

**Texas Department of Housing and Community Affairs
FY 2016 & 2017 Texas Bootstrap Loan Program
Notice of Funding Availability (NOFA)**

NOFA Summary

The Texas Department of Housing and Community Affairs (TDHCA), through its Office of Colonia Initiatives (OCI), is pleased to announce the availability of \$6,800,000 in funds from the State of Texas Housing Trust Fund (HTF) for Fiscal Years (FY) 2016 and 2017 of the Texas Bootstrap Loan Program (Program). The Program is a self-help housing construction program that provides very low-income households and persons with special needs (Owner-Builders) an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through sweat equity.

On Wednesday, January 13, 2016, \$3,800,000 of \$6,800,000 will be available for immediate reservation and access for the rest of FY 2016. On approximately Thursday, May 5, 2016, the remaining \$3,000,000 of \$6,800,000 will be available for online reservation for FY 2017, but not accessible by participating organizations until September 1, 2016 (the start of FY 2017). Additional funds may be added to this NOFA from loan repayments, interest earnings and deobligations from prior years.

Requirements to participate in the Program may be found in Texas Administrative Code, Title 10, Part 1, Chapters 1, 2, 20, 21, 24 and 26 and Texas Government Code, Chapter 2306. Any capitalized terms not defined in this NOFA shall be defined in these chapters.

This NOFA will utilize an online reservation system for reserving funds for eligible Owner-Builders. Prior to accessing the online reservation system, all nonprofit organizations must:

- Be certified by TDHCA as an Nonprofit Owner-Builder Housing Provider (NOHP) or be a Colonia Self-Help Center (CSHC) that has been approved to participate
- Have an executed "Loan Origination and Reservation System Access Agreement" for the Texas Bootstrap Loan Program
- Fulfill the additional requirements listed below

Funds made available under this NOFA are not subject to the Regional Allocation Formula since two-thirds of the funds are allocated in accordance with Texas Government Code, Section 2306.753(d). In addition, the remaining one-third of funds is less than \$3,000,000 in accordance with Texas Government Code, Section 2306.111 (d-1)(3).

For more information regarding this NOFA, contact Raul Gonzales with TDHCA's Office of Colonia Initiatives at (512) 475-1473 or raul.gonzales@tdhca.state.tx.us.

Funding Guidelines

Under Texas Government Code, Section 2306.753(d), TDHCA must set aside at least two-thirds of Program funding for Owner-Builders whose property is in a census tract with a median household income not greater than 75% of the median state household income (for the most recent year for which statistics are available). The remaining one-third of the funding will be available statewide. Census tract data is available on the Program website: <http://www.tdhca.state.tx.us/oci/bootstrap.jsp>.

The \$3,800,000 in FY 2016 funds will be available for immediate reservation and access on January 13, 2016, as follows:

- Two-third set-aside available to listed census tracts only: \$2,534,600 (includes administration funding)
- Remaining one-third set-aside available statewide: \$1,265,400 (includes administration funding)

The \$3,000,000 in FY 2017 funds will be available for online reservation on May 5, 2016, but not accessible by participating organizations until September 1, 2016, as follows:

- Two-third set-aside available to listed census tracts only: \$2,000,000
- Remaining one-third set-aside available statewide: \$1,000,000

Under Texas Government Code, Section 2306.754(b), the maximum Bootstrap loan per household is \$45,000. The Owner-Builder may obtain supplemental funds from other sources, including other TDHCA funds, as long as the total amount of amortized repayable loans made by all sources does not exceed \$90,000, pursuant to Texas Government Code Section 2306.754(b). Rates and terms for all additional non-TDHCA resources must be fully documented to the satisfaction of TDHCA staff.

After the completion of each home and mortgage loan closing, TDHCA will disburse an administration fee to the NOHP equal to 6% of the Bootstrap loan amount.

Reservation System Guidelines:

In order to submit Owner-Builder loan applications for reservation, a certified NOHP or CSHC must execute a Loan Origination and Reservation Access Agreement with TDHCA. NOHPs that have existing Agreements with TDHCA and must be in compliance with all performance benchmarks per their current agreement if they wish to have access to the reservation system.

