FREQUENTLY ASKED QUESTIONS

Travis County HOME Downpayment Assistance (DPA) Program

The Travis County HOME Downpayment Assistance (DPA) Program helps eligible homebuyers with down payment and closing costs. This FAQ provides general information about eligibility, assistance, application requirements, and program obligations.

Q1. What is the source of funding for the County's new Downpayment Assistance (DPA) Program offering up to $75,000 in assistance?

The program is funded by the U.S. Department of Housing and Urban Development (HUD). In 2024, Travis County became a recipient of HOME Investment Partnerships Program (HOME) funds. This is a separate HUD funding source from the County's CDBG funds. HOME funds support the DPA program. Assistance is subject to funding availability.

Q2: Are there restrictions on where I can use the DPA funds?

Yes. Currently, the County's DPA funds may only be used to help purchase homes in the County's HOME service area, which includes unincorporated Travis County and the cities of Bee Cave, Creedmoor, Lago Vista, Lakeway, Manor, San Leanna, Sunset Valley, Webberville, and West Lake Hills.

Q3: What do I have to do to qualify for DPA funds?

1. Take an eight-hour homebuyer education course from a HUD-approved housing counseling agency and obtain a certificate of completion.
2. Complete one-on-one housing counseling to meet mortgage readiness requirements.
3. Have the County's Mortgage Readiness Assessment Checklist signed by a HUD-certified housing counselor.

Q4: What steps do I need to take to apply for the DPA funds?

1. After completing the steps outlined in Question 3, contact a lender of choice.
2. Once the prospective homebuyer is pre-qualified or pre-approved for a mortgage loan, the lender will contact Travis County to request the DPA application link.
3. After a proposed home is identified, the lender will begin the County's DPA application process:
   3a) The lender will complete the County's DPA application and submit all required attachments, including the proposed property information.
   3b) Travis County will confirm the prospective homebuyer's income eligibility and review the property for compliance with applicable program requirements. A property inspection will also

be required before closing.

4. The lender, prospective homebuyer, and County staff will meet to discuss the homebuyer written agreement. All executed agreements must be approved by the Commissioners Court.
5. The County and the lender will discuss the required subordination agreement, deed of trust, and forgivable note. This step will involve the County Attorney's Office. All executed documents must be approved by the Commissioners Court. The County Attorney's Office will administer the escrow procedures.

Q5: May I submit an application for the DPA funds?

No. Only the applicant's selected lender may submit the application. The lender will need written consent from the prospective homebuyer to submit the application on the prospective homebuyer's behalf. However, a prospective homebuyer may submit the DPA Interest Form to express interest in the program and begin the referral process.

Q6: Is there a credit score requirement to receive the County's DPA funds?

Yes. Applicants must have a credit score of 640 or better and must maintain a minimum credit score of 640 through closing. The HUD-approved housing counseling agency confirms the credit score during the mortgage-readiness assessment. As part of the DPA application, the applicant's selected lender must provide the median credit score used to secure mortgage preapproval.

Q7: May I combine DPA funds with other subsidies to make homeownership affordable?

Yes. Buyers may combine Travis County DPA funds with other subsidies to help make homeownership affordable and/or reduce the amount of Travis County DPA funds needed.

Q8: Are there income restrictions for this program?

Yes. The prospective homebuyer's household income must be between 50% and 80% of Area Median Income (AMI) to be eligible for the County's DPA funds. Eligibility is based on the household's income at the time it is reviewed. If more than six months pass before HOME assistance is provided, income eligibility must be reviewed again.

Q9: May I choose my housing counseling agency?

Yes. However, the housing counseling agency must be HUD-approved and provide housing counseling through HUD-certified housing counselors.

Q10: Do I need to receive a certificate of completion for the eight-hour homebuyer education course?

Yes. The certificate of completion must be provided to the applicant's selected lender. The certificate must be attached to the DPA application submitted by the lender. In addition, the signed Mortgage Readiness Assessment Checklist must be provided to the lender and attached to the application.

Q11: How do I know when I have met all of the County's prerequisites for this program?

The County's prerequisites are met when a HUD-certified housing counselor confirms completion of the Mortgage Readiness Assessment Checklist. If additional steps are needed, the prospective homebuyer must continue working with the housing counseling agency.

Q12: What happens if my lender determines that I am no longer pre-approved for a mortgage loan?

The process stops. If the lender determines that a prospective homebuyer is no longer eligible for a mortgage loan, the County cannot provide DPA funds because the County's assistance is intended to be subordinate to the primary mortgage loan.

During mortgage underwriting, a prospective homebuyer should not make changes to employment, obtain new credit, close credit cards, or make significant purchases, such as a car or furniture, without first discussing the potential effect with the lender. These activities could affect the prospective homebuyer's pre-approval status and delay closing. The lender may continue checking for changes through closing, including after the Closing Disclosure is provided. Underwriting may continue checking for changes during the 72-hour period after the Closing Disclosure is provided and through the day of closing. Prospective homebuyers should be aware that any changes could affect loan approval or delay closing.

Q13: How does the County determine the amount of DPA funds to provide a homebuyer?

The amount of DPA funds needed is determined by the buyer's debt-to-income ratio, which affects the amount of mortgage loan for which a buyer can qualify. The lender must also consider the applicable HOME purchase-price limit, which is based on 95% of the median purchase price for homes in the eligible service area.

Once a home is selected, the difference between the buyer's affordability limit and the home's purchase price is known as the affordability gap. The DPA funds will be used to close this gap.

Q14: Are the DPA funds a grant or a loan?

