

North Carolina Housing Finance Agency



COMMUNITY PARTNERS LOAN POOL PARTICIPATION GUIDELINES

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*These guidelines will be revised periodically. The most current version can be found on the NCHFA website:
<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool/forms-and-resources>*

Table of Contents

1. Program Overview	5
Introduction	5
What CPLP Offers.....	5
Loan Pool Member Benefits.....	5
How CPLP Works.....	6
Program Funding.....	6
Civil Rights Act and Fair Housing.....	7
2. Becoming a Member of the Community Partners Loan Pool (CPLP)	8
Eligible Applicants for CPLP Membership	8
Applying to be a CPLP Member.....	8
Agency Evaluation of the Application for Membership	9
Applicant Capacity	9
Home Buyer Education and Pre-Purchase Counseling.....	9
Eligible Home Buyer Programs.....	9
Other Membership Information:	9
Getting Started	10
Required Services of the CPLP Member.....	11
3. Eligible Properties for CPLP	12
Eligible Properties:	12
Required Inspections for Existing Homes	13
Timing of Inspections	15
Maximum Sales Price and Income Limits	15
4. Borrower Requirements for CPLP Assistance	17
Eligible Home Buyers	17
Responsible Lending Standards	17
Changes to First Mortgage After CPLP Approval.....	18
Residual Income and Cash Flow.....	18
Grossing Up Non-Taxable Income.....	19
Income Stability	19
Minimum Credit Score.....	19
Borrower Contribution and Cash Out.....	19
Verification of Employment or Income.....	20

Borrower Reserves and Assets.....	20
Additional Borrower Eligibility Requirements Other Property Ownership.....	20
Borrower Marital Status	20
Legal Status	21
Required Home Buyer Education & Housing Counseling.....	21
Other Eligibility Criteria and Final Eligibility Determination.....	22
5. Program Loan Underwriting & Income Qualifications	23
Timing the Verification of Income.....	23
Qualifying and Household Income	23
Student Loan Debt	23
Calculating Total Monthly Subsidy:.....	24
Homeownership Vouchers.....	24
Mortgage Credit Certificates.....	24
Required Third Party Documentation	24
How Much Income Documentation	24
Annualizing Income.....	25
Overtime and Other Income	25
Borrower Assets.....	25
6. Program Financing / Program Options.....	26
CPLP Financing Availability & First Mortgage Requirements	26
NCHFA’s NC Home Advantage Mortgage™ (<i>FHA, VA, USDA, or Conventional</i>)	26
USDA 502 Direct Loans	26
CPLP Terms	26
Individual Development Account (IDA) Matching Funds.....	31
7. General Loan Requirements for CPLP	32
Lender/Borrower Requests for CPLP Assistance After Sales Contract Signed	32
Upgrades for Newly Constructed Homes.....	32
Existing Home Inspections After Sales Contract Signed.....	32
CPLP Submissions.....	33
Underwriting Package.....	33
Pre-Closing: Confirming Closing Date & Closing Documents	34
Post-Closing: Documentation Needed.....	35
Required Timeline for Submission of Closing Documents	36
Timeline for Payment of Member Fee	36
Timeline for Payment of SystemVision™ & Green Building Certification Fees	36

Emergency Response SystemVision™ Certification Policy	37
8. Servicing Issues	38
Refinancing Standards: Loan Modifications, Subordinations, and Assumptions	38
Death of a Borrower	38
Recapture Affordability Period	38
9. Additional Program Requirements	40
Information Security	40
Helping Home Buyers with Limited English Proficiency	40
Relocation Assistance	40
Affirmative Marketing and Fair Housing	41
Conflicts of Interest	41
Records Retention Policy:	42
Monitoring of CPLP Members	43
Home Buyer Written Agreement	43
Faith-Based Organizations	43
APPENDIX 1: Best Practices for Siting Homes and Green Building Standards	44
PART A: Best Practices for Siting New/Existing Homes	44
PART B: Green Building Standards Accepted	45
APPENDIX 2: NCHFA Loan Pool Portal	46
SUBMITTING A RESERVATION FOR CPLP FUNDS	46
SUBMITTING THE CPLP UNDERWRITING PACKAGE	47
APPENDIX 3: Sample Loan Conditional Approval Letter	48
APPENDIX 4: Lead-Based Paint Visual Assessment Introduction and Assessment Forms	50
Lead-Based Paint Visual Assessment: Introduction	51
Lead-Based Paint Acknowledgement Form For Homebuyers	52
Lead-Based Paint Visual Assessment Form	53
APPENDIX 5: Four Factor Analysis and LAP	54
APPENDIX 6: Cash Flow Worksheet for Calculating Borrower’s Residual Income.....	61
APPENDIX 7: Recertification Form: Supplemental Home Buyer Education Completed	63
APPENDIX 8: HUD Income Guidelines	65
APPENDIX 9: Letter of Intent for USDA 502 Direct Borrowers (Rev. 3/01/24)	70
APPENDIX 10: Zero Income Affidavit.....	73
APPENDIX 11: CPLP Program Contacts	75

1. Program Overview

Introduction

The **Community Partners Loan Pool (CPLP)** program is a down payment assistance (DPA) program for low- and moderate-income home buyers. Eligible households can use CPLP funds to purchase a newly constructed or existing home that meets program standards. Also, CPLP assistance must be combined with either a NC Home Advantage Mortgage™ or a USDA 502 Direct loan. Finally, home buyers *must* work with a CPLP Member to apply for CPLP assistance.

North Carolina Housing Finance Agency (“NCHFA” or “Agency”) provides a fee for service to Members for each CPLP loan closed as well as certification fees for homes built or renovated to meet certain energy efficiency standards.

The primary objectives of CPLP are:

- To assist qualified households at or below 80% of Area Median Income to become home owners;
- To increase home ownership opportunities in underserved communities;
- To increase the capacity of housing nonprofits and local government housing programs to produce more affordable homes;
- To leverage other public and private investment; and
- To encourage the production of healthy, energy efficient homes through the application of advanced building science.

What CPLP Offers

CPLP offers the following funding options for eligible home buyers:

- Up to **25%** of the sales price, with a maximum of **\$50,000** per loan, when used in combination with a NC Home Advantage Mortgage™. CPLP funds are provided as a deferred payment, subordinate mortgage loan at 0% for 30 years to eligible borrowers who purchase a newly constructed or existing home.
- Up to 10% of the sales price when used in combination with a USDA Rural Development 502 loan (*Direct Purchase and Construction-to-Permanent*). CPLP funds are provided as a deferred payment, subordinate mortgage loan at 0% for 30 or 33 years to borrowers who purchase a newly constructed or existing home.
- \$1,000 to \$2,000 secondary match for Individual Development Account (IDA) savings for home buyers participating in a NCHFA-approved IDA Program (**see [IDA Matching Funds](#) for more information*).

Loan Pool Member Benefits

- \$2,000 fee for home buyer readiness services provided, including home ownership education and in-person pre-purchase counseling, assembling and submitting the CPLP application via the NCHFA Online Portal, and assisting home buyers through the closing process.

NOTE: Member Fees may be reduced or eliminated for poor performance (incomplete packages, insufficient documentation for property condition, last minute omissions on key eligibility data, poor communication by Member, etc.).

- *\$4,000 (*slab*) or \$5,000 (*crawl space*) certification fee for homes built to SystemVision™ for New Homes Standard
- *\$5,000 or \$6,000 (*new HVAC*) fee for homes rehabilitated to SystemVision™ for Existing Home Standard
- *\$1,000 certification fee for NCHFA recognized Green Building Certification for New or Existing Homes

*Note: Effective 1-1-2025, SystemVision™ Only Funding Package no longer available

How CPLP Works

1. CPLP membership is open to North Carolina non-profits or government agencies that assist income-eligible home buyers prepare for the purchase of a home. Applications for membership are accepted throughout the year.
2. Once approved, the Member can reserve CPLP loan funding on a loan-by-loan basis for potentially eligible borrower(s).
3. After the underwriting and unit information has been submitted and approved, the Member selects the closing date, and the Agency provides funds and loan documents at closing.
4. After the loan has been closed and required documentation received, the Agency pays the Member the appropriate fee for home buyer prep services provided as well as any fee for SystemVision™ certification with or without Green Building certification.

Program Funding

The Agency utilizes HOME funds from the U.S. Department of Housing and Urban Development (HUD) to support CPLP. The amount of assistance provided depends on which option(s) the Member requests for the home buyer.

Each January, the Agency announces the amount of CPLP funding available on our website: Effective January 1, 2025, the Agency established an annual cap of 25 loans per member. CPLP members will be capped at 25 loans for the year to allow participants to take advantage of the funds. However, the Agency will reassess the remaining balance mid-year, June 1, 2025.

<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool>

Two important notes regarding the annual reservation limits:

- Reservations should be submitted for home purchases that are expected to be underwritten and closed within 45 days of submission (*NOTE: USDA 502 Direct loans may require more time to close).
- For the last quarter of the year, Members should only submit reservations anticipated to close no later than December 31st of the current year. The members will be given advance notice of the cutoff dates to submit the file for underwriting approval and closing deadlines. Reservations will be submitted in the year that the home is expected to close.

Additional funding may also be available for IDA Matching Funds. NCHFA will communicate with Members about funding availability throughout the calendar year.

Civil Rights Act and Fair Housing

The Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988 apply to all housing in the United States, including homes purchased with Community Partners Loan Pool assistance. The Federal Fair Housing Act & NC Fair Housing Act prohibit discrimination based on the following protected classes:

- Race
- Color
- Religion
- Sex (including gender identity and sexual orientation)
- National Origin
- Disability
- Familial Status (having children or being pregnant)



The NC Fair Housing Act also includes low-income housing as a protected class.

2. Becoming a Member of the Community Partners Loan Pool (CPLP)

Eligible Applicants for CPLP Membership

The following types of organizations can apply for membership, either individually or in partnerships with other organizations:

- Non-profit developers of affordable for-sale homes
- Non-profit agencies with a home buyer education and/or in-person counseling program
- Public agencies that administer a homeownership program such as a City Department of Housing or Community Development, a Regional Council of Governments or a Public Housing Authority.

**NOTE: Lenders are not eligible to apply for CPLP membership. They must refer eligible borrowers to a CPLP Member who will help the home buyer apply for assistance. However, lenders working with a CPLP borrower must be approved to offer a NC Home Advantage Mortgage™.*

Eligible Applicants for CPLP membership must have the capacity to prepare low- and moderate-income families for successful home ownership as well as identify or develop program eligible properties. If a nonprofit or local government wants to participate in the program but does not have the expertise to offer home buyer education and in-person counseling, it can form a partnership with an agency that does.

NOTE: NCHFA requires all Members partner with a HUD-Approved Housing Counseling Agency with at least one HUD-certified housing counselor.

To search for CPLP Members by County, please click on the following link:

<https://www.nchfa.com/home-ownership-partners/community-partners/current-community-partners>

Applying to be a CPLP Member

To become a CPLP Member, please complete and return the Membership Application which can be downloaded from the Agency website's CPLP Forms and Resources page:

<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool/forms-and-resources>

NCHFA accepts CPLP Membership Applications on an on-going basis. All Applications that meet Program threshold criteria will be admitted to membership in the CPLP program; this is not a competitive program. If you have questions about the CPLP Program or the CPLP Membership Application, please contact a Community Partner Coordinator (**see [Appendix 11](#) for contact information for current Coordinators*). Completed Membership Applications can be emailed to Vedera Mimms or Kari Rudolph or mailed to:

North Carolina Housing Finance Agency
Attn: Home Ownership Community Team
3508 Bush Street
Raleigh, NC 27609

Agency Evaluation of the Application for Membership

The Agency will evaluate an Applicant's staff capacity, legal standing, audits, affirmative marketing and outreach plan. Applicants should provide a good overview of their Home Buyer program. Roles and responsibilities necessary for implementation must be identified, including, but not necessarily limited to marketing, home buyer education and in-person pre-purchase counseling, screening, and qualifying applicants, working with local government and appropriate others, and communicating with first mortgage lenders.

Each application will be evaluated taking the following into consideration:

Applicant Capacity

- If the Applicant is a nonprofit organization, they must provide documentation of their 501(c) (3) tax exempt status.
- The Applicant organization (or at least one key member of the partnership) must have at least 1 year of experience managing a home buyer program and/or facilitated the purchase of at least 5 affordable homes.
- There must be no unresolved audit or monitoring findings or legal proceedings against the Applicant or Partnership.

Home Buyer Education and Pre-Purchase Counseling

Members are responsible for preparing CPLP borrowers for their home purchase. Specifically, Members are responsible for borrowers completing a minimum of 8 hours of home buyer education and in-person pre-purchase counseling. The home buyer course completed must be HUD-approved and the in-person pre-purchase counseling must be provided by a HUD-certified counselor working at a HUD-approved housing counseling agency. A certificate of completion is required for both the homebuyer education course and in-person counseling at the time of underwriting submission.

Participating Members who are HUD-approved housing counseling agencies can provide the required home buyer education and in-person housing counseling. Those that are not HUD-approved, must partner with HUD-approved housing counseling services, who will provide the needed services.

For more information on approved home buyer education and in-person pre-purchase counseling CPLP borrowers need to complete, please see the [Required Home Buyer Education & Housing Counseling](#) section.

Eligible Home Buyer Programs

CPLP Members must provide a Home Buyer Program that serves households at or below 80% of the Area Median Income.

Other Membership Information:

Once an organization is preliminarily approved for membership, NCHFA will send the new Member the following documents:

HOME Written Agreement: At least once every two years, Members must sign a HOME Written Agreement with NCHFA that includes the following items:

- Maximum amount of CPLP assistance available to an eligible home buyer
- Member Fees that can be earned
- Member Responsibilities
- Counties Served by the Member

Optional SystemVision™ :

Effective January, 1, 2025, the Agency will no longer administer SystemVision™ **Only** funding packages.

For more information on the SystemVision™ program, please contact Ashley Cramer at Advanced Energy: 919- 857-9036 or acramer@advancedenergy.org

Getting Started

NCHFA will provide training for Member staff on CPLP Program Guidelines and the NCHFA Portal, which is used to submit applications for CPLP assistance. As part of the Portal Training, NCHFA will provide each appropriate Member staff with an email portal invite to set up a User Account, which will require 2-step authentication, to gain access to the Loan Pool Portal. Each Member must designate a primary staff member to work on CPLP as well as a backup person.

