

Solicitation for Public Comment

August 31, 2018

Downpayment Assistance Program Guidelines

As a part of the Downpayment Assistance Program funded in 2015, 2016 and Hurricane Harvey grants, the GLO requires the submission of program guidelines that will direct the program's administration and operations. These guidelines provide written direction on such items as the application and downpayment assistance process, property requirements, owner requirements, amount of assistance, and award determination. A copy of the Harris County Downpayment Assistance Program Guidelines can be found below.

[Draft Downpayment Assistance Program Guidelines](#)

A public hearing will be held on Thursday, September 13, 2018, at 6:00 PM at Harris County Community Services Department at 8410 Lantern Point Drive, Houston, Texas 77054.

Written and oral comments regarding the Draft Downpayment Assistance Guidelines will be taken at a public hearing scheduled for the following date, time and location. Additional written comments must be received by Harris County by 5:00 PM on September 30, 2018. Comments should be addressed to HCCSD Attn: Disaster Recovery, 8410 Lantern Point Drive, Houston, Texas or submitted to plancomments@csd.hctx.net.

Harris County will provide for reasonable accommodations for persons attending Harris County functions. Requests from persons needing special accommodations should be received by Harris County staff 24 hours prior to the start of the function. The public hearing will be conducted in English and requests for language interpreters or other special communication needs should be made at least 3 business days prior to a function. Please call 832-927-4700 for assistance or more information about this posting.



DOWNPAYMENT ASSISTANCE PROGRAM GUIDELINES

**for 2017 Community Development Block Grant – Disaster
Recovery (CDBG-DR)**

COMMUNITY SERVICES DEPARTMENT

HARRIS COUNTY, TX 8410 LANTERN POINT DRIVE, HOUSTON, TX 77054

Table of Contents

1.	Introduction.....	4
2.	Definitions	4
3.	Purpose and Program Scope	9
3.1.	Maximum Amount of Assistance.....	9
3.2.	National Objective	9
3.3.	Eligibility Overview.....	9
3.4.	Loan Forgiveness Period.....	10
3.5.	First Position Lenders.....	10
3.6.	Property Requirements Overview	11
4.	Program Administration and Application Process.....	12
4.1.	The Application Process.....	12
4.2.	The Lending Process	13
5.	Eligibility.....	14
5.1.	Basic Eligibility Criteria.....	14
5.2.	Income Eligibility and Targeting.....	14
5.3.	Recertification of Eligibility.....	15
5.4.	Using Income Limits for Targeting	15
6.	Duplication of Benefits	17
6.2.	Sources of Duplication of Benefits.....	17
6.3.	Adjustments and Offset to the Amount of Assistance	19
6.4.	Legal Fees.....	20
7.	HCDAP Case Management and Advisory Services.....	20
7.1.	Case Management and Advisory Approach.....	20
8.	Downpayment Loans	21
9.	Environmental Review (ERR) (24 CFR Part 58).....	22
9.1.	Reference Guide.....	22
10.	Lenders / Realtors / Builders.....	23
10.1.	Partner Expectations.....	23
11.	Closing	27
11.1.	Pre-closing.....	27
11.2.	Closing.....	27
11.3.	Post-Closing.....	27
12.	Records Management.....	28
12.1.	Record Retention Period.....	28

12.2. Protection of Confidential Information.....28

13. Appeals.....28

13.1. Grievance Policy/Procedure28

14. Affirmative Marketing/Fair Housing29

15. Compliance & Monitoring30

15.1. Conflict of Interest.....30

15.2. Section 331

15.3. Record Retention31

15.4. Closeout.....31

15.5. Anti- Fraud and Compliance Policies.....31

15.6. Contact.....31

DRAFT

Downpayment Assistance Program Guidelines

Harris County, Texas

1. Introduction

The Harris County Downpayment Assistance Program (HCDAP) is a program that will be administered by the Harris County Community Services Department (CSD). This program will work with participating lenders in the delivery of downpayment assistance to eligible homebuyers in Harris County.

These guidelines are intended to provide an overview of HCDAP as well as information to applicants, potential applicants, and participating lenders on the guidelines and requirements of the program. Funding for this program is made available through the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery (CDBG-DR) funds. The primary goal of this program is to increase the homeownership rate in Harris County while meeting the requirements set by the CDBG-DR National Objectives associated with the HCDAP.

Qualified applicants may be eligible to receive financial assistance in the form of a forgivable loan to be used towards a downpayment on a new or existing home, including eligible prepaids and/or closing costs. Assistance amount will be limited to the amount necessary to achieve homeownership. Assistance will be provided in the form of a deferred forgivable loan, secured by a deed of trust with a five (5) year affordability period.

2. Definitions

Acquisition – The utilization of CDBG-DR Disaster funds to acquire real property. Acquisition only is typically not considered a complete activity in the Program and must be combined with another eligible use (i.e. relocation assistance). The purchase price must be consistent with applicable uniform cost principals, and the pre-disaster Fair Market Value (FMV) may not be used.

Builder/Contractor – (Used interchangeably) A person who contracts to construct or repair houses or buildings and/or supervises building operations.

Builder Assignments – A qualified pool of builders developed by subrecipients or the GLO. They must also meet state and federal procurement requirements and possess controls that will ensure quality construction based on the Minimum Property Standards (MPS).

Case Management – Working with individual survivors and their families to understand the Program's housing options, resulting in clear and transparent determination of eligibility. Case managers must consider all special circumstances of the survivor's needs to decrease their barriers

to participate in the program where possible. Staff should meet at designated locations and supply information in a standard format.

Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts – All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property only if such property contains not less than 8 units.²

Duplication of Benefits – The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other source.

Elevation Standards – Standards that apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1).

Environmental Review – All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable state and federal laws.

Family – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well-being and the surviving member or members of any family described in this definition who were living in a unit assisted under the Housing Opportunities for Persons With AIDS (HOPWA) Program at the time of his or her death.

Federal Register (FR) – A daily publication of the US federal government that issues proposed and final administrative regulations of federal agencies.

Flood Disaster Protection Act of 1973 and Sec. 582(a) of the National Flood Insurance Reform Act of 1994 – Compliance with the legal requirements of Section 582(a) mandates that HUD flood disaster assistance that is made available in Special Flood Hazard Areas (SFHAs) may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (1) the person had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) that person failed to obtain and maintain flood insurance as required under applicable federal law on such property.

Flood Insurance – The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). In order to be able to purchase flood insurance, the community must

be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

Floodplain – FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

- “100-year floodplain” — the geographical area defined by FEMA as having a one percent chance of being inundated by a flooding event in any given year.
- “500-year floodplain” — the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flooding event in any given year.

Green Building Standards – All rehabilitation (meets the definition of substantial improvement), reconstruction, or new construction must meet an industry-recognized standard that has achieved certification under at least one of the following programs: (1) ENERGY STAR (Certified Homes or Multifamily High-Rise), (2) Enterprise Green Communities, (3) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), or (4) ICC– 700 National Green Building Standard.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the LMI of the household.

