



## PROJECT SETUP REQUEST PROCESSES AND CHECKLIST

### Homeowner Rehabilitation Assistance (HRA)

Texas Department of Housing and Community Affairs (TDHCA) (the Department) requires that Project setup requests be submitted using the appropriate submission process as defined below to ensure compliance with TILA-RESPA Integrated Disclosure (TRID) regulations.

#### Loan Project Setup Request Process

**IMPORTANT! DO NOT accept or submit any document from the Applicant Household which includes a Household member's Social Security Number (SSN). Any reference to an SSN must be permanently redacted by the Applicant before the document can be accepted by the Administrator.**

1. Submission Process:
  - a. Administrator enters the Household data into the Housing Contract System (HCS), completing the screens for Activity, Beneficiaries Data, and Budget Detail
  - b. Administrator uploads the **Setup Packet** (see below for required Packet contents) and **Loan Information Packet** (see below for required Packet contents) and *Setup and Draw Workbook* (XLS form) (if applicable) (available online at: [http://www.tdhca.state.tx.us/home-division/forms/home\\_forms\\_hba.htm](http://www.tdhca.state.tx.us/home-division/forms/home_forms_hba.htm))
  - c. Administrator clicks the "Submit for Approval" button to reserve funds and update the Project setup request status to "Pending PM Approval"
2. Setup Review Process:
  - a. After the Project setup request status is updated to "Pending PM Approval," it is reviewed by the assigned Performance Specialist and proceeds through the deficiency review process:
  - b. Deficiencies noted:
    - i. If deficiencies are noted, Performance Specialist will issue a Deficiency Notification email requesting clarification, correction, or submission of non-material missing information or documentation and update the Project setup request status in the HCS to "Deficiency." Administrator must then upload responses and curative documentation to the HCS and resubmit the Project setup request (returning its status to *Pending PM Approval*) on or before the required curative date stated in the Deficiency Notification email.
    - ii. The Department allows 10 business days for resolution of all deficiencies included in the Deficiency Notification. If a deficiency is not resolved to the satisfaction of the Department by 5:00 pm on the tenth business day following the date of the Deficiency Notification, then the Project setup request will be disapproved (the time period for responding commences on the first business day following the date of the Deficiency Notification). Responses received via email will not be reviewed.
    - iii. Deficient Project setup requests which are re-submitted (status is re-updated to "Pending PM Approval") will be reviewed in the order in which they are received. Previously reviewed Project setup requests are not prioritized for review ahead of other Project submissions.
  - c. No deficiencies noted:
    - i. For Reservation awards:
      1. Performance Specialist will issue a Household Commitment Contract (HCC), attach it to the HCS, notify Administrator (via email) that the HCC is ready for execution, and update the Project setup request status to "Pending Loan App"
      2. Administrator retrieves the unexecuted HCC from the Project attachments in the HCS
      3. Administrator executes and uploads the HCC and sends email notifying the Performance Specialist of the attachment
    - ii. For Contract awards:
      1. Performance Specialist will update the Project setup request status to "Pending Loan App"
3. Loan Application Process:
  - a. Administrator notifies Applicant the Project setup request has been preliminarily approved, contingent upon completion of all underwriting requirements
  - b. NOT MORE THAN 24 HOURS PRIOR to submission to the Department of the **Loan Application Packet** (see below for required Packet contents), Administrator collects from the Applicant:



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- i. *HOME Program Loan Addendum* (PDF form) (available online at: [http://www.tdhca.state.tx.us/home-division/forms/home\\_forms\\_hba.htm](http://www.tdhca.state.tx.us/home-division/forms/home_forms_hba.htm))
  - ii. Credit reports
  - iii. *Patriot Act Information* (PDF form) (available online at: [http://www.tdhca.state.tx.us/home-division/forms/home\\_forms\\_hba.htm](http://www.tdhca.state.tx.us/home-division/forms/home_forms_hba.htm))
  - c. Administrator enters the required Loan information data into the HCS and uploads the **Loan Application Packet**
  - d. Administrator clicks the "Pending LE" button to update the Project setup request status to "*Pending LE*"
4. Loan Estimate Process:
- a. Assigned Department staff will issue a Loan Estimate to the Household. The Loan Estimate will be mailed via the US Postal Service, and an electronic copy of the Loan Estimate will be attached to the HCS
  - b. Department staff may contact Administrator to verify information needed to issue the Loan Estimate
  - c. Administrator must retain a copy of the Loan Estimate in the Project File
  - d. Performance Specialist will update the Project setup request status to "*Pending PM Approval*"
5. Loan Review Process:
- a. Performance Specialist proceeds through the deficiency review process for the **Loan Application Packet** submitted
  - b. Deficiencies noted:
    - i. If deficiencies are noted, Performance Specialist will issue a Deficiency Notification email requesting clarification, correction, or submission of non-material missing information or documentation and update the Project setup request status in the HCS to "*Deficiency*." Administrator must then upload responses and curative documentation to the HCS and resubmit the Project setup request (returning its status to "*Pending PM Approval*") on or before the required curative date stated in the Deficiency Notification email.
    - ii. The Department allows 10 business days for resolution of all deficiencies included in the Deficiency Notification. If a deficiency is not resolved to the satisfaction of TDHCA by 5:00 pm on the tenth business day following the date of the Deficiency Notification, then the Project setup request will be disapproved (the time period for responding commences on the first business day following the date of the Deficiency Notification). Responses received via email will not be reviewed.
    - iii. Deficient Project setup requests which are re-submitted (status is re-updated to "*Pending PM Approval*") will be reviewed in the order in which they are received. Previously reviewed Project setup requests are not prioritized for review ahead of other Project submissions.
  - c. No deficiencies noted:
    - i. Performance Specialist proceeds to the Commitment of Funds Process
6. Commitment of Funds Process:
- a. Reservation awards:
    - i. Performance Specialist routes the partially executed HCC for final execution
    - ii. Performance Specialist uploads the fully executed HCC to the HCS, approves the Project setup request. and updates the status to "*Pending PM2 Approval*"
  - b. Contract awards:
    - i. Performance Specialist approves the Project setup request, and updates the status to "*Pending PM2 Approval*"

**Grant Project Setup Request Process**

1. Submission Process:
  - a. Administrator enters the Household data into the Housing Contract System (HCS), completing the screens for Activity, Beneficiaries Data, Grant Information Screen, and Budget Detail
  - b. Administrator uploads the **Setup Packet, Grant Packet and Appraisal** (if the Appraisal is available at the time of submission) (see below for Packet contents) and *Setup and Draw Workbook* (XLS form) (if applicable) (available online at: [http://www.tdhca.state.tx.us/home-division/forms/home\\_forms\\_hra.htm](http://www.tdhca.state.tx.us/home-division/forms/home_forms_hra.htm))
  - c. Administrator clicks the "Submit for Approval" button to reserve funds and update the Project setup request status to "Pending PM Approval"
  
2. Department Review Process:
  - a. After the Project setup request status is updated to "Pending PM Approval," it is reviewed by the assigned Performance Specialist and proceeds through the following review process:
  - b. Deficiencies noted:
    - i. If deficiencies are noted, Performance Specialist will issue a Deficiency Notification email requesting clarification, correction, or submission of non-material missing information or documentation and update the Project setup request status in the HCS to "Deficiency." Administrator must then upload responses and curative documentation to the HCS and resubmit the Project setup request (returning its status to *Pending PM Approval*) on or before the required curative date stated in the Deficiency Notification email.
    - ii. The Department allows 10 business days for resolution of all deficiencies included in the Deficiency Notification. If a deficiency is not resolved to the satisfaction of the Department by 5:00 pm on the tenth business day following the date of the Deficiency Notification, then the Project setup request will be disapproved (the time period for responding commences on the first business day following the date of the Deficiency Notification). Responses received via email will not be reviewed.
    - iii. Deficient Project setup requests which are re-submitted (status is re-updated to "Pending PM Approval") will be reviewed in the order in which they are received. Previously reviewed Project setup requests are not prioritized for review ahead of other Project submissions.
  - c. No deficiencies noted:
    - i. Reservation Projects:
      1. After all deficiencies have been resolved, Performance Specialist issues a Household Commitment Contract (HCC), attaches it to the HCS, and notifies Administrator (via email) that the HCC is ready for execution
      2. Performance Specialist updates the Project setup request status to "Pending Upload"
      3. Performance Specialist proceeds to the Commitment of Funds Process
    - ii. For Contract Projects:
      1. Performance Specialist proceeds to Commitment of Funds Process
  
