership voucher.

Documentation from the applicable Housing Authority must be provided to verify the voucher can be used for homeownership.

### **Required Third Party Documentation**

Applicable third-party documentation must support calculated household income, 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,
- For new jobs, at least 30 days of paystubs plus verification of employment from previous job
- child support decrees and 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, and
- If self-employed, YTD Profit and Loss Statement and the last 2-years of Tax Returns.

### **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 90 days 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 home buyer'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.

### **HUD Guidance on Determining Income**

- 1) As defined by 24CFR85 (the federal regulations governing the HOME Investment Partnerships Program, from which SHLP 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.
  - 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 (*\*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 not 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.

### **Borrower Documentation and Submitting the Underwriting Package**

Members must submit a Reservation Request for each prospective SHLP Borrower, as well as sufficient documentation to verify the eligibility of the Borrower. The process begins with the submission of a Reservation Request and Environmental Review). This submission secures your client a place in the queue for funds and, if approved, ensures that funds are set aside in their name for *up to* 90 days. As a result, Reservation Requests may be submitted not *more than* 90 days but no *less than* 18 business days before the planned loan closing. If a Member has not closed during this time, re-qualification or re-verification of the Borrower may be required. Any extension of reservation approval will be done on a case-by-case basis. Depending on the amount of time passed after Agency underwriting approval and

whether a sales contract was in place with the borrower, new underwriting documentation may be required.

After NCHFA has approved the Reservation, the Member can submit the **Underwriting Package** and must do so **at least 15 business days prior to the anticipated loan closing date**. The Underwriting Package includes documentation for all household income (earned & unearned income). Items to be submitted include:

- Two months of recent paystubs (\*not more than **90** days old at time of submission)
- W-2's for past two years
- Verification of Employment (VOE)

Only complete Underwriting Packages should be submitted for review and approval. Incomplete packages will be returned to the Member.

**\*\*\*\*\* IMPORTANT NOTE \*\*\*\*\***

**For more information on NCHFA Loan Pool Portal**

Please download the following recorded webinar that Josh conducted (Aug. 2018):  
Loan Pool Training for New Staff & Those New to Using the Portal  
which can be accessed by clicking on the following link:

<https://register.gotowebinar.com/recording/8960710096731691021>

QUESTIONS? Please contact your assigned Community Partner Coordinator.

*\*NOTE: If a SHLP Member does not have prior Underwriting Approval, the Agency will **not** fund a loan after closing. It is therefore important to coordinate Agency approval closely with the closing. There is required language that must be included in the Promissory Note and Deed of Trust at closing for the Agency to be able to fund a loan.*

## SELF-HELP LOAN POOL

**Best Practices for Siting New/Existing Homes**

1. Whenever possible, structures including homes and other residential improvements should be located outside the **100-year floodplain**, also called a Special Flood Zone. Members should examine site conditions including elevation changes and proximity of the structure(s) to the perimeter of the floodplain. In flood prone areas, Members should make every reasonable effort to elevate a new or redeveloped residential building within 10 feet of the floodplain to reduce or eliminate flood insurance costs.
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 should 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 should 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 mix use development; and 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.

## SELF-HELP LOAN POOL

# Submitting Application for SHLP Assistance via the NCHFA Online Loan Pool Portal

## General Information

NCHFA has created a secure, web-based Loan Pool Portal to submit applications for SHLP Assistance. On June 1, 2016, the portal replaced the previously used Excek 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 SHLP FUNDS

When a Member has an eligible home and home buyer, they may submit a Reservation Request for SHLP funds using the NCHFA Loan Pool Portal: <http://www.nchfa.org/LPPortal>

**NCHFA Online**

**SIGN IN**

Username:

Password:

☐ Keep me logged in  
[Forgot Password?](#)  
[Forgot Username?](#)

**Log In**

**Login with Your Username & Password**

NCHFA Online provides partners and individuals access to programs offered by the North Carolina Housing Finance Agency, including the N.C. Foreclosure Prevention Fund and various Loan Pool Programs.

You must have a valid login to access these services.

If you are a homeowner interested in the N.C. Foreclosure Prevention Fund, please visit the [N.C. Foreclosure Prevention Fund](#) website for information on how to apply.

**NORTH CAROLINA HOUSING FINANCE AGENCY**

**NC Foreclosure Prevention FUND**

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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:

- NC Flood Risk Information System: <http://frist.nc.gov/fris/Home.aspx?ST=NC>
- 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 SHLP 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: See Underwriting Package on page 26 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.

