



CITY OF SAN ANTONIO
**NEIGHBORHOOD & HOUSING
SERVICES DEPARTMENT**

PROCEDURAL GUIDE

HOMEOWNERSHIP INCENTIVE PROGRAM

HIP 120 – GENERAL FUND

OCTOBER 2024

Contact: 210-207-6459
NHSD, 100 W. Houston, San Antonio, Texas 78205
Website: www.sanantonio.gov/NHSD/programs/downpayment

INTRODUCTION

The Neighborhood & Housing Services Department (NHSD) administers the Homeownership Incentive Program (HIP 120 - General Fund) to provide down payment and closing cost assistance to eligible first-time homebuyers. Assistance with the general fund will be provided to households with incomes at or below 120% of the Area Median Income (AMI). The assistance funds will be in the form of a 75% *forgivable* loan and a 25% *perpetual loan*. Buyers must be eligible and be pre-qualified with a first mortgage holder for an FHA, FHA203B, VA, or a Conventional home loan.

The down payment and closing cost assistance will depend on the funds availability and provided on a first-come, first-serve basis. Policy clarifications or general questions should be addressed to the City of San Antonio's (CoSA's) Neighborhood and Housing Services Department (NHSD). Please call 210-207-6459, or submit questions to the following email address: downpaymentassistance@sanantonio.gov.

WHO IS ELEGIBLE FOR ASSISTANCE?

To be eligible for participation in the HIP 120 – General Fund, clients must meet all of the following criteria:

1. The household's gross annual income cannot exceed 120% of the Area Median Family Income (AMFI). Household income consists of all money received or earned by any person 18 years of age or older and who will reside in the property to be purchased. This includes all income earned, i.e., part-time employment, overtime, child support, bonuses, SSI, etc. *CoSA will re-verify the household's gross income if more than 6 months has lapsed from when borrower was initially qualified.*
2. The borrower must be a first-time home buyer as defined below:
 - a. Have not had an ownership interest in any residential property for at least three (3) years prior to applying for HIP 120 General Fund down payment assistance. (Note: If a buyer inherits a property they would be considered ineligible).
 - Exception to prior ownership interest would be if the first-time homebuyer was displaced involuntarily and permanently moved from real property as a direct result of acquisition, rehabilitation, or demolition.
 - Exception to Individuals who have divorced and will purchase a new primary residence are exempt from the three-year rule. Proper documentation will be required, such as divorce decree.
3. All contributing members of a household receiving HIP 120 funds must be either a:
 - a. U.S. Citizen at the time of the application, or a
 - b. Permanent Resident at the time of the application, and a
 - c. San Antonio resident for at least six (6) months from the time of the application
4. The borrower must occupy the home and declare it as their homestead for tax purposes during the term of program assistance.
5. The borrower must qualify for an FHA, VA, or a Conventional mortgage loan from a legitimate mortgage lender.
6. Owner financed loans do not qualify for HIP 120 General funds.
7. Buyer must attend an 8 hour HUD approved Homebuyer Education Course from the list that is available on the City of San Antonio (CoSA) webpage <https://www.sanantonio.gov/NHSD/Programs/DownPayment> and submit a certificate of completion form prior to closing.
8. Buyer is required to deposit a minimum of \$500 in earnest money prior to closing the loan at the title company. Funds must be receipted by the title company, and sourceable for the Lender.

WHAT TYPE OF HOUSE QUALIFIES?

1. The house to be purchased must be located within the City limits of San Antonio. You can conduct a search through our webpage link <https://www.sanantonio.gov/council/find-my-council-member> (a city district will be assigned to the property), or at <https://bcad.org/> to verify that the “City of San Antonio” is a taxing jurisdiction.
2. The maximum sales price of an **existing home** shall not exceed **\$305,200**. The maximum sales price of a **new construction home** shall not exceed **\$325,800**.
3. The home can be existing or a complete new construction (in the builder's inventory).
 - A single-family property (one unit);
 - A free-standing building containing one dwelling unit and/or a detached secondary dwelling unit of not more than 900 square feet. (Townhomes included)
 - A Condominium unit;
 - A condominium is a unit in an apartment house, or other multiple-unit complex, the units of which are individually owned, each owner receiving a recordable deed to the individual unit purchased, including the right to sell, mortgage, etc. That unit and sharing in joint ownership of any common grounds, passageways, etc.
 - A manufactured home;
 - The manufactured housing must be connected to permanent utility hookups. Must be located on land that is owned by the buyer, or it must occupy a lot throughout the terms of assistance (a lease agreement must be provided).
4. All Eligible Property Types must serve as the purchaser’s principal residence. All existing and new construction properties must be in decent, safe, and sanitary condition; overall in good repair. A newly constructed unit must also meet the City of San Antonio’s universal design ordinance.