Housing and Urban Development Act of 1968, Section 3 – Requires program administrators ensure that training, employment, and other economic opportunities generated by HUD financial assistance shall be directed to the greatest extent feasible and consistent with existing federal, state, and local laws and regulations, to low- and very low-income persons. Recipients of Section 3-covered funding ensure compliance and the compliance of their contractors/subcontractors with the Section 3 requirements, as outlined in 24 CFR 135.32.³

Housing Quality Standards (HQS) – The HQS establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single-family homes and multifamily housing as outlined in 24 CFR 982.401.

Housing Unit – An owner-occupied housing damaged or destroyed by an event.

Low to Moderate Housing (LMH) National Objective – Any activity that involves the buyout, acquisition, or rehabilitation of property to provide housing or improve permanent residential structures will upon completion benefit and must be occupied by low- and moderate-income households (42 U.S.C. 5305(c)(3)). Income eligibility will be determined using Area Median Income (AMI), adjusted for family size and verified in accordance with GLO’s Adjusted Gross Income Methodology. The most current income limits, published annually by HUD, shall be used by the subrecipient or the state to verify the income eligibility of each household applying for assistance at the time assistance is provided.

Low to Moderate Income National Objective – Activities which benefit persons of income that does not exceed 80 percent of the area median income:

- Very low: Household’s annual income is up to 30 percent of the area median family income, as determined by HUD, adjusted for family size;
- Low: Household’s annual income is between 31 percent and 50 percent of the area median family income, as determined by HUD, adjusted for family size; and
- Moderate: Household’s annual income is between 51 percent and 80 percent of the area median family income, as determined by HUD, adjusted for family size.

Minimum Property Standards – The Minimum Property Standards (MPS) establish certain minimum standards for buildings constructed under HUD housing programs. This includes new single-family homes, multi-family housing, and health care type facilities as outlined in HUD’s 1994 Edition Handbook (4910.1).

Mitigation – Improvements made to reduce the possibility of property damage, personal and commercial hardship, as well as long lasting monetary burdens. For example, creating a flood mitigation program such as an acquisition of at-risk flood-prone property/housing, and elevation of housing in high-risk floodplains are two visible and effective mitigation projects that can be taken to make residents and communities safer in the face of natural disasters.

Modular Housing – A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

Multifamily Rental – Eight or more rental units in the property.

Needs Assessment – An assessment that determines the type of housing programs that will be offered equitably and based upon an objective assessment of unmet needs in the affected community’s population.

Participating Mortgage Lender – Participating Mortgage lender is a lender utilized by a program participant for the HCDAP.

Program Design – The selection and development of programs and activities based on a needs assessment. The Program Design must include the type of housing activities that will be offered by the subrecipient or the state; how the program will be marketed; how Fair Housing Objectives will be achieved, and how funding will be prioritized as determined through a needs assessment.

Program Income – Net income derived from the sale of program assets that exceeds \$35,000 in the aggregate, in a single fiscal year, received by the subrecipient and directly generated from the use of housing CDBG-DR funds.

Single Family Home – A single-unit family residence detached or attached to other housing structures.

Slum and Blight National Objective – Activities which help to eliminate slum and blighted conditions. (Use of this National Objective is limited due to its inability to contribute towards the

overall requirement for 70 percent LMI to benefit low- to moderate-income beneficiaries.) See 24 CFR 570.208(b).

Slum and Blight activities must meet the criteria of one of the three following categories:

- Prevent or eliminate slum and blight on an area basis;
- Prevent or eliminate slum and blight on a spot basis; or
- Be in an urban renewal area.

Subrecipient – Cities, counties, Indian tribes, local governmental agencies (including COGs), private nonprofits (including faith-based organizations), or a for-profit entity authorized under 24 CFR 570.201(o). The definition of subrecipient does not include procured vendors, private grant administrators, or contractors providing supplies, equipment, construction, or services and may be further restricted by Program rules or other guidance including applications. See vendor definition for further clarification.

Subrogation Agreement – An agreement executed by the beneficiary agreeing to repay any duplicative assistance if the beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

Trained Mortgage Lender – A mortgage lender that has received training on the HCDAP process and its requirements from CSD¹.

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA) – Applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program or projects. URA's objective is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to residential displacements in involuntary (49 CFR Subpart B) acquisition or multifamily damaged/occupied activities that require the relocation of the tenants. A displaced person is eligible to receive a rental assistance payment that is calculated to cover a period of 42 months, as waived by the FR.

Unsecured Forgivable Promissory Note – Is an agreement between the assisted beneficiary and Subrecipient/GLO that requires applicants to comply for several terms during a set affordability period. At the end of the affordability period the terms are forgiven after they are met by the homeowner.

Urgent Need National Objective – An urgent need that exists because conditions pose serious and immediate threat to the health or welfare of the community; the existing conditions are recent or recently became urgent; and the subrecipient cannot finance the activities on its own because

¹ Participants are not required to utilize a trained mortgage lender, however, CSD will recommend that lenders chosen by participants that have not been trained attend a training session and will still be held to the same program requirements

other funding sources are not available. Subrecipients or the state must document how each program and/or activity funded under this category responds to a disaster-related impact.

3. Purpose and Program Scope

The primary objectives of the Harris County Downpayment Assistance Program (HCDAP) are:

- To disburse a portion of the Harris County CDBG-DR² (P.L. 115-56) grant funds to provide homeownership opportunities to eligible applicants;
- To increase the number of affordable housing units in the County;
- To improve the opportunities for homeownership for Low and Moderate Income (LMI) families.
- To assist individuals who participated in the Harris County Buyout Program with purchasing new housing

3.1. Maximum Amount of Assistance

Eligible homebuyers can qualify for a forgivable loan of up to \$35,000 to either purchase an existing property or contract to build a new home on a vacant parcel. The HCDAP loan may be used to provide down payment assistance up to \$35,000 including reasonable prepaids and/or closing costs and principal reductions.

3.2. National Objective

The national objectives to be utilized for this program include Low-Mod Housing and Urgent Need per 24 CFR part 570.208.

3.2.1. Low Mod Housing

Households who meet the income requirements of a Low- and Moderate-Income person. A Low- and Moderate-Income person is defined as a member of household having income less than 80 percent of the median family income as determined by HUD for Harris County.

3.2.2. Need

Projects for households with income over Low and Moderate-Income threshold will fall under the Urgent Need national objective. Urgent needs are those needs that have a particular urgency because existing conditions pose a serious and immediate threat to health or welfare of the community, and other financial resources are not available to meet such needs.

At least 70% of CDBG Disaster funds allocated to the State of Texas must benefit low and moderate-income households. If a homeowner does not meet the criteria for low and moderate income, they must have annual income below 120% of the AMI to meet the national objective of Urgent Need.