Before a new Member submits their first CPLP application via the Portal, they should contact their assigned Community Partner Coordinator to review the application process and to answer any questions the Member may have (**NOTE: See [Appendix 9](#) for a list of current CPLP Contacts including Community Partner Coordinators*).

Finally, at the beginning of each calendar/program year, the Member must submit a CPLP Membership Renewal form which updates NCHFA on changes with key personnel (*staff & Board*), Home Buyer Education/Counseling services, and Outreach/Marketing efforts. The Member also provides an estimate of the number of CPLP loans they anticipate submitting for the year.

NOTE: To download a copy of the current HOME Written Agreement, or CPLP Membership Renewal Form, click on the following link: <https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool/forms-and-resources>

A Member can become inactive and suspended from requesting CPLP funds for any of the following reasons:

- Member fails to submit their Annual CPLP Membership Renewal Form
- Member fails to sign a HOME Written Agreement or other applicable Program Agreements
- Member has failed to comply with the terms of their Program agreements or fails to adhere to established Program Guidelines.

The suspension will stay in place until corrective action has been taken and approved by NCHFA.

In addition, CPLP membership may be revoked or terminated if a Member is delinquent on submission of the required post-closing documents, applicable certifications, and/or other required documentation more than three (3) times in a calendar/program year. However, the Member may reapply for membership when their organizational capacity has improved.

Required Services of the CPLP Member

All CPLP Members must perform the following services to remain active in the Loan Pool and be eligible to receive a fee for services:

1. Facilitate communication between loan officers, realtors, inspectors, builders, repair contractors, energy raters, city officials, down payment assistance program staff, closing attorneys and their paralegals, and potential borrowers. Further, Members may need to share information including but not limited to disclosures, loan approvals, loan amounts, program requirements, and timing with any of the parties listed above. Members facilitate communication throughout the entire process and make efforts to ensure information shared is accurate and current.
2. Perform outreach in their disclosed service area, intake of potential home buyers, and evaluation of their potential eligibility to participate in the Program. Outreach efforts must affirmatively further Fair Housing opportunities.
3. Ensure that participating borrowers have completed at least eight (8) hours of home buyer education and counseling. Specifically, this means each borrower must complete a minimum of six (6) hours of home buyer education and two (2) hours of in-person pre-purchase counseling. Home buyer education and pre-purchase counseling is part of the Home Buyer Readiness Plan the Member develops for each CPLP borrower. All home buyer education and in-person pre-purchase counseling provided to CPLP borrowers must be HUD-approved.
4. Assemble/collect required documentation for the Agency to underwrite the potential borrower's application for assistance. This includes, but is not limited to, property condition, household income, and other down payment assistance.
5. Review all documentation regarding property condition. Members collect sufficient documentation for existing housing including but not limited to all needed inspections, work write ups, and proof of repairs. Members carefully review property conditions which may include, but is not limited to, examining photos and videos of property, site visits to property, and careful review of repair documentation, inspections, and work write ups.
6. Members ensure that units receiving SystemVision™ and/or Green Certification fees meet the applicable performance and design standards; and are approved for certification by the respective programs. To receive the applicable certification fee, units must pass final inspection before occupancy or closing; and NCHFA must receive appropriate documentation within 30 calendar days for SystemVision™ homes and within 120 calendar days for Green Building certified homes.

3. Eligible Properties for CPLP

The Community Partners Loan Pool (CPLP) program is designed to support the purchase of quality homes for households that meet program income requirements. NCHFA requires that eligible CPLP properties have an appraised value equal to or greater than the sales price. All properties must also have an appraisal conducted within 6 months of closing to document value.

Eligible Properties:

To be eligible for CPLP financing, properties should be located on, or have direct access from, a publicly maintained road. The Agency discourages the purchase of properties where the home buyer is responsible for maintaining the access road to the property. However, we will consider properties with a Private Road Maintenance Agreement. Eligible properties can be new or existing single family, stick-built homes or modular homes; new manufactured homes built to HUD Code on permanent foundations; and townhouse or condominium units (*condominiums must be Fannie Mae Approved when applicable*).

Newly Constructed Units

- Newly constructed homes must obtain a Certificate of Occupancy before the borrower can close on the CPLP loan.
- All new homes financed under CPLP must meet local development regulations and applicable building codes, zoning, and other regulations.
- If applicable, newly constructed homes certified under the SystemVision™ option must also meet specific design, construction and performance standards developed by Advanced Energy Corporation. Members who build new homes that receive SystemVision™, EnergyStar, or other Agency recognized Green Building certification can earn a fee to offset the cost of certification and/or to provide energy guarantees to CPLP-assisted borrowers.

**NOTE: See [Appendix 1 – Part B](#) for a list of Green Building certifications NCHFA accepts.*

- Members developing new homes are encouraged to utilize Best Practices for Siting New/Existing Homes (**see [Appendix 1- Part A](#) for more information*).
- Members developing new homes are encouraged to incorporate Universal Design and/or Visitability features whenever possible:
(<https://design.ncsu.edu/wp-content/uploads/2022/11/principles-of-universal-design.pdf>).

Recently Built Builder Inventory

- Newly constructed homes that have been unoccupied for less than 12 months are eligible. However, if the property has been unoccupied for *more than* 12 months, the property will be classified as an existing home, even if never occupied, and will require additional housing inspections (**see [Existing Homes](#) section below*).

Existing Homes

- All existing homes must pass **two (2) required property inspections**. Needed repairs or replacement must satisfactorily address health, safety, deferred maintenance, and durability issues

for the homes to be eligible for CPLP assistance. Quality, safety, and energy efficiency are important for the long-term success of participating borrowers, and therefore are priorities of the program.

- Existing home must have major systems evaluated by a licensed inspector or a qualified system contractor indicating the system is working as intended (i.e., licensed HVAC, Hot Water Heater or Roofing contractor).
- Existing homes that are GUT rehabilitated before sale, have passed all applicable state and local building codes, and receive a new Certificate of Occupancy will be treated as new construction.
- Member should contact their Case Manager prior to submitting a Reservation for *any* home built **prior to 1978**. These homes are the most challenging homes to assess properly due to the presence of Lead Based Paint (LBP) and possible LBP hazards. Units must comply with all applicable State and Federal regulations for Lead-Based Paint (**For more information see [Inspections for Pre-1978 Properties](#)*).
- Members are also encouraged to incorporate Universal Design features into rehabilitated homes whenever possible. For more information:
<https://disabilityandmultimodality.wordpress.ncsu.edu/universal-design-ud/>

Required Inspections for Existing Homes

Home Inspection

All existing homes must be inspected by a licensed NC Home Inspector. The home inspection, no more than 12 months old, should cover the functionality of building systems and relative age of these systems. The home inspection should also document the age, based on manufacturer's label or estimated age range if exact information is not available, of all major equipment and systems, including but not limited to water heater, HVAC system, roof and exterior.

Any significant deficiencies that threaten the property or borrower must be repaired. Needed repairs must adequately address:

1. all major structural threats to the property (i.e., moisture penetration or standing water, structural integrity)
2. all threats to health and safety of the buyers (i.e., trip hazards, air quality, security)
3. all major deferred maintenance issues
4. energy efficiency whenever possible

Proof of repairs is required before a loan can be approved. If a Member has any questions about what repairs are required based on the Home Inspection, they can contact their assigned Community Partner Coordinator.

Local Minimum Housing Code Inspection:

For homes undergoing a gut rehabilitation, the permitting process, state and local code inspections, and corresponding Certificate of Occupancy adequately satisfy that the property meets the local Minimum Property Code (or local Minimum Housing Code). However, an existing home *not* undergoing a gut rehab must provide other documentation as outlined below.

If the local government (City or County) has adopted a **Minimum Housing Code for existing housing**, the Member must provide documentation from the local government that the property passed a Minimum Housing Code inspection. Please contact the appropriate government agency to schedule the inspection, which typically does not entail a fee.

In the absence of a local Minimum Housing Code for existing housing, units must pass a **Housing Quality Standards (HQS) or Uniform Physical Conditions Standard (UPCS) inspection**. The inspection must be performed by an individual that has experience conducting HQS inspections. The inspection must be documented on the standard HUD forms (52580-A or 52580). Local housing authority staff, local government staff, and some licensed home inspectors are able to perform HQS inspections. Like the Home Inspection, an HQS Inspection typically entails a fee. Written documentation from the local government explaining why a Minimum Housing Code inspection could not be performed **MUST** be submitted with the passing HQS inspection.

Other instances when a HQS Inspection can be *substituted* for a local Minimum Housing Code Inspection are:

- If the local government uses their local Minimum Housing Code to inspect rental properties for health and safety concerns and they provide written documentation that the local government does not inspect existing for-sale homes to certify they meet the local Minimum Housing Code.
- If a local government does not have sufficient staff to inspect existing for-sale homes for compliance with their local Minimum Housing Code during the Due Diligence Period defined in the sales contract and the local government provides written documentation.

In either case, the home must pass the HQS Inspection.

Inspections for Pre-1978 Properties

If a Member is planning to renovate a pre-1978 home for sale to a CPLP eligible home buyer OR if the Member is helping a borrower who wants to purchase a pre-1978 home, the Member should contact their assigned Community Partner Coordinator BEFORE submitting a reservation, especially if they have little or no experience helping a borrower evaluate a pre-1978 built home.

The Federal Government banned the use of lead-based paint for homes built after January 1, 1978, therefore homes built prior to this date will have additional requirements to meet. Loan Pool Members must fully understand the process and requirements for submitting a pre-1978 property.

NCHFA will ONLY consider purchase of a pre-1978 for borrowers who have signed the CPLP Acknowledgement Form or Lead-Based Paint Addendum (Form 2A9-T). In addition, the property must have passed one of the following inspections/assessments:

- **Visual Assessment** (**minimum required*) demonstrating NO deteriorating paint above HUD's "De Minimus" (*minimum*) levels
- **Lead-based paint Inspection** Including a Visual Assessment documenting the condition of any paint found containing lead
- **Lead-based paint Risk Assessment**

**For more info, please see [Appendix 4: Lead-Based Paint Visual Assessment Introduction & Forms](#)*

If evidence of deteriorated paint beyond the HUD de minimis level is found, contractors working to stabilize paint in pre-1978 homes are *required* to be certified as a Renovation, Repair, and Painting

(RRP) firm. In addition, they are required to provide verification that a supervisor on the project has current RRP certification. These state-mandated requirements apply whether or not the borrower applies for loan pool funding.

The 1971 Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856) define lead exposure risk and compel actions to be taken to reduce the risk of children being poisoned by lead-based paint hazards. Members involved in rehabilitation, renovation, or repair of homes built before 1978 should identify a strategy to address Lead-Based Paint compliance before any work is performed on pre-1978 property. NCHFA will **not** make CPLP funds available to borrowers for pre-1978 homes if applicable Lead-Based Paint regulations were not followed as part of the rehabilitation.

If the Member has any questions concerning the purchase of a pre-1978 home, please contact your assigned Community Partner Coordinator.

Lead-Based Paint Pamphlet and Disclosure

For any pre-1978 property rehabbed and sold by the Member, the Member must provide the borrower with a fully executed copy of the: Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. All borrowers must also be provided a copy of the HUD pamphlet: Protect Your Family from Lead in the Home, whether or not lead has been found in the home. Members can download a copy of pamphlet from: <https://www.epa.gov/lead/protect-your-family-lead-your-home>

Timing of Inspections

Whenever possible, all home inspections, visual inspections (for pre-1978 properties), and minimum property standard inspections *should* be completed when a Reservation Request is submitted. As some inspections may show the need for repairs, replacement, or possibly paint stabilization (for pre-1978 properties), this investigative work should be performed as early as reasonably possible to allow time for repairs and re-inspections (if needed). In all situations, the due diligence period must allow sufficient time for inspections and re-inspections.

For existing homes, the Member should visually inspect the unit or have a qualified professional visually inspect the unit *before* reservation. The Member must submit the required inspection(s) when they submit the Underwriting Package along with proof of repairs (*i.e., invoice, photo, updated inspection report*). Repairs must be completed before NCHFA can approve a borrower for CPLP assistance. If a Member has specific questions about what repairs are needed based on the completed Home Inspection, please contact your assigned Community Partner Coordinator.

NOTE: To expedite loan approval, Members should submit proof of repairs as a part of their completed Underwriting Package.

The Agency reserves the right to withdraw the reservation approval if the property does not adequately meet our program guidelines.

Maximum Sales Price and Income Limits

CPLP is supported with HOME funds. Section 215(b) of the National Affordable Housing Act of 1990 requires that the initial purchase price or after-rehabilitation value of homeownership units assisted

with HOME funds not exceed 95% of the area median purchase price for single family housing, as determined by the U.S. Department of Housing and Urban Development (HUD). Annually, HUD provides sales price limits by county and by housing type (**for existing and newly constructed homes*).

In addition, HUD sets Household Income Limits for HOME-funded programs at 80% of the Area Median Income.

Both the 95% Area Median Sales Price and the 80% of Area Median Income limits are absolute maximum limits and the Agency has no flexibility to exceed them.

HUD updates both the Sales Price and Household Income Limits on an annual basis. However, there is no set schedule for when they are updated. Generally, HUD releases them within the first 6 months of the calendar year but frequently not at the same time. Please note that the HUD household income limits used by the Section 8 Program are not the same as the HOME Program household income limits which are released later in the year.

To view the current HOME Sales Price and Household Income Limits for North Carolina, please go to the CPLP Forms and Resource page on the NCHFA website:

<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool/forms-and-resources>

4. Borrower Requirements for CPLP Assistance

Eligible Home Buyers

For CPLP, eligible home buyers are those with annual household incomes *no more than* 80% of the area median income adjusted for household size as determined by HUD. The median income limit is adjusted each year, so members should verify the current limit if it appears a household may be close to the 80% limit.

To view the current HOME Program Household Income Limits for North Carolina, please go to the CPLP Forms and Resources page on the NCHFA website:

<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool/forms-and-resources>

Applicants for CPLP funds must document their household income through third party verification to ensure participant eligibility. If a borrower enters into a sales contract for a home that is being constructed or rehabilitated, the home buyer's income may be verified as of the date the contract to purchase is signed or at the time their CPLP application is submitted. Also, the home buyer's household income must be verified when the Underwriting Package is submitted with appropriate documentation (*i.e., W-2s, verification of employment, paystubs, etc.*).