HIP Property Review /
Uniform Physical Conditions Standards (UPCS) Inspection

➤ **UPCS Inspection - Federal Requirement - 24 CFR 92.251(c)(3)**

- Existing housing that is acquired for homeownership through down payment assistance must be decent, safe, sanitary, and in good repair
- Standards must provide that the housing meets all applicable Federal, State and local housing quality standards and code requirements
- Does not contain the specific deficiencies...in HUD-prescribed physical inspection procedures (Uniform Physical Condition Standards) (UPCS)
- If the housing does not meet these standards, the housing must be rehabilitated...or it cannot be acquired with HIP 120.

➤ **Lead Base Paint Inspection - 24 CFR 92.355**

- Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and implementing regulations at part 35...of this title.
- Required for all residences built prior to 1979
- Visual inspection only for chipping, cracking, or peeling paint
- Re-inspection required if any deficiencies are found; Included with UPCS inspection (no cost to buyer)
 - For information on visual assessments and/or inspections for lead base paint issues, contact Environmental & Consumers Safety at 1-888-778-9440. The National Lead Information Center Clearing House has specialists available to answer any of your questions regarding lead issues at 1-800-424-5323; website: www.epa.gov/lead.
 - The Property Review is not a substitute for the TREC inspection report but is used to comply with HUD regulations.
- The buyer should not pay for any of these repairs as they do not own the home.
- Once repairs are completed, a re-inspection will be required and performed by CoSA's contracted TREC inspector, to ensure all required repairs identified in the initial HIP/UPCS Property Review were completed in a satisfactory manner.
- Unit must contain adequate living space. HIP 120 funds are governed by certain Federal Regulations to ensure that funds are not used to contribute to overcrowded housing conditions. Refer to Page 12 for Occupancy Standards.
- If the property to be purchased is located in a flood plain area, the homeowner must maintain flood insurance for the term of the loan.

TERMS OF ASSISTANCE

1. HIP 120 ASSISTANCE:

- Assistance is secured by a second lien for the total HIP 120 - DPA assistance amount.
- Up to \$15,000 for down payment and closing costs assistance will be provided to eligible homebuyers.
- The HIP 120 – General loan will be in the form of a *perpetual and forgivable loan*:
 - **25% of the assistance will be a 0% perpetual loan, due at the sale of the home, a change in ownership, or refinancing with cash back.**
 - **75% of assistance will be forgiven over a 10 years period with 1/10th being forgiven each year.**
- If the property is sold, transferred, or refinanced (with cash-back) prior to the end of the ten (10) year forgiveness period, the borrowers will be responsible for payment of the remaining balance on the forgivable loan. Refinance without cash back is allowed.
- 0% Interest Rate and no monthly payment are required
- First lien interest rate may not exceed 2% of current market rate.

2. PERPETUAL LIEN:

- 0% Interest Rate and No payments are required.
- The loan must be repaid at the time of sale, change of ownership, refinance with cash back or demise of owner.
- Buyer can initiate payback by making arrangements with CoSA.
- Only a payoff will terminate the terms of assistance

CHANGE IN LENDER AND/OR PROPERTY

- If purchaser changes the lender after a HIP 120 - General commitment is issued, a “Letter of Transfer”, a revised Loan Estimate (LE), Itemized Fees Worksheet, and a Transmittal Summary are required by CoSA.
- Should the purchaser change properties after HIP 120 - General commitment, a new request must be submitted by the lender to CoSA-NHSD along with all items outlined on HIP 120 Lender Checklist.

THE EARNEST MONEY CONTRACT

1. CoSA - NHSD requires a copy of an executed contract that is legible.
2. The contract must show a fixed interest rate.
3. The contract must be properly receipted by a Title Company with a minimum of \$500 earnest money
4. Any changes to the contract must be dated and initialed by both parties.
5. Submit a copy of any contract extensions or amendments to CoSA – NHSD as soon as possible.
6. The location of the title company and closer’s name must be legible on the contract as well as the seller and buyer agent’s names (if applicable).