3.3. Eligibility Overview

To qualify for HCDAP, an applicant and/or property must meet the following minimum criteria:

² Harris County CDBG-DR funds are received through an allocation made by the Texas General Land Office in the State Plan for Harvey Recovery as approved by the U.S. Department of Housing and Urban Development

- Household income cannot exceed 120% of the area median income for Harris County;
- Applicant must be able to secure a first mortgage from a financial/mortgage institution;
- Applicant must complete and submit all documentation required by HUD, GLO, and CSD;
- The property must be located within Harris County, Texas and cannot be located within the city limits of Houston.
- See section 5 for additional eligibility requirements

3.4. Loan Forgiveness Period

The HCDAP is made available for eligible homebuyers in the form of a 0% interest, forgivable loan. The loan does not require monthly payments and is forgiven over an affordability period of five (5) years.

Table 1

Homeownership Assistance Amount	Affordability Covenant Period	Loan Forgiveness Rate per Year
Up to \$35,000	5 Years (with a Lien)	< 1 Year - 0%
		Year 1 - 20%
		Year 2 – 40%
		Year 3 – 60%
		Year 4 – 80%
		Year 5 – 100%

If the homebuyer violates the terms and conditions of the loan CSD may recapture the entire amount or a portion of the loan. A deed restriction is placed on the property that provides for the recapture of the subsidy if the homebuyer:

- Sells the property within the affordability period;
- Is foreclosed on by another mortgage holder;
- Ceases to use the property as their principal residence;
- Fails to maintain required flood and/or wind storm insurance (as applicable) and homeowner insurance for the affordability period

3.5. First Position Lenders

Lenders that are acceptable for writing loans for the HCDAP include: Commercial Banks, Savings Banks, Savings and Loan Associations, Credit Unions and Mortgage Brokers. Those that will be considered on a case by case basis, depending on proposed Interest Rate and Repayment Terms, are: Non-Profit/Not for Profit Organizations, and Other Commercial Entities. Acceptable loan terms are 15 – 30 years, with the loan fully amortized at the end of the loan period. Interest rates and fees are required to fall within the usual and customary range for the program (see section 10).

3.6. Property Requirements Overview

Homebuyers may purchase an existing home, defined as a property with, at minimum, a foundation or may contract for new construction of a home on a vacant parcel. The maximum purchase price for homes utilizing HCDAP loans is \$331,200³. The buyer must be approved by a financial institution for the amount of the first mortgage before the HCDAP loan will be available to the buyer.

Properties must:

- Be in an eligible area
- Must pass an environmental assessment
- Must pass a final inspection
- Must be built no earlier than 1978

Properties must be either pre-existing housing (built no earlier than 1978), or new construction. They may take the form of single-family dwelling unit, condominium, or townhouse. (See the CSD's Minimum Acceptable Property Standards for Acquisition of Existing Single-Family Housing or Minimum Acceptable Property Standards for New Construction and Acquisition of New Construction Housing)

3.6.1. Displacement

The acquisition of any property in this program cannot result in the displacement of the present tenant. Any property purchased through the HCDAP must comply with the HUD Displacement, Relocation and Acquisition requirements as well as the Uniform Relocation Act. Seller must sign Notice to Seller of Real Property.

3.6.2. Inspections

All properties must pass a final inspection performed by CSD. Depending on the type of home (pre-owned or new construction) certain inspections will be needed before funding is released. All rehabilitated (meets the definition of substantial improvement), reconstruction or new construction must meet the County's Inspection Standards which are outlined in CSD's Minimum Acceptable Property Standards for Acquisition of Existing Single-Family Housing and Minimum Acceptable Property Standards for New Construction and Acquisition of New Construction Housing. Participants should not rely on CSD inspections for all aspects of the home and are encouraged to have a TREC (Texas Real Estate Commission) inspection completed.

³ Amount is based on the FHA mortgage limit for a single-family home

4. Program Administration and Application Process

The Harris County CSD administers the HCDAP in coordination with the applicants selected mortgage lender. Upon request, CSD will meet and train lenders in the CSD HCDAP process prior to submission of an applicants' request for HCDAP assistance. Coordinating the provision of assistance with applicant's choice of lender leverages the lenders underwriting expertise and capabilities and allows CSD the ability to review mortgage terms for compliance with HCDAP program guidelines, and confirm the necessary gap assistance to allow the buyer to achieve homeownership.

4.1. The Application Process

To qualify for HCDAP assistance to purchase a home, an applicant must meet the following requirements:

- Household annual income cannot exceed 120% of the area median income (AMI) for Harris County
- Applicant must have the financial ability to secure a first mortgage with a financial/mortgage institution. (HCDAP funds can be used for down payment assistance, prepaids, principal reduction, and/or closing costs)
- Applicant shall provide documentation required by the U.S. Department of Housing & Urban Development (HUD) and documentation required by CSD and GLO.

4.1.1. Application Process Overview

Below is a summary of the application process for the HCDAP program:⁴

1. Pre-Application Advisory Services
 - a. For interested applicants that contact CSD for assistance, CSD will provide the interested applicant with an overview of the program as well as a list of participating lenders that can be utilized for the HCDAP. Additional lenders may be utilized for the HCDAP after completing the required lender training.
2. Application Submission
 - a. Lender submitted completed application packet on behalf of the applicant that includes a prequalification letter. Used to collect required information, certifications, authorizations, and supporting documentation/verifications used to determine program eligibility
3. Applicant Evaluation & Eligibility Determination
 - a. Verification and calculation of household income, review citizenship status, clear title and current on property taxes and child support payments, determine property location/eligibility, ownership status, etc.
 - b. Complete program documents with case manager/assess need for relocation advisory services⁵
4. HCDAP Program Briefing
 - a. Briefing session will be conducted to inform eligible applicants of their requirements to receive downpayment assistance through the HCDAP
5. Environmental/Historical Review—a environmental and historical review checklist is completed on the home to be purchased.

⁴ CSD may maintain a waitlist of applicants if demand for DAP funding exceeds the funds available in the program.

⁵ Related to tenant occupied properties being purchased through the HCDAP

6. Final Determination of Assistance Amount
 - a. CSD staff reviews mortgage lender packet once applicant's mortgage loan is approved by Lender
 - b. CSD staff to calculate the total amount of assistance (including prepaids, principal reductions, and/or closing costs) to be awarded to the participant that will be listed in the final award letter sent to the lender
 - c. CSD prepares HCDAP agreement, to be executed at closing, that includes the final award amount and all notes and stipulations regarding the affordability period
7. Compliance & Monitoring
 - a. Annually, homebuyer must confirm residency and occupancy of the home as their primary residence, and the continuation of hazard, flood, and windstorm insurance as applicable.