#### **\*\*\*\*\* IMPORTANT NOTE \*\*\*\*\***

### **For more information on NCHFA Loan Pool Portal**

Please view the following recorded webinar that Josh conducted (Aug. 2018):  
**Loan Pool Portal Training for New Users & Those New to Using the Portal**  
which can be accessed by using the following link:

<https://register.gotowebinar.com/recording/8960710096731691021>

**\*\* Questions? Please contact your assigned Community Partner Coordinator. \*\***

SELF-HELP LOAN POOL

**Sample SHLP Reservation Confirmation  
and  
Loan Conditional Approval Letters**



**North Carolina Housing Finance Agency**  
3508 Bush Street  
Raleigh, NC 27609  
(919) 877-5700

**\* SAMPLE**

**SELF HELP LOAN POOL  
RESERVATION CONFIRMATION**  
August 31, 2014

Habitat for Humanity of the Thomasville Area  
Member # 53  
PO Box 1072, Thomasville, NC 27361  
Fax: (336) 476-6375

Your Self Help Loan Pool reservation request for the below referenced borrower and property has been confirmed.

**Borrower(s) Name:**

[REDACTED]

**Property Address:**

[REDACTED]  
[REDACTED]

**SHLP Mortgage Amount:**

\$39,000.00

**Member Fee:**

\$1,000.00

This reservation will remain in effect until 1/26/2015 12:00:00 AM.

\_\_\_\_\_  
Manager/Director Approval

\_\_\_\_\_  
Date



North Carolina Housing Finance Agency  
3508 Bush Street  
Raleigh, NC 27609  
(919) 877-5700

SELF HELP LOAN POOL  
LOAN CONDITIONAL APPROVAL

Insert Date

SHLP Member Name  
SHLP Member 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 Self Help Loan Pool Guidelines, the SHLP Participation and Servicing Agreement, and the SHLP HOME Written Agreement.

The SHLP 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(s)  
Address: Borrower Address  
City: City County: County

SHLP Loan Amt: \$XX,XXX.00  
Member Fee: \$1,200.00  
System Vision for (\*add applicable type): \$X,XXX.00

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

- Copy of combination Promissory Note and all riders (showing HFH and NCHFA as lienholder)
- Copy of combination Deed of Trust and all exhibits (showing HFH and NCHFA as lienholder)
- Fully completed Loan Closing Disclosure for Combined Mortgage
- Pre-Closing Instructions executed by closing attorney
- Signed copy of Certificate of Occupancy

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 #: 9223625 - 1

Sincerely,

Scott Farmer  
Executive Director - Authorized Officer

NC Housing Finance Agency Program Contact: Josh Burton  
Email: jdburton@nchfa.com Phone: (919) 877-5678

SELF-HELP LOAN POOL

# **Lead-Based Paint Visual Assessment Introduction & Forms**

# Lead-Based Paint Visual Assessment: Introduction

*For Homes Constructed Before 1978*

As a potential **purchaser** of a home constructed before **1978**, you must know:

1. The **seller must provide** all known records and documents of the presence of lead-based paint on the property. Any knowledge of lead-based paint hazards **MUST** be disclosed by the seller.
2. You are required, for your health, to review the EPA Pamphlet entitled “*Protect Your Family From Lead in Your Home*” which can be downloaded at: [www.epa.gov/lead/protect-your-family-lead-your-home](http://www.epa.gov/lead/protect-your-family-lead-your-home).
3. The seller must allow **at least a 10-day period**, usually as part of the due diligence period, to conduct a lead-based paint visual assessment, inspection, or a full lead-based paint risk assessment to identify both the presence of lead-based paint and/or the location of lead-based paint hazards currently in the home.

A lead-based paint **Visual Assessment** examines the condition of the painted surfaces on the property. It must be conducted by a certified **Visual Assessor** who documents if there is evidence of deteriorated paint that exceeds the HUD **de minimis** (minimum) levels. The HUD de minimis levels are calculated differently for interior and exterior paint. A visual assessment does not determine the presence or absence of lead.

A **lead-based paint inspection** includes a visual assessment and provides a report of all the painted or glazed surfaces inside and outside the home and indicates which do and do not contain lead.

A **lead-based paint risk assessment** includes the elements of a lead-based paint inspection, but also includes soil and dust testing and the identification of frequently impacted friction surfaces like doors and windows that contain lead and will easily release lead dust during normal daily use.

**IF** you waive your right to order a **lead-based paint inspection** or **lead-based paint risk assessment**, a **visual assessment MUST** be conducted to examine the property for deteriorated paint. If the **lead-based paint inspection** or **lead-based paint risk assessment** shows there is no lead found on the property, then paint stabilization is not required.

Please note that a visual assessment will **NOT identify the presence of lead**, only the condition of the painted surface. Even if the visual assessment indicates that there are **NO** deteriorated painted surfaces, this does **NOT mean that there is NOT lead in the paint**. Painted surfaces must be carefully and safely maintained unless the property was inspected for the presence of lead and no lead was found **OR** documentation is provided showing that the lead was abated.

If evidence of deteriorated paint beyond the HUD de minimis levels is discovered, it **MUST** be stabilized before any loan pool loan can be approved. If a contractor is used for the paint stabilization, the contractor must at be **RRP** or Renovation, Repair, and Painting certified. More information on RRP certification for contracting firms can be found at: <https://epi.publichealth.nc.gov/lead/rrp.html>.