**For additional information please see [Section 5: Program Loan Underwriting & Income Qualifications](#).*

Home buyers must occupy the property financed under CPLP as their principal residence. When the assisted home buyer no longer occupies the assisted CPLP home, it is considered a default against the CPLP loan.

Members are encouraged to select and prepare home buyers carefully, so the responsibilities of home ownership will not financially overburden them (**see [Borrower Ratios](#) section below*).

Finally, CPLP home buyers are *not* required to be first time home buyers (*i.e., never owned a home or not owned a home in the past 3 years*).

Responsible Lending Standards

The Agency's responsible lending practices include ensuring the homebuyers' ability to repay the mortgage and sustain the new home comfortably while being good stewards of the provided government funds. The Agency is committed to having fair, transparent and responsible lending practices. CPLP Partners are critical in the Agency's responsible lending standards, which include sizing loans based on financial need and ability to repay, transparency of loan terms and conditions, and supporting a borrower if they experience repayment difficulties. Therefore, it's the responsibility of the CPLP partner to determine the appropriate amount of assistance for the homebuyer and the maximum amount may not be necessary.

Borrower Ratios

CPLP borrowers must have a **Housing Ratio** or "Front End Ratio" (*i.e., Principal, Interest, Taxes, and Insurance divided by the borrower's monthly income*) between 25% and 32% of their monthly household income. CPLP assistance may be reduced to ensure that the borrower(s) is contributing at least the minimum percentage toward their monthly housing payment.

NOTE: The NCHFA may permit a Housing Ratio up to 1% above the established guideline if there are compensating factors that support such an allowance. Such factors are discussed in more detail below.

The borrower's total **Debt-To-Income (DTI)** or "Back-End Ratio" cannot exceed 45% of their total monthly qualifying income. This means that after the total monthly housing payment is added to all other debts (*i.e., consumer credit debt, car loans, student loans*), the total of those payments cannot exceed 45% of their monthly household income.

NOTE: The maximum DTI for a NC Home Advantage Mortgage™ is 45% and the maximum DTI for a USDA 502 Direct loan is 41%.

When the Housing and/or DTI ratios raise underwriting concerns, NCHFA may calculate a cashflow analysis to determine a borrower's repayment ability. Borrowers will be evaluated on a case-by-case basis and compensating factors examined, including but not limited to:

- Strong cash reserves after closing
- Strong cash flow after paying other living expenses
- Mortgage payment is significantly lower than the borrower's current rent
- Consistent work history
- Part-time or self-employment earnings that do not have the tenure yet to be included in qualifying income
- Home Owner Association (HOA) that maintains exteriors, Energy Efficiency certifications, or other enhancements that lower ongoing cost to live in home

Changes to First Mortgage After CPLP Approval

NCHFA's CPLP loan underwriter will reconfirm the borrower's ratios if financing has changed after their CPLP loan has been approved to ensure the adjusted loan payments are still affordable. If any of the following conditions apply, the Member must resubmit the file to NCHFA for Underwriting review:

1. Increases in the first mortgage amount by \$5,000 or more*
2. Change in first mortgage loan term or interest rate
3. Other changes in financing package including any undisclosed loan(s) or other funding added or deleted

The adjusted borrower payments may not exceed the maximum Housing Ratio of 32% nor the maximum Debt-to-Income Ratio of 45%.

Once the loan is re-approved, the Member can schedule the closing date via the portal with 7 Agency business days' notice.

NOTE: NCHFA's CPLP loan underwriter should be notified of any changes to the funding profile as described above to prevent closing delays.

Residual Income and Cash Flow

Because home ownership frequently requires funds to maintain the home as well as to respond to unforeseen repairs and other household expenses, borrowers must be able to demonstrate that they

will have adequate residual income on a monthly basis after all housing expenses (payment, interest, taxes, insurance, maintenance, HOA, utilities, maintenance), revolving debts, and child care expenses are considered.

A cashflow analysis will be calculated to determine a borrower's repayment ability whenever the Borrower's housing and total debt ratios raise underwriting concerns. This includes borrowers who use housing assistance (*i.e.*, *Section 8 for Homeownership*) to cover 50% or more of their mortgage payment. After deducting housing expenses, a utility allowance, childcare expenses, and all other monthly debts, the remaining monthly income must meet or exceed the minimum amount detailed below:

Household Size	For Total Loan Amounts of \$79,999 or Below	For Total Loan Amounts of \$80,000 and Above
1	\$382	\$441
2	\$641	\$738
3	\$772	\$889
4	\$868	\$1,003
5	\$902	\$1,039
> 5	+ \$75 per person up to a family of 7	+ \$80 per person up to a family of 7

*See [Appendix 6](#) for copy of Cash Flow Worksheet to calculate borrower's residual income.

Grossing Up Non-Taxable Income

While some lenders gross up non-taxable income (*i.e.*, *calculating a higher household income because of non-taxable income*) for the borrower, CPLP does not allow grossing up of qualifying or compliance income to meet program ratios.

Income Stability

To demonstrate that a borrower has sufficient income stability, CPLP follows insurer guidelines (FHA, Fannie Mae/Freddie Mac, USDA, VA) for the first mortgage product the borrower is using. NCHFA prefers 2 years consistent income without gaps in employment or income plus education history supported with W2s or profit and loss statements for self-employed.

Minimum Credit Score

If three credit agencies are reporting, eligible borrowers listed on the promissory note must have a minimum middle credit score of **640** for all eligible properties (660 for new manufactured homes). Buyers with a middle credit score less than 640 are *not* eligible to participate. For borrowers with two credit scores, CPLP will use the lower of the two scores.

Borrower Contribution and Cash Out

Eligible borrowers must meet the minimum out of pocket contribution of the lender or insurer(s). CPLP also requires borrowers to contribute at least **\$500.00** of their own funds to help cover closing costs and/or other fees related to the purchase (*i.e.*, inspections, surveys, earnest deposit, appraisals, etc.).

Borrowers cannot receive funds back at closing that exceed **\$2,500** regardless of amount contributed from any source. All CPLP funds must be used for Down Payment or Closing Expenses. The Agency requires that any cash out above \$2,500.00 be applied towards reducing the principal balance of the CPLP loan. Also, any cash back at closing is subject to approval by the Agency.

NOTE: Any final adjustment(s) to the CPLP and/or other loan amounts must be verified by the CPLP Member and communicated to NCHFA **prior to the Member scheduling the closing.*

Verification of Employment or Income

Verification of employment (VOEs) must be dated no more than 6-months prior to the date of the loan approval. Paystubs may be used if no more than 90 days old at the time the package is submitted for approval and the Member has included related W-2s for the previous 2 years of employment. A minimum of 60 days/2-months of Year-To-Date (YTD) earnings must be provided.

The home buyer's income and employment status must remain stable and unchanged from the time of verification through closing. (**For details, see [Underwriting Package](#)*).

Borrower Reserves and Assets

Borrowers should not only save to cover down payment and/or closing costs, but also to establish a reserve fund sufficient to cover *at least* two months of housing expenses. While not a factor for denial, strong borrower reserves will be considered a compensating factor for loans where ratios are near the program maximum.

While there is not an asset limit for CPLP borrowers, if net assets exceed \$5,000, the annual income shall include a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD (**currently less than 1%*).

Additional Borrower Eligibility Requirements

Other Property Ownership

The CPLP is a program designed to support the purchase of a qualified home buyer's primary residence, not to support the development of a rental portfolio. Potential home buyers do not need to be first-time home buyers. Other property ownership is limited to multiple heir property. The home buyer may not own investment property if they are seeking CPLP assistance.

Borrower Marital Status

The home buyer(s) sign a Borrower Affidavit that among other things, verifies their marital status. However, IF the prospective CPLP borrower is separated or divorced, NCHFA requires submission of appropriate documentation with their CPLP underwriting package.

Option 1: Separation Agreement & Free Trader: If the prospective CPLP borrower is separated but not legally divorced, NCHFA requires a filed separation agreement with free trader language that specifically addresses future real estate transactions. If the free trader language is not present in the separation agreement, a filed/recorded free trader agreement that specifically addresses future real estate transactions must be submitted to NCHFA and must accompany the filed separation agreement

Option 2: Divorce Agreement: Legally divorced individuals must submit a copy of a recorded divorce agreement or decree.

The Agency reserves the right to withdraw approval for a potential borrower(s) who cannot adequately document marital status and demonstrate legal protection to allow the purchase of property without having the spouse sign the deed of trust.

Option 3: Proceed with Closing as If Married: If documentation cannot be provided regarding marital status, the spouse's income will be included for eligibility purposes; and the spouse must sign the deed of trust and deed restrictions. In this case, the spouse would be considered a co-occupant and income will not be included in qualifying for the loan payment, but will be included for eligibility. The spouse will not be listed on the promissory note.

Legal Status

All buyers assisted with CPLP funds for the purchase of their homes must be legal residents of the United States of America. The borrower and co-borrower must be permanent residents or working to become permanent residents as this program is a primary residence program, and not for temporary housing. This standard does not apply to other household members, only to those receiving direct financial assistance through the program. Due diligence for confirming citizenship and/or residency status and compliance with federal and other requirements for mortgage loan financing for borrowers is the responsibility of the CPLP Member.

Required Home Buyer Education & Housing Counseling

Home ownership is both a great opportunity and a big responsibility. The NC Housing Finance Agency wants to help individuals and families not just buy a home but to be successful homeowners. We require every borrower using CPLP funds to complete eight (8) hours of HUD-approved home buyer education and in-person pre-purchase counseling before their application can be approved. More education and/or counseling may be needed. Post-purchase counseling is also strongly recommended.

All borrowers must complete a minimum of 6 hours of Home Buyer Education provided by or overseen by a HUD-certified counselor employed at a HUD-approved housing counseling agency. The education should cover a variety of topics including, but not be limited to, budgeting and savings, credit, selecting and buying a house, working with a lender, and home maintenance.

NCHFA encourages Members who provide home buyer classes to do so in-person whenever possible. However, Members can also provide classes virtually (live streamed) and/or they can also have the borrower complete a HUD-approved online home buyer education course.

Borrowers must complete their home buyer education within 12-months of the anticipated closing date and submit a Certificate of Completion with their Underwriting Package. Borrowers who completed their education more than 12-months prior to closing must either retake an approved home buyer education course OR complete supplemental home buyer education provided by a certified housing counselor. Moreover, the borrower must submit a new Certificate of Completion OR a completed [Recertification Form: Supplemental Home Buyer Education Completed](#) (**please see sample form in [Appendix 7](#)*).

NOTE: For borrowers with a USDA 502 Direct loan, using the Construction-to-Permanent loan option, the original home buyer education course will be accepted for up to 24 months from date of completion if construction took more than 12 months to complete.

In addition to completing a HUD-approved home buyer course, Borrowers must complete a minimum of two (2) hours of in-person pre-purchase counseling provided by a HUD-certified counselor employed at a HUD- approved housing counseling agency and submit a Certificate of Completion with their Underwriting Package. Required in-person pre-purchase counseling should evaluate home buyer readiness which includes verifying that the mortgage payments are affordable based on the borrower's income & debts; and reviewing post-purchase issues including on-going maintenance and building an emergency fund.

Other Eligibility Criteria and Final Eligibility Determination

NCHFA reserves the right to request any additional documentation it deems necessary to carefully evaluate financial risk for all CPLP loans. In addition, final decisions regarding eligibility will be reviewed by an Internal Review Committee. Strong compensating factors may be considered on a case-by-case basis if job history or other eligibility criteria are close to program guidelines. Only loan pool Members may appeal a determination based on additional compensating factors or previously undisclosed underwriting information. No requests from realtors, lenders, or borrowers will be considered.

Furthermore, no consideration for an exception may be given for:

- properties that do not meet minimum property standards (existing homes) or have not secured a certificate of occupancy (new homes)
- borrowers whose household income exceeds the 80% AMI limit
- borrowers who cannot show ability to repay their total loans
- homes where the sales price exceeds the HUD sales price limit

5. Program Loan Underwriting & Income Qualifications

Members are expected to qualify all home buyers to be assisted with CPLP financing including completing an accurate income calculation in the portal.

Timing the Verification of Income

The maximum household income under CPLP is 80% of the Area Median Income, adjusted for household size. The current HOME Program Household Income Limits for North Carolina can be found on the CPLP Partner page on the NCHFA website:

<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool>

Income eligibility to have access to the HOME funds used in CPLP must be verified within 6 months of closing OR at the time of sales contract in the case of a home that is being constructed for the borrower that takes longer than 6 months to construct. For ratios and demonstrating ability to repay, verification of employment/income will need to be resubmitted to NCHFA within 60 days of closing the CPLP loan if underwriting review occurred at an earlier point due to construction.

For a typical purchase loan, verification of employment/income documents must be dated no more than 90 days prior to loan closing, or else recertification will be required. It is therefore advisable to make a preliminary determination of income level as early as possible. If a household is near the 80% of the county median income threshold, they should be advised that significant improvements to their income prior to loan closing could cause them to exceed the maximum for CPLP eligibility if the process takes longer than six (6) months.

Qualifying and Household Income

The CPLP program differs from other lender underwriting with respect to borrower eligibility requirements, calculating the household income (versus qualifying income), and timing of the approval process. The maximum household income under CPLP is 80% of the Area Median Income, as adjusted for household size.

Unlike some loan programs which may calculate earned income or base income only for program eligibility purposes, the CPLP requires that all income, both earned and unearned, be included for all household members over 18 years of age (**documented full-time students are exempt*).

Student Loan Debt

For outstanding Student Loans, regardless of payment status, NCHFA will use the following in calculating their total monthly debt:

- The payment reported on the credit report or the actual documented payment, when the amount is above zero; or
- 0.5 percent of the outstanding loan balance, when the monthly payment reported on the Borrower's credit report is zero.

Calculating Total Monthly Subsidy:

Homeownership Vouchers

If a borrower(s) is receiving a home ownership Section 8 voucher, the voucher may be applied against the total house payment (*i.e., principal, interest, taxes, and insurance*) for the purpose of calculating underwriting ratios. A rental voucher **cannot** be substituted for a home ownership voucher. Documentation from the applicable Housing Authority must be provided to verify the voucher can be used for home ownership.

Mortgage Credit Certificates

A Mortgage Credit Certificate (MCC) requires that the borrower be a first-time homebuyer and that he/she applies for the MCC through a participating lender before closing. It is a federal tax credit against mortgage interest paid up to \$2,000 annually, but requires that the borrower(s) have federal tax liability to take advantage of the credit. The credit can be up to 50% of mortgage interest paid for new construction or up to 30% of mortgage interest paid for existing housing.

