

## HOME PJ Homebuyer Program Policies & Procedures Program Compliance Review & Assessment

PJ: \_\_\_\_\_

Person(s): \_\_\_\_\_

Policy Requirement (Rule/Notice)	Policies and Procedures: Current Status	Changes & Updates to Consider
<b>A. Eligible Activities</b>		
1. Eligible assistance (§92.205)	<input type="checkbox"/> Development assistance (projects) <input type="checkbox"/> Homebuyer assistance	
2. Eligible costs (§92.206, §92.214)	<input type="checkbox"/> Development assistance to projects (§92.206(a)-(d)) <input type="checkbox"/> Homebuyer assistance (§92.206(c)) <input type="checkbox"/> Homebuyer fees (§92.214(b))	
3. Eligible property(ies) (§92.2, §92.254(a)(1))	<input type="checkbox"/> Must meet single family housing definition (§92.2)	
4. Eligible form of homeownership (§92.2)	<input type="checkbox"/> Must meet homeownership definition (§92.2)	
5. Development project underwriting (§92.250(b))	<input type="checkbox"/> Project underwriting guidelines <input type="checkbox"/> Project underwritten prior to project commitment	
6. Affirmative marketing procedures (§92.351(a))	<input type="checkbox"/> Projects with 5+ assisted units <input type="checkbox"/> Direct homebuyer assistance programs (e.g., DPA)	
7. Eligible households / income determinations (§92.217, §92.203)	<input type="checkbox"/> Homebuyer income determinations/documentation	
8. Property standards (§92.251)	<input type="checkbox"/> New Construction (§92.251(a)) <input type="checkbox"/> Rehabilitation (§92.251(b)) <input type="checkbox"/> Acquisition of existing (§92.251(c)(3)) <input type="checkbox"/> Manufactured housing (§92.251(e))	

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9. Inspections (§92.251)	<input type="checkbox"/> By PJ/subrecipient, or PJ contractor <input type="checkbox"/> Development project – progress & final <input type="checkbox"/> Direct assistance – within 90 days of commitment	
10. Environmental review (§92.352)	<input type="checkbox"/> Development project clearance <input type="checkbox"/> Homebuyer assistance clearance (tiered program & unit review)	
11. Sales price limit (§92.254(a)(2))	<input type="checkbox"/> Must meet applicable HOME Homeownership Value Limit	
<p><i>Assessment: Program Design &amp; Assistance Levels</i></p> <ul style="list-style-type: none"> <li>– Is the program design consistent with current PJ priorities and goals?</li> <li>– Is the mix of development &amp; assistance activities appropriate given needs and market conditions?</li> <li>– Are you reaching the buyers you targeted?</li> <li>– Are your property standards and inspections sufficient to ensure sustainability?</li> </ul>		
<p><b>B. Counseling</b></p>		
12. Buyer counseling requirements (§92.254(f)(2), CPD-18-09 V)	<input type="checkbox"/> Timing of counseling (prior to purchase) <input type="checkbox"/> Qualifications of counselor (certified counselor, HUD-approved housing counseling agency) <input type="checkbox"/> Documentation of counseling completion <input type="checkbox"/> Requirements for delivery mode (1:1, classroom, etc.) <input type="checkbox"/> Requirement for duration of counseling (e.g., 8 hours)	
13. Funding of counseling	<input type="checkbox"/> Paid by HOME (admin §92.207(b), project delivery (§92.206(d)(6)) <input type="checkbox"/> Charged to buyer? (§92.214(b)(1)(iii)) <input type="checkbox"/> Counting as match (§92.220(a)(11))	
<p><i>Assessment: Counseling</i></p> <ul style="list-style-type: none"> <li>– Do you have an adequate number of counseling partners to meet counseling needs of buyers?</li> <li>– Have you developed/defined the relationship between the counselor and PJ?</li> <li>– Does the counseling address your program requirements?</li> <li>– Is the type and level of counseling sufficient to ensure sustainability?</li> </ul>		