After the deteriorated paint is stabilized and any dust or paint chips have been safely removed from the property, a **lead-based paint clearance examination** must be conducted by a certified lead professional in each worksite or area where the work was performed. If the deteriorated area did not exceed the HUD de minimis levels, no clearance examination is required.

A certified Lead-Based Paint Inspector or Risk Assessor can also conduct a **Visual Assessment**. A list of state certified lead-based paint inspectors, risk assessors, and lead professionals is maintained on the NCDHHS website at: <https://schs.dph.ncdhhs.gov/lead/accredited.cfm>.

# Lead-Based Paint Acknowledgement Form For Homebuyers

*For Homes Constructed Before 1978*

*(section below to be completed by the borrower and co-borrower)*

**Property Address:**

**Borrower:**

**Co-Borrower:**

I acknowledge that I am aware of the requirements for a Visual Assessment to be conducted on the property listed above. I also acknowledge that if deteriorating paint is found above the HUD de minimis (minimum) levels, it must be stabilized before my loan pool loan can be approved. Furthermore, I understand that after the paint is stabilized, the property must pass a lead-based clearance inspection to be eligible. Finally, I am also aware that a Visual Assessment does not reveal the presence of lead or any lead hazards. If I want to verify the presence of lead or lead hazards, I can order a lead-based paint inspection or risk assessment, which will provide details about the presence of lead and where lead hazards exist or are likely to occur based on normal behaviors in the home.

**Signature of Borrower:**

**Date:**

**Signature of Co-Borrower:**

**Date:**

## Lead-Based Paint Visual Assessment Form

(section below to be completed by the certified Inspector/Assessor)

Property Address:

Business Name:

Inspector/Assessor:

☐ Property has been tested and determined to not to contain lead-based paint (attach documentation)

☐ Property has had lead-based paint hazards abated/remediated (attach documentation)

☐ Property required a Visual Assessment (if not abated or tested and no lead found)

Date of Visual Assessment:

☐ I have completed a visual assessment of the above property and there is **NO** evidence of deteriorated paint.

☐ I have completed a visual assessment of the above property and there is evidence of deteriorated paint but the area(s) of deterioration does **NOT** exceed the HUD de minimis (minimum) levels.

☐ I have conducted a visual assessment of the above property and there is evidence of deteriorated paint and the area(s) does **EXCEED** the HUD de minimis (minimum) levels.

<b>Interior:</b> Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> YES <input type="checkbox"/> NO	<b>Interior:</b> Deterioration exceeds the HUD de minimis (minimum) level? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NA
<b>Exterior:</b> Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> YES <input type="checkbox"/> NO	<b>Exterior:</b> Deterioration exceeds the HUD de minimis (minimum) level? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NA
<b>Location(s) of Deteriorated Paint Exceeding the HUD de minimis (minimum) levels:</b>          	

Signature of Inspector/Assessor:

Date:

*\*Attach copy of Inspector/Visual Assessor credentials*



SELF-HELP LOAN POOL

# **NCHFA Alternate 1st Mortgage Review Form**

# North Carolina Housing Finance Agency

## Self-Help Loan Pool Program

<b>Alternate First Mortgage Review Form</b>				<b>Date of Request:</b>	
<b>SHLP Member Organization Name:</b>					
<b>SHLP: Primary Contact Name</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>Executive Director</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>Current Board Chairman</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>Investor or Lending Institution Name:</b>					
<b>Investor: Primary Contact Name</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>Date Funding Made Available:</b>		<b>Date Funding Expires:</b>		<b>Funding Per Loan Available:</b>	
<b>Any Other Special Terms, Provisions, or Fees?</b>			<b>How will defaults be handled?</b>		
<b>\$ Amount of Commitment</b>		<b>Interest Rate:</b>		<b>Anticipated Total # of Loans</b>	
<b>Which business holds the Mortgage Lender License for these transactions?</b>					
<b>Lender: Primary Contact Name</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>License Number</b>		<b>License Type</b>		<b>Expiration Date</b>	
<b>Which individual(s) holds the Mortgage Loan Originator License for these transactions?</b>					
<b>Originator: Primary Contact Name</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>License Number</b>		<b>License Type</b>		<b>Expiration Date</b>	
<b>Which organization will act as the Mortgage Servicer for these transactions?</b>					
<b>Servicer: Primary Contact Name</b>		<b>Email Address</b>		<b>Phone Number</b>	
<b>License Number</b>		<b>License Type</b>		<b>Expiration Date</b>	

---

**See the websites below for more information and to look up license information:**

[http://www.nccob.org/Public/FinancialInstitutions/Mortgage/MortgageLI\\_LenderBroker.aspx](http://www.nccob.org/Public/FinancialInstitutions/Mortgage/MortgageLI_LenderBroker.aspx)