3. Commitment of Funds Process:
  - a. For Reservation Projects:
    - i. Administrator retrieves the unexecuted HCC from the Project attachments in the HCS
    - ii. Administrator executes and uploads the HCC and the Appraisal, then updates the resets the Project setup request status to "Pending PM Approval" utilizing the button at the bottom of the Activity screen.
    - iii. Performance Specialist confirms the appraisal and partially executed HCC are attached to the HCS routes the HCC for final execution
    - iv. Performance Specialist uploads the fully executed HCC to the HCS
  - b. For contracts, if the appraisal was not submitted at the time of initial submission, Performance Specialist will place project into Pending Upload status. Administrator uploads the appraisal and resets the Project setup request status to "Pending PM Approval" utilizing the button at the bottom of the Activity screen.
  - c. Performance Specialist approves the Project setup request, and updates the status to "Pending PM2 Approval"



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

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 Main Number: 512-475-3800 Toll Free: 1-800-525-0657 Email: [info@tdhca.state.tx.us](mailto:info@tdhca.state.tx.us) Web: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

*Reasonable accommodations will be made for persons with disabilities.*

*Language assistance will be made available for persons with limited English proficiency.*





## PROJECT SETUP REQUEST PROCESSES AND CHECKLIST

### Homeowner Rehabilitation Assistance (HRA)

#### Project Setup Request Checklist

##### Housing Contract System (HCS) Data Entry

- Enter the Project setup request data into the Housing Contract System (HCS) completing all required screens
- Budget Detail: The budget amount entered into the HCS must agree with the *Setup and Draw Workbook*. Refer to HOME Rule at 10 TAC Chapter 23 for cost limitations.

##### Setup and Draw Workbook

- Attach the *Setup and Draw Workbook* as a separate item in the HCS. Use the following format for the document description field: *Household last name – Setup Workbook*

##### PACKET CONTENTS

All document Packets must be submitted in the following format:

- Each Packet must be a single PDF document consisting of multiple items. Each item in the Packet must be bookmarked with a brief description (e.g. "Intake Application"). A Deficiency Notification may be issued for non-bookmarked Packets.
- To create a bookmark in Adobe Acrobat, navigate to the page which requires a bookmark and press Ctrl+B . A navigation pane will appear to the left with a new bookmark labeled "Untitled." Click on the "Untitled" label and rename the bookmark with a brief description of the item.
- If the Packet file is too large to upload to the HCS, optimize the file and reduce its size.
- Attach Packets to the HCS. Use the following format for the document description field: *Household last name – Type of Packet*

##### SETUP PACKET CONTENTS

- Copy of Environmental Clearance email**
- Intake Application** – must be no older than 120 days from the Household Income Certification (HIC) effective date
- Household Income Certification (HIC)** – HIC effective date must be no older than 6 months from the date of submission
- Income and Asset Support Documentation** – required if the Household's income is within \$3,000 of 80% AMFI. Provide all support documentation used to determine the income amount.
- Verification of Disability** – required only for PWD set-aside Project setup requests
- Conflict of Interest exception approval letter from HUD** – if applicable
- Duplication of Benefits Documentation**, if applicable.
- Initial Inspection Report** - ensure sufficient information is provided to identify assisted property's structural deficiencies
- Proposed plans and specifications prepared by state licensed architect/engineer OR a certification of compliance which includes the seal of the architect/engineer**– For reconstruction projects
- Accepted builder's bid** - provide the signed accepted builder's bid. If the builder has not been procured, attach the *Work Write-up* form
- Final Work Write-Up** – Must be submitted **only** if builder has not been procured.
- Construction Contract** – for projects subject to 2015 and later rule years, provide the signed contract with the builder. If the builder has not been contracted, the contract must be submitted with the first construction draw request.
- Before Photos** – photos should reflect deficiencies noted on the Initial Inspection. Provide the following:
  - Interior and exterior photos
  - Front and side elevations of the house