NOTE: MCC cannot be combined with NC 1st Home Advantage Down Payment (\$15K). Both options are for first-time homebuyers and only one can be used within the funding structure.

Required Third Party Documentation

Calculated income must be supported by applicable third-party documentation, such as:

- W-2 forms
- Verification of employment/income forms
- Minimum of 60 days of Year-To-Date (YTD) earnings not more than 90 days old
- Child support decrees - In cases where child support has been ordered, but not paid, on behalf of children in the household, the file must contain a statement to that effect.
- Documentation from child support enforcement authorities
- Divorce decrees and/or absolute judgements
- Filed Separation Agreement (recorded Free Trader language)
- Award letters for Social Security Benefits
- Award letters for Social Security Disability
- Award letters for Supplemental Security Income
- Documentation of full-time student status
- Payroll ledgers
- Section 8 vouchers (Home Ownership Program)
- Year-to-date Profit & Loss statement and previous 2 years of tax returns (**for Self-Employed only*)
- Payments received for the care of foster children (reviewed on case-by-case basis as needed)

How Much Income Documentation

All income documentation must be retained on file and submitted to the Agency in the Loan Underwriting Package. For salaried and hourly employees, paystubs may be used if no more than 3-months old at the time the Underwriting Package is submitted to NCHFA and the Member has included related W-2s for the previous 2 years of employment. A minimum of 60 days of YTD earnings (**not more than 90 days old*) must be submitted. In addition, NCHFA will need a Verification of Employment

(VOE) which includes the employee's date of hire from current and previous employers covering 24 months of employment history. For self-employed borrowers, NCHFA will require 2 years of tax returns as well as a current Profit & Loss Statement. The homebuyer's income and employment status must remain stable and unchanged from the time of verification through closing. Household members who are 18 years of age or older, not enrolled in high school or college, and not earning income will need to provide a signed and dated statement. The Zero Income Affidavit form is preferred (*see [Appendix 10: Zero Income Affidavit](#)).

Annualizing Income

Annual income is the anticipated gross annual income from all sources received by the borrower, co-borrower, if applicable, and all other household members, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as defined in [Appendix 8: HUD Income Guidelines](#). "Anticipated" means projecting future income based on current circumstances, which may include a recent job loss, a change in marital status, a recent promotion, etc. If it is not feasible to anticipate a level of income over a twelve (12) month period, the income anticipated over a shorter period may be annualized, subject to a re-determination at the end of the shorter period.

Overtime and Other Income

Additional earnings such as overtime, commission and bonus earnings must be included in determining household income if the buyer has a documented history of these earnings and they are likely to continue. Generally speaking, other income is averaged over the 12-to-24-month period of documented income and added to the monthly base pay.

**NOTE: For additional information, please see [Appendix 8: HUD Income Guidelines](#)*

Borrower Assets

Borrowers whose total liquid assets *exceed* \$5,000, must have the actual income derived from all family assets included when calculating household income for CPLP eligibility. The asset income will be imputed at the current HUD passbook rate (**currently less than 1%*). Members shall note on the compliance analysis worksheet if a potential borrower has more than \$5,000 of assets or interest income. Liquid assets include, but are not limited to: checking accounts, savings accounts, cash, CDs, stock accounts, and mutual fund accounts. Protected retirement vehicles such as 401Ks are not considered liquid assets due to the penalty charged to make them liquid.

6. Program Financing / Program Options

CPLP Financing Availability & First Mortgage Requirements

Members may request loans for their clients on a first-come, first-served basis. To maximize the efficient use of CPLP funds, borrowers must utilize one of the following first mortgage products:

NCHFA's NC Home Advantage Mortgage™ (FHA, VA, USDA, or Conventional)

- For more information on the NC Home Advantage Mortgage™, please go to the home buyer section on the NCHFA website: <https://www.nchfa.com/home-buyers/buy-home>
- The NC Home Advantage Mortgage™ is ONLY available through a network of participating lenders across the state. To find a list of participating lenders and preferred loan officers in your area, please go to the NCHFA website's "Find A Lender" page: <https://www.nchfa.com/home-buyers/find-lender>

USDA 502 Direct Loans

- USDA-Rural Development (RD) offers subsidized mortgages for income eligible households purchasing homes in rural communities, including borrowers participating in their Mutual Self-Help Program. For more information on USDA 502 Direct Loans, please go to the USDA-RD website: <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-direct-home-loans/nc>
- For a list of USDA-RD field offices, click on the following link: <https://www.rd.usda.gov/contact-page/north-carolina-contacts>

Lenders *do not* determine how much CPLP assistance the borrower can/should request. That responsibility belongs to CPLP Members who complete an assessment of how much assistance the borrower needs to purchase their home. Lenders can register for one of our Community Partners Loan Pool Webinars for NC Home Ad lenders by going to the Lender "Train with Us" page on our website:

<https://www.nchfa.com/home-ownership-partners/lenders/train-us>

CPLP Terms

CPLP can only be used in combination with a NC Home Advantage Mortgage™ or a USDA 502 Direct loan.

- When combined with a NC Home Advantage Mortgage™, the maximum CPLP loan amount is **25%** of the sales price or **\$50,000**, whichever is less.
- When combined with a USDA 502 Direct loan (**Direct Purchase or Construction-to-Permanent*) the maximum CPLP loan amount is **10%** of the sales price or **\$50,000**, whichever is less.
- The minimum CPLP loan amount is \$1,000.
- Requests for CPLP assistance will be reduced or withdrawn if a homebuyer is paying less *than* 25% of their monthly income for principal, interest, taxes, and insurance or less than 25% of their monthly income if they are below the state median household income.
- CPLP funds cannot be used to purchase a home when the contract sales price *exceeds* the appraised value.
- The combined loan-to-value (CLTV) from all sources for homebuyer financing should be reasonable.

- The length of the borrower's CPLP mortgage shall be equal to the term of the first mortgage and the maximum term shall not exceed thirty (30) years when used with a NC Home Advantage Mortgage™ loan or thirty-three (33) years when used with USDA 502 Direct loan.
- CPLP assistance is structured as a subordinate lien and typically is in 2nd lien position. If additional down payment assistance has been secured, the loan amount dictates lien position. However, when CPLP is combined with *any* NC Home Advantage Mortgage™ down payment assistance (DPA), all subordinate loans must be positioned behind the NC Home Advantage Mortgage™ DPA. Moreover, if DPA is provided by a local unit of government, CPLP may accept a lower lien position upon prior Agency approval.

CPLP Assistance Options

~ Effective 1-1-2025 – SystemVision™ Only Assistance is no longer available

Borrower Benefits & Requirements:	Option A: Home Buyer Loan + SystemVision™ + optional Green Building	Option B: Home Buyer Loan only	Option C: IDA Matching Funds
Maximum Financing Available	Up to 25% sales price with NC Home Advantage Mortgage™ <u>or</u> Up to 10% when used with USDA 502 loan <i>*Not to Exceed \$50,000</i>	Up to 25% sales price with NC Home Advantage Mortgage™ <u>or</u> Up to 10% when used with USDA 502 loan) <i>*Not to Exceed \$50,000</i>	\$1,000 minimum \$2,000 maximum *CPLP is 2nd source of Match Funds (2:1) for Borrower's IDA Savings. A local match is required
Type of Assistance	Subordinate, deferred PMT loan, typically a 2nd mortgage	Subordinate, deferred PMT loan, typically a 2nd mortgage	Matching funds to be used for home purchase only
Interest	0%	0%	n/a
Term	30 yrs. (30 or 33 yrs. if used with a USDA 502 Direct loan) <i>*matches term of 1ST mortgage</i>	30 yrs. (30 or 33 yrs. if used with a USDA 502 Direct loan) <i>*matches term of 1ST mortgage</i>	n/a
Maximum Sales Price of Home:	95% of Area Median Sales Price	95% of Area Median Sales Price	95% of Area Median Sales Price
Type of Home:	New and Existing Single-family homes	New and Existing Single-family homes	New and Existing Single-family homes
1 ST Mortgage Product	NC Home Advantage™ <u>or</u> USDA 502 Direct loan	NC Home Advantage™ <u>or</u> USDA 502 Direct loan	NC Home Advantage™ <u>or</u> USDA 502 Direct loan

CPLP Assistance Options

~ Effective 1-1-2025 – SystemVision™ Only Assistance is no longer available

Borrower Benefits & Requirements:	Option A: Home Buyer Loan + SystemVision™ with or without Green Certification	Option B: Home Buyer Loan only	Option C: IDA Matching Funds
Other Financing Info:	May be used with MCC (depending on availability)	May be used with MCC (depending on availability)	May be used with MCC (depending on availability)
Recapture	Upon default or sale. <i>NOTE: If home is inherited by an income-eligible heir, Agency may roll over loan or issue a new loan.</i>	Upon default or sale. <i>NOTE: If home is inherited by an income-eligible heir, Agency may roll over loan or issue a new loan</i>	n/a
HOME Affordability Period	5-15 years depending on amount of CPLP assistance	5-15 years depending on amount of CPLP assistance	n/a
Occupancy Requirements	Borrower's principal residence during affordability period <i>(*considered default if not)</i>	Borrower's principal residence during affordability period <i>(*considered default if not)</i>	Principal Residency at closing
Home Buyer Education & Counseling Requirement	Complete HUD approved Home Buyer class and In-person pre-purchase counseling.	Complete HUD approved Home Buyer class and In-person pre-purchase counseling	Min. 21.0 hrs. of financial and home buyer education
Maximum Borrower Ratios	32% Front End 45% Back End	32% Front End 45% Back End	Use 1st Mortgage guidelines
Minimum Credit Score	640 / 660 for new manufactured homes	640 / 660 for new manufactured homes	Use 1st Mortgage guidelines
Asset Limits (Requirements)	If > \$5K, must include interest earned in total HH Income	If > \$5K, must include interest earned in total HH Income	n/a

CPLP Assistance Options

~ Effective 1-1-2025 – SystemVision™ Only Assistance is no longer available

Member Fees:	Option A: Home Buyer Loan + SystemVision™ with or without Green Building	Option B: Home Buyer Loan only	Option C: IDA Matching Funds
Home Buyer Prep fee	\$2,000	\$2,000	n/a
SystemVision™ New Homes certification fee	\$4,000 (<i>slab</i>) to \$5,000 (<i>crawl</i>)	n/a	n/a
SystemVision™ Existing Homes certification fee	\$5,000 <u>or</u> \$6,000 <i>if</i> new HVAC installed	n/a	n/a
Green Building certification fee	\$1,000	n/a	n/a
Total Member Benefits:	Up to \$9,000.00	\$2,000.00	n/a

Individual Development Account (IDA) Matching Funds

CPLP Members that operate a NCHFA-recognized IDA Program can also access \$1,000.00 to \$2,000.00 as a 2ND Match Source for home buyers using their IDA savings for down payment assistance and/or to cover closing costs. NCHFA will provide a 2:1 match for the home buyer's IDA savings:

	MINIMUM	MAXIMUM
Borrower IDA Savings to be matched:	\$ 500.00	\$1,000.00
NCHFA/CPLP Match (2:1)	\$1,000.00	\$2,000.00
Local Match (2:1):	\$1,000.00	\$2,000.00
TOTAL MATCH \$ Available (Local & NCHFA/CPLP):	<u>\$2,000.00</u>	<u>\$4,000.00</u>

All IDA Matching Funds (**from NCHFA and non-NCHFA sources*) must be available at CPLP Loan Closing and shown on the HUD-1 Settlement statement and/or Closing Disclosure.

- No cash out allowed at closing for home buyers approved for IDA Matching Funds
- IDA Program *must* be pre-approved by NCHFA. The IDA Program must: (1) provide at least 21 hours of financial literacy and home buyer education that the Borrower has completed; and (2) the IDA Program Sponsor must provide an equal or greater local match relative to the amount requested of the Agency. For example, if \$2,000 is requested from NCHFA, then the local IDA Program must provide at least \$2,000 to match the borrower's savings of \$1,000.

*NOTE: *CPLP Members that operate an NCHFA-approved IDA Program may also access IDA Matching funds to assist a home buyer who purchases a home from a Self-Help Loan Pool (SHLP) Member). However, in this case, the CPLP Member must apply just for the IDA Matching funds. If approved, NCHFA will send the IDA match funds to the closing attorney for the SHLP loan. Contact your assigned Community Partner Coordinator for additional information.*

7. General Loan Requirements for CPLP

Lender/Borrower Requests for CPLP Assistance After Sales Contract Signed

Many times, a potential CPLP borrower may contact a lender before becoming aware of CPLP or a lender may pre-qualify a borrower and discover that the borrower will need CPLP assistance to purchase a home. In either case, the lender should refer the borrower to the CPLP Member to verify eligibility and assess their readiness for becoming a homeowner BEFORE the borrower enters into a sales contract for a home and BEFORE the lender locks in the first mortgage rate for the borrower.

Lenders must allow enough time, usually 60 calendar days or more, for the CPLP Member to evaluate the home buyer's readiness to purchase a home, provide home buyer education and in-person counseling required of all CPLP borrowers, collect appropriate documents to underwrite the loan, and review applicable home inspections.

CPLP Members have NO obligation to assist potential borrowers who have signed a purchase agreement or sales contract *prior* to contacting them to apply for CPLP assistance. ALL referrals should be made *before* the borrower signs a sales contract and the first mortgage rate is locked.

However, in some cases the lender may be unaware of the CPLP or the borrower may do their own research, discover CPLP, and request to apply as part of their financing. If the Member determines that the borrower(s) and property to be purchased are eligible for CPLP assistance and there is sufficient time to adequately prepare the borrower(s) for homeownership, the Member can apply to NCHFA for CPLP assistance. If there is NOT sufficient time to apply for CPLP assistance, including completion of necessary home inspections and any needed repairs, completion of the home buyer readiness program, which includes evaluation, pre-purchase education, and in-person homeownership counseling, or any of the other CPLP requirements, the borrower is *ineligible* to apply.

Upgrades for Newly Constructed Homes

For newly constructed homes, particularly in situations where a builder or sales office may be actively selling upgrades to a standard home, potential CPLP borrowers should contact the CPLP member BEFORE agreeing to any additional costs for their home. A borrower may no longer be eligible for CPLP assistance if they exceed program ratios.