<https://www.nccob.org/Online/NMLS/LicenseSearch.aspx?from=NCCOBExtLicensed>

[http://www.nccob.org/Public/FinancialInstitutions/Mortgage/MortgageLI\\_LO.aspx](http://www.nccob.org/Public/FinancialInstitutions/Mortgage/MortgageLI_LO.aspx)

NCHFA USE:	
Reviewed By:	Date Approved:
Notes:	

Rev 9/1/17

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\*NOTE: Form can be downloaded from the SHLP Forms & Resources page on the NCHFA website:

<https://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool/forms-and-resources>

SELF-HELP LOAN POOL

**NCHFA Guidance for Developing a  
Four Factor Analysis and Language Access Plan**



## NCHFA Guidance for Developing a Four-Factor Analysis and 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. A Limited English Proficient (LEP) person is a person who does not speak English as their primary language and who has a limited ability to read, speak, write, or understand English. To ensure meaningful access to its programs for LEP persons, NCHFA requires that all its recipients receiving federal funds conduct a four-factor analysis.

To conduct a four-factor analysis, you must assess the following:

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by the program or recipient (see below for instructions);
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; and
4. The resources available to the recipient and costs.

To conduct the first part of the Analysis, you must access Census data:

1. Go to [www.factfinder.census.gov](http://www.factfinder.census.gov), scroll down the page to the "What we Provide" section and click on "American Community Survey - Get Data."
2. On the left, choose "Geographies." Choose county for the geographic area, 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.
3. At the top of the main page under "Topic or Table Name", type **B16001**. Check the box next to the table at the top of the list ("Language Spoken at Home by Ability to Speak English for the Population 5 Years and Over"). Be sure to select the table that has the most recent year and "5-year estimates" listed under the Dataset heading. Then, click on "View" at the top left.
4. On the page that opens, click "Download" from the Actions list, click the bubble next to "View the data", choose "PDF", then click "OK", then "Download", then open the downloaded file.

For any language group with a population that speaks English less than "very well" (considered LEP) that is 5% or more of your county's total population, NCHFA requires a Language Assistance Plan (LAP). Each project still needs to conduct the four-factor analysis if the LEP populations 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 for "Speaks 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 LAP, which is discussed later in this guidance.

If your Census data percentage is 5% or greater, you will need to create a LAP. In addition to the information provided for your four-factor analysis, your LAP, which should be a concise document of 1-2 pages, 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 include: contracting with another organization to supply an interpreter when needed; using a telephone service line interpreter; or seeking the assistance of another agency in the same community with bilingual staff to provide oral interpretation. HUD's "I Speak" cards and some translated materials are available here:

[https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/17lep](https://www.hud.gov/program_offices/fair_housing_equal_opp/17lep)

The LAP should also include the following:

- Plan for outreach to LEP communities;
- Plan for training staff members on your LAP and on federal LEP guidance (available at [https://www.lep.gov/guidance/guidance\\_index.html](https://www.lep.gov/guidance/guidance_index.html));
- 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.

Updated 6/15/18

## Conducting a Four Factor Analysis

Go to [Factfinder.census.gov](https://factfinder.census.gov)

United States Census Bureau

AMERICAN FactFinder

MAIN COMMUNITY FACTS GUIDED SEARCH ADVANCED SEARCH DOWNLOAD CENTER

Check out the early preview of our new dissemination platform at [data.census.gov](https://data.census.gov).

**Community Facts**  
Find popular facts (population, income, etc.) and frequently requested data about your community.  
Enter a state, county, city, town, or zip code:

**Guided Search**

**Advanced Search**

**Download Center**

**Popular Tables**

Population and Housing

- Annual Population Estimates (2016 PEP, PEPANNRES)
- Demographic and Housing Estimates (2016 ACS, DP05)
- General Housing Characteristics (2016 ACS, DP04)
- General Demographic Characteristics (2010 Census, DP-1)

Poverty and Income

- General Economic Characteristics (2016 ACS, DP03)

Age, Race, Sex and Education

- Selected Social Characteristics (2016 ACS, DP02)
- Educational Attainment (2016 ACS, S1501)

American FactFinder provides access to data about the

News and Notes

Scroll to the bottom of the page & Click “get data” next to the American Community Survey

**Popular Tables**

Population and Housing

- Annual Population Estimates (2016 PEP, PEPANNRES)
- Demographic and Housing Estimates (2016 ACS, DP05)
- General Housing Characteristics (2016 ACS, DP04)
- General Demographic Characteristics (2010 Census, DP-1)

Poverty and Income

- General Economic Characteristics (2016 ACS, DP03)

Age, Race, Sex and Education

- Selected Social Characteristics (2016 ACS, DP02)
- Educational Attainment (2016 ACS, S1501)

American FactFinder provides access to data about the United States, Puerto Rico and the Island Areas. The data in American FactFinder come from several censuses and surveys. For more information see [Using FactFinder](#) and [What We Provide](#).