The County's HOME-funded DPA assistance is a forgivable second loan. The loan is forgiven if the affordability period is met. The homebuyer must sign the County's forgivable note at closing. If the homebuyer sells, moves out, or does not meet program requirements before the affordability period ends, repayment may be required as described in Q15.

Q15: If I receive the County's down payment assistance, am I required to live in the home for a period of time?

Yes. This is called the affordability period, which depends upon the amount of assistance received:

- DPA funds under $25,000: the homebuyer must live in the home for a minimum of five years.
- DPA funds $25,000 through $50,000: the homebuyer must live in the home for a minimum of 10 years.
- DPA funds over $50,000 and up to $75,000: the homebuyer must live in the home for a minimum of 15 years.

Note: If a homebuyer moves out of or sells the DPA-assisted home before the affordability period expires, the homebuyer will be required to repay a pro rata share of the assistance provided. This requirement will be specified in the homebuyer agreement and the forgivable note signed at closing.

Q16: May I be reimbursed for the housing counseling expenses?

Yes, but only after closing. Upon receiving documentation of housing counseling expenses before closing, the County will provide credit on the Closing Disclosure. The funds will be provided through escrow.

Q17: Am I required to live in a home that receives DPA funds as my primary residence?

Yes. The homebuyer must occupy the home as their primary residence.

Q18: May I use the County's DPA funds to buy a home within the City of Austin?

Not at the present time. The city and County currently do not have a joint-use agreement for CDBG/HOME funds. Therefore, Travis County will only provide DPA funds to help an income-eligible buyer purchase a home within Travis County HOME service area (jurisdiction).

Q19: Can a homebuyer use HOME funds to purchase a manufactured home?

Yes. The purchase of a manufactured home is an eligible activity under 24 CFR 92.205(a)(4).

Q20: What are the eligibility requirements for a manufactured home?

- The home must be located within Travis County HOME service area (jurisdiction).
- The buyer must be income-eligible.
- The home cannot be located within a floodplain (100-year or 500-year).
- The home must have permanent utilities.
- The home must be located on land owned by the homeowner or subject to a ground lease that spans the affordability period. See the definition of "Homeownership" in 24 CFR 92.2.
- The home must be placed on a permanent foundation.

Q21: What construction and safety standards apply to manufactured homes?

All purchased units must comply with [24 CFR Part 3280] and applicable state and local building codes.

Travis County must also confirm compliance with all applicable inspection and property standards, including, but not limited to, [24 CFR 92.251] and the manufactured-housing requirements in [24 CFR 92.251(e)], as applicable.

Q22: Are manufactured homes required to be new?

No. However, the home must meet all eligibility and property standards requirements and pass the inspection required by Travis County.

Q23: Is there an age limit on the manufactured home?

Yes. Homes built before June 15, 1976, are classified as mobile homes and are not HUD-certified. Therefore, they are ineligible for assistance through this DPA program.

Q24. Who is eligible to apply for the HOME DPA Program?

Prospective homebuyers may be eligible if they meet all applicable program requirements, including:

- Household income between 50% and 80% of AMI, adjusted for household size.
- Completion of the required homebuyer education, one-on-one housing counseling, and Mortgage Readiness Assessment Checklist.
- A credit score of at least 640 and compliance with the County's mortgage-readiness and underwriting requirements.
- An eligible primary mortgage and an eligible home within the Travis County [HOME service area] (jurisdiction).
- The homebuyer must agree to occupy the home as the primary residence and sign all required County agreements and loan documents.

Q25. What types of homes or properties are eligible?

Eligible properties may include new or existing single-family homes and eligible manufactured homes within the Travis County [HOME service area]. The property must meet the applicable HOME purchase-price limit, County property standards, inspection requirements, floodplain requirements, and all other applicable County, state, local, and HOME requirements.

Q26. Do applicants have to be first-time homebuyers?

No. The program is not limited to first-time homebuyers. However, the home purchased with DPA funds must be the applicant's primary residence during the affordability period, and all applicants must meet the program's income, mortgage-readiness, underwriting, property, and occupancy requirements.

Q27. What documents are required to apply?

Only the selected lender may submit the application. The County's current application requires:

- CDBG/HOME Service Area Map showing the proposed property.
- Floodplain Map showing the proposed property.
- Signed Prospective Borrower/Homebuyer Consent Form.
- Homebuyer Education Course Certificate of Completion.
- Mortgage Readiness Assessment Checklist.
- CPD Income Eligibility Verification Form.

Additional documents may be requested for income verification, underwriting, property review, or closing.

Q28. Can I apply before finding a home?

A prospective homebuyer may begin the process before selecting a home by completing homebuyer education, housing counseling, the Mortgage Readiness Assessment Checklist, and mortgage preapproval. The lender may begin gathering and preparing the required application materials; however, a complete County DPA application cannot be submitted until a proposed property has been identified.

Q29. How long does the application and approval process take?

Applicants should allow up to 45 days for County review of a complete application. Additional time may be needed for missing information, underwriting, inspection, legal documents, Commissioners Court approval, or closing coordination.

Q30. What happens if an applicant is denied, and can the applicant reapply?

If the condition causing ineligibility changes or is resolved, the applicant may work with a lender and housing counseling agency to reapply. Reapplication does not guarantee approval or funding.

Q31. If I participate in the program, when may I sell my home?

A homebuyer may sell the home at any time but must notify Travis County. Before closing, the title company should contact Travis County to confirm any repayment amount due to the County's lien. If the home is sold before the affordability period ends, the homebuyer may have to repay the remaining prorated balance of the HOME assistance, subject to the terms of the recorded documents. After the affordability period ends, no additional repayment is required if all program requirements were met.