HOME Monitoring Series

Homebuyer Assistance and Down Payment Assistance

Tuesday, May 4, 2021

Monte Franke: Thanks, Medora. Hi, everybody, it's Monte again. Here we are in the seventh webinar in the series, and it's good to see so many of you are sticking it out with us through all these different topics that we're covering. I'm going to be joined again today by Kris Richmond of ICF, and in the background helping us to answer questions will be Carrie Kronberg of ICF. So hopefully we'll be able to handle your questions again, please bear in mind that there's hundreds of people on the call. And we won't get to everything or be able to answer everything, some things may have to be referred to us, but we'll try to respond directly or talk about them at certain breaks in the session.

This is the webinar on homebuyer assistance. Now, as you'll recall from last Tuesday, we did a webinar on homebuyer development, more the projects of homebuyer activities. And this is more about the programs of homebuyer financing that are not development projects, don't involve rehab or construction, but are just straight financing programs. We tend to call that in the program in a shorthand as DPA, or down payment assistance. Technically it's not just that, it's any kind of assistance, financial assistance you provide to homebuyers to help them purchase homes that meet the requirements of the program.

When HUD revised the monitoring exhibits that their staff use when they monitor your HOME programs, they split homebuyer into these two separate exhibits. Exhibit 7-27 that you saw last time, and Exhibit 7-28 that we'll cover today. While there's a lot of overlap and similar issues on both homebuyer development projects and homebuyer assistance programs, there are also some unique aspects that justified the split of these into two separate sets of issues. Otherwise, a single monitoring exhibit could be potentially confusing and certainly lengthy, and have questions that might not pertain to the particular thing that you're doing as a PJ.

So that's what we'll be covering today. This is part of the homeowner track which we do on Tuesdays, then on Thursdays is the rental track. This Thursday will be TBRA, and then next week we'll wrap it up with homeowner rehab and long-term rental compliance.

Just a few acronyms to get out of the way before I launch into it. As you know, we're sort of afflicted with acronym-itis. I've already used DPA for down payment assistance, but I'm going to use it generically as a phrase to capture all of the different financing programs that you use just as homebuyers. I've also -- or will use the term PJ for participating jurisdiction, the HOME administering entity that receives funding directly from HUD.

We might mention CHDOs, community housing development organizations. We covered those a couple of weeks ago, but they might be mentioned, probably not in this session since this is a sub-recipient activity, not a development activity. We'll mentions IDIS, the Integrated Disbursement and Information System, which is the HUD system for drawing down funds and reporting on your progress. LI you'll see for low income, meaning 80 percent of area median income. You'll see CPD listed in a couple of different ways including on notices, that's the Office of Community Planning and Development of which the HOME program is a part of. And you'll see references to the Code of Federal Regulations 24 CFR Part 92 which is the HOME rule, and we might also mention part 2 CFR Part 200 which is the uniform administrative requirements for federal grants that also will apply to your program and your partners.

The objectives today are to, as in the rest of the series, introduce you to the particular monitoring exhibit, in this case 728, and how HUD will monitor your homebuyer DPA or financial assistance activities. We will also go through that exhibit and identify the particular requirements and documentation that are required to comply with home regulations. We will talk about program design considerations, which is our part of the agenda where we talk about things that go beyond the regulations into issues that we think you ought to be thinking about to maximize the use of your funds and get the most out of your programs, even though they may not be directly regulatory requirements. And then we'll wrap it up with steps to prepare for the HUD monitoring, including the self-assessment that we've talked about in every one of the webinars in this series so far.

Before I launch into things, I just want to be clear about the fact that this is a program, so you might be using what we called in a previous webinar administrative partners to administer the activity on your behalf. You might as the PJ implement it, or you might be using a sub-recipient, or perhaps a state recipient if you're a state PJ, or you might be hiring a contractor to do it. The requirements that we're going to discuss here will apply to your program regardless of who your administrative entity is, yourself or one of your partners. And I want to remind you that in a previous webinar, we talked about the use of administrative partners and that there are other monitoring exhibits that apply to those other partners, and we'll refer you back to that if you do not directly administer it as the PJ.

Now, before I begin, I would like to ask you to respond to this poll question. Medora's going to put it up on the right hand part of your screen in just a second here. We just want to know, did you attend last week's Homebuyer Development Monitoring presentation -- yes, no? I don’t remember, that's just a way to sort of have a little fun with us. But we are interested in whether you attended because some of the topics overlap and it will help us know how much we have to repeat ourselves or count on you already knowing. So please answer and be sure to hit the submit button on the right. I see it's already -- it's like the poll's already ended. But it just gives us a quick sense of how many of you are sitting in on both last week's and this week's session.

It looks like about two-thirds of you did and about one-third of you did not. For those of you who did not attend last week, I'll get to the topic and I might say, as we discussed last week -- I'll summarize it, but I might not spend as much time as we spent on it last week. I apologize if that's a little misleading to you, or doesn't give you the full information. But we -- some of the topics -- a few of the topics do overlap and just to keep it efficient and respect the people who have been with the series I won't repeat myself more than I naturally do. And please be assured that all these slides have been approved by the office of redundancy offices, I say in trainings.

Let's go into the homebuyer requirements, I'm going to start with just a review of the rules. Again, the term DPA I'm going to use broadly to collect all forms of financial assistance that you may choose as a PJ to provide to homebuyers. And I'm not including the pass-through assistance that I discussed last week, which would be development projects where you've given the home funds to the developer and they use it to pay costs and in effect pass-through that subsidy to the homebuyer when they buy because of the home funds that the PJ invested up front. So I'm talking only about those forms of financial assistance that flow directly from the PJ or its administrative partner to individual homebuyers.

The rule, of course, though is the same as it was for last week. The primary section of the rule pertaining to homebuyer activities and homeowner activities is 92.254. Most of the basic requirements are covered in 92.254(a). That gets into things like the price value limit, the income limits, counseling requirements, portability period, resale/recapture. All those things that I'll cover in this initial section of the webinar.

92.254(c) provide -- refers to the definition of homeownership, but it actually just refers to the definition sitting in 92.2 of the rule, 92.2 of the rule is the definition section. You hear that phrase words matter, well in the HOME program, definitions matter, and they matter a lot. So any time you get referred to 92.2, please go there and look up that particular word because some of the requirements are only in the definition and not in the later sections.

Something that I mentioned last time but we'll spend more time today will be the 92.254(f) requirements for the PJ to have homebuyer program policies. The buyer underwriting responsible lending and refinancing guidelines that the PJ needs to have to do homebuyer activities. The new section this week that we will be discussing is 92.254(e) and it may or may not apply to all of you. It will only apply to those PJs that elect to provide buyer assistance through other lenders. In other words, allowing the first mortgage lender to also do some of the underwriting and processing of the HOME second mortgage for the buyer that they're providing the first mortgage on. I'll be talking about that a little bit later, that's the only new section of the rule that we're bringing in today.

In addition, you saw a lot of these last week, we'll be talking about affirmative marketing in income determinations, and eligible costs, about targeting whose eligible, subsidy limits underwriting, subsidy layering, property standards. All those things are going to be covered again, and all of your same administrative requirements that you as a PJ do in terms of entering into written agreements, and set up the project, and draw funds in IDIS and maintain records all apply to you for down payment assistance activities as well as your other home activities.

The exhibit we're going to be working from is 7-28. As you have learned the CPD monitoring handbook was updated for the HOME chapter, chapter seven in 2019. It was shortened dramatically, condensed and consolidated in a number of ways, and reorganized in significant ways in addition to being updated for all those rule changes that have been made from 2013 on, but had not been reflected in the previous version. So exhibit seven dash whatever, those are all HOME exhibits, we're talking about Exhibit 7-28 today. You should be aware that there are 54 questions in this exhibit and they cover 15 different program areas, so there's a lot of things to cover.