4.2. The Lending Process

- The prospective homebuyer(s) will be encouraged to attend and receive certification from a HUD Approved Counseling Agency before filing an application with an Approved Mortgage Lender.
- The prospective homebuyer(s) will be assigned a Harris County Case Manager to aid them in navigating the process and the options.
- The prospective homebuyer(s) who is interested in the program will go to a trained Mortgage Lender, or lender of their choice⁶, and complete the Downpayment Assistance Program Registration Form and Total Family Income Worksheet with the participating Mortgage Lender.
- If it is determined that the prospective homebuyer(s) is initially eligible by the participating Mortgage Lender, then the participating Mortgage Lender will forward the documents to CSD for review and eligibility confirmation. At this point, the Program Administrator will review the documentation and contact the prospective homebuyer(s) to schedule an interview. Interviews will be scheduled by appointment only.
- There is a forty-five (45) day limitation for processing mortgage assistance applications from the time of eligibility determination to closing with the exception of emergency causes beyond the control and without the fault or negligence of the Approved Mortgage Lender or Homebuyer. The forty-five (45) day processing begins the day CSD receives the applicant(s) file from the Approved Mortgage Lender.
- The Earnest Money Contract must be finalized by the Seller and the Buyer with the final purchase price included in the contract. The contract must be legible and cannot have any cross-outs or initials on the purchase price or be changed during the qualifying and closing process.
- Due to HUD funding guidelines, the homebuyer is not allowed to receive any cash back in the mortgage purchase, subordination agreements, etc.
- At the scheduled interview, the prospective homebuyer(s) will meet with the one of the Lending Services Staff and provide all necessary documentation as well as sign all forms. The homebuyer(s) will be provided a letter requesting current contact information such as new telephone numbers, etc. at the time of the purchase of the

⁶ If an applicant chooses a different lender, that lender will be provided the required training for program requirements

home. The homebuyer(s) will be provided contact information for possible alternatives to consider if they are having problems with making mortgage payments and the property is being considered for foreclosure.

- CSD can disapprove an applicant(s) based on but not limited to: poor credit history such as bankruptcies charged off rent and utilities, delinquent student loans, tax liens, etc.; fraudulent information provided on any documents; do not meet eligibility income requirements.
- If approved, the Program Administrator will issue a final letter of approval to the Approved Mortgage Lender and forward a copy of the letter to the homebuyer(s).
- The Approved Mortgage Lender must provide to CSD on the lender's letterhead (signed and dated) clearance against both the Excluded Parties Listing (found at [Sam.Gov](#)) and the Office of Foreign Asset Control (OFAC) listing concerning the submitted homebuyer's application.
- The Approved Mortgage Lender needs to fax or email the Single-Family Home (SFH) Inspection Request Form to CSD for the property inspection **at least ten (10) days prior to closing**.
- After a final letter approval is sent out by CSD and funding is ready, it is the responsibility of the Approved Mortgage Lender to schedule a time and date of closing with the title company. Once this is set, the title company should contact the Program Administrator at least twenty-four (24) hours in advance to make arrangements for pickup of the DAP check. The title company instructions and second-lien deferred, loan documents and homebuyer agreement, will be emailed to the Approved Mortgage Lender and the title company.
- On the scheduled closing date, the title company (or Approved Mortgage Lender) will forward the Loan Disclosure to CSD for approval. After approval, the Loan Disclosure will be forwarded to the title company and closing will proceed.
- The CSD Director and its designee's have authority to approve and sign all documents related to the HCDAP.

5. Eligibility

Every applicant to the HCDAP must meet all program eligibility requirements.

5.1. Basic Eligibility Criteria

To be eligible for the HCDAP program the applicant must:

- Qualify as a family as defined by HUD and CSD.
- Have household income that does not exceed 120% of the median income for Harris County.
- Qualify on the basis of citizenship or the eligible immigrant status of family members.
- Provide social security number information for household members as required.
- Consent to CSD's collection and use of family information as provided for in CSD-provided consent forms.

5.2. Income Eligibility and Targeting

5.2.1. Income

HCDAP requires that each applicant household provide their household income for purpose of determining their eligibility to receive assistance. Income amounts will be verified through the

Income Policies and Procedures. The Department of Housing and Urban Development's (HUD) Income Calculator or a similar calculator tool will be used to determine if applicant meets HUD's low to-moderate income criteria. The program will use the 24 CFR Part 5 definition of annual income. **(See Income Policies and Procedures)**. Household income must not exceed the low-income limit (80 percent of area median income) for the area for LMI households and 120-percent for Urgent Need households. Income limits are established by HUD and updated annually.

Income limits are used only in determining a family's eligibility for the HCDAP. Income eligibility is determined by comparing the annual income of an applicant to the applicable income limit for the family size.

5.3. Recertification of Eligibility

CSD has determined that the initial determination of an applicant's eligibility will be valid for a period of twelve months from the date of the notice of eligibility. If the applicant does not close on a home and use the HCDAP assistance in that period of time, the approval of eligibility will be withdrawn, and the applicant may be required to submit a new application and documentation. All information provided in the new application will be verified and the applicant will be provided a new notice of eligibility or non-eligibility depending on the current circumstances. This process is considered to be a recertification of eligibility for HCDAP assistance.

5.3.1. Recertification Process

CSD will conduct a recertification of applicant eligibility including income, family composition and circumstances if the applicant does not close on a HCDAP loan within twelve months from date of notice of eligibility. The applicant will be required to 1) Certify that there has been no changes in family composition, circumstances or income that may affect his/her eligibility for the HCDAP assistance; OR 2) If there are any changes to family composition, circumstances or income, a new application process including verification of information will be necessary. This process will include gathering and verifying current information about family composition, income, and circumstances.

5.4. Using Income Limits for Targeting

At least 70 percent of the families assisted by CSD's HCDAP must be low-income families (defined as income not exceeding 80 percent of median income for Harris County). CSD maintains records of families' income and tracks the distribution of assistance to ensure this income targeting requirement is met. There may be times where CSD must limit or postpone processing of applicants whose income exceeds the 80% limit in order to meet the income target requirement, if this occurs, these families will be notified.

5.4.1. Citizenship

The homeowner must be a United States citizen, or an eligible immigrant as verified by a signed declaration and one of the following:

1. U.S. Citizen
 - a. A United States Passport
 - b. Birth Certificate

- i. In the absence of a birth certificate, an elderly applicant may substitute a Social Security Benefits Determination document for the birth certificate.
 - c. Certificate of Naturalization
 - 2. Eligible Immigrant
 - a. Form I-551 Alien registration receipt card / Permanent Resident Card
 - b. Form I-94 Arrival Departure Record annotated with one of the following:
 - i. Admitted as a Refugee Pursuant to Section 207
 - ii. Section 208
 - iii. Section 243 (h) or “Deportation” stayed by Attorney General
 - iv. Paroled Pursuant to Section 221 (s)(5) of the USCIS
 - c. Form I-94 Arrival-Departure Record with no annotation accompanied by:
 - i. A final court decision granting asylum (only if no appeal is taken)
 - ii. A letter from an USCIS asylum officer granting asylum (if application is filed on or after 10/1/90) or from an USCIS district director granting asylum (application filed before 10/1/90)
 - iii. A court decision granting withholding of deportation
 - iv. A letter from an asylum officer granting withholding or deportation (if application filed on or after 10/1/90)
 - v. A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant’s entitlement to the document has been verified.