UNDERWRITING GUIDELINES

1. Property is located in City Limits of San Antonio
2. Qualifying debt to income ratios are **33% housing ratio** on the front end and **45% total debt ratio** on the back end, including compensating factor.
3. Fixed interest rate cannot exceed 2% of the current market rate.
4. Up to 1.0% origination fee is covered by HIP 120 - General funds.
5. Up to 2 points Discount Fees or Buy-down fees is covered by HIP 120 - General funds.
6. Minimum \$500 earnest money deposit shall be made by the buyer toward the purchase of the home. Funds must be receipted by the title company and sourceable for the Lender.
7. The down payment amount required by the lender's guidelines is what the Loan Estimate and Itemized Worksheet, Closing disclosure must reflect for the HIP team to review for eligibility.
8. Maximum HIP 120- General Funds loan is up to \$15,000 and is subject to allowable fees presented on the Loan Estimate and Closing Disclosure. (Minimum \$1,000 HIP 120 - General Funds loan).
9. Minimum 25% of the loan will be a perpetual loan; 75% of loan will be forgivable over 10 years. Pro-rated balance to be paid if sold prior to forgivable period.
10. Maximum sales Price for an **existing home** cannot exceed **\$305,200**. Maximum sales Price for a **newly constructed home** cannot exceed **\$325,800**.
11. No bankruptcy within the following timeframe:
 1. Chapter 7: Must be five (5) years from date of discharge.
 2. Chapter 13: Must be two (2) years from date of discharge.

LENDER'S CHECKLIST FOR HIP-DPA LOAN PACKETS

This checklist is provided to help guide lenders in sending a complete loan packet for process and review. The HIP staff will review for any missing documentation and provide a response. Much of the documents requested are what you as lenders have in your files already. The file should be **complete**, and **credit approved**, before submitting to NHSD, or it will be **rejected**. Files are worked by a first come first serve basis. Our guidelines, checklists and forms are available on our webpage [Down Payment Assistance Programs \(sanantonio.gov\)](https://sanantonio.gov) for you to download.

All files must be submitted electronically to our email bucket at downpaymentassistance@sanantonio.gov and **must be legible**. We will not receive any loan packet submissions to our individual emails. This email bucket also is ONLY for loan packet submissions. Please help us to work as a team and be more efficient, so that we can be of better service to our prospective buyers.

The following documents will be used to open a new file and conduct the HIP/UPCS Property review since the buyer may still be in their "Option Period".

- ___ Copy of purchase contract receipted by the Title Company, including all addenda.
- ___ Copy of the Property Inspection Report for the subject property (including new builds; therefore, these properties should be ones that are already in the builder's inventory).
- ___ Copy of the City Limits Map; can be obtained from our webpage [Find My Council Member & Neighborhood Information \(sanantonio.gov\)](https://sanantonio.gov).

The remainder of the loan packet must be submitted within 5 days to begin working on the buyer's eligibility and HIP assistance amount. This review process will not begin unless a full loan packet is received and that is when the clock will start. The process for review will take approximately 7-10 business days.

- ___ **1. Lender's Cover Sheet:** Must be completed to its entirety; all information is crucial to help determine eligibility; download from our webpage, or available upon request.
- ___ **2. Copy of Texas Photo ID and SS card:** for **all** adult household members. Birth certificates for any minors in the household will be needed.
- ___ **3. Signed Loan Estimate:** Must reflect minimum required down payment
- ___ **4. Itemized Fees Worksheet:** Must reflect Sales price, Loan amount & Base loan amount
- ___ **5. Copy of purchase contract:** receipted by the Title Company; **to include all addenda and/or (Extension of contract)**
- ___ **6. Lead Base Paint Addendum:** (any home older than 1979)
- ___ **7. Signed Loan Application:** by all borrowers and completed with employment status if applicable.
- ___ **8. Occupancy Standards:** Refer to page 13 on our guidelines for these criteria
- ___ **9. Verification of Employment:** For each borrower and adult household member that is employed; this should be current and signed by the employer's representative

___ **10. Proof of income:** Submit for Applicant(s), and other adult household members.
Household income consists of all money received or earned by any person 18 years of age or older, who will reside in the home. Any form of the following should be submitted.