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- At least one photo of the kitchen, family room, each bedroom, and each bathroom
- The address should be indicated on all photos
- Builder eligibility documents** – provide the following documents verifying the procured builder is eligible:
  - Print-out of the search conducted on the Texas Secretary of State website (<http://www.sos.state.tx.us/>) or a copy of the builder's DBA document recorded in the county in which the assisted property is located ; and
  - Print-out of the search conducted on the federal System for Award Management (SAM) (<https://www.sam.gov/portal/SAM/#1>) verifying the builder is not listed as an excluded party

#### **GRANT OR LOAN INFORMATION PACKET CONTENTS**

- Title Commitment (Required for Loan Packet)** - establishes the unit's eligibility for HOME assistance. Must include legal description of assisted property, and identification of senior lien holder(s)
  - Title commitment must be no older than 30 days from the date of submission for loan projects
  - Schedule B – if restrictive covenants are listed ensure explanatory documentation is provided
  - Schedule C – cannot have any liens or judgments, including liens for delinquent taxes, child support, or student loans
  - Schedule D – title company must be fully identified, and must be in good standing with the Texas Secretary of State
- Title Report (Submit for Grant Packet if a Title Commitment is not included)** - establishes the unit's eligibility for HOME assistance. Must include legal description of assisted property, and identification of senior lien holder(s)
- Ownership Documentation** - Attach a copy of the applicable form of ownership documentation
  - Deed or ownership vesting document
  - 99 - Year Leasehold Agreement for leased property (The 99 – Year Leasehold Agreement must be recorded in the County of record
  - Statement of Ownership and Location (SOL) for MHUs
- Tax Certificate and if applicable, Tax Deferral, Tax Exemption and/or Evidence of a Payment Plan** -Attach a copy of the applicable document.
  - The Tax Certificate must evidence current paid status, and in case of delinquency, evidence of an approved payment plan with the taxing authority and evidence that the payment plan is current
  - For MHUs, if the land is owned by a person other than the borrower, provide a Tax Certificate verifying current status of land on which the assisted MHU is to sited. If the land and MHU are not indicated on the same Tax Certificate a separate Tax Certificate must be provided for the land and the MHU.
- Life Event Documentation** – include the following life event documents, as applicable:
  - Divorce decree
  - Death Certificate
  - Affidavit of Marital Status
  - Affidavit of Heirship
  - Same Name Affidavit
  - Power of Attorney – if applicable, the POA must include a provision specifying real estate transactions
  - Life Estate – if applicable, attach legal names and other names used by the remainder person(s). Signature of the remainder person(s) will be required on loan closing documents.
- Survey** - if required by the title company
- Flood Insurance Quote** – required if property is located in a flood zone
- Documentation of current loan status** – required if property has an existing mortgage loan
- Consent to Demolish** – required if property has an existing mortgage loan



## PROJECT SETUP REQUEST PROCESSES AND CHECKLIST

### *Homeowner Rehabilitation Assistance (HRA)*

- Consent to Subordinate from first lien lender** – required if HOME loan project funds exceed the current balance of an existing mortgage loan

#### **LOAN APPLICATION PACKET CONTENTS**

- Loan Addendum**
- Patriot Act Information**
- Acknowledgement of Licensing Status for Loan Originator** – provide only if Administrator is not required by the SAFE Act to be licensed
- Appraisal** - appraisal or other approved documentation showing the post-rehabilitation or post-reconstruction value of the unit.

#### **ADDITIONAL DOCUMENTS UPLOADED SEPERATELY FOR GRANT AGREEMENTS**

- Appraisal** - appraisal or other approved documentation showing the post-rehabilitation or post-reconstruction value of the unit.

#### **ADDITIONAL DOCUMENTS REQUIRED IN THE LOAN APPLICATION PACKET FOR REFINANCE PROJECTS**

- Payoff Statement from first lien lender**
- Verification of first lien lender loan terms**
- Eligibility Calculator for HRA with Refinance**
- Homeowner's insurance quote**
- Documentation of estimated property tax**