NOHPs and CSHCs reserve Bootstrap funds on a first-come, first-served basis and TDHCA processes the reservations in the order they are received. Each NOHP or CSHC may reserve up to a maximum combined dollar amount of \$360,000 in Bootstrap funds. This limit applies to all reservations, regardless of location or set-asides. For NOHPs and CSHCs at the \$360,000 reservation limit, additional reservations can only be submitted after an existing Bootstrap loan has closed.

For FY 2016, on February 17, 2016, TDHCA will increase the maximum combined dollar amount of funds an NOHP or CSHC may reserve from \$360,000 to \$450,000, subject to the availability of funds, excluding funds made available after May 2016.

For FY 2017, the \$360,000 cap will apply to the May 2016 release of funds. Then on August 5, 2016, TDHCA will increase the maximum combined dollar amount of funds an NOHP or CSHC may reserve from \$360,000 to \$450,000, subject to the availability of funds.

After reserving funds, it is the NOHP's responsibility to then submit the package of documents listed on the "Bootstrap Application/Compliance Checklist" (Exhibit 9 of the Texas Bootstrap Loan Program Manual, or <http://www.tdhca.state.tx.us/oci/forms.jsp>) **within 10 business days** of the date the Owner-Builder application was submitted on the online reservation system **OR within 1 business day** of receiving the following, whichever is sooner:

1. Consumer's/Applicant's Name;
2. Consumer's/Applicant's Income;
3. Consumer's/Applicant's Social Security Number to obtain a credit report;
4. Property Address;
5. The mortgage loan amount sought; and
6. An estimate of the value of the property (sales price)

TDHCA will require that the Application/Compliance Package be submitted online through the Single-Family File Transfer System <https://sf-files.tdhca.state.tx.us/>. For access to the file transfer system, please contact Raul Gonzales at (512) 475-1473 or raul.gonzales@tdhca.state.tx.us. For extenuating circumstances, TDHCA may waive this requirement on a case-by-case basis.

TDHCA staff will review the Application/Compliance Package within 10 business days of receipt and provide written notification to the NOHP of the Owner-Builder's eligibility. A reservation for an Owner-Builder applicant does not guarantee funding. TDHCA will continue to accept reservations on an ongoing basis until August 31, 2018 or until all funding has been committed.

Advanced Priority Access to the Reservation System:

Under Texas Government Code Sections 2306.753 and 2306.757, TDHCA will grant 24 hours of advanced priority access to the reservation system to NOHPs submitting Owner-Builder applications meeting the following criteria:

- (1) Household income is below \$17,500 per year, OR
- (2) Property is located in a county or municipality that has verified—in writing—that it will waive Capital Recovery Fees, building permit fees or other fees related to Bootstrap-funded construction. In order to receive priority, these fees must be imposed by the county, municipality, or respective water supply company.

For FY 2016 funds, the 24 hours of advanced priority access to the reservation system for eligible Owner-Builder applications will occur as follows:

- Begins on Tuesday, January 12, 2016, at 9:30 a.m. Central Standard Time (CST), ends on Wednesday, January 13, 2016, at 9:29 a.m. CST.
- On Wednesday, January 13, 2016, from 9:30 a.m. to 9:59 a.m. CST, the online reservation system will be inactive in order for TDHCA staff to reconcile reservations. Absolutely no reservations will be accepted at this time.
- On Wednesday, January 13, 2016, at 10:00 a.m. CST, all remaining funds will be available to any Owner-Builder applicant meeting Program Guidelines.
- TDHCA will cancel any reservation that does not meet the priority criteria upon further review.

For FY 2017 funds, the 24 hours of advanced priority access to the reservation system for eligible Owner-Builder applications will occur as follows:

- Begins on Wednesday, May 4, 2016, at 9:30 a.m. Central Daylight Time (CDT), ends on Thursday, May 5, 2016, at 9:29 a.m. CDT.
- On Thursday, May 5, 2016, from 9:30 a.m. to 9:59 a.m. CDT, the online reservation system will be inactive in order for TDHCA staff to reconcile reservations. Absolutely no reservations will be accepted at this time.
- On Thursday, May 5, 2016, at 10:00 a.m. CDT, all remaining funds will be available to any Owner-Builder applicant meeting Program Guidelines.
- TDHCA will cancel any reservation that does not meet the priority criteria upon further review.