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<b>C. Buyer Underwriting</b>		
14. Housing debt (§92.254(f)(1))	<input type="checkbox"/> Income to be used for underwriting <input type="checkbox"/> Housing costs to include <input type="checkbox"/> Maximum front-end ratio	
15. Overall debt (§92.254(f)(1))	<input type="checkbox"/> Consumer debt to include/exclude <input type="checkbox"/> Maximum back-end ratio	
16. Monthly expenses of the household (§92.254(f)(1))	Underwriting guidelines include: <input type="checkbox"/> Recurring monthly expenses considered <input type="checkbox"/> Standards for determining adequate residual income	
17. Assets/cash reserves (§92.254(f)(1))	Underwriting guidelines include: <input type="checkbox"/> Assets to include/exclude <input type="checkbox"/> Minimum cash down payment <input type="checkbox"/> Post-closing cash standard <input type="checkbox"/> Asset limit or threshold for additional contribution toward purchase	
18. Appropriateness of assistance (§92.254(f)(1))	Underwriting guidelines include: <input type="checkbox"/> Assistance amount determined for each buyer <input type="checkbox"/> Maximum HOME assistance limit <input type="checkbox"/> Subsidy layering if other public subsidy <input type="checkbox"/> Sales price reasonableness based on value <input type="checkbox"/> HOME maximum homeownership value limit <input type="checkbox"/> Minimum front-end ratio	
19. Sustainability of homeownership (§92.254(f)(1))	Underwriting guidelines include: <input type="checkbox"/> Residual income considered <input type="checkbox"/> Long-term housing costs & maintenance <input type="checkbox"/> Post-closing cash	
20. Process for buyer underwriting (§92.254(f))	<input type="checkbox"/> Procedures <input type="checkbox"/> Staffing <input type="checkbox"/> Documentation	

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<p><i>Assessment: Buyer Underwriting Policies</i></p> <ul style="list-style-type: none"> <li>– Do your policies help to ensure affordability to the buyer?</li> <li>– Are your underwriting policies appropriate to ensure sustainability?</li> <li>– Does your underwriting determine HOME assistance that is appropriate to individual needs?</li> <li>– Is the level of assistance adequate to assist a reasonable range of LI buyers?</li> <li>– Are your underwriting guidelines appropriate in today’s market?</li> </ul>		
<p><b>D. Responsible Lending</b></p>		
<p>21. Acceptable senior debt (\$92.254(f)(2), CPD-18-09 IV.B)</p>	<p>Policy identifies:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Loan type (fixed, adjustable)</li> <li><input type="checkbox"/> Maximum interest rate</li> <li><input type="checkbox"/> Minimum/maximum loan term (in years)</li> <li><input type="checkbox"/> Reasonable closing costs (fees, points, other)</li> </ul>	
<p>22. Loans/debt terms not permitted (\$92.254(f)(2))</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Minimum/maximum term of loan</li> <li><input type="checkbox"/> Limits on adjustable-rate loans</li> <li><input type="checkbox"/> Loans with risky features (e.g., balloon payments, negative amortization, interest only periods)</li> <li><input type="checkbox"/> Interest rates not to exceed</li> <li><input type="checkbox"/> Closing costs not to exceed</li> <li><input type="checkbox"/> Prepayment penalties</li> <li><input type="checkbox"/> Other?</li> </ul>	
<p>23. Process for responsible lending review (\$92.254(f))</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Procedures</li> <li><input type="checkbox"/> Staffing</li> <li><input type="checkbox"/> Documentation</li> </ul>	
<p><i>Assessment: Responsible Lending Policy</i></p> <ul style="list-style-type: none"> <li>– Do your policies help to ensure reasonable 1st mortgages and sustainability for your LI buyers?</li> <li>– Are your policies adequately disclosed and explained to the buyers?</li> <li>– Are the buyers generally able to identify lenders that offer acceptable mortgage products?</li> </ul>		

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<b>E. Resale/Recapture Policy</b>		
24. Recapture (§92.254(a)(5)(ii)), CPD-12-003)	<input type="checkbox"/> Disclosed in ConPlan/Annual Plan <input type="checkbox"/> Field Office approved	
25. Resale (§92.254(a)(5)(i)), CPD-12-003)		
<i>Assessment: Resale/Recapture Policies</i> – Is/are your resale/recapture method(s) appropriate in the current market? – Do your methods ensure long-term affordable housing or return resources to assist future buyers? – Are your resale/recapture requirements fully disclosed and understandable to buyers? – Are resale/recapture requirements aligned across approved policy, agreements, and legal documents?		
<b>F. Refinancing/Subordination Policy</b>		
26. Refinancing permitted/not permitted (§92.254(f)(2))	<input type="checkbox"/> Acceptable types of refinancing <input type="checkbox"/> Limits on equity takeout (& when/why permitted)	
27. Refinancing requirements (§92.254(f)(3))	<input type="checkbox"/> Application of homebuyer underwriting requirements <input type="checkbox"/> LTV/CLTV limits <input type="checkbox"/> Responsible lending policies apply to new loan <input type="checkbox"/> Inclusion of closing costs if permitted	
28. Disclosure of refinancing guidelines (§92.254(f)(3))	<input type="checkbox"/> Refinancing guidelines in written agreement <input type="checkbox"/> Refinancing guidelines in counseling, program documents, other disclosures	
29. Process for refinancing (§92.254(f))	<input type="checkbox"/> Procedures <input type="checkbox"/> Staffing <input type="checkbox"/> Documentation	
<i>Assessment: Refinancing Policy</i> – Is your policy appropriate in today's market conditions? – Is your refinancing policy fair to homeowners & the PJ? – Is your policy adequately disclosed and explained to the buyers? – Is your refinancing process efficient?		