DRAFT

6. Duplication of Benefits

Federal law prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source. A duplication of benefits (DOB) occurs when:

- a beneficiary receives assistance, and
- the assistance is from multiple sources, and
- the assistance amount exceeds the need for a particular recovery purpose

To ensure that Harris County does not provide a duplication of benefits, the County will adhere to the following general process:

1. determination of the applicant's total need
2. identify all potentially duplicative assistance
3. determine whether assistance was duplicative
4. deduct duplicative assistance from the applicant's total need

6.1.1. Recapture Duplication of Benefits

If a duplication of benefits is identified, Harris County will recapture funds to the extent they are in excess of the need and duplicate other assistance received by the beneficiary for the same purpose.

6.2. Sources of Duplication of Benefits

The following are sources of funding assistance provided for structural damage and loss that are considered a duplication of benefits (DOB). Under federal law DOB must be deducted from the assistance amount (the amount that will be offered for the purchase of the home): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Small Business Administration (SBA) and other sources. Assistance received in the form of services instead of money, for home repairs from any source is not considered a duplication of benefits. Any additional duplication of benefits received by the applicant after the offer for purchase has been extended, the funding for the purchase of the home has been awarded or the purchase transaction has occurred, must be applied to reduce the award amount. Funds received from any source including flood insurance, FEMA and hazard insurance that were used to cover repair to the applicant's home do not reduce the amount of disaster assistance if the evidence of expenditures at least equals the amount of assistance. Documentation must be provided demonstrating the cost and type of repair conducted. Harris County will conduct a work write-up that will inspect, confirm and estimate value of repairs based upon applicant's statement of repair work already completed.

6.2.1. FEMA Individual Assistance (FEMA IA)

FEMA IA will be determined and verified by Harris County through the FEMA database. If Harris County is unable to verify the FEMA IA amount through the FEMA database, Harris County will use the payment amount provided by the applicant at the time of application. If an applicant is able to provide documentation demonstrating that the FEMA IA amount provided by the FEMA database includes amounts not paid to cover structural loss, Harris County will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

6.2.2.FEMA National Flood Insurance Program (NFIP)

Harris County will check all applicants for NFIP to verify whether they maintained flood insurance. Any payments for loss to the dwellings under NFIP insurance policies are deducted from the amount the applicant is eligible to receive. Payments for contents or other expenses are not deducted from the applicant's award.

The payment to applicants under NFIP policies will be determined and verified by Harris County through the FEMA database and cross referenced with Texas GLO data. If Harris County is unable to verify the NFIP insurance proceeds through the NFIP database, Harris County will use documentation supplied by the applicant. If an applicant is able to provide documentation demonstrating that the insurance proceeds amount provided by the FEMA database includes items not covered in the home evaluation or not paid to cover structural loss, Harris County will use the documentation provided by the applicant to adjust the insurance payout. The documentation provided by the applicant must come from the insurance company which issued the payments.

6.2.3.Increased Cost of Compliance (ICC)

The program will determine duplication of benefits regarding Increased Cost of Compliance funds for elevation and/or demolition activities.

If severe property damage occurs as a result of flooding, before repair or rebuild activities can occur, it may be required by law that the damaged property meet community ordinances and/or state floodplain management standards. ICC coverage provides funding to help cover the costs of meeting those requirements with the intent aimed at reducing future flood damage. ICC coverage is separate from and in addition to insurance coverage that provides for structural or personal flood damage repairs.

6.2.4.Private Insurance

All private insurance settlement amounts for loss to dwellings are deducted from the applicant's award. Private insurance payments for contents or other expenses such as fences, storage sheds, etc., are not deducted from the applicant's award.

Insurance proceeds are determined and verified by Harris County through the applicant's insurance settlement. If an applicant is able to provide documentation demonstrating that the insurance proceeds amount provided by the insurance company includes items not covered in the home evaluation or not paid to cover structural loss, Harris County may use the documentation provided by the applicant to adjust the private insurance DOB. Mold remediation is not included in the home evaluation. Therefore, insurance payments to cover mold remediation are not deducted from an applicant's funding assistance award. The documentation provided by the applicant must come from the insurance company which issued the payments.

6.2.5.Small Business Administration (SBA)

SBA loan proceeds available to the applicant are a duplication of benefit (DOB). Any proceeds available for repair to the dwellings less any verifiable expenditures used for temporary repairs to the dwelling under Small Business Administration Disaster Assistance are deducted from the amount the applicant is eligible to receive. Payments for contents or other expenses are not deducted from the applicant's award.

6.2.6. Other Sources of Duplication of Benefits

Following a disaster, charitable organizations provide many kinds of contributions, including donations, grants, or loans among other types of assistance. Grants and cash donations designated for specific eligible work, even when provided from non-Federal sources, but designated for the same purpose as Federal disaster funds generally are considered a duplication of benefit. Grants and cash donations received for unspecified purposes (e.g., "for disaster recovery/relief efforts"), or for work not eligible for federal assistance, do not constitute a duplication of benefits.

6.3. Adjustments and Offset to the Amount of Assistance

Adjustments and offsets are deducted from the award amount.

No receipts provided

If the household is unable to provide receipts to show work completed for assistance amounts received for housing repair and/or replacement, the full amount of housing repair and/or replacement assistance previously received must be deducted from the amount of funding for which the household would otherwise be eligible.

Partial receipts provided

If partial receipts are provided by the household documenting that only a portion of the housing repair and/or replacement assistance previously received was used as intended, the amount received not supported by receipts must be deducted from the amount of funding for which the household would otherwise be eligible.

All receipts provided

If receipts are provided by the household documenting that the full amount of housing repair and/or replacement assistance previously received was used as intended, no deduction is made from the award amount for which the household is eligible.

In instances where no receipts or only partial receipts were provided by the homeowner, Harris County may consider self-certifications when calculating the amount of assistance that can be provided. In these instances, the following requirements apply:

1. The homeowner must provide a signed self-certified statement that documents in detail all labor and or repairs made to the damaged property following the hurricane; **and**
2. A Certified Inspector must determine with reasonable assurance that the repairs were made after the date of the hurricane; **and**
3. Harris County will document, through photographs, the repairs that were made.

A Certified Inspector(s) is a person or persons hired by Harris County, qualified to inspect for labor and/ or repairs made to the damaged home in the absence of receipts. In conjunction with site inspections, self-certified statements of homeowners must be reviewed in detail by a Certified Inspector to determine:

1. Whether the home was repaired;
2. Whether the repairs could be reasonably determined as occurring after the hurricane; and
3. A reasonable value of the cost of repairs to the home (including labor).

Although Rental Assistance is not considered to be a source of DOB under this Program, temporary housing expenses can offset the potential DOB amount. To offset the total amount, the following applies:

1. The offsetting amount would be the amount of documented expenses that **exceed** the amount received for Rental Assistance.
2. Self-certifications of the amount spent on or the value of rental resources obtained **is not sufficient to off-set potential DOB**.

Applicants can provide documentation for allowable activities to off-set potential DOB. Allowable activities are temporary housing such as rent, hotel stays and applicable utilities that occurred because of temporary displacement from their primary residence because of the disaster. Eligible temporary displacement is from the time of the storm until the date of the verification letter. Evacuation costs are not eligible for DOB Offset.