I'm going to mention or remind you that we actually have a -- the exhibits noted in the upper right, and I'm coloring in now with green. The exhibit questions are noted in the upper right of every slide, just as we've done in the prior exhibits -- or in the prior webinars. Our topics -- we've taken those 15 topics and 54 questions and condensed them into a manageable number of topics that we can take on in a short webinar like this. So we are actually going to work in three different categories on regulatory requirements. I'm going to cover buyer selection and qualification issues first, then we're going to talk about project approval second, and then Kris will come on and talk about administration and monitoring, and then take you into the program design discussion and the getting ready for HUD. So that's a fairly standard approach, and let's get rolling.

Just as a reminder, we've -- we break these topics into what is three -- potentially three parts where we first talk about the regulatory requirements, just a quick summary, this is not building HOME training or any full regulatory training, it's enough regulatory summary so that you know what the question is going to be asking. And then we'll talk about the documentation that's required. As you know in the federal system, if it isn't documented it didn't happen, and documentation is critical. And then if there are questions that HUD has to answer that are not just purely documentation-based, judgments on whether you've done things properly and so forth, we'll call those compliance review and you'll see two or three of those headings in every topic, requirements, documentation, and compliance review.

I'm going to get started on the buyer selection part of this. The buyer selection issues are going to be -- they're going to run from affirmative marketing through the qualification of individuals and the requirements for individuals and underwriting them. I'm going to start with affirmative marketing. Now, most of you are well aware that affirmative marketing is a requirement of the HOME program. It's required for projects of five or more units and it's required for programs as well. So any DPA program that you run would be covered by this obligation for affirmative marketing. The rule says that the PJ must adopt affirmative marketing procedures to conduct the outreach to those least likely to apply.

As the PJ, you adopt those procedures. If you have an administrative partner they're supposed to work within your procedures and make sure that those are implemented. So the documentation that would be required for this would be your affirmative marketing requirements and procedures that you've developed for your program as a whole, and then the records that support the implementation of that affirmative marketing, specifically for the DPA program. Documenting your outreach activities, meetings, materials, the organization's contacted, other efforts that you've made. But I'd also add to that that one of the requirements of affirmative marketing is that you should be assessing and -- or evaluating your affirmative marketing procedures as you implement them to determine if they can be improved and achieve a better outcome.

What I'm going to do is urge you to take a look at the HOMEfires volume 14, number 1, which gives you some -- a good overview of what HUD expects of you in your affirmative marketing procedures, and use those to update them and make sure you're ready for that -- the questions when HUD comes to monitor.

I should also mention, by the way, that when HUD does monitor you, they're focusing on affirmative marketing and fair housing issues. They may also be using Exhibit 22-3 which is the review of civil rights related program requirements. So the questions may go beyond this question number one in the DPA monitoring, and you should probably also download and look at 22-3 to make sure you are fully prepared for the -- for HUD's review of this topic.

Next, I want to talk about income determination. You know that everybody who's assisted with HOME funds is required to be low-income qualification. Low-income is defined as 80 percent of area median income, and the requirement is -- for DPA is that the household be determined to be low-income no more than six months before the delivery of assistance. And that it's done by projecting, not anticipated household income for the coming year of all household members. You can use either IRS 1040, or the Part 5, what some of you call the Section 8 method. And you have to include all income sources in either definition, as well as the things that can be excluded. Part 5 is probably the most common across the HOME program, but some PJs do use the IRS 1040 for the -- for homebuyer activities since Section 8 rental assistance income definitions are less familiar and less often used on the homebuyer side. But the PJ needs to elect either one or the other for its down payment assistance program.

The other thing that's on this page as an important requirement is that the HOME rule does require you to have at least two months of source documentation supporting every income source. And that's a little -- that's more than is required in some other programs, so I want to stress that as a very important requirement.

So what's the documentation? Obviously, we'd have a completed household application that fully discloses the household members, the income, any assets of the household. It would be backed up by two months of source documentation. And then whatever you do to calculate and document the determination of income and comparing it to the current income limit, that could be a worksheet, some other form of analysis, some of you may use the CPD income calculator that's accessible on the HUDexchange.info website.

Whatever it is, you should be documenting that and the documentation must show that it's within the income limit, that it followed the definition that had been selected for the program, either 1040 or Part 5, and that it was determined prior to the commitment to the household, which is the -- prior to the execution of the written agreement, and that assistance or the closing occurred within six months. And that's part of the definition in 92.2.

I should also mention as a side note that HUD has just in these past few days published the FY21 income limits for the program, and they are scheduled to take affect on June 1. As the PJ, you're -- you need to have those and also make sure all of your partners and recipients and entities that are using those income limits have the updated income limits. When HUD does its review, it will do the -- it will look at a sample of homebuyer files, homebuyers that were assisted under your DPA program. And it will look to see that the income was determined as required by 92.203, the things that I just discussed, and also to confirm that you were using consistently the same income definition across your DPA program.

I know there's often a lot of details that can -- we can get into on income. This is not an income eligibility training, and oftentimes answers vary based on which definition is used. So I would urge you to take advantage of the resources that are available on the web to learn. Go to the HUD -- the CPD calculator and look at the background information on what's included in each of those. I know there's also some judgments that need to be made on certain types of applicants, but please do refer to that and make sure you document it.

The next topic then is housing counseling. It is a requirement that every homebuyer that's assisted under the HOME program receive housing counseling. The new requirement that's about to go into effect is the requirement that the counseling be provided by HUD certified housing counselor. HUD published a new housing counseling rule, it was supposed to go into effect last August, it was delayed one year as a result of the pandemic to August of this year. I've not heard of any further extensions, you should be presuming -- and they've had a number of years to get ready for this and to get certified, but both your counselors need to be HUD certified, and the housing counseling agency also needs to be listed as a HUD-approved counseling agency.

If you want to read a little bit more about it, I'm going to suggest that you look at the CPD notice 18-09, and in particular section 5 goes into the counseling provisions. We do have that listed on the top of your screen in one of the tabs, but I would also urge you to download it, because there's a lot of good information and guidance in there on homebuyer assistance, not just the counseling we'll be mentioning in several other sections of this presentation.

So the documentation you'd need for that going forward is that you've got have the -- make certain that your policy requires the counseling to be delivered by a HUD certified counselor, and that in each homebuyer's file you want evidence that they in fact received the counseling, presumably a counseling certificate or something showing completion. And having documentation that the counselor that provided it was in fact HUD certified and the agency is listed.

Now we come to the lending requirements. And there's really two lending requirements sort of subsumed in this one issue, so I want to approach it somewhat carefully. As I mentioned in the earlier slide, the requirement in 92.254(f) is for you to have -- you the PJ to have homebuyer program policies that cover buyer underwriting, responsible lending, and refinancing. Buyer underwriting and responsible lending are the two that come together in this particular issue. And again, I'm going to refer you to CPD 18-09, and this time it's section 4, (a) goes into buyer underwriting, (b) goes into responsible lending.

Buyer underwriting is your determination that the homebuyer, with the assistance that you intend to deliver, can sustain homeownership for at least the period of affordability. So it's looking at what assistance you're providing, and whether they can handle the overall costs of homeownership, because obviously we don't want to set people up for foreclosure or failure. The responsible lending policy pertains to the first mortgage, presumably the mortgage that sits in front of your home assistance, which is often in a second or lower financing position. And it is important that you make certain that the first mortgage is an appropriate mortgage and it doesn't have risky lending features, and that it's something that the buyer can handle.