Existing Home Inspections After Sales Contract Signed

CPLP requires at least two inspections for existing homes to ensure the properties meet CPLP housing quality standards. Contacting a CPLP Member after signing a sales contract limits the amount of time available to complete the required inspections and make any needed repairs. This is further complicated if the due diligence period has already begun. Therefore, borrowers who enter into a sales contract *prior* to consulting with a CPLP Member run the risk of forfeiting due diligence funds as well as inspection and appraisals fees.

**NOTE: See [Required Inspections for Existing Homes](#) for more information.*

CPLP Submissions

Members submit appropriate documents to the Agency in the following four submissions:

1. The **Reservation Request**: Member submits Reservation Request via the NCHFA Loan Pool Portal with Flood Map of home to be purchased attached. Members may submit their request *no more than* forty-five (45) calendar days but *no less than* eighteen (18) Agency business days *prior* to the anticipated closing.

NOTE: USDA 502 Direct borrowers may need a Letter of Intent. If so, the Member will request it prior to submitting the CPLP reservation. See [Appendix 9](#) for more info.
2. The **Underwriting Package**: Member submits the underwriting package via the NCHFA Loan Pool Portal with applicable documents attached. Documents will include income documentation, affidavits, and required Inspections for an existing home or a Certificate of Occupancy (CO) for a new home. Members may submit the Underwriting Package as soon as their Reservation Request has been approved but no less than fifteen (15) Agency business days *prior* to the anticipated closing.
3. **Scheduling Closing**: After conditional approval of the CPLP Underwriting Package, Members review the funding for the loan for accuracy one last time. If the information is accurate and the first mortgage has been approved by the lender, they may schedule the closing through the NCHFA Online Portal. The portal enforces the Agency's requirement that notice of **at least seven (7)** Agency business days must be given so the Agency can communicate with the closing attorney, process CPLP funds, and finalize CPLP loan documents.
4. **Pre-Closing Due Diligence**: All required items must be submitted at least three (3) Agency business days prior to closing, including the final Closing Disclosure from the first mortgage lender. If all items are not submitted by the deadline, the closing date may be re-scheduled.
5. **Funding Documents**: Copies of the signed CPLP loan documents, the Deed or Memorandum of Ground Lease, 1st loan Closing Disclosure, Supplemental Closing Instructions, and any other documents requested by the Agency, must be emailed to the assigned paralegal for review and approval for the Agency to issue final authorization for the documents to be recorded and the loan funds to be disbursed.
6. **Final Closing Package**: Closing attorney should send all original CPLP loan documents to NCHFA within five (5) business days of the CPLP loan closing.
7. **Post-Closing**: All loan documents must be received, as well as energy efficiency and/or green building certifications, if applicable, prior to releasing Member fee(s).

Underwriting Package

After receiving notice of Reservation Approval, the Member may upload the Underwriting Package to NCHFA anytime thereafter but generally *not less than* 15 Agency business days *prior* to the scheduled closing. The Member must submit the Underwriting Package electronically via the NCHFA Loan Pool Portal and upload the required documents.

The required documents include:

- Income documents (Current Paystubs, W-2, and VOE)
- Appraisal, within 6 months
- Sales Contract
- Required Inspections for an Existing Home: (1) Home Inspection, within 12 months of submission, by a licensed NC Home Inspector, and (2) Local Minimum Housing Code (LMC) or Housing Quality Standards (HQS) Inspection with documentation on why the LMC Inspection was not feasible, whichever is applicable.
- Required Inspection for a Newly Constructed Home: Certificate of Occupancy (CO). Should be submitted with Underwriting Package if available. Must be submitted prior to closing.
- Completion of approved Home Buyer course and in-person pre-purchase counseling
- Reservation Lock Confirmation
- The following borrower signed CPLP documents (*generated by Portal based on information entered)
 1. Home Buyer Written Agreement
 2. Borrower Affidavit
 3. Addendum to Sales Contract

**NOTE: NCHFA does not currently accept electronic signatures on any of the above borrower signed CPLP documents. Only complete Underwriting Packages should be submitted for review and approval. Incomplete packages will be returned to the Member.*

Pre-Closing: Confirming Closing Date & Closing Documents

Once the Borrower has been approved for CPLP assistance, the Agency will send an Underwriting Approval Letter / Conditional Approval Letter to him/her (**see sample letter in [Appendix 3](#)*) as well as send a copy to the Member so they can finalize the closing date.

The Member must use the NCFHA Loan Pool Portal to select the closing date and provide NCHFA with a minimum of **seven (7)** Agency business days so agency staff has time to prepare the applicable CPLP closing documents and to process the CPLP check needed for the closing. Available closing dates will be reflected in the Online Calendar on the Portal.

Before scheduling the closing via the Portal, the Member must *confirm* that none of the funding has changed and that the NC Home Advantage™ lender and any other lenders have final approval for their loan(s).

If there are *any* changes to the financing or property appraisal submitted to NCHFA, the Member should update the unit financing in the Portal *before* scheduling the closing date.

Moreover, if any of the following conditions apply, the Member must resubmit the file to NCHFA for Underwriting review:

- Increases in the first mortgage amount by \$5,000 or more*
- Change in first mortgage loan term and interest rate
- Other changes in financing package including any undisclosed loan(s) or other funding added or deleted

Once the loan is re-approved, the Member can schedule the closing date via the portal with 7 Agency business days' notice.

**NOTE: NCHFA's CPLP loan underwriter should be notified of any changes to the funding profile as described above to prevent closing delays.*

If any financing changes *after* the closing has been scheduled, the Member should contact NCHFA immediately by submitting a portal message.

Once the Member has reconfirmed the funding and selected the closing date, the assigned NCHFA paralegal will send a Pre-Closing Instructions Letter to the closing attorney that provides the attorney with instructions for submission of due diligence items, with a list of documents the closing attorney's office is required to submit to NCHFA for approval prior to closing. Within 48 hours of receipt of the Pre-Closing Instructions, the closing attorney must return the *signed* Pre-Closing Instructions, and a list of closing costs for the CPLP loan, to the assigned NCHFA paralegal.

The closing attorney is required to submit the final due diligence documents listed on the Pre-Closing Instructions *no less than* three (3) Agency business days prior to the scheduled closing. Please email requested documents specified in the Pre-Closing Instructions to the assigned NCHFA paralegal.

**NOTE: Due diligence items should be provided to and submitted by the closing attorney. NCHFA is not responsible for contacting any lender or insurance agent for submission of required documentation. Failure to submit the final due diligence documents in a timely fashion will result in the closing being postponed or delayed. Moreover, CPLP funds may have to be returned to NCHFA and a new check processed which will cause further delays.*

After the assigned NCHFA paralegal reviews the requested documents, he/she will send the CPLP loan closing documents, including, but not limited to, a Promissory Note, Deed of Trust and Declaration of Deed Restrictions, directly to the closing attorney's office, along with Final Closing Instructions and an authorization code to indicate approval to close the loan, record the necessary documents with the Register of Deeds Office and disburse funds.

The CPLP Partner will be courtesy copied on all communications between the NCHFA paralegal and the closing attorney's office. It is the responsibility of the CPLP Partner to coordinate the CPLP closing and confirm that NCHFA has received all necessary documents in a timely fashion.

Post-Closing: Documentation Needed

After the closing has taken place and the appropriate loan documents have been recorded at the Register of Deeds Office, please send the Recording Receipt to the assigned NCHFA paralegal.

****** IMPORTANT! ******

If the loan closing does *not* take place as scheduled, please contact the assigned NCHFA paralegal *immediately* so we can instruct the closing attorney on next steps to take. Depending on the reason for and length of the delay, a new check and/or set of closing documents may have to be generated by NCHFA.

Required Timeline for Submission of Closing Documents

The closing attorney's office must submit the following closing documents within five (5) business days of the closing to the NCHFA staff person listed in the Final Closing Instructions:

1. Original Promissory Note
2. Recorded Deed of Trust (original or copy)
3. Recorded Declaration of Restrictive Covenants (original or copy)
4. Recorded Request for Notice(s) (original or copy)
(originals to be completed, executed, and recorded by closing attorney's firm)
5. Original Borrower's Affidavit
6. Copy of Executed Loan Closing Disclosure for the 1st Mortgage
7. NCHFA CPLP HUD-1
8. Signed W-9 for all Borrower(s)
9. Final Closing Instructions executed by closing attorney

Please mail the above listed documents to NCHFA at the following address:

North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, North Carolina 27609-7509
Attn: CPLP Loan Document Reviewer

If the closing attorney has any questions, please ask him/her to contact the NCHFA staff person listed in the Final Closing Instructions.

Timeline for Payment of Member Fee

NCHFA will process the \$2,000 Member fee earned once all the required documentation has been received. The closing attorney must submit the required Loan Documents listed on the previous page within five (5) Agency business days after the loan closed. Should the Attorney fail to provide them within 5 Agency business days of closing or fail to take any corrective action needed to secure the Agency's interest in the property, the Member must intervene to insure the required post-closing documents are provided to NCHFA no later than fifteen (15) Agency business days after the closing, or that the corrective action is complete within fifty (15) Agency business days after initial request. Failure to do so will result in the Member forfeiting the \$2,000 Member fee. However, if the delay in submitting any of the required documentation was due to circumstances beyond the Member's control, they may submit an appeal with appropriate documentation to their assigned Community Partner Coordinator for review. He/she will make the final determination if the Member fee will be forfeited.

Timeline for Payment of SystemVision™ & Green Building Certification Fees

Members receiving a Certification fee for SystemVision™ and/or Green Building must submit the required certification within the following timeline:

- within thirty (30) calendar days of the closing for homes built or rehabbed to SystemVision™ standards
- within one hundred and twenty (120) calendar days of the closing for homes built to Green Building standards

In addition, the home must *pass* a final SystemVision™ inspection PRIOR to occupancy and ideally PRIOR to closing. This requirement is both for the safety of the home buyer and to prevent needless delays due to re-inspections after occupancy. The SystemVision™ and Green Building fees will be forfeited if the buyer occupies the home *prior* to passing of the applicable final inspection.

However, if a delay in submitting any of the required certification(s) was due to circumstances beyond the Member's control, they may submit an appeal with appropriate documentation to NCHFA's Home Ownership Community's Team Leader, for review. The Team Leader will make the final determination if the SystemVision™ and/or Green Building certification fee(s) will be forfeited.

Finally, CPLP membership may be revoked or terminated for any Member that is delinquent on submission of the required post-closing documents, applicable certifications, or other required documentation more than 3 times in a calendar year. However, the Member may reapply for membership once they complete a CPLP Member Refresher Training aimed at improving their organizational capacity.

Emergency Response SystemVision™ Certification Policy

In the event of an emergency that would limit the ability for Advanced Energy staff, building inspectors, or energy raters to physically conduct inspections (*e.g., pandemics, hurricanes, wild fires, etc.*), Advanced Energy will coordinate with relevant construction staff to conduct remote inspections. Performance testing (*i.e., duct blaster, blower door, pressure testing*) may be postponed until the emergency has subsided. In the case of an emergency related delay, NCHFA will recognize a certification without the physical inspection for the certification incentive. It will be the responsibility of the loan pool member, Advanced Energy, and the borrower to setup a time for performance testing after the emergency has subsided.

8. Servicing Issues

Refinancing Standards: Loan Modifications, Subordinations, and Assumptions

Lenders must contact the Agency about CPLP loans modifications or subordinations for refinance by emailing Subordinations@nchfa.com. Each loan requires case-by-case approval by NCHFA for a modification and/or subordination.

Assumptions are allowed in the case of transfer of property due to inheritance or changes to the household configuration (*i.e., divorce*). Any other reason must be pre-approved by the Agency. In most cases subsequent borrowers must be income qualified to be eligible for assumption due to the affordability requirements for the HOME funding used in CPLP. In all cases, the Agency must approve the assumption and legal documents used.

Subordinations are only allowed in the case of a refinance of the first mortgage. CPLP will not subordinate to other liens including home equity liens. Subordinations may be considered in two circumstances:

1. If the refinance of the first mortgage reduces the total monthly payment and has a lower interest rate than the initial first mortgage, subordination is allowed. Terms must not exceed the maximum CPLP term and the refinanced loan must be a fixed-rate amortizing loan. The overall financial impact of the proposed refinance must be financially beneficial to the borrower (*i.e., not forcing the borrower to refinance a forgiving loan to qualify*).
2. A subordination is not allowed for “cash-out” refinances for other expenses (*i.e., refinancing other debts, updating the kitchen, etc.*) unless the borrower(s) can document that all the additional debt refinanced into the proposed first mortgage will be immediately used to address housing-related threats. To be considered, the health, safety, or structural threats need to be severe enough that the household would no longer be able to safely occupy the property if not addressed.

Borrowers must submit their subordination request to: Subordinations@nchfa.com. All borrowers will be required to provide signed W-9’s as well as other documentation regarding the proposed first mortgage (*i.e., 1003/loan application, contractor bids if applicable, etc.*). Closing costs for the refinanced loan may be financed into the loan. The sum of any loan origination and other fees cannot exceed 2% of the first mortgage loan amount.

Death of a Borrower

If a CPLP Member learns of the death of a borrower, please contact your assigned Community Partner Coordinator.

Recapture Affordability Period

Recapture provisions are used to ensure that NCHFA recoups all or a portion of the HOME assistance, if the house does not continue to be the principal residence of the Borrower for the duration of the period of affordability. As defined by HOME regulations, the period of affordability expires 5 to 15 years after the date of loan closing. The affordability period is adjusted based on the amount of funding provided, including loan funds and member fees.

Amount of CPLP Assistance (\$):	Affordability Period:
More than \$40,000	15 years
\$15,000 to \$40,000	10 years
Less than \$15,000	5 years

If the borrower chooses to sell the property and repay the Agency in full, the recapture and affordability provisions no longer apply.

The affordability period is the timeframe the borrower is required to comply with affordability provisions, which ranges between five (5) and fifteen (15) years and is specified as part of the HOME Buyer Written Agreement signed by the borrower. Borrowers who benefit from CPLP must only use their home as a principal residence during the period of affordability. This means the property cannot be operated as a business or rental investment property. If borrowers choose to vacate the property, the property must be sold and the loan repaid to NCHFA. Failure to reoccupy or sell the home is considered a default against the mortgage.

In the event a Borrower proposes to sell (transfer) the property at a price that will *not* generate sufficient proceeds to pay off the Agency's CPLP loan in full, NCHFA agrees to accept the net proceeds as full satisfaction. * However, if the price set out in the Borrower's proposal *does not* reflect the fair market value of the property, NCHFA has the right to demand full repayment of the CPLP loan.