**Using American FactFinder**  
Learn about American FactFinder's [functions](#) and [features](#).

**What We Provide**  
The following data are available on American FactFinder:

- American Community Survey [more »](#) | [get data »](#)
- American Housing Survey [more »](#) | [get data »](#)
- Annual Economic Surveys [more »](#)
- Annual Surveys of Governments [more »](#)
- Census of Governments [more »](#) | [get data »](#)
- Decennial Census [more »](#) | [get data »](#)
- Economic Census [more »](#) | [get data »](#)
- Equal Employment Opportunity (EEO) Tabulation [more »](#) | [get data »](#)
- Population Estimates Program [more »](#) | [get data »](#)
- Puerto Rico Community Survey [more »](#) | [get data »](#)

[more »](#)

**Address Search**  
Find Census data by entering a [street address](#).

**Reference Maps**  
Reference Maps show selected geographic boundaries for an area along with orienting features, such as roads.

**Load Search or Query**  
To retrieve a saved search or query, use the "Load Search/Query" button.

Click Geographies



**Search** - Use the options on the left (topics, geographies, ...) to narrow your search results

**Your Selections**

'Your Selections' is empty

[load search](#) | [save search](#)

Search using the options below:

**Topics**

(age, income, year, dataset, ...)

**Geographies**

(states, counties, places, ...)

**Race and Ethnic Groups**

(race, ancestry, tribe)

**Industry Codes**

(NAICS industry, ...)

**EEO Occupation Codes**

(executives, analysts, ...)

*To search for tables and other files in American FactFinder:*



Enter search terms and an optional geography and click GO

**Select Geographies**

List Name Address Map

Select geographies to add to Your Selections ?

Select from: ☒ most requested geographic types ☐ all geographic types

Select a geographic type:

-- select a geographic type --

Didn't find your geographic type? Click the 'all geographic types' radio button above, or try the Name, Address or Map geography search options instead.



Under “Select a Geographic Type” select “County – 050”.

Under “Select a State”, select “North Carolina”.

Finally, select each county in your service area one at a time & click “Add to your Selections”. Click “Close” in the top right when you have added all the counties in your service area.

The screenshot shows the American FactFinder 'Select Geographies' interface. On the left is a sidebar with search filters: 'Your Selections' (empty), 'Topics' (age, income, year, dataset, ...), 'Geographies' (states, counties, places, ...), 'Race and Ethnic Groups' (race, ancestry, tribe), 'Industry Codes' (NAICS industry, ...), and 'EEO Occupation Codes' (executives, analysts, ...). The main area is titled 'Select Geographies' and includes a search bar with the instruction 'Enter search terms and an optional geography and click GO'. Below the search bar are four tabs: 'List', 'Name', 'Address', and 'Map'. The 'List' tab is active, showing a list of geographies to add to selections. The list includes a radio button for 'Select from:' with 'most requested geographic types' selected and 'all geographic types' as an option. Below this is a dropdown for 'Select a geographic type:' with 'County - 050' selected. Another dropdown for 'Select a state:' shows 'North Carolina'. A list of counties in North Carolina is displayed, with 'Franklin County, North Carolina' highlighted. At the bottom of the list are two buttons: 'ADD TO YOUR SELECTIONS' and 'ABOUT THIS GEOGRAPHY'. A note at the very bottom says 'Didn't find your geographic type? Try the 'all geographic types' radio button above, or try the Name, Address or Map geography search options instead.' Four purple arrows are overlaid on the image: one points to the 'County - 050' dropdown, another points to the 'North Carolina' state dropdown, a third points to the list of counties, and a fourth points to the 'ADD TO YOUR SELECTIONS' button.

Enter "B16001" into the search table & Click "Go"

Search - Use the options on the left (topics, geographies, ...) to narrow your search results

**Your Selections**

Search using...  
County  
Alamance County, North Carolina  
Guilford County, North Carolina  
clear all selections and start a new search  
load search | save search

Search using the options below:

**Topics**  
(age, income, year, dataset, ...)

**Geographies**  
(states, counties, places, ...)

**Race and Ethnic Groups**  
(race, ancestry, tribe)

**Industry Codes**  
(NAICS industry, ...)

**EEO Occupation Codes**  
(executives, analysts, ...)

Search Results: 1-25 of 27 tables and other products match 'Your Selections'

Refine your search results:    ☐ topics ☐ race/ancestry ☐ industries ☐ occupations

Selected:       Show results from:

ID	Table, File or Document Title	Dataset	About
S0101	AGE AND SEX	2016 ACS 5-year estimates	<a href="#">?</a>
S0101	AGE AND SEX	2016 ACS 1-year estimates	<a href="#">?</a>
S0102	POPULATION 60 YEARS AND OVER IN THE UNITED STATES	2016 ACS 5-year estimates	<a href="#">?</a>
S0102	POPULATION 60 YEARS AND OVER IN THE UNITED STATES	2016 ACS 1-year estimates	<a href="#">?</a>
S0103	POPULATION 65 YEARS AND OVER IN THE UNITED STATES	2016 ACS 5-year estimates	<a href="#">?</a>
S0103	POPULATION 65 YEARS AND OVER IN THE UNITED STATES	2016 ACS 1-year estimates	<a href="#">?</a>
S0501	SELECTED CHARACTERISTICS OF THE NATIVE AND FOREIGN-BORN POPULATIONS	2016 ACS 5-year estimates	<a href="#">?</a>
S0501	SELECTED CHARACTERISTICS OF THE NATIVE AND FOREIGN-BORN POPULATIONS	2016 ACS 1-year estimates	<a href="#">?</a>
S0502	SELECTED CHARACTERISTICS OF THE FOREIGN-BORN POPULATION BY PERIOD OF ENTRY INTO THE UNITED STATES	2016 ACS 5-year estimates	<a href="#">?</a>
S0502	SELECTED CHARACTERISTICS OF THE FOREIGN-BORN POPULATION BY PERIOD OF ENTRY INTO THE UNITED STATES	2016 ACS 1-year estimates	<a href="#">?</a>
S0503	SELECTED CHARACTERISTICS OF THE FOREIGN-BORN POPULATION BY REGION OF BIRTH: EUROPE	2016 ACS 5-year estimates	<a href="#">?</a>

Click on the 2015 ACS 5-year Estimates

Search - Use the options on the left (topics, geographies, ...) to narrow your search results

**Your Selections**

Search using...  
Search: B16001  
clear all selections and start a new search  
load search | save search

Search using the options below:

**Topics**  
(age, income, year, dataset, ...)

**Geographies**  
(states, counties, places, ...)

**Race and Ethnic Groups**  
(race, ancestry, tribe)

**Industry Codes**  
(NAICS industry, ...)

**EEO Occupation Codes**  
(executives, analysts, ...)

Search Results: 1-25 of 27 tables and other products match 'Your Selections'

Refine your search results:    ☐ topics ☐ race/ancestry ☐ industries ☐ occupations

Selected:       Show results from:

ID	Table, File or Document Title	Dataset	About
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2016 ACS 5-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2016 ACS 1-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2015 ACS 5-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2015 ACS 1-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2014 ACS 5-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2014 ACS 1-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2013 ACS 5-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2013 ACS 3-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2013 ACS 1-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2012 ACS 5-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2012 ACS 3-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2012 ACS 1-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2011 ACS 5-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2011 ACS 3-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2011 ACS 1-year estimates	<a href="#">?</a>
B16001	LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER	2010 ACS 5-year estimates	<a href="#">?</a>

## The Data for Each County in Your Service Area should be visible

Versions of this table are available for the following years:

**2015** ▶

[2014](#)

[2013](#)

[2012](#)

[2011](#)

[2010](#)

[2009](#)

		Alamance County, North Carolina		Guilford County, North Carolina	
		Estimate	Margin of Error	Estimate	Margin of Error
☑		☑	☑	☑	☑
☑	Total:	146,029	+/-50	475,733	+/-57
☑	Speak only English	127,874	+/-753	415,166	+/-1,982
☑	☑ Spanish or Spanish Creole:	14,694	+/-551	29,797	+/-1,154
☑	Speak English "very well"	7,728	+/-636	15,426	+/-924
☑	Speak English less than "very well"	6,966	+/-573	14,371	+/-996
☑	☑ French (incl. Patois, Cajun):	339	+/-166	2,274	+/-683
☑	Speak English "very well"	330	+/-167	1,410	+/-425
☑	Speak English less than "very well"	9	+/-15	864	+/-535
☑	☑ French Creole:	19	+/-27	182	+/-85
☑	Speak English "very well"	3	+/-6	88	+/-41
☑	Speak English less than "very well"	16	+/-26	94	+/-58
☑	☑ Italian:	101	+/-80	273	+/-140
☑	Speak English "very well"	64	+/-52	230	+/-119
☑	Speak English less than "very well"	37	+/-38	43	+/-60
☑	☑ Portuguese or Portuguese Creole:	100	+/-99	258	+/-194
☑	Speak English "very well"	94	+/-95	203	+/-196
☑	Speak English less than "very well"	6	+/-12	55	+/-47
☑	☑ German:	344	+/-126	949	+/-220
☑	Speak English "very well"	261	+/-118	839	+/-199
☑	Speak English less than "very well"	83	+/-53	110	+/-69
☑	☑ Yiddish:	0	+/-28	19	+/-31
☑	Speak English "very well"	0	+/-28	19	+/-31
☑	Speak English less than "very well"	0	+/-28	0	+/-28
☑	☑ Other West Germanic languages:	75	+/-57	216	+/-138
☑	Speak English "very well"	75	+/-57	195	+/-135
☑	Speak English less than "very well"	0	+/-28	21	+/-25
☑	☑ Scandinavian languages:	67	+/-64	292	+/-132
☑	Speak English "very well"	55	+/-60	283	+/-131
☑	Speak English less than "very well"	12	+/-15	9	+/-14
☑	☑ Greek:	188	+/-169	165	+/-72
☑	Speak English "very well"	168	+/-169	99	+/-68
☑	Speak English less than "very well"	20	+/-31	66	+/-57
☑	☑ Russian:	80	+/-68	173	+/-115