So I look at these as coming together. Your buyer underwriting is likely to go into issues looking at front and back ratios and issues like that that determine how -- whether they'll be able to handle all the costs of homeownership, while responsible lending looks at the terms of the first mortgage and whether or not that mortgage is sustainable and has -- and is acceptable by your standards.

So the documentation for this will be that you have these policies, first of all, as a PJ. And that secondly, within each project file as the HUD monitor reviews, they'll want to see that you've done the buyer underwriting analysis, per your policy and that you also have reviewed the first mortgage and determined that it meets your responsible lending policies. So those -- that documentation should be in the file and it's really one of the essential tasks that you undertake when you do down payment assistance. It's not just enough to decide to give somebody some money, it's important when you give them HOME funds to make certain that they can sustain homeownership.

Now I want to come back to 92.254(e) which is that extra section that I said I would introduce today that we didn't talk about last week. 92.254(e) which is that extra section that I said I would introduce today that we didn't talk about last week. 92.254(e) was added for those situations where a PJ decides to basically hand off a lot of the administrative processing responsibilities to the first mortgage lender. You know, you're underwriting and approving this buyer, will you also prepare all this documentation and the due diligence that's required for the HOME assistance.

A number of PJs had deferred to local lenders to do such a thing, and it's not inappropriate to do that, but there's a limit to how much freedom or lack of oversight is appropriate in that situation because obviously the first mortgage lender has an interest in seeing the loan approved. What HUD has added as a result of 90 -- of 2013 amendments to [the rule ?] 92.254(e) is the requirement that you have a written agreement that makes it very clear the terms of funding that are -- and how they can be provided. That you, as a PJ, retain the responsibility for verifying the income eligibility of the person, and that you inspect the units to ensure that they meet the property standards of your program.

Lenders tend to look at the 1040s and things like that, they aren't projecting income in the same way you are, might not be using the same definition. So it is important that you verify that the household's eligible, and the inspection that a lender might have or, a buyer might have is not going to necessarily include all of the HOME requirements, so you need to inspect the unit as well.

The other requirement in 92.254(e) is that a lender has to charge reasonable fees for its first mortgage. That really should be part of your responsible lending policy, but further, they are not permitted to charge fees on the homebuyer assistance that they deliver from the HOME program. They can charge fees for their own loan, but not for the funds that they administer on your behalf. You as a PJ are permitted to pay them for fees or costs for that administrative processing as a project delivery cost, but they can't be charged to the buyer.

So the documentation in this case would be obviously, first and foremost, the agreement that you have with that lender, if in fact you are lending through a lender rather than doing the loan processing yourself. And that the lender agreement have all the required provisions that are listed in 92.254(e). That the -- that you as the PJ have verified the eligibility of the household, and that you have inspected the unit and determined it to meet the requirements of the HOME program. I'll be discussing property standards in the next segment. And then finally, that the fees that are being charged to the homebuyer comply with the policy as I've stated it.

Many of you are probably not using lenders in this way, so these questions will not apply to you. But those of you who do use lenders and allow them to process your HOME assistance, please pay attention to these questions. Eligible and reasonable costs, obviously the costs that we're talking about primarily here are acquisition costs, that's what the down payment assistance is for, or the financing is for. But it also may get into other soft costs, and administrative costs, and project delivery costs, and all of these need to be eligible under the HOME rules. Most of the eligible costs are in 92.206, project delivery costs are talked about in 92.207. And, as I mentioned before, the fees charged to the buyer must be compliant with the rule.

Now, just let me pause for a second and create a separation here. I've left the topic now of lenders who are administering your down payment assistance, and I'm talking to all of you PJs about the -- however deliver the assistance through whatever partners. 92.214 is the list of ineligible costs under the HOME program, and 214(b) lists the fees that can be charged to individual participants, to the beneficiaries, including homebuyers. And there are -- there's a limit on the fees that can be charged to low income homebuyers, and they are limited primarily to a nominal application fee and you may also charge them for the homebuyer counseling, although there are other ways that you can pay for it as well. But you are permitted to charge them for the counseling that they receive.

Other fees are probably not going to be eligible, and you need to look carefully at 214(b) to make sure you're in compliance with that. So the documentation here, obviously, would be the written agreement, it would specify what the costs are going toward and the fees that are being charged to the homeowner to be consistent with that fee policy. And then the disbursement documentation running to all the other costs that may have been disbursed for the project to make sure they are eligible with 206 and 207 of the rule.

Now, the HOME subsidy, let's go first to the overarching requirement that you are as a PJ supposed to invest no more than is necessary to achieve quality affordable housing that's financially viable for at least the period of affordability. What I characterize that as -- the viability notion a few moments ago, I called -- I used the term sustainability. We want to make sure that we're giving homebuyers a subsidy that's efficient to sustain homeownership over the long term, at least the period of affordability. So that's the overarching requirement that you determine the assistance that they need.

In addition, there are certain standards and limits and things that need to be applied to that determination. First of all, there's a minimum subsidy per unit of HOME funds of $1,000 and there is a maximum subsidy limit that is calculated and determined based on costs, and it is a substantial number, and most homebuyer programs, especially most down payment assistance programs, never come close to that limit because it's in the six figure range. But you need to know what that limit is and make certain that you are within that range. By the way, if you don't achieve the minimum subsidy of $1,000, then they can't be assisted and we'll also get into issues regarding the -- if there's no buyer assistance amount triggering resale requirements.

You also have to have your buyer underwriting policies to determine whether they can -- whether it's an appropriate amount of assistance and whether they can sustain it. And you are supposed to make certain that the assistance reflects buyer needs. For a number of years, we've been stressing the principle that one size fits all is not an acceptable strategy. You don't give everybody the same amount of assistance, you give them the amount of assistance that is appropriate or necessary for them to be able to sustain homeownership. You may, in fact, have program limits that maximize the amount you will give, but you do need to make an individual determination for each homebuyer.

There's also the eligible forms of investment requirements in the HOME program that get in -- that give you the range of options that all of you are in. You can do grants, you can do loans, you can do amortizing loans, interest-free loans, non-amortizing deferred loans, all kinds of things are up -- you're also permitted equity investments and so forth. I assume most of you in the programs I've seen are doing some sort of non-amortizing, or interest-free, or deferred loan, although some of you do actually amortize and all those things are permissible. But whatever method you use, whatever form of investment you use, you want to make certain it's permitted by the rule, or has been explicitly approved by HUD.

The documentation then is that you've got to have your buyer underwriting policy, and for the individual family that the analysis was done, and you've made the -- you've done the underwriting and come to the conclusion that the amount of assistance is necessary for them to sustain homeownership. You have a written agreement with the buyer that reflects the eligible form of investment and the amount of assistance that you are going to provide based on the underwriting determination. And then separately you have either a note and mortgage for recapture situations or a deed covenant for resale situations that reflect your policies and contain all of the HOME requirements.

Now I want to cover the project approval stage of things, and the questions that relate to it. First of all, we -- I want to go into the property requirements. I want to emphasize that homeownership for what it's called in the -- in HUD speak, single-family housing, which is generally defined to be one to four unit owner-occupied situations, as well as condos and co-ops and other forms of owner -- of housing, and forms of ownership that are recognized by your state.

The form of ownership needs to be eligible. In most cases, we're talking about fee simple title, but there are also long-term land lease provisions, such as working through a community land trust, or in the Indian trust, lands and things of that nature. So both of these things are defined -- single-family housing and homeownership are both defined in 92.2, and you need to be in compliance with those.