**NOTE: Any balance forgiven due to lack of sufficient proceeds likely may need to be treated as income when the borrower files taxes for the year in which the property is sold. If so, NCHFA will issue a 1099 to borrower. Borrower should consult with a tax specialist for more information.*

CPLP funds are governed by executed promissory notes and secured by deeds of trust for each unit. The units are also subject to a declaration of deed restriction and must comply with HOME regulations and provisions.

9. Additional Program Requirements

The CPLP is funded with federal HOME Investment Partnership Program (HOME) funds. The HOME Program was established under the National Affordable Housing Act of 1990 and requires that all housing developed using HOME funds must be consistent with HOME Program regulations. Therefore, in addition to the other CPLP requirements, certain HOME requirements must be met, as outlined in 24 Code of Federal Register Part 92. These requirements include:

Information Security

To protect the privacy of home buyer information (i.e., social security and other account numbers) and to comply with federal and state data security laws, Members should send all documents containing personal information to NCHFA via our secure Loan Pool Portal.

In addition, NCHFA uses encryption for the Reservation Confirmation Letter and Conditional Approval Letter which are emailed to the Member.

You should receive an email notification with a link to view a message, click the link and create a password to read the encrypted message. If you need assistance accessing your encrypted email, please contact your assigned Community Partner Coordinator.

Helping Home Buyers with Limited English Proficiency

As required by the federal government, CPLP Members are required to take specific actions to make sure that potential home buyers have access to critical information whether or not English is their primary language. Members are required to develop a Four Factor Analysis and if applicable, a Language Access Plan (LAP) in order to address situations that may arise for individuals with limited English proficiency. The Analysis or LAP must address the scope of assistance being provided (such as translation of critical documents or plan for providing language interpreting services, as needed).

NCHFA will ensure that each CPLP Member has a current Four Factor Analysis or LAP if applicable. Organizations applying for new membership in the CPLP will provide this information at application. Also, NCHFA recommends Members update their Four Factor Analysis or LAP *at least every five (5) years* or as new Census Data is available.

Should a Member need to modify their Service Area, they must submit a completed Service Area Modification form to their Coordinator. A member may request to add or remove an area depending on their capacity to provide adequate service and ability to provide in-person counseling to a particular service area. Upon service area approval, a Four Factor Analysis and an updated LAP, if applicable, should be submitted for new approved servicing areas (**For more information, please see [Appendix 5](#) for the Guidance for Developing a Four Factor Analysis and LAP and their forms, along with the Service Area Modification form*).

Relocation Assistance

It is the goal of the Agency to minimize the displacement of existing residents when federal and state funds are used for rehabilitation or acquisition. CPLP Members must comply with all the provisions of

the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). The Agency prohibits displacement. This means that in the case of an existing home, previous legal occupants of the property may not be displaced due to addressing the property for the new homebuyer without complying with URA. For this reason, the agency encourages Members to verify that properties are legally vacant before considering them for CPLP assistance.

Affirmative Marketing and Fair Housing

CPLP Members must comply with all federal fair housing laws and regulations, including affirmative marketing and anti-discrimination policies. Marketing of Agency-funded programs like CPLP must be open and non-discriminatory. Guidance on meeting affirmative marketing requirements and additional information on fair housing and non-discrimination may be found at the website: http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp.

The Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988 apply to all housing in the United States. The Federal Fair Housing Act & NC Fair Housing Act prohibit discrimination based on the following protected classes:

- Race
- Color
- Religion
- Sex (including gender identity and sexual orientation)
- National Origin
- Disability
- Familial Status (having children or being pregnant)



The NC Fair Housing Act also includes low-income housing as a protected class.

Conflicts of Interest

Every CPLP member must submit a copy of their organization's Conflict of Interest policy as part of the initial membership application. The member must recertify the policy is still current *at least* every three (3) years and notify NCHFA when there are any changes.

A conflict of interest may occur when an employee, or a member of an employee's family, friend, or business associate may stand to benefit directly or indirectly, from a program, contract, or other matter pending before the Board of Directors. A conflict of interest may either be real or perceived. When the CPLP Member become aware of an actual or perceived conflict, the CPLP Member must promptly identify and disclose it so NCHFA can manage it in an appropriate manner.

The existence of a potential conflict of interest does not necessarily mean that any individual acted improperly or illegally, but it does require that the CPLP Member handle such conflict properly to avoid violation of federal and/or state rules or CPLP Member policy.

If the CPLP Member believes they may have an actual, potential, or perceived conflict of interest, the CPLP Member must notify NCHFA in writing (via email is acceptable) seeking guidance on how to resolve the conflict. The notice must include all relevant information and describe the nature of the conflict. NCHFA) will then notify the CPLP Member what action is necessary to address the potential conflict of interest.

Further, any potential conflict of interest MUST be disclosed to NCHFA prior to submitting a loan pool reservation. NCHFA will review the potential conflict of interest case-by-case and make a determination as to whether a conflict of interest exists.

NCHFA will not provide CPLP funding to individuals who assemble loan pool applications or are part of the leadership (*staff or Board*) of loan pool member organizations. However, staff that do not have a direct decision-making role for CPLP and are required to work through the same process as an external client, may apply for CPLP assistance.

In all cases, borrowers should be given the option to "shop for" lenders, realtors, appraisers, inspectors or any other real estate service provider related to their transaction. While choices for real estate service providers may be limited in some areas, the borrower(s) must be allowed to choose.

Under no circumstance may staff of the Loan Pool member personally receive a commission or payment for real estate services offered through another business entity to a CPLP borrower if they were also involved in helping that borrower apply for a CPLP loan. Any organizational commissions earned by brokers on staff must be managed as revenue which is reviewed by the board or commission of the organization.

Should the borrower(s) choose to work with a real estate business that employs a loan pool member staff or one of their family members, that loan pool employee **cannot** work with the potential borrower(s) on their CPLP application. Other CPLP member staff can assist in assembling and submitting the loan package. As part of the underwriting package, the borrower(s) must provide a signed statement that they voluntarily chose to work with the business entity that has a relationship with an employee of the loan pool member and that the employee referenced was not involved in their application for a CPLP loan.

Finally, any fees paid by the borrower for services provided by the loan pool member (*i.e., home buyer education, reviewing credit, or other modest fees related to the home buyer preparation*) must be modest.

Records Retention Policy:

In addition to the HOME Written Agreement provisions regarding Record Keeping & Reporting (**see Section I of Agreement*), the CPLP Member should retain documents that support their efforts to Affirmatively Further Fair Housing and Affirmatively Market the CPLP program. The following records should be kept for a period of 5 years after the affordability period ends:

- Any Fair Housing Complaints Filed Against the Member's Organization
- Affirmative Marketing Efforts
- Limited English Proficiency requests for accommodation and compliance with Member Organization's Language Access Plan, if applicable
- Documentation that supports in-person housing counseling time spent with clients served by CPLP

The Member also needs to keep all borrower eligibility documentation on file for 5 years after the affordability period ends. **See [Recapture and Affordability Provisions](#) for more information.*

Monitoring of CPLP Members

NCHFA staff will monitor a sample of active CPLP members every five (5) years, and more frequently, if necessary. Items to be monitored include:

- Updates to Four Factor Analysis or Language Access Plan (LAP), if applicable, plus documentation of any Limited English Proficiency requests for accommodation and how they were addressed
- Plan and actions to Affirmatively Further Fair Housing
- Documentation that supports home buyer education and/or in-person housing counseling time spent with clients served by CPLP
- Documentation related to the approval of CPLP files
- Agreements with partners to provide home buyer education & in-person pre-purchase counseling (*if applicable*)
- Agreements with partners to provide financial assistance for construction or rehab of a CPLP-assisted home (*if applicable*)
- Programmatic Agreements
- Programmatic Documents such as the annual CPLP Membership Renewal Form

In addition to on-site monitoring, NCHFA will conduct remote (desktop) monitoring for items such as:

- Programmatic Agreements
- Documentation related to the approval of CPLP files
- Application Approval for Membership
- Programmatic documents such as the Annual CPLP Membership Renewal Form

NOTE: Additional items may be monitored, including programmatic requirements addressed in any of the CPLP related agreements.

Home Buyer Written Agreement

The Buyer Written Agreement is one of three required CPLP documents that must be signed and submitted as part of the Buyer's Underwriting Package. This written agreement incorporates information from other forms and helps the CPLP Program comply with federal HOME funding requirements.

**NOTE: NCHFA does not currently accept electronic signatures on any borrower signed CPLP documents.*

Faith-Based Organizations

Faith-based organizations that meet the other requirements to participate as a nonprofit organization are eligible for membership. These types of organizations will receive equal consideration. However, housing activities in conjunction with CPLP must be separate in time and location from explicitly religious activities.

APPENDIX 1: Best Practices for Siting Homes and Green Building Standards

PART A: Best Practices for Siting New/Existing Homes

1. The home *must* be outside the 100-year floodplain.
2. Property should have no problems with drainage, steep slopes or waterways that threaten the property or increase costs for homeowners above normal site maintenance. While applying across the state, the following issues often are critical for specific regions:
 - a. Coastal Region:
 - i. salinization of potable surface and ground water
 - ii. positive storm water drainage over entire site including away from the home
 - b. Coastal Plain Region:
 - i. access to potable ground water
 - ii. positive storm water drainage away from home
 - iii. wetlands
 - c. Piedmont:
 - i. excessive storm water drainage issues
 - ii. foundation issues due to soil composition mixed with water drainage
 - iii. accessibility issues due to moderately steep slopes
 - d. Mountain Region:
 - i. soil loss due to steep slopes
 - ii. accessibility issues due to steep slopes
3. Access to property should be compatible with existing traffic patterns and street capacity. Site should not enter or exit onto a major high-volume traffic artery that would create problems for resident access or hazards to children.
4. Property should be located on, or have direct access from a publicly maintained road.
5. Property should be free from excessive traffic and noise, including that from cars, trains and airplanes
6. The property should be free from significant industrial or agricultural hazards, including hazardous substances, toxic chemicals, gas, oil and chemical storage tanks and facilities, runoff, spills, odors, noise, and airborne particulates.

7. Property should be near schools, food and other shopping, appropriate services, and recreational facilities.
8. Property should be well-integrated into existing neighborhood or community and not isolated.
9. The neighborhood should be primarily residential or a well-planned mixed-use development. Adjacent areas should be compatible with residential development.
10. Physical conditions of buildings and infrastructure in the neighborhood should be acceptable unless the home is part of a neighborhood revitalization program that will upgrade the buildings and infrastructure in the neighborhood. In the latter case, a comprehensive revitalization strategy should be adopted by the locality, with revitalization work already underway.

PART B: Green Building Standards Accepted

In addition to earning a certification fee for homes built/rehabbed to SystemVision™ standards, Members can also receive a certification fee for meeting one of the following five **Green Building** standards:

- Home Innovation Research Labs' National Green Building Standard (NGBS)
<https://www.homeinnovation.com/>
- UGBC's LEED for Homes Program
<https://www.usgbc.org/tools/leed-certification/homes#introduction>
- Enterprise Foundation's Green Communities Program
<https://www.greencommunitiesonline.org/>
- Green Built North Carolina
<https://www.greenbuilt.org/green-built-homes/>
- ENERGY STAR for New Homes (3.0) under EPA and the US Department of Energy
<https://www.energystar.gov/newhomes>

ADDITIONAL INFO:

Members can **only** add a Green Building certification fee if they are also requesting a SystemVision™ fee.

Members will receive **\$1,000** per home regardless of which Green Building Certification is received.

Members must add the Green Building certification fee with appropriate SystemVision™ fee in the Funding section when submitting a CPLP Reservation.

APPENDIX 2: NCHFA Loan Pool Portal

General Information

NCHFA created a secure, web-based Loan Pool Portal to submit applications for CPLP Assistance. On June 1, 2016, the portal replaced the previously used Excel Workbooks. All applications must be submitted via the portal. Beginning August 1, 2023, access to the portal required a 2-step authentication process.

What Tools Do You Need to Use the Portal?

- An internet-connected computer with an up-to-date internet browser
- A multiple page or high-speed scanner
- Adobe Acrobat Reader (or another PDF Reader that will allow you to mark a PDF). This is a free PDF reader loaded on many computers by default.
- An email address to receive notifications
- A working phone number to receive 2-step verification code

Member staff ***must*** complete a mandatory NCHFA Loan Pool Portal Training to ensure proper usability and ease-of-navigation. For more information on Portal Trainings, please contact your assigned Community Partner Coordinator.

SUBMITTING A RESERVATION FOR CPLP FUNDS

When a Member has an eligible home and home buyer, they may submit a Reservation Request for CPLP funds using the NCHFA Loan Pool Portal: www.nchfa.org/MySystems

Sign in with your email address

[Forgot your password?](#)

[Sign in](#)

The Reservation request consists of basic information on the Borrower/Co-Borrower and Property to be purchased. The only required document to be submitted with the reservation is a Flood Map that shows the location of the home to be purchased.

Key websites used to generate the required Flood Map of property to be purchased:

- NC Flood Risk Information System: <http://fris.nc.gov/fris/Home.aspx?ST=NC>
- Google Maps: <https://www.google.com/maps>

The Member should submit the Reservation Request *no more than 45* days from the anticipated loan closing.

**NOTE: USDA 502 Direct borrowers may need a Letter of Intent showing they are prequalified for CPLP assistance. If this is needed, the Member should submit the request prior to submitting a CPLP Reservation. See [Appendix 9](#) for more information.*

SUBMITTING THE CPLP UNDERWRITING PACKAGE

Once the reservation for funds has been approved, the Member must assemble and submit the Underwriting Package which shows that both the Borrower and the home to be purchased meet program guidelines. The Member can submit the Underwriting Package as soon as the Reservation has been approved and but *no later than 15* business days prior to the anticipated closing date.

A number of supporting documents must be uploaded with the Underwriting Package including the following three documents that must be *signed* by the Borrower:

- Home Buyer Written Agreement
- Borrower Affidavit
- Addendum to Sales Contract

NOTE: See [Underwriting Package](#), for more information on other documents to be submitted for a complete package.

Please note that as you enter information on the Borrower and House to be purchased, the Portal will identify supporting documentation that must be attached to the Underwriting Package submission. The system will not allow you to submit the Underwriting Package without these required documents.