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<b>G. Homebuyer Program Administration</b>		
30. Written agreements (§92.504(c))	<input type="checkbox"/> Subrecipient (§92.504(c)(3)) <input type="checkbox"/> Developer (§92.504(c)(3)) <input type="checkbox"/> Homebuyer (§92.504(c)(4))	
31. Legal documents (§92.254(a)(5))	<input type="checkbox"/> Resale deed covenant (running with land) (§92.254(a)(5)(i)(A)) <input type="checkbox"/> Recapture note & mortgage/deed of trust (§92.254(a)(5)(ii))	
<i>Assessment: Written Agreements</i> – Do you have distinct agreements for developers versus subrecipients that fully define each role and responsibilities of the parties? – Are buyer agreements understandable to consumers? – Do buyer agreements give the PJ clear enforcement rights? – Are your legal documents properly recorded and enforceable? – Do you receive notification of all transactions and enforce applicable resale/recapture requirements?		
32. IDIS set-up (§92.502)	<input type="checkbox"/> Set-up after executed agreement <input type="checkbox"/> Closing within 6 months of commitment <input type="checkbox"/> Completion within 120 days of final draw	
33. Admin/Project Delivery Costs (§92.207, §92.206)	<input type="checkbox"/> PJ admin/project delivery <input type="checkbox"/> Subrecipient admin/project delivery	
34. Records (§92.508)	<input type="checkbox"/> Resale/recapture documents – 5 years after POA <input type="checkbox"/> Written agreement – 5 years after agreement ends <input type="checkbox"/> Other project records – 5 years after completion	
35. Monitoring (§92.504(a))	<input type="checkbox"/> Subrecipient monitoring (if appl.) <input type="checkbox"/> Developer/development projects (if appl.) <input type="checkbox"/> Homebuyer (occupancy & resale)	
36. Recapture/program income (§92.503)	<input type="checkbox"/> Recapture/program income receipted in IDIS <input type="checkbox"/> Funds programmed in next Annual Plan	

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<p><i>Assessment: Program Administration</i></p> <ul style="list-style-type: none"> <li>– Are your policies clearly articulated, current, and available internally and externally?</li> <li>– Are your administrative procedures sufficient to document compliance with HOME requirements?</li> <li>– Are your financial procedures &amp; IDIS records sufficient to ensure &amp; document proper use of HOME?</li> <li>– Are recapture/program income funds received/receipted/reprogrammed as required?</li> <li>– Are your program &amp; project records organized &amp; complete?</li> <li>– Do you regularly review policies and procedures to identify needed updates or revisions?</li> </ul>		
<p><b>H. Homeownership Assistance provided by lender (if applicable)</b></p>		
<p>37. Lender standards &amp; requirements (§92.254(e))</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Application of PJ buyer underwriting standards</li> <li><input type="checkbox"/> PJ verification of income eligibility</li> <li><input type="checkbox"/> PJ inspection of unit</li> <li><input type="checkbox"/> PJ approval of lender fees and charges</li> </ul>	
<p>38. Process for review (§92.254(e))</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Written agreement with lender</li> <li><input type="checkbox"/> Procedures</li> <li><input type="checkbox"/> Staffing</li> <li><input type="checkbox"/> Documents required</li> </ul>	
<p><i>Assessment: Lender Relationship</i></p> <ul style="list-style-type: none"> <li>– Are there appropriate agreements with lenders formally involved in delivering HOME assistance?</li> <li>– Even if informal, are lender relationships working?</li> <li>– Do lenders understand your program and its standards?</li> <li>– Do buyers referred by lenders have realistic expectations?</li> <li>– How could you improve communication and coordination?</li> </ul>		
<p><b>TO DO LIST:</b></p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>		