The second requirement is a sales price limit. HUD publishes each year what's called the homeownership value limits, and by the way they just published those, and they just went up on the HUD exchange website for FY21, and they also are effective on June 1, so you'll want to get those new limits. There are provisions that if your jurisdiction has -- does not concur with those HUD published limits that you can do your own analysis and get HUD to approve a value limit, and you should refer to that section of the rule to make certain that you generate the analysis that's required to get an alternative limit approved.

I might also remind you that the limits now, in fact, are two for each of the unit sizes for single-family. There is a limit for existing housing and a limit for new construction, so make sure you're using the right limit. In addition then, of course, there's environmental review that needs to be completed before a commitment is made to the project and funds are disbursed. Environmental review and homebuyer financing is fairly easy to accomplish in most circumstances because it's in the CENST category. In other words, it's categorically excluded from NIFA, and it also is not subject to the 58.5 authorities, so we go to a very short list of things that need to be reviewed in 58.6. So that's part 58 of the -- which is the environmental review rule.

And so for most of you, DPA program will be as a two-tiered review, a program review and then a CENST checklist for each of the properties as they are approved. But please make certain that you do those things before you make a commitment or disburse funds. So the documentation here is obviously the written agreement, needs to specify the requirements including that it's single-family housing and the form of ownership, that the sales documents also support that, the agreement, the title, whatever, to demonstrate that the sales price is within the applicable limits. And make certain that the environmental review checklist, their determination is in the records as well.

Property standards -- all property standards have to be addressed in 92.251(c) which is the acquisition property standards, and it's actually (c)3 which is the homeownership unit acquisition standards. Generally, it leans on state and local codes, but it also makes reference to deficiencies that HUD specifies, they've not yet specified it, and local jurisdictions should make certain that they are applying all state and local codes and identifying deficiencies so that the home meets the standards of the program. The wording that you see in the rule is making certain that the home is safe, sanitary, and in good repair, and those deficiencies are addressed.

I might also mention, I didn't list it here but I should have, the -- if it's a pre '78 house then lead paint standards apply, and in particular the acquisition regs which is primarily relying on visual assessment, and paint stabilization, and clearance for those -- for any deteriorated paint surfaces. So it's a fairly limited standard on the lead paint side, but it still does apply if the home is a pre '78 home that's not been determined to be lead-free.

The other requirement is that you need to inspect the property no more than 90 days prior to the commitment. So making certain that you've done that inspection prior to commitment. And remember, the home inspectors that are hired by buyers, they aren't necessarily inspecting to all of your standards, you need to have an inspection done on your behalf by yourself or your administrative partner.

So the documentation here is obviously you have to have your inspection standards, what you're going to be inspecting for, what local -- state and local codes you'll apply, what deficiencies you will be making certain, or address. You should have a dated and signed inspection report showing that the standards have been met. And there is a link on this particular slide to the summary of property standards that we've shown you in prior webinars, and it's also one of the tabs at the top of the Webex screen that you can link to and download it. And that covers property standards across all activities, not just homebuyer assistance activities.

Resale/recapture requirements, we could probably spend the full two hours just on this topic, it's a really important topic. You obviously know that assisted housing has to meet the affordability requirements for this period of affordability, and during that it must be subject to resale or recapture requirements in the event of a sale. The resale/recapture requirements are quite important and they're also -- are something that you need to put a lot of attention into. I'm going to refer you, because we can't cover it all here, is -- I'm going to refer you to CPD 12-003 for guidance. I know HUD's working on updating that, but that's the one we're working with right now to guide you through all the requirements for whether you're doing resale or recapture. Also keep in mind that your resale/recapture provisions that you use must be disclosed through your consolidated plan, the annual plan process, and must be explicitly approved by HUD.

If you use resale, you'll be enforcing through deed restrictions or covenants running with the land. Recapture restrictions generally tend to be enforced through notes and mortgages, or deeds of trust. And of course, you've got to have a separate written agreement with each homebuyer that outlines all of these requirements, and makes the homebuyer subject to them for the affordability period.

So the documentation in this, obviously, would be the written agreement that specifies those resale/recapture provisions, and the period of affordability. That's what POA is, period of affordability. And then the legal documents, whether they're resale documents or recapture documents, they must be recorded so that they are enforceable, they must contain all the required provisions. And then if there are any resales that occur, any sales of the properties during the period of affordability by the original homebuyer, then you need to have in the file the documentation of that transaction, and that the resale or recapture provisions or requirements were properly implemented and enforced, including recovery and recapturing funds as may be indicated by those.

I've mentioned several times already the beneficiary written agreement. There must be -- remember in the HOME program, as I say in training, everybody in the food chain has to have a written agreement. You can't have HOME funds unless you have a written agreement that documents your use and compliance requirements for those HOME funds. So we have to have an executed written agreement with each owner, separate from the note and mortgage or deed restrictions, that include all those things you see in the left hand side. And the documentation is obviously that signed agreement that specifies all those compliance requirements, but also includes non-compliance remedies and refinancing guidelines.

I mentioned to you several times through this series that I consider written agreements to be one of the cornerstone management tools of the HOME program. Obviously, the -- and I've listed it before, the rule is paramount, but then we've got the PJ's policies and procedures, the written agreement with all their recipients and beneficiaries, and IDIS is the financial records for managing the flow of funds and tracking the production that's being done. So please make certain that you have a properly developed written agreement that either you or your administrative partner is executing before you commit and set up the project in IDIS, which is where I'm going to really end.

The requirements to be able to say that I've committed the funds, I've entered into the agreement, and I want to set up this activity, and IDIS to be able to draw funds for the closing, is that the buyer underwriting needs to have occurred before commitment. Again, I'm going to refer you to CPD 18-09. That the underwriting complied with the guidelines, in other words you determined that it was an appropriate assistance amount to ensure sustainability for at least the affordability period. That the project is set up in IDIS after the written agreement, and that it was executed by both parties, and that the closing occurs within six months of commitment, which is part of the definition in 92.2, you've got to close within six months of entering into that written agreement.

So obviously the documentation is going to be your underwriting analysis and your written agreement. And that the underwriting analysis shows that it meets your policy, the written agreement was signed and dated by both parties prior to the setup in IDIS, and the closing occurred within six months. At that point, you have closed the project, delivered the assistance, and you have another homebuyer.

With that, I'm going to take a breath and ask Kris and Carrie if they've been monitoring any questions that they want to report on.

Kris Richmond: Well, there were lots of questions coming in. Couple people are asking about the homebuyer counseling, so we're just referring them to the HOME program webpage. There's a lot of information there, and then also there's a really great webpage off of the HUD exchange on homebuyer counseling that I'll go into a lot more detail than really what we're able to address today. Carrie, other questions that came up that you thought might be helpful for everybody to hear about today?

Carrie Kronberg: Let me take a look. You covered the ones on housing counseling. I think that's probably it for those that were -- that we could categorize.

Kris Richmond: Okay. All right. So I will get started with the administration and monitoring. So we're going to take a look at the specific requirements that apply to the PJs administrative and monitoring their down payment assistance activities. And this is going to include procurement, and contractor oversight if applicable, and project completion, as well as record retention. So let's jump into this.

Right. So first we're going to talk about procurement and contractor oversight. So the monitor exhibit includes one question on procurement and contractor oversight. And it's only if the PJ, or the state recipient or sub-recipient procures a contractor to administer all or part of its homebuyer down payment assistance program. So if that's the case, if they are using a contractor to run this program for them, then you do need to follow these requirements, 2 CFR Part 200 Subpart D, and this is a post federal award.