******* IMPORTANT NOTE *******

For more information on NCHFA Loan Pool Portal and to schedule a Portal Training Session, please contact your assigned Community Partner Coordinator

APPENDIX 3: Sample Loan Conditional Approval Letter

Sample



3508 Bush Street
Raleigh, NC 27609
919-877-5700
www.HousingBuildsNC.com

**COMMUNITY PARTNERS LOAN POOL
LOAN CONDITIONAL APPROVAL**
August 20, 2024

[Redacted]
[Redacted]

The referenced underwriting package has been reviewed by NCHFA and your request for funding is **approved** subject to all the conditions outlined in the Community Partners Loan Pool participation guidelines and Community Partners Loan Pool HOME Written Agreement. Funding for Community Partners Loan Pool is funded at closing by NCHFA. An authorization to close must be issued by NCHFA to the closing attorney prior to closing.

The CPLP Member must use the NCHFA Online Loan Pool Portal to schedule the closing date. All closing dates **must** be selected in the portal at least 7 Agency business days prior to the actual closing. All financing must be fully approved and the 1st mortgage **MUST** have NC Home Advantage (except USDA) loan approval before scheduling a closing date.

Borrower(s): [Redacted]
Address: [Redacted]
City: [Redacted] **County:** [Redacted]

CPLP Loan Amt: \$50,000.00
Lien Position: [Redacted]

The following items **MUST** be submitted by the closing attorney at least 3 Agency Business days prior to closing:

- Copy of Title Commitment for 1st Lienholder
- Copy of Final Loan Closing Disclosure issued by 1st Mortgage
- Final Loan Closing Disclosure or Promissory Note for all other subordinate financing
- Proof of Homeowners Insurance showing NCHFA as mortgagee
- Pre-Closing Instructions executed by closing attorney
- Endorsement to Master Condo/Townhome policy (if applicable)
- Certificate of occupancy

To avoid closing delays, please note that the Borrower's Homeowners Insurance **MUST** include the **4th** Mortgagee Clause:

North Carolina Housing Finance Agency
ISAOA/ATIMA
3508 Bush Street
Raleigh, NC 27609
Loan #: [Redacted]

Sincerely,

Scott Farmer
Executive Director - Authorized Officer

NC Housing Finance Agency Program Contact: Kim Hargrove
Email: kchargrove@nchfa.com Phone: 919-877-5682

APPENDIX 4: Lead-Based Paint Visual Assessment Introduction and Assessment Forms

Lead-Based Paint Visual Assessment: Introduction

For Homes Constructed Before 1978

As a potential **purchaser** of a home constructed before **1978**, you must know:

1. The **seller must provide** all known records and documents of the presence of lead-based paint on the property. Any knowledge of lead-based paint hazards **MUST** be disclosed by the seller.
2. You are required, for your health, to review the EPA Pamphlet entitled “*Protect Your Family From Lead in Your Home*” which can be downloaded at: www.epa.gov/lead/protect-your-family-lead-your-home.
3. The seller must allow at least a **10-day period**, usually as part of the due diligence period, to conduct a lead-based paint visual assessment, inspection, or a full lead-based paint risk assessment to identify both the presence of lead-based paint and/or the location of lead-based paint hazards currently in the home.

A lead-based paint Visual Assessment examines the condition of the painted surfaces on the property. It must be conducted by a certified Visual Assessor who documents if there is evidence of deteriorated paint that exceeds the HUD de minimis (minimum) levels. The HUD de minimis levels are calculated differently for interior and exterior paint. A visual assessment does not determine the presence or absence of lead.

A **lead-based paint inspection** includes a visual assessment and provides a report of all the painted or glazed surfaces inside and outside the home and indicates which do and do not contain lead.

A **lead-based paint risk assessment** includes the elements of a lead-based paint inspection, but also includes soil and dust testing and the identification of frequently impacted friction surfaces like doors and windows that contain lead and will easily release lead dust during normal daily use.

IF you waive your right to order a lead-based paint inspection or lead-based paint risk assessment, a Visual Assessment **MUST** be conducted to examine the property for deteriorated paint. If the lead-based paint inspection or lead-based paint risk assessment shows there is no lead found on the property, then paint stabilization is not required.

Please note that a visual assessment will **NOT** identify the presence of lead, only the condition of the painted surface. Even if the visual assessment indicates that there are **NO** deteriorated painted surfaces, this does **NOT** mean that there is NOT lead in the paint. Painted surfaces must be carefully and safely maintained unless the property was inspected for the presence of lead and no lead was found **OR** documentation is provided showing that the lead was abated.

If evidence of deteriorated paint beyond the HUD de minimis levels is discovered, it **MUST** be stabilized before any loan pool loan can be approved. If a contractor is used for the paint stabilization, the contractor must at be **RRP** or Renovation, Repair, and Painting certified. More information on RRP certification for contracting firms can be found at: <https://epi.publichealth.nc.gov/lead/rrp.html>.

After the deteriorated paint is stabilized and any dust or paint chips have been safely removed from the property, a lead-based paint clearance examination must be conducted by a -NC Certified Lead-Based Paint Inspector or Risk Assessor.

A certified Lead-Based Paint Inspector or Risk Assessor can also conduct a Visual Assessment. A list of state certified lead-based paint inspectors, risk assessors, and lead professionals is maintained on the NCDHHS website at: <https://schs.dph.ncdhhs.gov/lead/accredited.cfm>.

Lead-Based Paint Acknowledgement Form For Homebuyers

For Homes Constructed Before 1978

(section below to be completed by the borrower and co-borrower)

Property Address:

Borrower:

Co-Borrower:

I acknowledge that I am aware of the requirements for a Visual Assessment to be conducted on the property listed above. I also acknowledge that if deteriorating paint is found above the HUD de minimis (minimum) levels, it must be stabilized before my loan pool loan can be approved. Furthermore, I understand that after the paint is stabilized, the property must pass a lead-based clearance inspection to be eligible. Finally, I am also aware that a Visual Assessment does not reveal the presence of lead or any lead hazards. If I want to verify the presence of lead or lead hazards, I can order a lead-based paint inspection or risk assessment, which will provide details about the presence of lead and where lead hazards exist or are likely to occur based on normal behaviors in the home.

Borrower Signature: **Date:**

Co-Borrower Signature: **Date:**

Lead-Based Paint Visual Assessment Form
(section below to be completed by the certified Inspector/Assessor)

Property Address:

Business Name:

Inspector/Assessor:

- Property has been tested and determined to not to contain lead-based paint (attach documentation)
- Property has had lead-based paint hazards abated/remediated (attach documentation)
- Property required a Visual Assessment (if not abated or tested and no lead found)

Visual Assessment Date:

- I have completed a visual assessment of the above property and there is **NO** evidence of deteriorated paint.
- I have completed a visual assessment of the above property and there is evidence of deteriorated paint but the area(s) of deterioration does **NOT** exceed the HUD de minimis (minimum) levels.
- I have conducted a visual assessment of the above property and there is evidence of deteriorated paint and the area(s) does **EXCEED** the HUD de minimis (minimum) levels.

Interior: Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> YES <input type="checkbox"/> NO	Interior: Deterioration exceeds the HUD de minimis (minimum) level? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NA
Exterior: Is there any peeling, chipping, chalking, or cracking paint? <input type="checkbox"/> YES <input type="checkbox"/> NO	Exterior: Deterioration exceeds the HUD de minimis (minimum) level? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> NA
Location(s) of Deteriorated Paint Exceeding the HUD de minimis (minimum) levels: <div style="border: 1px solid black; height: 100px; width: 100%;"></div>	

Signature Inspector/Assessor: **Date:**

**Attach copy of Inspector/Visual Assessor credentials*

APPENDIX 5: Four Factor Analysis and LAP

(Effective: January 2024)



NCHFA Guidance for Developing a Four Factor Analysis and LAP

Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d) and Executive Order 13166 require that recipients of federal funds take responsible steps to ensure meaningful access by persons with limited English proficiency. A Limited English Proficient (LEP) person is a person who does not speak English as their primary language and who has a limited ability to read, speak, write or understand English. To ensure meaningful access to its programs for LEP persons, NCHFA requires that all its recipients receiving federal funds conduct a Four Factor Analysis.

To conduct the first part of the Analysis, you will need to access Census Data.

- Go to <https://data.census.gov/cedsci/> and search for C16001 to access the table “Language Spoken at Home for the Population 5 Years and Over.”
- Click on the Product selector and pull down to select the latest available “ACS 5-Year Estimates Detailed Tables.”
- Select “Geos” and under Geography select “County,” then select “North Carolina,” then “All Counties within North Carolina.”¹
- Click “Close.”
- Select “Excel” from the top menu bar, then “Export to Excel.”

For any LEP group that is at least 1,000 people or is 5% or more of your county’s total population, NCHFA considers that significant size and requires a Language Assistance Plan (LAP). Each project still needs to conduct the Four Factor Analysis if the LEP population(s) are smaller than 1,000 people or 5% of the county population.

To determine if you reach the 5% or higher threshold, take the total number of people in your county and multiply by 0.05. After you have this number, compare it to the numbers in the columns “Speak English less than very well.” If the number is the same or higher than the 5% number you calculated, the population of this language group is considered to be of significant size and requires a Language Access Plan (LAP) which will be discussed later in this guidance.

¹ Alternatively, you can select only those counties in your service area. If your service area is smaller than the county level or these county-level data otherwise do not align “the number or proportion of LEP persons eligible to be served or likely to be encountered,” other reliable data sources may be used.

To conduct a Four Factor Analysis, you must assess the following:

1. The number or proportion of LEP persons eligible to be served or likely to be encountered by the program or recipient (see above for instructions);
2. The frequency with which LEP individuals come in contact with the program;
3. The nature and importance of the program, activity or service provided by the program to people's lives; and
4. The resources available to the recipient and costs.

If your Data show a percentage is 5% or greater or an LEP group with at least 1,000 people, you will need to create a Language Access Plan (LAP). In addition to the information provided for your Four Factor Analysis, your LAP, which should be a concise document of 1-2 pages, should address what language assistance services will be provided if requested or needed. For example, if your organization has bilingual staff or a program website in another language, these would be considered language assistance services. You can also include items like your organization will contact the Carolina Association of Interpreters and Translators if language services are requested and/or have HUD's "I Speak" cards available in your office for LEP persons who walk in. Other examples of language assistance services include: contracting with another organization to supply an interpreter when needed; using a telephone service line interpreter; or seeking the assistance of another agency in the same community with bilingual staff to provide oral interpretation. HUD's "I Speak" cards and some translated materials are available here:

https://www.hud.gov/program_offices/fair_housing_equal_opp/17lep.

The LAP should also include the following:

- Plan for outreach to LEP communities;
- Plan for training staff members on your LAP and on federal LEP guidance (available at https://www.lep.gov/guidance/guidance_index.html);
- List of vital documents to be translated (if any);
- Plan for translating informational materials that detail services for beneficiaries;
- Plan for providing interpreters for meetings (if needed);
- Plan for developing community resources, partnerships and other relationships to help with the provision of language services; and
- Designation of LEP/LAP contact person and address the process for handling complaints and updating the LAP.

Furthermore, the organization must maintain records regarding their efforts to comply with Title VI LEP obligations, including documents related to the Four Factor Analysis, the LAP and LEP services provided. Such records should be available for State monitoring if needed.

Additional guidance for four-factor analysis and LAP creation:

HUD Guidance: https://www.hud.gov/program_offices/fair_housing_equal_opp/promotingfh/lep-faq DOJ

Guidance: <https://www.federalregister.gov/documents/2000/08/16/00-20867/enforcement-of-title-vi-of-the-civil-rights-act-of-1964-national-origin-discrimination-against>

Updated: 03/01/2024 (logo)

Four Factor Analysis & Narrative

Item #1: The number or proportion of Limited English Proficiency (LEP) persons eligible to be served.

*Search for C16001 and use the latest ACS 5 Yr. data from U.S. Census Bureau website to complete worksheet: <https://data.census.gov/cedsci/>

For more information, please review the NCHFA Guidance for Developing a Four Factor Analysis & LAP.

Select each county served by your agency:

*** NOTE: If your agency serves more than 5 counties, complete another copy of this worksheet to include additional counties served. ***

Enter total population for each county:

Select the language from the drop down menu below and enter the number (#) of Limited English Proficiency (LEP) persons under the column of each County. (Use the number of residents that "Speak English less than very well".)

		County 1	County 2	County 3	County 4	County 5
1	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
2	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
3	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
4	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
5	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
6	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
7	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
8	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
9	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
10	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
11	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%
12	#					
	%	0.00%	0.00%	0.00%	0.00%	0.00%

If you have any LEP subgroup with $\geq 1,000$ persons OR is 5% of the county population, you MUST submit a Language Access Plan.

Item #2: Briefly describe the frequency of LEP individuals who come in contact with your program.

Example: Last year, we served XXX persons with Limited English Proficiency. The largest subgroup served was XXX-speaking residents.

Item #3: Briefly describe the nature & importance of the program, activity, or service provided.

Example: We provide a variety of services to help potential homebuyers become homeownership ready.

Item #4: Briefly describe resources available to the recipient & any costs to the recipient.

Example: Language translation service or bilingual staff available to service recipient at no cost to them.

*** If needed, you can attached another page to expand on any of your written response to items #2, #3 or #4. ***

Name & Title of Person Completing Analysis

Date Completed (MM/DD/YY)

**Please submit this completed form with your Census Data Worksheet to your Coordinator:
Vedera Mimms - vcnimms@nchfa.com or Kari Rudolph - klrudolph@nchfa.com**

Rev.
March
2024

Language Access Plan (LAP) / Narrative

Loan Pool Member / Agency's Name: _____

Name & Title of Person Completing Form: _____

Date Completed: _____

NOTE: Please read [NCHFA Guidance for Developing a Four Factor Analysis & LAP](#) before completing Narrative.

What language assistance services will your agency provide, if requested or needed? List here:

What is your agency's plan for outreach to LEP communities in your service area?

What is your agency's Plan for training staff members on your LAP and on federal LEP guidance (*available at https://www.lep.gov/guidance/guidance_index.html*)?

Provide a list of vital documents to be translated (*if any*):

What is your plan for translating informational materials that detail services for beneficiaries?

What is your plan for providing interpreters for meetings (if needed)?

What is your plan for developing community resources, partnerships and other relationships to help with the provision of language services?

Who will serve as your agency's designated LEP/LAP contact person? List person, title & contact info here:

Name: ____
Title: ____
Email: ____
Phone: ____

How will your agency handle complaints, if received, and updating the LAP, as needed?

