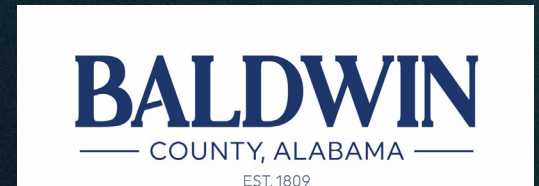


# Baldwin County LRP Homeownership Assistance Program

Lender and Realtor Training

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**CIVIX**  
CONSULTING  
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Hon. Billie Jo Underwood

*Commissioner*

Hon. James Ball

*Commissioner*

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## Baldwin County HAP Partner Training

# Purpose & Objectives

- To become familiar with the Homeownership Assistance Program (HAP) eligibility, processes, and award calculation
- Know how to funds will be available for eligible Homeownerships
- Understand respective roles and responsibilities within the program

## BALDWIN COUNTY LOCAL RECOVERY PLAN HOMEOWNERSHIP ASSISTANCE PROGRAM

# Agenda

- Overview of HAP & Program Features
- Eligibility Requirements
- HAP Award Process
- Roles & Responsibilities
- Program Engagement
- Questions
- Housekeeping Items

# Program Overview

- Baldwin County Homeownership Assistance

## DISASTER RECOVERY PROGRAM

# Housing Recovery Need

## Recovery Funding

Hurricane Sally and Hurricane Zeta (2020) created a greater need for affordable housing.

- Local Recovery Plan identified recovery needs and programs for Community Development Block Grant – Disaster Recovery (CDBG-DR) grant (2024)
- Homeownership Assistance Program administered through Baldwin County Commission
- CDBG-DR Grant available through October 2028, or when funding is fully awarded

## Assistance & Need

Use CDBG-DR to fill gap to affordable homeownership

- Provide disaster-impacted, low-income households support to return to or stay in Baldwin County in the face of rising housing costs
- Increase housing stability in the face of the next disaster
- Assistance is need-based to meet gap for what is reasonably affordable for the applicant, up to a maximum award amount

## HOMEOWNERSHIP ASSISTANCE PROGRAM

# Program Features

## Addressing affordability gaps

- Individuals or households up to 80% of HUD's Area Median Income
- Renter or homeowner living in Baldwin County at the time of the 2020 storms

## Case management and homeownership preparation

- Case Management and application support
- Coordination between Realtor, Lender, and County partners
- Referrals to HUD certified housing counseling program

## Forgivable loan up to \$85,000 per qualifying household

- Forgivable 2<sup>nd</sup> mortgage
- No monthly payments, no interest accrual
- Forgiveness in 5 years of ownership with primary occupancy and up-to-date insurance and taxes

## HOMEOWNERSHIP ASSISTANCE PROGRAM

# Award Uses

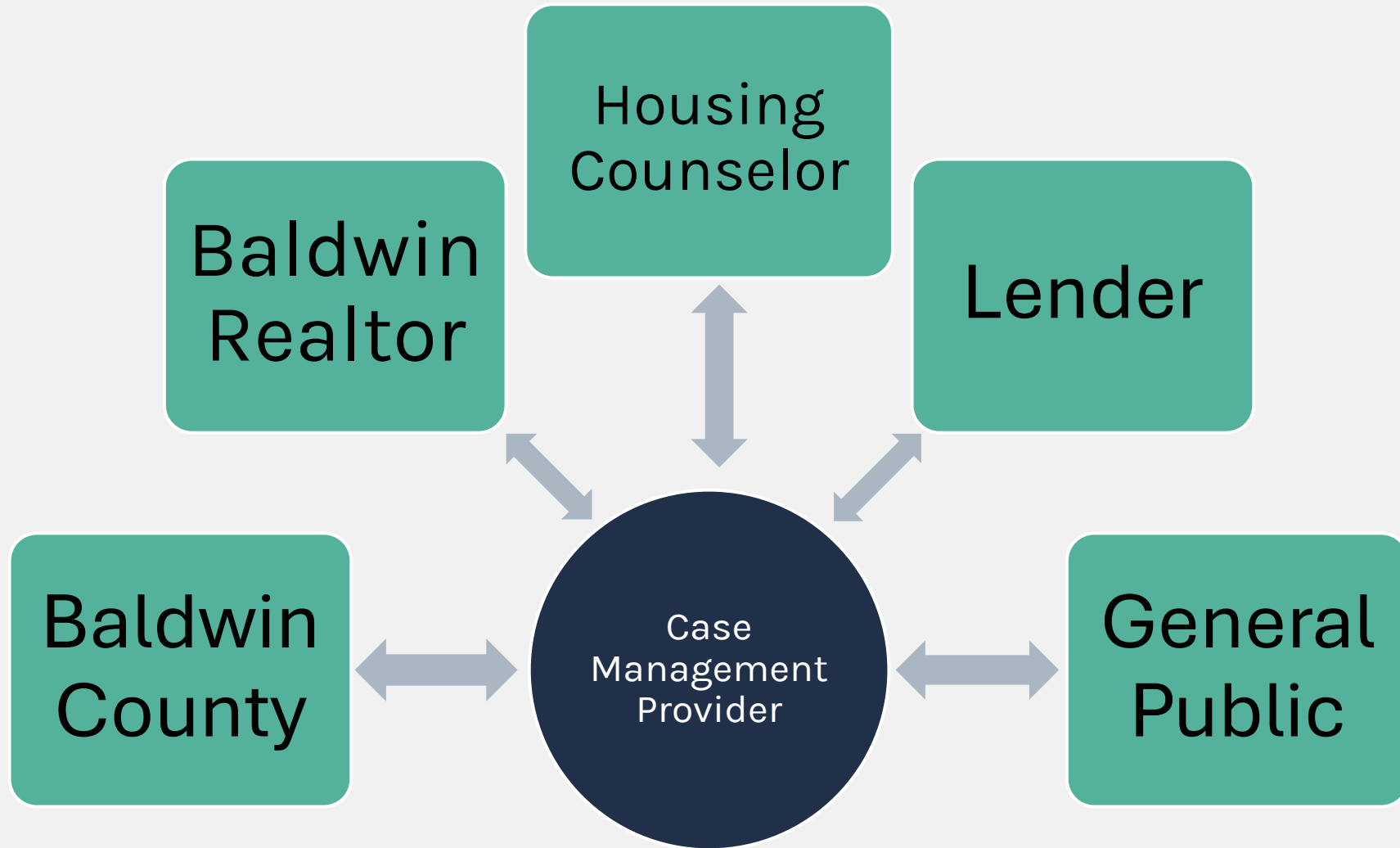
## Eligible:

- Downpayment  
(up to 100% of the downpayment not to exceed 20% of the purchase price of the home and/or the \$85,000 cap)
- Closing costs
- Legal services
- Appraisal, inspections, title search
- Interest rate buy down
- Recording and gov. fees
- Buyer's agent commission (up to 3% if not paid by seller)

## Ineligible:

- Earnest money
- Rent
- Debt payoff
- Moving expenses
- Seller's agent fees
- Home or property repairs
- Cash back from HAP proceeds

# HAP Coordination



# How HAP Works



continued on next slide

# How HAP Works



# Eligibility Requirements

- Baldwin County Homeownership Assistance

## BALDWIN COUNTY LRP HOMEOWNERSHIP ASSISTANCE PROGRAM

# Buyer Requirements

- Low-to-moderate income determined by HUD's annual limit
- U.S. citizen or qualified alien
- Proof of county residency or being in process of home purchase in the county at the time of disaster (September 20 and October 29, 2020)
- Lender pre-approval letter
- Complete homeowner education class
- No previous receipt of federal disaster funds associated with the qualifying disasters used for home purchases
- Contribute a minimum of \$500 to closing costs
- Must maintain primary residency in the property for a minimum of 5 years

## BALDWIN COUNTY LRP Homeownership ASSISTANCE PROGRAM

# Loan Eligibility

- First mortgage must be fully amortized, fixed rate, thirty-year term
- Borrower must accept the maximum mortgage amount at the going interest rate for which they can qualify
- Lenders to provide buyers with the best possible interest rate available at the time their loan rate is locked
- Lender for first loan must establish an impound account for the loan to pay property related expenses (property taxes and insurance)
- Loan must meet front end (33%) and back end (43%) ratio limits for household affordability for the program

## BALDWIN COUNTY LRP Homeownership ASSISTANCE PROGRAM

# Property Eligibility

- Single family dwelling
- Located within Baldwin County
- Located within Flood Zone X
- Pass health and safety inspection, clear of lead paint risk and major repair needs
- Appraisal report is greater than or equal to purchase price
- Successfully complete a 12-month chain of title search
- Owner of record is the seller

# Lender Participation

- Baldwin County Homeownership Assistance

## BALDWIN COUNTY LRP HOMEOWNERSHIP ASSISTANCE PROGRAM

# Lender Responsibilities

- ✓ Complete HAP program training
- Ensure loan rightsizing
- Data sharing on applicant's documents
- Provide credit approval letter to applicant
- Ongoing coordination with County and partners for eligibility requirements, loan approvals, and HAP award calculation
- Underwriting for HAP award
- Provide loan and underwriting documents to County for award verification and grant files

# Underwriting for Loan with HAP

## Purchase Costs

Purchase price, acceptable with pre-approval and appraisal

Origination fees, closing costs, buyer's agent fees (up to 3% if not paid by seller)

Appraisal, credit report, inspection fees

Taxes, recording, and government fees due at sale

## Household Affordability

Household income

Household contribution to purchase

Verify DTI ratio limits (Front end ratio of 33%, Back end ratio of 43%)