So if you do go to 200 Subpart D, you probably want to look around starting at 200.317, that talks about procurement by states, 200.318 has general procurement standards, 200.319 talks about competition, 200.320 talks about methods of procurement to be followed. So you do want to check that section out if you are using a contractor. And then HUD is going to be using the guide for review -- for procurement. That's what this Exhibit 34-3a and 7-34 cover. So HUD will actually be using that in addition to the exhibit that we're talking about today.

And then the documentation, obviously we just need to show in the procurement files that they are following all the procurement requirements. And just to alert folks, if the 2 CFR 200 copy that you have was downloaded, you know, more than six months ago, you might want to check to make sure that you have the most recent version, because it was updated in August of 2020. It was modified and re categorized, especially the procurement section, so you do want to check to make sure you have the most current version that you are using.

Right. So there -- we do need to make sure we're following project completion requirements and the regulatory requirement for project completion is that it has to be reported in IDIS as completed within 120 days of the final project draw. And the documentation for this is to show that we've met IDIS completion. Well, what does that mean? That means that the necessary title transfer has been completed, that the property has met property standards, that the final draw down and all funds have been dispersed, and that the data for the beneficiary and the actual unit has been put into IDIS. So as long as it's meeting all those requirements, and you have all those items in your file, then you would be consistent with meeting this IDIS completion information.

There are record retention requirements. You have seen this as we've gone through all of our different webinars. It's based upon the number of years, so for homebuyer, both -- either your resale or your recapture requirements have to be retained for five years after the period of affordability has ended, that's what I mean by POA. So remember, for our down payment assistance programs, the period of affordability is based upon the amount of assistance, so it could be 5, 10, or 15 years. So if you have a 15 year affordability period, then you would be keeping those documents for 20 years, because it's 5 years after the period of affordability.

All your written agreements need to be retained for five years after the agreement terminates. And remember, your written agreement also has to be as long as your period of affordability. And then your other homebuyer records have to be kept for five years from project completion. And remember, project completion was when our property is meeting our property standards, all the funds have been drawn, and the data for the beneficiary has been put into IDIS. So five years after project completion for all of your other homebuyer records.

And then for our documentation, and we just need to make sure that our records are being kept for this long. So making sure they're complete, and making sure they're kept for these time periods. Right. So we thought it might be helpful to hear a little more about you guys. We really miss being in person and chatting with folks during the break, so it's just kind of helpful for us to see what are some of the most common issues that you see in your files. So there's really no wrong answer here, just helps Monte and Carrie and I kind of see what you're all dealing with. So we just want to go through and see what might be most relevant to you in your situations. So go ahead and fill out the poll, if more than one of these issues is coming up for you, then you want to hit D, more than one of the above issues, then please hit submit. All right, Medora, how are we coming out with the poll here?

Medora: We've got just a few more seconds and it is closing out now.

Kris Richmond: Okay. Thank you. All right, so it's pretty well even among all of these. Inspection to determine unit to meet property standards is not properly documented, so we do want to make sure we're having inspection forms in there, and that you are making some type of statement that it is meeting your property standard. We had a lot of people saying there are missing or incomplete disclosure notices for Lead Safe Housing Rule. So if you do miss hearing my voice every week after these sessions are done, you can join me and Les Warner starting May 19th for the Lead Safe Housing Rule webinar, as we are going to be training on that. It's the same session that we did in February, so a little shameless plug there for the Lead Safe Housing Rule training that'll start May 19th.

Missing or incomplete documentation for income determination, income is always an area that folks sometimes struggle with. The income limits were now just published, it looks like they're going to go into effect June 1st. But on the HUD exchange, if you do a search for income calculation training, there were a couple webinars that were done I want to say maybe two years ago now, but still really relevant if you need to listen to that and find more about how to determine income. And I see that many of you are also struggling with all of these. So hopefully these sessions are being helpful to you.

Right. So let's look a little bit at program design. So now that we've finished the regulatory compliance requirements, let's look at some bigger questions regarding your homebuyer assistance program and that design. So we want to consider who your program is targeting, who you're trying to serve, and whether your program can be made more administratively efficient and effective. And monitoring is a really good time to take a look at how your whole system is working. Let's look at some of these sections.

So first your design considerations, you want to look at your policies and procedures. So your policies and procedures have to meet the requirements of the HOME rule and the monitoring exhibit. And if HUD is at your agency and they identify any problems, they will look at your policies and procedures because they want to find out was this a one time omission, is that why that documentation isn't in there? Or are there -- is this PJ's policies and procedures insufficient to ensure compliance. So policies and procedures, you've heard Monte and Les and I talk about these a lot, they're super important and they are really what HUD is expecting you to rely on to make sure your programs are being run not only efficiently and compliantly, but also consistently.

So they are going to be looking at these policies and procedures, so you want to look at your different policies for homebuyer assistance. And in particular, are you targeting certain populations to be served? Are you really only focusing on 70 to 80 percent of area median income, or are you trying to go to a lower type of target population. I saw some questions of people asking, we're trying to target lower populations, but we need to do a bigger subsidy. Yeah. That's probably what's going to happen. Are you trying to do different property locations, are you doing a citywide type of program, or do you want to work in certain target neighborhoods? So these are different things you want to look at.

Also what kind of types and limits of financial assistance are you going to be giving out? Loans, typically we see for down payment assistance programs forgivable loans. Are you going to do that type of program or you want to have some payment? So all different things that you can think about and put into these procedures. We do want to make sure that you're also looking at your staffing. So has there been staffing changes, do your staffing need some new training, do you maybe need to do some type of reorganization to have the right skills and abilities to help support your program?

Have you had any type of software adoption, or are you looking for new software to aid in the processing of your projects? And for your financial management procedures, are you able to get to closing quickly for these projects or is there a delay because there's so many different layers that need to go through before you can get to closing? So these are just different things to think about for your program design.

You also want to look at your performance, you want to see if there's any issues that your program might be experiencing and have you made any changes to improve this performance in order to meet compliance. So we've asked this in every webinar, but really, are you meeting your goals and have your goals changed? So programs that you set up 20 years ago may not be the way -- might not be the goals that you still have.

So you want to look at your more recent consolidated plans, your action plans, and think about what are our current goals now and do we need to do some program design to make sure we're reflective of that? Is there enough standard housing? Is there -- because this homebuyer assistance, so we're expecting there to be a certain number of standard condition housing stock available for your housing assistance program. So is that the case? Or are you finding too many units need rehabilitation, they're not meeting your acquisition standards? So you need to think about those different things.

Are there any changes to the administrative structure, or staffing, or procedures that will enhance your program performance? Is there new training that needs to be done, is there an online application process? A lot of programs moved to online this past year with Covid and everybody having to shut down, so think about these different things and how they can enhance your program.

As part of the ongoing evaluation and assessment, you should also consider whether your program targeting is appropriate and effective. So who are your buyers, are you reaching homebuyers that you want to be targeting, is your program design appropriate for your current market conditions, have they been changed, have prices increased or decreased, has the demand in your area gone up?

Maybe you need to respond to potential displacement and gentrification. Or has demand gone down in other areas that you might want to try to stabilize more? So just different things to think about for program targeting. And then you want to look beyond the requirements, you should really be evaluating the effectiveness of your policies and procedures to determine whether enhancements can be made in counseling, or buyer underwriting, responsible lending, or refinancing.