Owner-Builder Eligibility Requirements:

1. Household income may not exceed the greater of 60% of the Area Median Family Income or 60% of the Statewide Income Limits, adjusted for household size per the U.S. Department of Housing and Urban Development's "HOME Investment Partnership Program."
2. Must have resided in Texas for the 6 months preceding the Owner-Builder application submission.
3. Must successfully complete an Owner-Builder education class prior to loan closing.
4. Must fulfill the self-help labor requirement in one of the following ways, all under the guidance and supervision of a certified NOHP:
 - a. Execute a Self-Help Agreement to provide the personal labor equivalent of at least 65% of the labor necessary to build or rehabilitate the proposed housing; OR
 - b. Provide the labor equivalent of at least 65% of the labor necessary to build or rehabilitate housing for others; OR

- c. Provide the labor equivalent through the noncontract labor of friends, family, or volunteers and personal labor of at least 65% of the labor necessary to build or rehabilitate the proposed housing; OR
- d. Provide the labor equivalent through the noncontract labor of friends, family, or volunteers of at least 65% of the labor necessary to build or rehabilitate the proposed housing if Owner-Builder has a documented disability or other limiting circumstances preventing the contribution of the personal labor required.

Under the Personal Responsibility and Work Opportunity Act (PRWORA) (Pub. L. 104-193, 100 Stat. 2105, codified at 8 U.S.C. Section 1601 et. seq. as amended by Omnibus Appropriations Act, 1997, Pub. L. 104-208), NOHPs may be required to verify the immigration status of individuals applying for the Bootstrap Program. PRWORA requires state and local agencies administering federal programs to verify the immigration status of all applicants for federal public benefits using the U.S. Citizenship and Immigration Services' online "Systematic Alien Verification for Entitlements" (SAVE) Program (Welfare Act Section 432, 8 USC 1642(b)). However, PRWORA exempts nonprofit charitable organizations from requirements to verify immigrant eligibility or status. NOHPs believing they are exempt from PRWORA requirements will certify their status in their Loan Origination and Reservation Access Agreement for TDHCA's review and approval.

Please note that the PRWORA exemption for nonprofit charitable organizations *does not apply to public organizations* with 501(c)(3) nonprofit status, such as public housing authorities, local mental health authorities, housing finance agencies, councils of governments, their associated instrumentalities or affiliate organizations, and instrumentalities of cities and counties. These entities, even if organized as a 501(c)(3), must verify the immigration status of applying individuals via the SAVE Program online and follow all protocols per the PRWORA.

Becoming a Nonprofit Owner-Builder Housing Provider (NOHP):

The NOHP certification application is available on the Bootstrap Program website:

<http://www.tdhca.state.tx.us/oci/bootstrap.jsp>

Nonprofit organizations seeking NOHP certification must verify they are a tax-exempt organization under Internal Revenue Code Section 501(c)(3). Additional NOHP certification requirements may be found in Texas Administrative Code, Chapters 20, 24, and 26. An NOHP may become ineligible if TDHCA discovers any findings of noncompliance, such as past due single audit information, delinquent payments to TDHCA, unresolved audits or TDHCA monitoring findings, or misrepresentations in the application process.

The NOHP designation and execution of a Loan Origination and Reservation Access Agreement is required before:

- Qualifying potential Owner-Builders for Bootstrap loans.
- Originating Bootstrap loans in compliance with program rules and guidelines.
- Assisting Owner-Builders in constructing or rehabilitating their home.
- Providing Owner-Builder classes on financial responsibilities specific to self-help programs, self-help housing construction, and resources for low-cost building materials and building assistance.

An NOHP may become ineligible if, upon review, TDHCA discovers any findings of noncompliance, such as past due single audit information, delinquent payments to TDHCA, unresolved audits or monitoring findings by TDHCA, or misrepresentations in the application process.