- Two (2) current consecutive months of pay stubs for all persons 18 years of age and older with W-2 waged income
- Benefit letters (Current Year) all household members (e.g., Soc Sec, SSI, Retirement)
- Verification of income from public assistance, and
- Alimony or Child Support (if offered as income) Current payment schedule as evidenced by the BexarCounty Child Support registry or Attorney General's office; Final Divorce decree
- Certification of Zero Income (For adult household members with zero income)
- Zero Asset Affidavit (For adult household members with no assets)

___ **11. Six (6) months current consecutive checking bank statements:** for *all* adultshousehold member

___ **12. One (1) month most current savings bank statement:** for *all* adults household member

___ **13. Homebuyer Education Course certificate** (from a HUD approved course)

___ **14. Wire Instructions**

___ **15. Flood Certification**

___ **16. Flood Insurance Declaration Page** (if applicable)

___ **17. Homeowners Insurance Declaration Page**

- Mortgagee Clause: City of San Antonio - Loan Servicing, 100 W Houston St.

___ **18. Title Commitment:** Must reflect City of San Antonio as a Proposed 2nd lien holder and the total HIP assistance amount for coverage. We do not require any additional endorsements.

___ **19. Appraisal Report** – copy

___ **20. Final Appraisal Report** (applicable if Appraisal value was "subject to")

These are the available forms on our webpage [Down Payment Assistance Programs \(sanantonio.gov\)](https://sanantonio.gov) should they be applicable to the file:

**Please do not send any extra documents that are not listed on this checklist.
HIP staff will contact you if further documentation is needed.**

COSA – NHSD reserves the right to reject an incomplete loan packet since our assistance is provided on a first come first serve basis.

Allowable Fees

<i>Loan Costs</i>		<i>Reserve/ Pre-Paid Costs</i>
Administration Fee	Settlement Fee	Homeowner Insurance Premium
Processing Fee (\$500 cap)	Escrow Fee	Homeowner Insurance
Underwriting Fee (\$500 cap)	Closing Fee	Reserve/Escrow for up to 2 months
Funding Fee	Title Copy Fee	Flood Insurance Premium
Interest Rate Reduction Fee	Title Wire Fee	Flood Insurance Reserve /
Rate Lock Fee	State of Texas Guaranty Fee	Escrow for up to 2 months
Rate Lock Extension Fee	Courier / Overnight /	Loan Interest for up to 15 days
Appraisal Fee	Messenger Fee	Pest Inspection Fee
Appraisal Review Fee	E-Recording Fee	Home Inspection Fee
Appraisal Final Inspection Fee	Tax Service Fee	HOA Dues
Attorney Review Fee	HOA Transfer Fee	
Attorney	HOA Conveyance Fee	
Document Preparation Fee	HOA Capitalization Fee	
Document Signing Fee	HOA SOA Reimbursement	<i>Government Fees</i>
Document Handling Fee	HOA Initial Assessment Fee	Document Recording Fee
Credit Report Fee	Verification of Employment Fee	
Flood Certification Fee	Mortgage Credit Certificate FEE	
Land Survey Fee	HFA Tax Service Fee	
Title Endorsement Fee	HFA Funding Fee	
Lender's Title Insurance Fee		
Owner's Title Insurance Fee		

- Predatory lending describes lending practices that take advantage of clients by charging usurious interest rates or excessive fees and penalties. Loans will not be made with an interest rate more than two percent (2%) above the prevailing market rate.
 - The origination fee will be capped up to 1% of the loan amount.
 - The discount points will be capped at up to 2 points.
 - Loan cannot have pre-payment penalties.

HUD INCOME GUIDELINES

Income eligibility is based on Median Family Income for the San Antonio, Texas MSA. Income limits are updated automatically in compliance with the most recent transmittals received from HUD.

2024 Income Limits / 120% AMI

(Updated by Department of Housing & Urban Development annually)

HH Size	1	2	3	4	5	6	7	8
Total Income	\$74,350	\$84,950	\$95,600	\$106,200	\$114,700	\$123,200	\$131,700	\$140,200

OCCUPANCY STANDARDS

Occupancy review of the proposed property will determine if the structure has sufficient living/sleeping space to accommodate the family size.

Number of Family Members		Number of Required Bedrooms
Minimum	Maximum	
1	2	1-2 Bedrooms
2	4	2-3 Bedrooms
4	6	3-4 Bedrooms
6	8	4-5 Bedrooms
8	10	5-6 Bedrooms
10 +		6 + Bedrooms

Policy Clarifications:

“Bedroom” means an area of a dwelling intended as a sleeping quarters. The term does not include a kitchen, dining room, bathroom, living room, utility room, closet or storage area of a dwelling (Texas Property Code Sec. 92.010 Occupancy Limits).