And Monte talked quite a bit about CPD notice 18-09. So this is 18-09, let me go to the first page so you can see it. Oops. One -- turn. Okay. So this was issued in August of 2018, it's downloadable from the HUD exchange. But this is a really great section -- or notice to go through to look at for your HOME program policies and procedures. And Monte had talked about counseling, let me go back to my slides here. And so for counseling, you want -- really need to think about are your buyers receiving enough personal guidance, are you ensuring that the counseling is making sure that their homeownership is sustainable, are your partners offering counseling an array of times or different methods that don't create a hardship? Do they have to take time off work, or is this someone online that they can be doing during the time that they're at their own home? So different things to think about that.

And going back to our notice, if you go to section 5 which is on page 15, it lists -- I'm going to scroll down so you need to take your cursor on the right side of this bar and scroll down the page as well to see until page 15 of the CPD notice talks about the key policy provisions for counseling. So that's why we talk about these different types of notices and how they can assist you. So these are [the core provisions ?], you want to make sure that these are in there, as well as other things to think about the design.

For your buyer underwriting and responsible lending, are you ensuring that the homebuyer underwriting is helping to sustain homeownership? Are your front and back end ratios appropriate for your buyers in the current lending conditions? Or are too many or too few buyers qualifying? And I want to show you going back to this notice -- I think it's page 12, is where we find the information about the responsible lending and the buyer underwriting. And so if you look right here, this is page 12 of the notice, goes into more information about those key provisions. So making sure that you do not have any prohibited features, they provide some prohibited feature examples. Also limits on high price loans, making sure that the review for the primary mortgage is being conducted. So these different things are listed in here as well.

And then for refinancing, you want to make sure that your refinancing requests are achieving the intended policy outcome, that you're ensuring fair treatment of the owners, you're protecting the HOME investment. And are there any current circumstances that might've arisen with your current homeowners that you may want to address? Or either to include or exclude. I know when I worked for a PJ, refinancing was always a big question, and whether we should give cash out or not give cash out. And so we decided that we were going to have a policy that we would allow refinancing with cash out if there were medical costs, or if there were college payments that a household wanted to make. So you want to set up your policies and procedures to be able to help and ensure not only they're fair, but that you're dealing with different circumstances that are coming up with the households that you're working with.

All right. Oh and one more thing to show you. So for the refinancing, back on that CPD notice on page 14, the CPD notice goes into more information. Again, I'm scrolling down, so you need to take that cursor and scroll down to -- and this provides the key provisions for refinancing in this notice. So if you haven't downloaded this notice yet, definitely go ahead and do it, it's very well-written, easy to follow, and some really great information. And you can take this and compare it next to your policies and procedures and make sure that you have the right information in there.

Homebuyer assistance, so PJ's might want to take another look at the amount and the form of their buyer assistance they're providing. As I've mentioned, what made sense years ago when the program was designed may not be appropriate for today's market. So you want to make sure that the amount and the form appropriate. Prices have gone -- I'm sorry, prices have gone up. But the mortgage rates have gone down, I mean we're at historic lows for mortgage rates, so this is really increasing what a buyer can afford. So is the amount of assistance still appropriate given that current condition?

And then Monte mentioned this, but I feel like it needs to be mentioned again. HUD has made it very clear that PJs should not provide the same amount of assistance to every recipient, but it needs to be based on their need, and this has to be determined by doing underwriting. You'll never know what they need -- the need is, if you haven't done underwriting. So you do need to make sure you go through that. We no longer have these types of programs where everybody gets $10,000 or everybody gets $25,000, we need to make sure that the assistance is based on that individual need, and it does need to be consistent with the underwriting policies.

I had a question that came in that said, well, the first mortgager, they do the underwriting. Do I still have to do the underwriting? And the answer is yes. Because you need to make sure that this -- the ratios are consistent with your policies, because we don't want to put a household into a mortgage that they're not going to be able to afford. So we do need to make sure for the HOME program that we're doing our own underwriting, and it's following our own underwriting policies.

We've talked a lot about property standards. We have shown you a couple times this handout for property standard, so you might want to go back here and look at the handout again. So you want to be checking for property standards in your program design issues. You know, what about useful life? Are the useful life standards that you've set up, are they going to help buyers avoid situations where a near term major expense might jeopardize the sustainability of their ownership? Do you need to have maybe more restrictive useful life standards put in place?

What about lead-based paint? So you heard that Monte said that for acquisition, which is subpart K in the Lead Safe Housing Rule, it's 24 CFR 35 Subpart K for acquisition, is a visual assessment. And a visual assessment is just looking around to see if there's any peeling, chipping, flaking, deteriorated paint. Lead -- the lead rule does allow the option for a homebuyer to test for lead. So it's not required, but is an option.

So I know a lot of PJs have decided that we just don't want that to be an option, we want that to be a requirement. So they are being more restrictive and saying that all of our homebuyers should have lead testing done on the homes that they want to purchase. So is this something that you want to put in place in your programs, or do you just want to stay with the minimum requirement, visual assessment? So it's just different things to consider based on your housing stock. And then are you providing adequate training to your property standards? Do they know what to look for, for the property standards, as well as visual assessment for the Lead Safe Housing Rule?

You should also be regularly evaluating your resale and recapture provisions. Typically for homebuyer assistance programs, we usually see recapture, resales not too often, but it is possible to use. And we want to make sure these big old documents are being recorded, that they're being stored for the entire period of affordability. Are you monitoring for principle residency during affordability? We talked a little about this last time, but how are you doing that? HUD's not going to tell you how to monitor principle residency, you have to decide for yourself and in your policies how you're going to do that.

So where I used to work, we were listed as a loss payee on the insurance, and we got a copy of their insurance statement every year. And then when they moved, we got a statement that said it was cancelled, or it's now tenant occupied, and so we knew it wasn't owner occupied. I know Monte talked a little bit last week about some PJs checking the water bills, making sure that the person's name and address is on there. So different ways that you need to identify in your policy procedures how you're going to do that and make sure you're following that.

And also, are you being notified when the home units are being sold? If -- how are you being notified about that? Is it -- where I used to work, we often heard from neighbors because they had to live in their homes and they wanted to make sure their neighbor was living there as well, so we'd get a phone call from the neighbors. Like I mentioned, also the insurance. That was also a way that we found out quite often that people were being -- that people were moving from their HOME assisted units. But just different ways, you need to have something identified in your policies and procedures of how that's happening. And if you're not finding this out, then you need to put something in place.

Also, we want to make sure that these are effective. So remember resale is ensuring a long term affordability, while recapture may be able to provide a source of future investments for your program. So you want to be looking at that, which one is working, which one might work best for your area. And then also, are the different -- the resale, the recapture, is that appropriate to your current market conditions? If you're dealing with resale, there's the PJ's method of calculating fair return, adequately balance the fair return to the seller while also maintaining affordability. Is the PJ using an appropriate index evaluation of the homeowner's improvement appraisal, versus itemized determination of improvement. So these are all different things you need to think about if you're actually using resale and thinking of your fair return.

Monte or Carrie, before we move on to preparing for HUD, is there any questions that have come up or things that you think we should cover a little more in detail?

Monte Franke: Hi. There's a couple of things that I think I just want to drive home the points before we get into the preparation. And one of -- I'm getting a lot of questions on the inspection standards an things of that nature, and I just want to be clear, historically a lot of jurisdictions relied on HQS, but HQS is no longer an acceptable standard under any HOME activity other than TBRA. And the standards are at 92.251, the standards for homebuyer acquisition are at 92.251(c)3. That includes the state and local codes, and the other things that I discussed previously. So please make certain that you're doing the inspections that meet those property standards, and you're having it done by yourself or your administrative partner.