## To produce a PDF of the Census Data, click “Print”

B16001 LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER  
Universe: Population 5 years and over  
2011-2015 American Community Survey 5-Year Estimates

Table View

Actions: Hide Table Tools | Add/Remove Geographies | Bookmark/Save | Print | Download | Create a Map

Table Tools: Reset Table | Show Hidden Rows/Columns | Transpose Rows/Columns ?

Click 'Back to Search' to select other tables or geographies

Legend: ☒ show/hide rows and columns | collapse/expand data categories | rearrange columns | rearrange rows | sort ascending/descending | filter rows

Tell us what you think. [Provide feedback to help make American Community Survey data more useful for you.](#)

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces estimates of housing units for states and counties.

Versions of this table are available for the following years:

- 2015
- 2014
- 2013
- 2012
- 2011
- 2010
- 2009

		Alamance County, North Carolina		Guilford County, North Carolina	
		Estimate	Margin of Error	Estimate	Margin of Error
Total:		146,029	+/-50	475,733	+/-57
Speak only English		127,874	+/-753	415,166	+/-1,982
Spanish or Spanish Creole:		14,694	+/-551	29,797	+/-1,154
Speak English "very well"		7,728	+/-636	15,426	+/-924
Speak English less than "very well"		6,966	+/-573	14,371	+/-996
French (incl. Patois, Cajun):		339	+/-166	2,274	+/-683
Speak English "very well"		330	+/-167	1,410	+/-425
Speak English less than "very well"		0	+/-15	864	+/-535

## Then click “Ok” to produce the PDF

B16001 LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER  
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Print

Click OK to create a PDF version of the table.

(creating a PDF version of the table allows you to print tables that are too wide to print using your browser's print function)

Orientation

☒ Portrait

☐ Landscape

Paper size

☒ 8 1/2" x 11"

☐ 8 1/2" x 14"

[PDF] or indicate a document in Adobe's Portable Document Format. To open the file you will need the [Adobe® Acrobat® Reader](#) available free from Adobe.

OK CANCEL

Once complete, click “Open” to open the PDF document.

B16001 LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER  
Universe: Population 5 years and over  
2011-2015 American Community Survey 5-Year Estimates

Table View

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Click 'Back to Search' to select other tables or geographies.

Legend: ☒ show/hide rows and columns ☒ collapse/expand data categories ☒ rearrange columns ☒ reorganize rows

Tell us what you think. Provide feedback to help make American Community Survey data more useful.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates of housing units for states and counties.

Versions of this table are available for the following years:  
2015  
2014  
2013  
2012  
2011  
2010  
2009

	Total	Spanish or Spanish Creole	French (incl. Patois, Cajun)	French Creole
Total:	146,029	127,874	14,694	7,728
Speak only English	146,029	127,874	14,694	7,728
Speak English "very well"	146,029	127,874	14,694	7,728
Speak English less than "very well"	146,029	127,874	14,694	7,728
French (incl. Patois, Cajun):	146,029	127,874	14,694	7,728
Speak English "very well"	146,029	127,874	14,694	7,728
Speak English less than "very well"	146,029	127,874	14,694	7,728
French Creole:	146,029	127,874	14,694	7,728
Speak English "very well"	146,029	127,874	14,694	7,728
Speak English less than "very well"	146,029	127,874	14,694	7,728

Your file is complete.

Click 'Open' to view the file.

Some downloads can take a long time, depending on the number of geographies and tables included in your download.

OPEN CANCEL

Right click on the PDF & select "Save as" to name & save the document to your computer. This document should be emailed to support your four factor analysis.



B16001

LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER

Universe: Population 5 years and over

2011-2015 American Community Survey 5-Year Estimates

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

**Tell us what you think.** Provide feedback to help make American Community Survey data more useful for you.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

	Alamance County, North Carolina		Guilford County, North Carolina	
	Estimate	Margin of Error	Estimate	Margin of Error
Total:	146,029	+/-50	475,733	+/-57
Speak only English	127,874	+/-753	415,166	+/-1,982
Spanish or Spanish Creole:	14,694	+/-551	29,797	+/-1,154
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French (incl. Patois, Cajun):	339	+/-166	2,274	+/-683
Speak English "very well"	330	+/-167	1,410	+/-425
Speak English less than "very well"	9	+/-15	864	+/-535
French Creole:	19	+/-27	182	+/-85
Speak English "very well"	3	+/-6	88	+/-41
Speak English less than "very well"	16	+/-26	94	+/-58

### Option 1:

Multiple the Total by 5% or 0.05. In this example, 5% of Alamance County's population would be  $146,029 \times 0.05 = 7301$  people

To conduct the analysis, look down the estimate column for each "Speak English less than "very well"" entry to see if 5% or more of any language group does not speak English very well in that county. If any group equals or exceeds 5%, then the language access plan is required.