If an applicant was a victim of contractor fraud, the amount paid to the contractor may not be counted as a duplication of benefit. The applicant would have had to file a police report before the date of the application submitted. If an applicant's mortgage company placed a force payment on insurance proceeds, the insurance amount may not count as a duplication of benefits. The applicant would have to provide the document proving that that the mortgage company did not release the insurance proceeds.

6.4. Legal Fees

Legal fees that were paid to successfully obtain insurance proceeds will be credited to applicant and will not be deducted as part of the duplication of benefits calculation. Applicants must provide evidence of payment and self-certify in accordance with Harris County policy in order to be credited.

Tax filings related to losses to the home do not affect funding assistance awards and are not considered a duplication of benefits. Applicants should consult a personal tax consultant about any tax related matters.

7. HCDAP Case Management and Advisory Services

Homeowners reeling from a disaster typically find it difficult to understand the complicated processes and procedures needed to participate in recovery programs as they look to rebuild or relocate to permanent housing. To reduce confusion and stress for those owners wishing to participate in the HCDAP, Harris County will provide comprehensive case management and advisory services to aid them through the entire process.

7.1. Case Management and Advisory Approach

As soon as feasible after the homeowner submits a HCDAP application, the County will contact the owner to discuss their needs, preferences and concerns. A case manager will be available to each homeowner to assist the owner throughout the various stages of the application, housing search and close out process.

Relocation advisory services will also be made available to tenants who are displaced from their residence as a result of their home being sold because of participation in the HCDAP. For example, a participant receiving downpayment assistance purchases a replacement home that is

currently occupied by a tenant and the tenant is forced to move from their home as a result of the sale. The tenant may be eligible for relocation services in accordance with the Uniform Relocation Act.

8. Downpayment Loans

8.1.1.1. Prior to Approval of HCDAP Loan

Before an applicant is approved for a HCDAP loan, all information provided by each applicant will be verified and maintained in the applicant's program file. The information to be provided includes, but is not limited to, family composition, citizenship status, annual income of household, and prior criminal activity

8.1.1.2. Following Approval of HCDAP Loan

An applicant approved for a HCDAP loan will be subject to certain terms once they purchase and close on their new home. These terms are made a part of the HCDAP agreement and include:

- There will be a 5-year affordability period.
- A lien will be placed on the property providing for recapture of the HCDAP loan if the assisted homebuyer sells the property, is foreclosed on by another mortgagee, or does not occupy the property as the principal residence.

8.1.1.3. Recapture and Repayment

If a home that was purchased through HCDAP is sold during the affordability period, including by a "short sale," foreclosure by trustee's sale, or a deed in lieu of foreclosure, CSD will recapture a portion of the loan:

- The recapture will be calculated based on the date of the sale and the amount of assistance received. (see table 1)

Any homeowner found to have rented the unit or vacated the unit during the period of affordability will be found to be noncompliant with the principal residency requirement and may be required to make full repayment to the County.

9. Environmental Review (ERR) (24 CFR Part 58)

9.1. Reference Guide

The Community Development Block Grant – Disaster Recovery program requires that the environmental effects of each activity carried out with CDBG-DR funds be assessed in accordance with the provisions of HUD’s regulations covering National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD’s implementing regulations at 24 CFR Parts 50 and 58. Activities are limited pending clearance of the environmental review.

Due to the importance of the environmental review to CDBG-DR-assisted programs, the following is designed to help those obtaining information for and, performing environmental reviews to understand the relevant legislation and regulations as well as provide helpful hints to ensure the accuracy and promptness of an environmental review.

9.1.1. Environmental Reviews must be completed before:

- Any commitment of CDBG-DR funds. This includes the expenditure of CDBG-DR funds for activities exempt from further review, such as administrative activities
- Any commitment of non-Federal funds that would have an adverse environmental impact or limit the choice of alternatives for a CDBG-DR-funded project.
- Any choice limiting actions is taken pending approval of the Environmental review by CSD, GLO, and by HUD. A choice limiting action is any action that will reduce or eliminate the opportunity to choose alternatives – i.e. acquisition of real property; leasing property; rehabilitation, repair, demolition, construction of buildings or structures; relocating buildings or structures, conversion of land or buildings/structures

10. Lenders / Realtors / Builders

For the HCDAP to be successful, it is important to have strong partners in the community to assist eligible applicants to purchase an existing home or build a newly constructed dwelling. All partner organizations/firms should have their representatives or employees understand that noncompliance actions such as offering bribes, requesting special treatment, or subverting the program processes is strictly prohibited under the regulations governing the HCDAP. The County expects all partners to comply with these regulations. Non-compliance may result in suspension or debarment from program participation for the individual or the firm they represent depending on the seriousness of the situation.

10.1. Partner Expectations

Consequently, CSD has identified expectations for each of its primary partners:

- **Lenders** (financial institutions and mortgage companies) that will provide first position mortgages to qualified buyers;
- **Realtors** that will assist qualified buyers to find and select an existing property or a vacant parcel for new construction;
- **Builders** that will work with qualified buyers to design and build new homes on vacant parcels within the designated area.

10.1.1. Lenders

One of the requirements for HCDAP eligible applicants is that they are financially able to secure a first mortgage with a financial institution or mortgage company. CSD provides training reviewing the program and requirements, and expects that each of the lenders working with HCDAP assisted homebuyers will operate within the following parameters:

- Lenders should ensure that each employee and/or person that works with a HCDAP assisted buyer is able to render the services in a professional and competent manner. Lenders will be certain that each such person and/or employee has obtained, possesses and maintains any and all required licenses, certifications, registrations and or permits required under all applicable laws, rules and regulations to perform the work necessary. Each Lender understands that they are responsible for the work of their designated employees/persons.
- Lenders are expected, at all times, to comply with all rules, laws, and regulations affecting the related work.
- Each Lender is encouraged to conduct homebuyer education seminars for eligible HCDAP program applicants. A lender may subcontract these seminars to a qualified housing counseling organization if they do not have this capability within their organization.
- Lenders shall provide information on the types and requirements of each of the lenders' financial options available to eligible HCDAP applicants. Lenders will process and review the lender application of any HCDAP applicant in order to determine such person's eligibility under the lenders' financial options available.
- Lenders will coordinate its first trust deed loan applications with CSD's processes and procedures and will obtain from the prospective borrower all documents and information required for the application for (and receipt of) a mortgage loan.

- Lenders will perform all investigations and verifications that would normally be performed for underwriting a mortgage and will notify the borrower and CSD in writing of any decision to cancel processing an applicant. Lender will conduct such reasonable investigation necessary to certify that the applicant has satisfied the requirements of the applicable financing option selected in accordance with the Lenders policies and temporary and permanent regulations issued pursuant to the Internal Revenue Code.
- Lender shall submit complete loan application packages to CSD in a timely manner so that HCDAP funds are available and can be provided for an efficient closing.
- Lenders warrants familiarity with all provisions of state and federal laws applicable to mortgage origination and lending as well as all policies established by CSD with respect to CSD's Homebuyer Assistance Program (HCDAP). Lender will agree to comply with all applicable federal and state laws, regulations and all policies established by CSD.
- Lenders providing first mortgage loans agree to abide by all Fair Housing and Lending requirements and to uphold the quality standards of the HCDAP.