Please return the Language Access Plan (LAP) Narrative with your completed Four Factor Analysis to your Coordinator:

Vedera Mimms – vcnimms@nchfa.com or Kari Rudolph – krudolph@nchfa.com

North Carolina Housing Finance Agency

2024 Service Area Modification

Program: _____

Agency Name: _____

Primary office Address: _____

Primary Phone #: _____

List counties you plan to add* to your current service area. Provide a brief explanation below and attach supporting documentation along with a description of your presence/ability to provide in-person counseling.

County Addition	Explanation (i.e., outreach connection, satellite office, builder, lender)	Attached Documentation (i.e., correspondence, contract)	Agency's Decision

List counties you plan to remove from your current service area with an explanation.

County Removal	Explanation (i.e., staffing, no presence)	Received by Agency

Please complete and submit this form to your case manager:
Vedera Mimms - vcmimms@nchfa.com or Kari Rudolph - klrudolph@nchfa.com.

*NOTE: Once counties have been approved, this form will act as an addendum to the HOME Written Agreement.

Signature of Authorized Official: _____

Date: _____

Name of Authorized Official: _____

Official's Title: _____

NCHFA's Home Ownership
Manager / Director Approval: _____

Date: _____

APPENDIX 6: Cash Flow Worksheet for Calculating Borrower's Residual Income



Monthly Cash Flow

FirstHome Mortgage Program

	Borrower	Co-Borrower
Gross monthly taxable income		
Less federal taxes		
Less state taxes		
Less social security taxes		
Less mandatory retirement plans		
Net Monthly taxable Income		
Add Non-taxable Income		
Total Net monthly Income		

Circular E publication for federal and state should always be used. (Please do not use figures from pay stub).

Current SS taxes are 7.65% of monthly taxable income.

Total Net Monthly Income (borrower & co-borrower) combined	
Less total mortgage payment (PITI + HOA dues)	
Less Maintenance & utilities (square footage <input checked="" type="checkbox"/> x .14)	
Less other recurring expenses used in calculating debt ratio	
Less debts less than 10 months remaining	
Less child care expense	
Balance available for family support	

Balance Available for Family Support

Family Size	Loan Amount Below \$80,000	Loan Amount Equal to or above \$80,000
1	\$ 382	\$ 441
2	\$ 641	\$ 738
3	\$ 772	\$ 889
4	\$ 868	\$1003
5	\$ 902	\$1039
6	\$ 977	\$1119
7	\$1052	\$1199

The balance available must meet or exceed the chart above to qualify for a down payment assistance loan.

DAP Loan

APPENDIX 7: Recertification Form: Supplemental Home Buyer Education Completed

**Recertification Form:
Supplemental Home Buyer Education
Completed**

Loan pool borrowers who completed an approved Home Buyer Education course more than 12 months ago must receive Supplemental Home Buyer Education provided by a certified housing counselor.

Loan Pool Borrower: _____

Anticipated Closing Date: _____

Certified Housing Counselor (print): _____

Counselor's HUD ID #: _____

Agency: _____

Phone: _____ Email: _____

I certify that the Loan Pool Borrower listed above received **Supplemental Home Buyer Education** from me on _____(date) and, in my opinion, has a good understanding of the home buying process. The topics covered included (*attached additional sheet if needed):

- 1. _____
- 2. _____
- 3. _____
- 4. _____

Signature of Certified Housing Counselor

Date

APPENDIX 8: HUD Income Guidelines

HUD Guidance on Determining Income

- 1) As defined by 24CFR85 (the federal regulations governing the HOME Investment Partnerships Program, from which CPLP funds are derived), annual gross income includes, but is not limited to:
 - a. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
 - b. The net income from operation of a business or profession. Expenditures from business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included as income, except to the extent that the withdrawal is reimbursement of cash or assets invested in the operation by the family. *NOTE: Net business losses will not be deducted from household income (NCHFA Guideline).
 - c. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. Any withdrawal of cash or asset from an investment will be included as income, except to the extent that the withdrawal is reimbursement of cash or assets invested by the family. Where the family's net assets exceed \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD (*rate is currently less than 1%.
\$5,000, actual interest income should be added as part of the household income or if there is no interest income, the current passbook savings rate should be used to impute an interest income amount that should be added to household income.
 - d. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
 - e. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as noted in below);
 - f. Housing assistance: If the housing assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the housing assistance agency in accordance with the actual cost of shelter and utilities, the amount of housing assistance income to be included as income shall consist of the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus the maximum amount that the housing assistance agency could in fact allow for shelter and utilities. If the family's housing assistance is ratably reduced from the standard need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;
 - g. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the armed forces (except as noted below).

- 2) Annual income does not include:
- a. Income from the employment of children (including foster children) under the age of eighteen (18) years;
 - b. Payments received for the care of foster children;
 - c. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as noted above);
 - d. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses of any family member;
 - e. Income of a live-in aide, as defined in 24 CFR 5.403;
 - f. Amounts of educational scholarships paid directly to the student or educational institution, and amounts paid by the Government to a veteran, for the use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student.
 - g. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included as income;
 - h. The special pay to a family member serving in the armed forces who is exposed to hostile fire;
 - i. Amounts received under training programs funded by HUD;
 - j. Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income (SSI) eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - k. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program.
 - l. Temporary, nonrecurring or sporadic income, including gifts;
 - m. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United State Housing Act of 1937. A notice will be published in the Federal Register and distributed to PHAs and owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.
 - n. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
 - o. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.

Notes Regarding Documentation of Household Income

- In cases where child support has been ordered, but not paid, on behalf of children in the household, the file must contain a statement to that effect.
- Income documentation must be retained on file and submitted to the Agency in the Loan Underwriting Package. Paystubs may be used if not more than 90 days old at the time the package is submitted for approval and the Member has included related W-2s for the previous two years' employment. The homebuyer's income and employment status must remain stable and unchanged from the time of verification through closing. A minimum of 60 days of income information not

more than 90 days old must be submitted.

- Annual income is the anticipated gross annual income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as defined below. “Anticipated” means projecting future income based on current circumstances, which may include a recent job loss, a change in marital status, a recent promotion, etc.
- Overtime, commission and bonus earnings must be included in determining household income if the buyer has a documented history of these earnings and they are likely to continue.
- If it is not feasible to anticipate a level of income over a twelve (12) month period, the income anticipated over a shorter period may be annualized, subject to a re-determination at the end of the shorter period.

Annual income includes:

According to 24 CFR 85 (the federal regulations governing the HOME Investment Partnerships Program, from which CPLP funds are derived), annual gross income includes, but is not limited to:

- The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- The net income from operation of a business or profession. Expenditures from business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included as income, except to the extent that the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. Any withdrawal of cash or asset from an investment will be included as income, except to the extent that the withdrawal is reimbursement of cash or assets invested by the family. Where the family’s net assets *exceed* \$5,000, annual income shall include the greater of the actual income derived from all family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD (**currently less than 1%*). Members shall note on the compliance analysis worksheet if a potential borrower has more than \$5,000 of assets or interest income.
- The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
- Payments in lieu of earnings, such as unemployment and disability compensation, worker’s compensation and severance pay (except as noted in below);
- Housing assistance: If the housing assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the housing assistance agency in

accordance with the actual cost of shelter and utilities, the amount of housing assistance income to be included as income shall consist of the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus the maximum amount that the housing assistance agency could in fact allow for shelter and utilities. If the family's housing assistance is ratably reduced from the standard need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and all regular pay, special pay and allowances of a member of the armed forces (except as noted below).

Household Annual income does not include:

- Income from the employment of children (including foster children) under the age of 18 years;
- Payments received for the care of foster children;
- Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as noted above);
- Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses of any family member;
- Income of a live-in aide, as defined in 24 CFR 5.403;
- Amounts of educational scholarships paid directly to the student or educational institution, and amounts paid by the Government to a veteran, for the use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student.
- Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included as income;
- The special pay to a family member serving in the armed forces who is exposed to hostile fire;
- Amounts received under training programs funded by HUD;
- Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income (SSI) eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- Amounts received by a participant in a public-assistance program which are specifically for or in reimbursement of out-of-pocket expenses incurred (i.e., special equipment, clothing, transportation, child care, etc.) to participate in a specific program.
- Temporary, nonrecurring or sporadic income, including gifts;
- Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United State Housing Act of 1937. A notice will be published in the Federal Register and distributed to PHAs and owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

- Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
- Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.

APPENDIX 9: Letter of Intent for USDA 502 Direct Borrowers *(Rev. 3/01/24)*

Instructions for Requesting a Letter of Intent for Borrowers using a USDA 502 Loan

If needed, borrowers using a USDA 502 loan can request a **Letter of Intent** (**see sample on next page*) showing they have been pre-qualified for CPLP assistance. For borrowers using the Construction-to-Permanent option to build their home, USDA may require a Letter of Intent before closing on their construction loan.

Prior to submitting a CPLP Reservation, the Member will submit a portal message requesting a Letter of Intent and upload the following documents:

- Borrower's Certificate of Eligibility from USDA (Form RD 1944-59)
- Borrower Income Documentation (VOE, current paystubs & recent W-2)
- Copy of Land and Unit Contract (sales contract), all pages
- Loan structure to determine ratios
- Copy of Pre-construction Appraisal

NCHFA will notify the Member once the request is approved and send the Letter of Intent to them. The Member will provide the Letter of Intent to the USDA staff person working with the borrower.

For additional information on requesting a Letter of Intent, please contact your assigned Community Partner Coordinator.

Sample



3508 Bush Street
Raleigh, NC 27609
919-877-5700
www.HousingBuildsNC.com

COMMUNITY PARTNERS LOAN POOL
Letter of Intent
May 20, 2024

[Redacted]

The referenced underwriting package has been reviewed by NCHFA and your request for funding **has been reserved** and subject to all the conditions outlined in the Community Partners Loan Pool Participation Guidelines and Community Partners Loan Pool HOME Written Agreement. **This letter is not a commitment to lend or fund a loan.**

This Letter of Intent will expire 6 months from the date of this letter and is valid for only the property listed below.

Borrower(s): [Redacted]
Address: [Redacted]
City: [Redacted] **County:** [Redacted]

Lien Position: 2nd

The following items **MUST** be submitted to the NCHFA CPLP Underwriter in order to receive conditional commitment:

- Copy of the Final Inspection or Final Appraisal to confirm 100% completion of the unit.
- Certificate of Occupancy.
- Most recent paystub to prove continued employment
- Notification of any changes to property address above

A Conditional Commitment (Conditional Approval) letter must be issued by NCHFA, and thereafter, the CPLP Member must use the NCHFA Online Loan Pool Portal to schedule the closing date. All closing dates must be selected in the portal at least 7 Agency business days prior to the actual closing. All financing must be fully approved and the 1st mortgage must have NC Home Advantage (except USDA) loan approval before scheduling a closing date. An authorization to close must be issued by NCHFA to the closing attorney prior to closing.

To avoid closing delays, please note that the Borrower's Homeowners Insurance must include the **2nd** Mortgagee Clause:
North Carolina Housing Finance Agency
ISAOA/ATIMA
3508 Bush Street
Raleigh, NC 27609
Loan #: [Redacted]

Sincerely,

Scott Farmer
Executive Director - Authorized Officer

Please note, after 6 months, NCHFA will need to reevaluate income, the sales contract and ratios to determine a reasonable time period for extension of this document.

For more information contact your Community Partner Coordinators
Vedera Mimms, vmimms@nchfa.com or 919-877-5655 or
Kari Rudolph, krudolph@nchfa.com or 919-500-5234

APPENDIX 10: Zero Income Affidavit

ZERO INCOME AFFIDAVIT

Please provide employment verification if employed (VOE, paystubs, and W-2) or Disability/Social Security/Pension verification. If a Full-time Dependent Student, upload high school/college transcript. If 18+, not enrolled in high school/college, and not earning income, complete a Zero Income Affidavit.

Borrower(s): _____

Property address: _____

1. I hereby certify that I do not individually receive income from any of the following sources:
 - a. Wages from employment (including commissions, tips, bonuses, fees, etc.);
 - b. Income from operation of a business;
 - c. Rental income from real or personal property;
 - d. Interest or dividends from assets;
 - e. Social Security payments, annuities, insurance policies, retirement funds, pensions, or death benefits;
 - f. Unemployment or disability payments’
 - g. Public assistance payments;
 - h. Periodic allowances such as alimony, child support, or gifts received from persons living in my household;
 - i. Sales from self-employed resources (Avon, Mary Kay, DoorDash, Uber, etc.);
 - j. Any other source not named above.

2. I currently have no income of any kind and there is no imminent change expected in my financial status or employment status during the next 12 months.

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. I further understand that providing false representations here-in constitutes an act of fraud, which may result in the repayment of the loan or promissory note.

PRINTED NAME OF HOUSEHOLD MEMBER

DATE

SIGNATURE OF HOUSEHOLD MEMBER

DATE

APPENDIX 11: CPLP Program Contacts

Program Guidelines, Marketing & Outreach, Technical Assistance and Training Questions:

- Vedera Mimms, Community Partner Coordinator
919-877-5655 or vcnimms@nchfa.com
- Kari Rudolph, Community Partner Coordinator
919-500-5234 or klrudolph@nchfa.com

*BACKUP: Kim Hargrove, Team Leader – Documentation and Compliance
919-877-5682 or kchargrove@nchfa.com*

Underwriting Questions:

- Eddie Fishburne, Program Compliance Underwriter
919-480-8764 or efishburne@nchfa.com

Reservations, Payments, and Membership Renewals:

- Ana Coria, Senior Program Documentation Specialist 919-877-5691 or alcoria@nchfa.com

*BACKUP: Mark Lindquist, Senior Compliance Coordinator
919-501-4263 or mwlindquist@nchfa.com*

Closings and Closing Documents Questions:

- Liz Hair, Paralegal
919-877-5712 or echair@nchfa.com
- Keshonda Ruffin, Paralegal
919-877-5698 or kyruffin@nchfa.com

Reviewer of Energy Efficiency Certifications

- Laura Altimare, Program Documentation Specialist
919-981-2649 or lmaltimare@nchfa.com

CPLP Loan Payoff Quotes and Servicing Questions

- _Payoffs@nchfa.com

For more information, please go to the CPLP Program page on the NCHFA website:
<https://www.nchfa.com/home-ownership-partners/community-partners/community-programs/community-partners-loan-pool>