

**Texas Department of Housing and Community Affairs  
FY 2012/2013 Texas Bootstrap Loan Program  
Notice of Funding Availability (NOFA)**

The Texas Department of Housing and Community Affairs (TDHCA), through its Office of Colonia Initiatives (OCI), is pleased to announce the availability of approximately \$10,500,000 of State of Texas Housing Trust Funds (HTF) for the Texas Bootstrap Loan Program (Bootstrap). Approximately \$4,500,000 is available from the 2010/2011 biennium appropriations and \$6,000,000 from the 2012/2013 HTF biennium appropriations. Additional funds may be added to this NOFA from loan repayments, interest earnings and deobligations from prior years. The purpose of the funding is to purchase land and/or build new residential or improve existing residential housing through self-help construction methodologies for very low and extremely low income individuals and/or families (Owner-Builders) including persons with special needs.

An online reservation system will be utilized with this Notice of Funding Availability (NOFA). In addition to meeting the requirements below, nonprofit organizations must be certified by TDHCA as a Nonprofit Owner-Builder Housing Provider (NOHP) and must have executed a Loan Origination Agreement (LOA) in order to utilize the reservation system to secure these funds for an Owner-Builder Applicant.

Funds made available under this NOFA are not subject to the Regional Allocation Formula (RAF) since 2/3rds of the funds are allocated in accordance to Section 2306.753(d) of the Texas Government Code and the remaining funds allocated from the 2012/2013 HTF biennium appropriations are under \$3,000,000 in accordance with Senate Bill 190. The funds from fiscal year 2010/2011 were regionally allocated in the previous 2010/2011 biennium appropriations.

In order for a nonprofit organization to be certified by TDHCA as a NOHP, the nonprofit organization must also qualify as a tax-exempt organization listed under Section 501(c)(3) of the Internal Revenue Code of 1986.

**Nonprofit Owner-Builder Housing Provider Requirements:**

Designation as a NOHP and subsequent execution of an LOA will entitle nonprofits to:

1. Qualify potential Owner-Builders for loans under the Bootstrap Program.
2. Assist Owner-Builders in constructing or rehabilitating their home.
3. Originate and/or service loans in compliance with Texas Bootstrap Loan Program Rules and Guidelines.
4. Provide Owner-Builder education classes such as:
  - a. financial responsibilities of an Owner-Builder, including the consequences of an Owner-Builder's
  - b. failure to meet those responsibilities;
  - c. building of housing by Owner-Builders;
  - d. resources for low-cost building materials available to Owner-Builders; and
  - e. resources for building assistance available to Owner-Builders.

The NOHP state certification application may be downloaded from TDHCA's web-site located at <http://www.tdhca.state.tx.us/ocidocs/NOHPCertApp.pdf>

**Owner-Builder Eligibility Requirements:**

To be eligible for up to a \$45,000 loan from TDHCA, an Owner-Builder:

1. Must not have an annual income that exceeds 60 percent, as determined by TDHCA, of the greater of the state or local Area Median Family Income (AMFI), when combined with the income of any person who resides with the Owner-Builder.
2. Must have resided in this state for the preceding six months.
3. Must have successfully completed an Owner-Builder education class prior to loan closing.
4. (a) Must execute a Self-Help Agreement committing to provide through personal labor at least 65% of the labor necessary to build or rehabilitate the proposed housing working through a state-certified Nonprofit Owner-Builder Housing Program (NOHP); or  
(b) Must provide an amount of labor equivalent to 65% in connection with building or rehabilitating housing for others through a state certified NOHP; or  
(c) Must provide through the noncontract labor of friends, family, or volunteers and through personal labor at least 65% of the labor necessary to build or rehabilitate the proposed housing by working through a state certified NOHP or if due to a documented disability or other limiting circumstances the Owner-Builder cannot provide the amount of personal labor otherwise required, provide through the noncontract labor of friends, family or volunteers at least 65% of the labor necessary to build or rehabilitate the proposed housing by working through a state certified NOHP.

### **Program Guidelines**

TDHCA is required under Section 2306.753(d) of the Texas Government Code, to set aside at least two-thirds of the available funds for Owner-Builders whose property is in a census tract that has a median household income that is not greater than 75% of the median state household income for the most recent year for which statistics are available. The remaining one-third of the funding will be available statewide.

#### **The amounts available for distribution are as follows:**

\$6,993,000	Two-Third (2/3) Set-Aside
\$3,507,000	Balance of State/One-Third (1/3) Set-Aside

Texas Bootstrap Loan Program loans from TDHCA may not exceed \$45,000 per assisted household pursuant to Section 2306.754(b) of the Texas Government Code. The Owner-Builder must obtain the amount necessary that exceeds \$45,000 from other sources of funds including other Department funds with the exception of funds being utilized to implement the Texas Bootstrap Loan Program. The total amount of amortized repayable loans made by TDHCA and other entities to an Owner-Builder under the program may not exceed \$90,000 pursuant to Section 2306.754(b) of the Texas Government Code. Projects utilizing additional non-TDHCA resources will be required to provide additional documentation identifying the sources of these additional funds and information about their rates and terms.

In order to submit an Owner-Builder loan application for reservation, an NOHP that has received a program award in the past must be meeting all performance benchmarks as outlined in their current contract or agreement and must have an active LOA with TDHCA.

#### **Reservation System Guidelines:**

After executing an LOA the NOHP may begin to submit loan applications on behalf of the Owner-Builder applicant. Reservations of funds are available on first-come, first-serve basis. If more than one Owner-Builder application is submitted they will be processed in the order entered into the reservation system.

There will be no expedited applications except for an Owner-Builder applicant with an annual income of less than \$17,500.

After registering the Owner-Builder applicant, TDHCA must receive the completed Application/Compliance Package (Exhibit 9 of the Texas Bootstrap Loan Program Manual <http://www.tdhca.state.tx.us/ocidocs/forms/09-ExhibitApplicationComplianceChecklist.pdf>) within ten business days of the date the registration was entered into the online reservation system. Registration of an Owner-Builder applicant does not guarantee funding. TDHCA Office of Colonia Initiatives (OCI) staff will review within ten business days of receipt the Application/Compliance Package to ensure that the Owner-Builder applicant meets all program rules and guidelines. The NOHP will be notified in writing of TDHCA's determination.

The NOHP, in accordance with the Texas Bootstrap Loan Program Rules, will be given a six percent (6%) administration fee only upon completion of the house and closing of each mortgage loan. If TDHCA staff is unable to deem the Owner-Builder applicant eligible the NOHP will be notified in writing of the reason(s) by Applicant Deemed Ineligible Letter as outlined in the Texas Bootstrap Loan Program Manual.

**Maximum Reservations allowed for an NOHP:**

Under the Two-Third (2/3) Set-Aside as noted in Section 2306.753(d) of the Texas Government Code the NOHP will be allowed up to \$900,000 worth of reservations at any give time.

Under the Balance of the State (1/3) set-aside the NOHP will be allowed up to \$450,000 worth of reservations at any given time.

The NOHP may enter additional Reservations after a loan has closed.

All NOHPs are encouraged to participate in this program. If you need more information regarding this NOFA please call Raul Gonzales with the Office of Colonia Initiatives at (512) 475-1473 or e-mail your request to [raul.gonzales@tdhca.state.tx.us](mailto:raul.gonzales@tdhca.state.tx.us).

TDHCA will begin accepting reservations on October 27, 2011, and will continue to accept reservations on an ongoing basis until August 31, 2013 or until such time as all funding has been committed.