10.1.1.1. Predatory Lending

Harris County does not condone unscrupulous actions carried out by a lender to entice, induce and/or assist a borrower in taking a mortgage that carries a high interest rate and fees or place the borrower in a lower credit rated loan to the benefit of the lender. All homebuyers receiving assistance through the down payment assistance program must have mortgages consistent with the following:

- No adjustable rate mortgages.
- No excessive fees. Mortgage Lender's fees must not exceed 1% origination and 1% processing and administrative fees therefore lender fees are restricted to no more that 2% of the loan amount.
- Seller is required to pay the owner's title policy. Exceptions will be granted on an as needed basis.
- No Balloon loans.
- No prepayment penalty that requires you to pay a steep fee before refinancing.
- Interest rate being no more than 2% over the market interest rate (updated regularly).

10.1.2. *Realtors*

While CSD will not make any referrals to, or offer recommendations on, any realtor or real estate firm to HCDAP applicants, CSD encourages members of the realtor profession to work with and assist HCDAP eligible homebuyers in their search for either an existing structure or a vacant parcel on which the homebuyer will build a new structure. CSD recognizes that professional real estate agents have a national, as well as a TREC code of ethics, and requires that each realtor working with a HCDAP eligible homebuyer will adhere to the code of ethics, specifically:

- When representing a buyer, seller, or other client as an agent, realtors protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve realtors of their obligation to treat all parties honestly. When serving a buyer, seller, or other party in a non-agency capacity, realtors remain obligated to treat all parties honestly.
- Realtors will avoid egregious exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. Realtors will not be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.
- Realtors will cooperate with other realtors or brokers except when cooperation is not in the client's best interest.
- Realtors will not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, realtors will reveal their ownership or interest in writing to the purchaser or the purchaser's representative.
- Realtors will not provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.
- When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), realtors will disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the realtor or their firm may receive as a direct result of such recommendation.
- In a transaction, realtors will not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the realtor's client or clients.
- Realtors will keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.
- Realtors, for the protection of all parties, will assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement will be furnished to each party to such agreements upon their signing or initialing.

10.1.3. Builders

There are many opportunities in the designated area for new homebuyers to purchase a vacant parcel and select and build a new home for their families. While CSD will not make any referrals to or offer recommendations on any home builder to HCDAP applicants, CSD encourages members of the home building profession to work with and assist HCDAP eligible homebuyers. CSD will be procuring for builders utilized in county sponsored developments.

CSD expects that each builder working with a HCDAP eligible homebuyer will specifically understand:

- That a home builder's primary responsibility is to their customer.
- That each home builder will comply with the letter and the spirit of all federal, state, and local laws and the policies of CSD's HCDAP.
- Treat each HCDAP applicant in a professional, fair, and honest manner.
- That the high standards of health, safety, and sanitation will be built into every home.
- Home builders will deal fairly with their respective employees, subcontractors, and suppliers.
- All construction work and related services will meet or exceed industry standards.
- That, to the best of their ability, home builders will ensure that every home purchaser will get the greatest possible value for their money.
- That, should there be any defects in materials or workmanship that is the responsibility of the home builder, these will be corrected in a timely manner.

Further guidance on builder requirements can be found in CSD's Minimum Acceptable Property Standards - New Construction of Housing and Acquisition of New Construction.

11. Closing

CSD will require documentation prior to, during, and after the closing of the purchased property.

11.1. Pre-closing

Prior to closing CSD will require:

- A review of the lenders proposed HUD-1 Settlement Statement
- HCDAP Agreement
- Subrogation agreement

Subrogation Agreement

Subrogation is the process by which duplicative assistance paid to the Property Owner after receiving an award is remitted to the Program to rectify a duplication of benefit. All applicable claims (including insurance payments, unpaid claims, lawsuits, and settlements) paid to applicants not included in the original benefit determination calculation and/or received after their closing appointment, must be subrogated to the Program to prevent a duplication of benefits.

Cooperation and Further Documentation

The Property Owner agrees to assist and cooperate with Harris County should Harris County elect to pursue any of the claims the Property Owner has against the insurers for reimbursement under any such Policies. The Property Owner's assistance and cooperation includes allowing suit to be brought in the Property Owner's name(s), giving depositions, providing documents, producing records and other evidence, testifying at trial and any other form of assistance and cooperation reasonably requested by Harris County. The Property Owner further agrees to assist and cooperate in the attainment and collection of any proceeds that the Property Owner would be entitled to under any applicable FEMA or SBA Programs. The Property Owner agrees to take necessary actions and to execute additional documents at Harris County's request to assign Property Owner's insurance policies to Harris County, to the extent of the funds granted to the Property Owner under the Program and/or the disaster relief funds from FEMA or SBA.

Authorization for Program to Contact Third Parties

The Property Owner explicitly allows the Program to request of any company with which the Property Owner held Policies or FEMA or SBA, any non-public or confidential information needed by the Program to monitor/enforce its interest in the rights assigned to it under the Consent and Release Agreement, and to give the Property Owner's consent to such company to release said information to the Harris County Buyout Program.

11.2. Closing

CSD will work with the applicants chosen lender and title company to ensure the availability and transfer of the downpayment funds.

11.3. Post-Closing

Following closing, CSD will conduct the following actions:

- An annual affordability letter will be mailed to the new homebuyer(s) that will provide for compliance to the Second Lien Deed of Trust that the property is currently their primary residence.
- If the annual affordability letter is not received within thirty (30) days a second 2nd

- request letter will be mailed.
- If the second request letter is not received within thirty (30) a final letter will be hand delivered by a representative of Harris County Community Services Department.
- If the final letter is not executed and received within thirty (30) days, the homebuyer's information of non-compliance will be referred to the County Attorney for possible legal action.

12. Records Management

To ensure accurate record keeping and reporting as one of the responsibilities included in the CDBG-DR agreement with HUD, CSD has developed a records management plan for the HCDAP. The Operational Policies for HCDAP were developed to support CSD's commitment to compliant administration of the program.

12.1. Record Retention Period

Because there is an affordability covenant included in the HCDAP Agreement between participants in the HCDAP and CSD, records of each transaction will be retained for a period of at least seven (7) years.

12.2. Protection of Confidential Information

To protect information acquired to verify an applicant's eligibility status, CSD will apply the following procedure for records as well as any information related to a medical condition or reasonable accommodation that is acquired during the application process:

- CSD staff and Program Office staff will maintain each applicant's or participant's confidentiality;
- CSD staff and Program Office staff will not misuse or improperly disseminate any information on applicants or participants; and
- CSD staff and Program Office staff will destroy, once the purpose(s) for which the record was requested has been accomplished (including expiration of the period for requesting an informal hearing on actions or decisions made by CSD) subject to record retention requirements.

