

Draft Rules Governing the Homes for Texas Heroes Home Loan Program

Definitions

The following words and terms shall have the following meanings.

- (1) "Allied health program faculty member" means a full-time member of the faculty of an undergraduate or graduate allied health program of a public or private institution of higher education in this state.
- (2) "Applicable Median Family Income" means the median income of a family as prescribed under Texas Government Code, §2306.5621(c)(3). Amounts of the Applicable Median Family Income, as updated from time to time, may be found on the Corporation's web site.
- (3) "Applicant" means a person or persons applying for financing of a mortgage loan under the Program.
- (4) "Board" means the Corporation's Board of Directors.
- (5) "Corporation" means the Texas State Affordable Housing Corporation
- (6) "Corrections officer" means a corrections officer employed by the Texas Department of Criminal Justice or a juvenile correctional officer employed by the Texas Juvenile Justice Department.
- (7) "County jailer" has the meaning assigned by Section 1701.001, Occupations Code.
- (8) "Eligible occupation" means an applicant that is an allied health program faculty member, corrections officer, county jailer, emergency medical services personnel, fire fighter, peace officer, professional educator, professional nursing program faculty member, public security officer, or veteran.
- (9) "Emergency medical services personnel" has the meaning assigned by Section 773.003, Health and Safety Code.
- (10) "Fire fighter" means a member of a fire department who performs a function listed in Section 419.021(3)(C), Government Code.
- (11) "Graduate allied health program" means a post-baccalaureate certificate or master's or doctoral degree program in an allied health profession that is accredited by an accrediting entity recognized by the United States Department of Education.
- (12) "Graduate professional nursing program" and "undergraduate professional nursing program" have the meanings assigned by Section 54.355, Education Code.

- (13) "Home" means a dwelling in this state in which an applicant in an eligible occupation under this section intends to reside as the borrower's principal residence.
- (14) "Master servicer" means the entity servicing all mortgage loans made under the Program.
- (15) "Mortgage lender" has the meaning assigned by Section 2306.004, Government Code.
- (17) "Mortgage origination agreement" means the contract between the Corporation and a mortgage lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of mortgage loans by the mortgage lender and the financing of such mortgage loans by the Corporation.
- (18) "Peace officer" has the meaning assigned by Section 1.07(a)(36), Penal Code.
- (19) "Professional educator" means a classroom teacher, full-time paid teacher's aide, full-time librarian, full-time counselor certified under Subchapter B, Chapter 21, Education Code, full-time school nurse, or allied health or professional nursing program faculty member.
- (20) "Professional nursing program faculty member" means a full-time member of the faculty of either an undergraduate or graduate professional nursing program.
- (21) "Program" means the Homes for Texas Heroes Home Loan Program.
- (22) "Public security officer" has the meaning assigned by Section 1701.001, Occupations Code.
- (23) "Purchase price limit" means the purchase price limits as updated from time to time and found on the Corporation's web site, subject to certain exceptions for Targeted Areas.
- (24) "Targeted Area" means an area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with Section 143(j)(3) of the Internal Revenue Service Code or as a qualified census tract in accordance with Section 143(i)(2) of the Internal Revenue Service Code.
- (25) "Undergraduate allied health program" means an undergraduate degree or certificate program that: (A) prepares students for licensure, certification, or registration in an allied health profession; and (B) is accredited by an accrediting entity recognized by the United States Department of Education.
- (26) "Veteran" has the meaning assigned by Section 161.001, Natural Resources Code.

1. Program Administration

(a) Program Guidelines

The Program is administered in accordance with these rules and Program Guidelines found on the Corporation's web site.

(b) The Corporation will determine from time to time a schedule of fees and charges necessary for administration of the Program.

(c) Waiver

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the rules governing this program if the Board finds that waiver is appropriate to fulfill the Corporation's purposes as stated in Section 2306.553, Government Code or for good cause, as determined by the Board.

2. Making of Loans Under the Program

(a) Applicant Eligibility

To be eligible for a mortgage loan in the program, at the time an applicant files an application for a loan, the applicant must (1) be in an eligible occupation (2) reside in Texas (3) meet the Applicable Median Family Income requirements; and (4) any additional requirements as determined by the corporation.

(b) Home Buyer Education

Each applicant must complete a Corporation-approved home buyer education course. A list of approved home buyer education providers can be found on the Corporation's web site.

(c) Location of Home

The home being financed must be located in Texas. The mortgage lender must verify the home's location by reviewing the property appraisal and location where the property taxes are paid.

(d) Qualifying Homes

An applicant must apply with respect to a home that is either a new or existing single family residence; new or existing condominium, townhouse, or unit in a Planned Unit Development; 2-4 unit properties may be financed under the Program as long as one unit is occupied by the applicant as the applicant's residence or as allowed by corporation program guidelines. ..

The following homes are not eligible for the program: (1) rental homes; (2) cooperative housing; (3) homes used as investment properties; (4) recreational, vacation, or second homes; and (5) motor homes, campers, and similar vehicles.

(e) Purchase Price Limits

The purchase price cannot exceed the maximum purchase price limit. Purchase price is simply the sales price of the property indicated on the property sales contract between the applicant and seller. Purchase price limits can be found on the Corporation's web site.

(f) Targeted Areas

Higher Applicable Median Family Income limits and higher purchase price limits are allowed in targeted areas. A list of targeted areas and corresponding income and purchase price limits can be found on the Corporation's web site.

(g) Application Procedure and Fees

(1) Applicants seeking assistance under the Program must contact and complete an application with a participating mortgage lender. The mortgage lender must register the mortgage loan in accordance with the Corporation's guidelines and procedures. A list of participating mortgage lenders is found on the Corporation's web site.

(2) Application fees and all usual and reasonable settlement or financing costs that are permitted to be so collected by Federal Housing Administration, Veteran's Administration, United States Department of Agriculture Rural Housing Services, Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the home is located may be collected by the mortgage lender from the applicant relating to a mortgage loan.

3. Use of Insurance on the Loans

The use of mortgage insurance on mortgage loans financed under the Program must meet applicable requirements specified by the Federal Housing Administration, Veteran's Administration, United States Department of Agriculture Rural Housing Services, Freddie Mac or Fannie Mae.

4. Verification of Occupancy

The borrower must use the residence financed as his or her principal residence within 60 days of loan closing. A residence that is primarily intended to be used as a vacation home or in a trade or business is not a principal residence.

5. Criteria for Approving Participating Mortgage Lenders

To be approved for participation in the Program, a mortgage lender must meet the requirements to be a qualified mortgage lender as specified by: (1) Federal Housing Administration; (2) Veteran's Administration; (3) United States Department of Agriculture Rural Housing Service; and (4) Fannie Mae's and/or Freddie Mac's requirements;; and be an approved seller/servicer with the program's master servicer.

6. Terms of Contracts with Mortgage Lenders

Mortgage lenders renew their participation in the Program through an annual participation fee. The Corporation shall determine continued eligibility for each mortgage lender to participate in the Program.

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