The second thing is we're getting a lot of questions on environmental review, we can't do environmental review training here. There's a lot of good information at the HUD exchange website, if you hit programs, and then hit environmental review, it takes you to the page. It's got the checklist, it's got your access to other trainings like WISER training. DPA is a fairly simple thing, but it's a two-tiered review, where you're doing program wide, and then you're following up with each individual property in tier two. But it's not something that we can provide in this kind of a setting in the training.

And the third thing is a lot of underwriting questions keep coming in, a lot of people recognize that any low-income person probably needs assistance. But underwriting, I'm going to say it again, is not just about need, it's about the ability to sustain homeownership for at least the period of affordability. So just -- there's almost a presumption of need, but that isn't sufficient. You need to do the underwriting, and look at everything that they're taking on, and make a judgment as to whether or not they can make good use of the money and can sustain. And that's a requirement now, it's something that you need to document. So there's no more of this everybody needs it, so we're just going to give it to them.

Kris Richmond: Great. Thank you. Carrie, anything else you want to add to that?

Carrie Kronberg: Monte just hit all three things that I wrote down to cover.

Kris Richmond: Fantastic.

Monte Franke: I [borrowed ?] your notes, Carrie.

Carrie Kronberg: [inaudible] doing that.

Kris Richmond: Okay. So I just want to point folks out to show when Monte was talking about property standards, we do have this property standards handout. I'm on the property standards handout page 3, and you can see -- we're doing homeownership, so I'll try to make a little circle down here. We did the list of what these are and what the documentation is for that.

And then going back to my CPD Notice 18-09, again I'm going to scroll down here, I'm scrolling down, halfway down. You can see that there's a really great section here about underwriting standards. So if you need some more guidance, you want to download 18 -- CPD Notice 18-09. We have the link to this at the very end of our slides, as well as looking at the subsidy -- I'm sorry, the property standards handout, as well. Monte, anything else?

Monte Franke: Nope.

Kris Richmond: Okay. I will keep going. We'll have time after the section to answer some more questions as well. All right. So let's talk about how to get ready for HUD monitoring. So these will look pretty similar, it's pretty much the same kind of process as the other webinars that we've done. So HUD, when they come to monitor you, they're going to be looking at several different aspects of your HOME program, depending on the risk analysis and the monitoring plan that they've done.

But today's focus is on Exhibit 7-28, homebuyer down payment assistance. It does have 54 questions, and 15 different topics, it is 33 pages long, so take a look. If you're home, before you click on the print button, so I'd wait until you're back in the office to print that one out. We also want to make sure that the first -- that you're aware the first step is to assemble all the documents that are required for review. So you want to be looking at the IDIS report. We do list on our preparing for HUD monitoring some of these -- IDIS reports, let's, see. Here we go.

So on page 7, this is the self-assessment tool. So on page 7, it lists some of the different IDIS reports, they're not all relevant for homebuyer, but there are some of the reports listed here. So you want to be pulling your IDIS reports, you also want to be making sure you're looking at your policies and procedures, any type of outreach or intake that you're doing, and marketing, your eligibility, and your underwriting. So you want to make sure you're pulling all that together, your resale/recapture provisions, any past monitoring.

I think past monitoring is really super important because you don't want to have HUD come back and say, you're still making the same mistakes as you did last time. So take a look at that past monitoring, make sure that whatever any issues that were found have been addressed, that that's no longer going to be a problem when you're doing your own self-assessment. And then citizen input, this is also really super important because this is how your program is perceived by the community. So you want to look at the citizen input, is there anything that needs to be changed based upon the citizen input, do they feel like your program is equitable, do they feel like your program's being effective? What are some different changes that might need to be put in place to address any citizen input if it is valid.

And then this Exhibit 7-24, we've mentioned this a number of times, this is the HOME pre-monitoring checklist. This is what HUD's going to use to start to get ready before they come to visit and this document assembly list, these all came from 7-24, so we've already given you a head start on that.

Right. So once you've assembled all your items listed on the previous slide, you want to do a self-assessment, and you want to do three major things for this self-assessment. You really want to be doing a policy and procedure review, you want to make sure it's complete, meeting all your HOME requirements, and it's also compliant. You want to be doing a documentation review, so I would be pulling out all of my templates, I would also be going through different files. And I want to use my exhibit, and I would be pulling out my exhibit, what I sometimes call the checklist, and going through my files using this exhibit. Can I actually answer all these questions, can I check yes, would it look like this file is compliant?

Carrie and I are working on a project for another city, we're looking at their homebuyer agreements, as well as their policy and procedures, and we'd use those exhibits to go through the agreements. Did they have all the required provisions for the agreements? It was really simple and easy tool that we were able to use to see if those documents were actually compliant. And we also want to make sure that you know that self-assessment is an integral part of your own monitoring.

And if you missed the first monitoring webinar that we did, it's called Understanding Monitoring, it is available on the HUD exchange, if you missed that, if you want to listen, that goes into more details on how to do a self-assessment, what a monitoring plan is, as well as risk-based analysis. And that's a requirement for your monitoring, is to do a risk-based analysis and then following a monitoring plan based upon that. So if you missed the first session, Understanding Monitoring, please go back and listen to that.

And then this slide really shows the different elements of the self-assessment review. These are all -- goes into great detail within that self-assessment tool that we put together. So there's a section that goes over regulatory compliance, that's looking at the policies and procedures, the written agreements, the regulatory limits, and the eligibility documentation. It also reviews program performance. Looking at your IDIS information, is it current, is it accurate? Looking at your production, what you've actually produced versus what you would say you were going to do in your consolidated plan goals, or your action plan goals.

And then looking at your monitoring and evaluation. So how is that monitoring going, are you set up on a schedule, what about any responses to prior monitoring? Any staff skills or training that need to be done, any changes to the program, how has that affected your evaluation or monitoring? And you can find this at this link. I know this link has also been put into the chat box a couple times today when people were asking how do I find the materials for today's session?

So a couple resources and tools, the red box is showing 7-28. This is the checklist that's specifically for homebuyer down payment assistance programs. And then the green box is the 7-24, this is that pre-monitoring checklist or exhibit that HUD uses to get ready to come monitor you. They are housed at HUDCLIPS, but you can get to them also through the HUD exchange.

This is showing you the HOME page for the HOME program on the HUD exchange, this is about halfway down the page. There is a homeownership tile, and so you can click on that tile, it's where that red box is. And when you click on that tile, it'll take you to a page that looks like this, and it lists some really great resources for homeownership programs. Also, tools and notices, FAQs, frequently asked questions, those are also available. And the program limits are available on there as well. We also highlighted the monitoring tool tile on there as well. So all sorts of different topic areas, that's all found in the middle of the HUD exchange homepage.

And then this is the Building HOME Online Training. We didn't have too many basic questions today, we might have answered a lot of them last week. But if you're fairly new to the HOME program, this is a self-paced training for the HOME program. It has replaced what we used to call Building HOME. And so we used to do two and a half days of in person Building HOME training, and then that moved to a webinar platform for eight hours of training. And we have gone back to more in depth training.

So this is a pretty lengthy self paced online training, there's about 23 hours of instruction. It does require that you take the first three sessions, which is an overview, program requirements, and administration, before it lets you springboard to specific activities. So we feel it's really important for everybody to have those core sessions under their belts before they hop into homebuyer, or hop into rental programs. So that's a really other fairly new -- maybe about a year old now, maybe a year and a half. If you haven't accessed it, please go ahead and do that. It also keeps track of where you are. So if you only have an hour, you can do an hour today. And then the next time you come on, it'll tell you where you were and keep working your way through the different modules.

Some other tools that are available, this is the one that we talked about a lot today, 18-09. There's also CPD Notice 12-03, the guidance on resale/recapture provision. We've shown you both the self-assessment and the property standards tool, those we've gone over a couple times today, but the links are there as well.