In this example, since "Spanish or Spanish Creole" is the highest non-English language group in Alamance county and 6,966 is LESS THAN 7301, no language access plan is required. To complete your four factor analysis, you must calculate, compare, and review each county in your service area. If 5% or more exists, then a language access plan must be created.

**Option 2:**

Another way to conduct the analysis would be to look at the largest populations, and divide the number that speak English less than very well by the total estimated population in the county.

For the Alamance County example, the # of Spanish or Spanish Creole individuals that speak English less than very well is 6,966.

Divide that number by the total estimated population of Alamance County, or 6,996 divided by 146,029. The % of Spanish or Spanish Creole individuals that speak English less than very well is 3.02%

Since this % is less than 5.0% threshold set by HUD, development of a Language Access Plan (LAP) is not required.

However, in all cases a member may voluntarily choose to create a LAP to better serve this segment of their county's population.

SELF-HELP LOAN POOL

**Cash Flow Worksheet for  
Calculating Borrower's Residual Income**





## Monthly Cash Flow FirstHome Mortgage Program

Grossing up of non-taxable income is not allowed (i.e., Social Security Income).

	Borrower	Co-Borrower
Gross monthly taxable income		
Less federal taxes		
Less state taxes		
Less social security taxes		
Less mandatory retirement plans		
Net Monthly taxable Income		
Add Non-taxable Income		
Total Net Monthly Income		

Circular E publication for federal and state should always be used. (Please do not use figures from pay stub).

Current SS taxes are 7.65% of monthly taxable income.

Total Net Income (borrower & co-borrower) combined	
Less total mortgage payment (PITI + HOA dues)	
Less Maintenance & utilities (square footage $\square$ x .14)	
Less other recurring expenses used in calculating debt ratio	
Less debts less than 10 months Remaining	
Less child care expense	
Balance available for family support	

### Balance Available for Family Support

Family Size	Loan Amount Below \$80,000	Loan Amount Equal to or Above \$80,000
1	\$382	\$441
2	\$641	\$738
3	\$772	\$889
4	\$868	\$1003
5	\$902	\$1039
6	\$977	\$1119
7	\$1052	\$1199

The balance available must meet or exceed the chart above to qualify for a down payment assistance loan.

DAP Loan

SELF-HELP LOAN POOL

**Recertification Form:  
Supplemental Home Buyer Education Completed  
*(NEW for 2020)***

## Recertification Form: Supplemental Home Buyer Education Completed

Loan pool borrowers who completed an approved Home Buyer Education course more than 12 months ago must receive Supplemental Home Buyer Education provided by a certified housing counselor.

\*\*\*\*\*

Loan Pool Borrower: \_\_\_\_\_

Anticipated Closing Date: \_\_\_\_\_

Certified Housing Counselor: \_\_\_\_\_

Agency: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

\*\*\*\*\*

I certify that the Loan Pool Borrower listed above received **Supplemental Home Buyer Education** from me on \_\_\_\_\_ (date) and, in my opinion, has a good understanding of the home buying process.

The topics covered included (*\*attached additional sheet if needed*):

\_\_\_\_\_  
Signature of Certified Housing Counselor

\_\_\_\_\_  
Date

SELF-HELP LOAN POOL

## Self-Help Loan Pool (SHLP) Contacts (UPDATED)

**Josh Burton, Team Leader HOC & Community Partner Coordinator**

919.877.5678

[jdburton@nchfa.com](mailto:jdburton@nchfa.com)

**Liz Hair, NCHFA Paralegal:**

919.877.5712

[echair@nchfa.com](mailto:echair@nchfa.com)

**Deborah Hamilton, Senior Program Documentation Specialist**

919.877.5709

[dmhamilton@nchfa.com](mailto:dmhamilton@nchfa.com)

**Kim Hargrove, Team Leader – Documentation & Compliance**

919.877.5682

[kchargrove@nchfa.com](mailto:kchargrove@nchfa.com)

**Rich Lee, Senior Community Partner Coordinator**

919.877.5688

[rylee@nchfa.com](mailto:rylee@nchfa.com)

**Vedera Mimms, Program Compliance Underwriter**

919.877.5655

[vcnimms@nchfa.com](mailto:vcnimms@nchfa.com)

**Laura Welk, Program Documentation Specialist**

919-981-2649

[lmwelk@nchfa.com](mailto:lmwelk@nchfa.com)

For more info on SHLP:

<http://www.nchfa.com/homeownership-partners/community-partners/community-programs/self-help-loan-pool>