# HAP Award Calculation

## Calculating Need

Homeownership contribution of \$500

Add eligible purchase costs and fees

Exclude ineligible costs

Deduct any additional household contribution to purchase

Apply \$85,000 award cap (DPA limited to no more than 20% of purchase price)

## Totals

**HAP award amount**

**Household contribution required at closing**

# Award Calculation Example\*

	Scenario 1	Scenario 2
<b>A. Purchase Price or Appraised Value (whichever is less)</b>	<b>\$325,000</b>	<b>\$350,000</b>
B. Down Payment (not to exceed 20% of purchase price)	\$65,000	\$70,000
C. (+) Closing Cost, fees, and prepaids	\$6,500 [2%]	\$17,500 [5%]
D. Cash required for closing (b+c)	\$71,500	\$87,500
<b>E. (-) Maximum First Mortgage Loan Amount</b>	<b>(\$259,500)</b>	<b>(\$274,500)</b>
F. Difference between Purchase Price, Down payment, and Mortgage (a-b-e)	\$500	\$5,500
<b>G. Amount required for closing (d+f)</b>	<b>\$72,000</b>	<b>\$93,000</b>
<b>H. (-) Borrower Contribution (\$500 minimum)</b>	<b>(\$500)</b>	<b>(\$5,000)</b>
I. (-) Greater of DOB or required liquid asset contribution	\$0	(\$10,000)
<i>J. Maximum HAP Loan Amount Allowed</i>	\$85,000	\$85,000
<b>HAP Award (g-h-i)</b>	<b>\$71,500</b>	<b>\$78,000</b>

Total contribution +  
DOB must ≥ (f)

# Realtor Participation

- Baldwin County Homeownership Assistance

## BALDWIN COUNTY LRP HOMEOWNERSHIP ASSISTANCE PROGRAM

# Realtor Responsibilities

- ✓ Complete HAP program training
- Support buyer with program-compliant property searches
- Contract and offer preparation in coordination with lender
- Adhere to Loan-to-Value limits
- Ongoing coordination with County and partners for eligibility requirements, loan approvals, and HAP award calculation

## BALDWIN COUNTY LRP HOMEOWNERSHIP ASSISTANCE PROGRAM

# Realtor Involvement

- Coordination with Baldwin County and program partners to ensure client eligibility
- Utilize program materials and policies to refer and familiarize clients with the HAP buying process
- Coordination with County partner and support clients in finding affordable, program-approved property
- Coordination with qualified lender to secure affordable loans

# Title Company Participation

- Baldwin County Homeownership Assistance

## BALDWIN COUNTY LRP HOMEOWNERSHIP ASSISTANCE PROGRAM

# Title Company Responsibilities

- ✓ Participate in HAP training
- Request vendor packet from Baldwin County and complete to be added in County's payment system
- Provide completed closing packet to Baldwin County no later than 72 hours prior to first scheduled closing for payment processing
- No changes to Closing Disclosure Form allowed within 24 hours of scheduled closing date
- Return any surplus funds to Baldwin County along with documentation to explain why the funds were not expended after closing is complete

# Program Engagement

- Baldwin County Homeownership Assistance

## PROGRAM ENGAGEMENT

# Preferred Providers

- Lenders and realtors that have taken training and provided certification will be added to the **Preferred Providers List** for applicants to access.
- Certification confirms that the provider has:
  - Completed this training,
  - Understands the requirements for HAP awards,
  - Will follow HAP program policies and guidance from Baldwin County, and
  - Will provide information as requested by Baldwin County, its consultant, or case management provider

## PROGRAM ENGAGEMENT

# Information Sharing & PII

- Observe all Privacy Act requirements and protect personally identifiable information (PII)
- Share necessary information regarding applicants with Case Management Provider, Program Consultant and Baldwin County when requested.
- Provide access to HUD, ADECA, and auditors when requested.

## PROGRAM ENGAGEMENT

# Outreach

- Baldwin County is developing program materials, messaging, and communications for partners to use and distribute
- Outreach materials will aim to connect residents who may be interested and eligible with the program
- Materials will be shared with partners prior to program launch, and will be available on the Baldwin County Grants Department website and County social media sites

## PROGRAM ENGAGEMENT

# Program Launch

- **April:** Anticipated public meetings across the County\*
- **May:** Anticipated online portal opening for applications\*

\*Will be determined by date ADECA approves program and releases funds.

## BALDWIN COUNTY LRP HOMEOWNERSHIP ASSISTANCE PROGRAM

# Next Steps

- Please complete certification regarding program policies and participation with HAP for eligible clients. Document can be found on the Baldwin County CDBG-DR HAP website (link below).
  - Send to [bccgrants@baldwincountyal.gov](mailto:bccgrants@baldwincountyal.gov)
- Visit <https://baldwincountyal.gov/departments/grants/cdbg-dr/hap> for program updates

# Questions

- Questions can be sent to [bccgrants@baldwincountyal.gov](mailto:bccgrants@baldwincountyal.gov)