And then if you ever need technical assistance, for HUD monitoring or other HOME needs that you might have that you need technical assistance, you can request that on the HUD exchange. It's super easy, you just go in, put a little bit of information. That request does go to the field office, and then the field office will send that on to HUD headquarters to determine if you'd be eligible to receive assistance. So it's underutilized, so that's why I put it on the slide, please be aware that it's here. And if you need assistance, please feel free to reach out for that. And that's paid for by HUD, that's -- there's no cost to you for this type of assistance at all.

Before we go into wrap-up, is there any more questions that we should cover, or other areas, Monte or Carrie, that you think we should review a little more in depth?

Monte Franke: Kris, there's a question I think is worth talking about with everybody here. And it's going back to something that I think we said in -- back in webinar one, if anybody can remember that. But we talked about the fact that HUD does a risk assessment each year and makes a determination of what it will do in depth monitoring of. Remember that HUD monitors you constantly through looking at IDIS and your plan submissions and things like that, but they make a determination of in depth reviews of what to look at based upon risk factors that they consider.

So some of you may not have been monitored in quite a while, or you might have been monitored just on a particular issue and not the whole program. That's all determined by HUD each year as they do their monitoring plan. And it's that sort of practice that they recommend that PJs use as well for making the determination. So we can't predict how, and when, and what you'll be monitored for, we're trying to prepare you through this series for any kind of monitoring that may come up under the HOME program. And we want you to be ready as soon as you can be, because you don't know exactly when -- HUD will schedule in advance with you, but you won't have endless warning.

So it's important to sort of understand that you could be contacted at any time and told that you might have an upcoming monitoring on a particular aspect of your program, or a particular program you're -- or a particular uniform federal requirement that -- and you'll need to be ready for it.

Kris Richmond: Great. Monte, I think there's a question, too, that just asked, can you repeat which property standard is no longer valid? That's the housing quality standard, that's only used for TBRA and it's the UPTS standards that need to be followed now. Monte, go ahead.

Monte Franke: Yeah. I -- in several of the questions, I've told people, go back -- since we're talking homebuyer DPA today, go back and look at 92.251(c)3. It's not a long paragraph, but it tells you that if you're doing acquisition for homebuyers, that you need to use any applicable state and local codes, that you need to consider a list of deficiencies. It said that HUD will issue -- HUD has not issued those, and right now they're waiting for the new NSPIRE Standards to come out to replace UPCS.

So it's up to the PJ to determine what deficiencies it believes needs to be addressed. Some of you have state and local codes that do apply to existing single-family, but others of you do not. So you've got to come up with a standard and draw from UPCS and deficiencies and things that you require to be addressed. And that's sort of -- that is explained to you in this paragraph 92.251(c)3, please don't rely on HQS going forward, that has not been permitted except for TBRA since 2013.

I also got a question on IDIS and completion, and this is an important thing that we have not discussed. But the way the HUD system is set up, IDIS records project completion, and from HUD's perspective, that's what it considers to be the start of any period of affordability. So if you have significant delays in IDIS entry, you might be affecting HUD's understanding of when those periods of affordability started, which could cause problems down the road. HUD wants you to get the information into IDIS just as soon as possible, and some of you are using partners that are slow with this, but you need to get on it and get that information in so that we don't have confusion down the road as to when a period of affordability might expire.

Kris Richmond: Any other questions, Monte or Carrie, or areas we should talk a little more about? This is a shorter information than the others. Go ahead, Carrie.

Carrie Kronberg: One area is there were some questions about record retention. And how long those need to be maintained. So five years is the minimum of record retention, but if you're closing on -- if a homebuyer is closing on a home, and there's a period of affordability, the records need to be maintained for five years after that terminates. So if you've got a 15 year period, you could be looking at a minimum 20 year record retention for that particular purchase of the home. And then project related records can be purged after five years of completion.

Kris Richmond: Great. Other areas, Carrie?

Monte Franke: I've got one.

Kris Richmond: Go ahead, Monte.

Monte Franke: Yeah. Written agreements, I've mentioned that it's one of the important milestones in the HOME program in general, and it is for DPA as well. And just to clarify, when I said that the written agreement has to be executed by both parties, prior to you being able to set up that individual project in IDIS. That's HUD's definition of commitment, and so you have to have a written agreement signed for you to be able to set up the project in IDIS and draw the funds. If you are delaying the execution of the written agreement until closing, theoretically you do not have the funds available to you to deliver to closing, and you might have to take reimbursement if that's the way that you operate.

HUD's intention is that the written agreement be the disclosure document that tells that homebuyer all that they're going to have to require -- they're going to have to comply with if they choose to accept this assistance. So HUD really considers the written agreement as something that should be executed when you make the commitment prior to going to closing, and you'll need to work out the logistics of that. But you should not be setting up a project in IDIS if you have not completed the underwriting and executed a written agreement with the buyer.

Kris Richmond: Great. Anything else, Monte?

Monte Franke: Question on sample written agreements. There are -- we don't have samples, there were some drafted in a training that we had hoped that we had piloted, and hoped to deliver in 2020, but like so many other travel plans, that one got set aside by Covid. I -- HUD's always reluctant to issue written agreements because of the variation of state laws, state local laws regarding contracts, and also lawyer preferences and things of that nature.

I would urge you, since I can't say that there is a posted sample written agreement, I would urge you to share among your -- with your peer PJs and ask them to share their documents, and if they're in state you're more likely to be on target with any applicable state requirements, as well as the HOME requirements, and work on them together. Maybe someday we'll have a sample for them, but we don't now.

Kris Richmond: Yeah. And all the trainers, and Carrie, we're going to debrief after all these sessions are done. And so we're going to put together a list of things that we've seen in the Q and As that have come up of, I really need a sample written agreement, or I really need a template on this. So we're starting to collect all that information, and we'll provide that to HUD after all these sessions are over as well. Monte, other questions that have come in?

Monte Franke: There was just a question I think that tailed on what I was just talking about in terms of the timing of the written agreement. I didn't mention in that explanation that environmental review also has to be completed as well, to enter into a commitment, because you can't commit or expend funds under Part 58 Section 22 without having that clearance. But for most homebuyer assistance, if you've completed the tier 1 and the tier 2 checklist is -- does not raise any issues, you should be able to convert it to exempt and proceed. So it shouldn't slow you down, but you also should have that determination in hand before you execute the written agreement.

Kris Richmond: Great point to bring up. Carrie, other areas, or things that have -- questions that have come in?

Carrie Kronberg: I don't think I've seen any others that Monte didn't cover.

Kris Richmond: Okay. Monte, anything else?

Monte Franke: Well, we've never finished early, so why don't we give them a break and do that for once?

Kris Richmond: Okay. All right. So I will go to the very end, just to remind folks -- let's see, what's our last slide number here? Sixty -- type 60 here. If you are doing homeowner rehab, you can join us next Tuesday on May 11th, we're going to be going over homeowner rehab, and this week on Thursday, we're going to be doing tenant based rental assistance. So if you're doing any type of TBRA, you can just us this Thursday, and then next Tuesday, we're going to be doing homeowner rehab, and then the following Thursday on the 13th, we'll be doing long term rental compliance.

So still a few more sessions available. We'll be here answering questions on the Q and A box during those sessions as well, if things are relevant to those particular sessions. So I really appreciate everybody's time today, and attention to monitoring very important functions in the HOME program, and glad that you were all able to join us today. And thanks, Monte and Carrie, for your support today as well. And we will either see you Thursday or next Tuesday if you're able to join. Thanks, everybody. Bye.

(END)