Information Release Authorization forms obtained from applicants remains applicable during the active application process. If a person is denied participation on the HCDAP, the record will be destroyed in a timely manner following the expiration period to request an informal hearing on the decision.

13. Appeals

13.1. Grievance Policy/Procedure

Harris County is responsible for responding to complaints and appeals in a timely and professional manner. A grievance and appeals procedure will be afforded to applicants to provide a quick and efficient system for resolution of concerns or disputes that applicants may have with the procedures followed and services provided by Harris County. The appeals procedure will include both an informal and a written grievance process which may include but not be limited to informal hearings, third-party review and director approval. Harris County will keep a record of each complaint or appeal that it receives to include all communications and their resolutions. Complaints alleging

violation of fair housing laws will be directed to the U.S. Department of Housing and Urban Development for immediate review (see Grievance and Appeals policy). Complaints regarding fraud, waste, or abuse of government funds will be forwarded to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov). If an applicant disagrees with the county's decision, he or she can appeal to the Texas GLO.

13.1.1. Complaints

When a complaint or appeal is received, a representative will respond to the complainant or appellant within fifteen (15) business days where practicable. For expediency, the Harris County shall utilize telephone communication as the primary method of contact; however, email and postmarked letters will be used as necessary.

13.1.2. Responsibilities

Harris County will identify staff within their program tasked with handling all applicant and participant inquiries.

These staff will be responsible for (1) determining whether or not complaints and appeals relate to the business or authority of Harris County, (2) ensuring that a response to all complaints and appeals are within the appropriate time frame (a response must be provided within 15 working days of the receipt of the complaint), and (3) ushering all complaints and appeals through to a resolution.

Harris County has a Grievance and Appeals policy that addresses handling incoming complaints, including a complaint escalation process in order to ensure that complaints are handled at the earliest stage in the process.

13.1.3. Documentation

Documentation for each complaint or appeal must be maintained. Each file must include the following:

- Contact information for the complainant;
- Initial complaint;
- Address and Harris County assigned project number (if applicable);
- Any communications to and from complainant or appellant;
- Results of the investigation, together with any notes, letters, or other investigative documentation;
- The date the complaint or appeal was closed; and
- Any other action taken.

14. Affirmative Marketing/Fair Housing

CSD shall ensure that no person shall on the ground of race, color, national origin, religion, sex, sexual orientation, age, familial status, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under or be denied access to the CDBG Disaster Recovery Program. Marketing will occur, and referrals will be accepted through Harris County and the Harris County Flood Control District and in coordination with the Harris County Long Term Recovery Committee and local non-profit and community-based organizations. CSD will take additional measures to affirmatively market the CDBG Disaster Recovery Program, as follows:

1. When necessary, CSD will make the program accessible to persons who are considered members of a protected class under the Fair Housing Act by holding informational meetings in buildings that are compliant with the Americans with Disabilities Act (ADA), provide sign language assistance when requested, and provide special assistance for those who are visually impaired when requested.
2. CSD will provide reasonable accommodations as needed to make the program accessible to people with disabilities.
3. CSD will retain documentation of all marketing measures used, including copies of all advertisements and announcements that will be available for public viewing upon request.
4. CSD will use the Fair Housing logo in advertising, post Fair Housing posters and related information, and, in general, inform the public of its rights and obligations under Fair Housing regulations.

CSD will engage community members in areas throughout Harris County as well as those in potentially impacted, adjacent communities to gather stakeholder input, disseminate important program information, and to answer questions. See Community Engagement and Marketing Plan for further details.

HCDAP information will be readily available and maintained on the Harris County Recovery website, <http://harrisrecovery.org/>

Program information in the form of brochures will be available at public engagement, and community outreach events coordinated and staffed by the HRC. Annually all marketing material will be reviewed and updated as needed. All information will be published in common languages predominantly used in the service area and target communities and will comply with the CSD Limited English Proficiency (LEP) policy.

In addition to marketing through widely available media outlets, CSD will take additional measures to Homeowner Disaster Recovery Program as follows:

1. CSD will advertise with media outlets which provide unique access for persons who are considered members of a protected class under the Fair Housing Act.
2. Applications will be accepted in person in in multiple locations throughout Harris County

Administrator will accept applications as follows:

1. In person during regular business hours at a CSD office
2. At client's homes when necessary and requested
3. *Special arrangements will be made for individuals who have a disability, with special needs, language interpretation needs, or for persons needing alternate times and locations by calling 832-927-4961 (TTY 771) or emailing a request to rebuildharris@csd.hctx.net*

15. Compliance & Monitoring

CSD will establish a monitoring/oversight program to ensure that HCDAP assistance is being provided to eligible owners, for eligible properties, and receiving the proper assistance amounts.

15.1. Conflict of Interest

Under the CDBG program regulations (24 CFR 570.611), in general no person who is an employee of the recipient (Harris County) who exercises any function, or decision-making

responsibilities with respect to CDBG, or HOME funds may obtain a financial interest or benefit from these activities either for themselves or for those with whom they have immediate family ties.⁷

Exceptions to this rule are available, but only upon written review and approval by HUD, after public disclosure of the conflict is made and the County Attorney has ruled that this conflict does not violate local or state law. In general, CSD employees and immediate family members directly involved in the administration and operation of the HCDAP are not eligible to receive assistance from the program.

Applicants who knowingly participate in the program and receive benefit, and who have immediate familial ties to CSD employees shall be referred to the County Attorney for further action. Harris County employees employed outside of CSD that have no direct involvement with the HCDAP are not considered subject to the Conflict of Interest policy.

15.2. Section 3

Harris County will adhere to all Section 3 requirements and will perform regular monitoring of any required contractors and interlocal partners and their contractors.

15.3. Record Retention

The HCDAP will adhere to the stricter of retention policies of either Harris County, the State of Texas, or HUD for the use of CDBG-DR funds as required by the grant.

All official records on programs and individual activities shall be maintained for at least five-years beyond the closing of the grant between the GLO and HUD. Applicant records may be maintained electronically.

15.4. Closeout

Harris County CSD will ensure records are complete, that all affordability requirements are adhered to and that the county have performed all subrogation monitoring processes. The County will create project and grant closeout checklists that will be maintained with the project file.

15.5. Anti-Fraud and Compliance Policies

Harris County will aggressively investigate all allegations of misconduct, fraud, waste or abuse regarding eligibility and the disbursement of award amounts to applicants. Information in both English and Spanish has been posted on the Harris County Recovers website.

15.6. Contact

Website: www.harrisrecovery.org

Email: rebuildharris@csd.hctx.net

⁷ Family is defined to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).

Phone Number: [832-927-4961](tel:832-927-4961)

The provisions of the guidebook may be amended or exceptions granted from time to time, as determined and approved in writing by the Director of the Harris County Community Services Department, by order of the Harris County Commissioners Court, and/or in accordance with the requirements dictated by the Texas General Land Office, or the U.S. Department of Housing and Urban Development.

DRAFT