



LOT ACQUISITION AND INTERIM CONSTRUCTION (LAIC)

SETUP CHECKLIST

Single Family Development

Texas Department of Housing and Community Affairs (TDHCA) (the Department) requires that Activity setup requests be submitted using the appropriate submission process as defined below to ensure compliance with TILA-RESPA Integrated Disclosure (TRID) regulations.

Setup Request Process

IMPORTANT! DO NOT accept or submit any document from the Applicant Household which includes a Household member's Social Security Number (SSN). Any reference to an SSN must be permanently redacted by the Applicant before the document can be accepted by the Developer.

1. Submission Process (for Reservation OR Contract awards not requesting Household preapproval):
 - a. Developer enters the Household data into the Housing Contract System (HCS), completing the screens for Activity, Beneficiaries Data, and Budget Detail
 - b. Developer uploads the **Construction Eligibility Packet, Lot and Financing Eligibility Packet, Household Eligibility Packet** (see below for required Packet contents) and *Setup and Draw Workbook* (XLS form) (available online at: http://www.tdhca.state.tx.us/home-division/forms/home_forms_hba.htm)
 - c. Developer clicks the "Submit for Approval" button to reserve funds and update the Activity setup request status to "Pending PM Approval"
2. Setup Review Process:
 - a. After the Activity setup request status is updated to "*Pending PM Approval*," it is reviewed by the assigned Performance Specialist and proceeds through the deficiency review process:
 - b. Deficiencies noted:
 - i. If deficiencies are noted, Performance Specialist will issue a Deficiency Notification email requesting clarification, correction, or submission of non-material missing information or documentation and update the Activity setup request status in the HCS to "*Deficiency*." Developer must then upload responses and curative documentation to the HCS and resubmit the Activity setup request (returning its status to *Pending PM Approval*) on or before the required curative date stated in the Deficiency Notification email.
 - ii. The Department allows 10 business days for resolution of all deficiencies included in the Deficiency Notification. If a deficiency is not resolved to the satisfaction of the Department by 5:00 pm on the tenth business day following the date of the Deficiency Notification, then the Activity setup request will be disapproved (the time period for responding commences on the first business day following the date of the Deficiency Notification). Responses received via email will not be reviewed.
 - iii. Deficient Activity setup requests which are re-submitted (status is re-updated to "*Pending PM Approval*") will be reviewed in the order in which they are received. Previously reviewed Activity setup requests are not prioritized for review ahead of other Activity submissions.
 - c. No deficiencies noted:
 - i. For Reservation awards:
 1. Performance Specialist will issue a Household Commitment Contract (HCC), attach it to the HCS, notify Developer (via email) that the HCC is ready for execution, and update the Activity setup request status to "*Pending Loan App*"
 2. Developer retrieves the unexecuted HCC from the Activity attachments in the HCS
 3. Developer executes and uploads the HCC and sends email notifying the Performance Specialist of the attachment
3. Loan Application Process:
 - a. Developer notifies Applicant the Activity setup request has been preliminarily approved, contingent upon completion of all underwriting requirements
 - b. NOT MORE THAN 24 HOURS PRIOR to submission to the Department of the **Loan Application Packet** (see below for required Packet contents), Developer collects from the Applicant:
 - i. *HOME Program Loan Addendum* (PDF form) (available online at: http://www.tdhca.state.tx.us/home-division/forms/home_forms_hba.htm)
 - ii. Credit reports

- iii. *Patriot Act Information* (PDF form) (available online at: http://www.tdhca.state.tx.us/home-division/forms/home_forms_hba.htm)
 - c. Developer completes the *Single Family Development Loan Analysis* (XLS form) (included in the Housing Income Certification Workbook)
 - d. Developer enters the required Loan information data into the HCS and uploads the **Loan Application Packet**
 - e. Developer clicks the "Pending LE" button to update the Activity setup request status to "*Pending LE*"
 4. Loan Estimate Process:
 - a. Assigned Department staff will issue a Loan Estimate to the Household. The Loan Estimate will be mailed via the US Postal Service, and an electronic copy of the Loan Estimate will be attached to the HCS
 - b. Department staff may contact Developer to verify information needed to issue the Loan Estimate
 - c. Developer must retain a copy of the Loan Estimate in the Activity File
 - d. Performance Specialist will update the Activity setup request status to "*Pending PM Approval*"
 5. Loan Review Process:
 - a. Performance Specialist proceeds through the deficiency review process for the **Loan Application Packet** submitted
 - b. Deficiencies noted:
 - i. If deficiencies are noted, Performance Specialist will issue a Deficiency Notification email requesting clarification, correction, or submission of non-material missing information or documentation and update the Activity setup request status in the HCS to "*Deficiency*." Developer must then upload responses and curative documentation to the HCS and resubmit the Activity setup request (returning its status to "*Pending PM Approval*") on or before the required curative date stated in the Deficiency Notification email.
 - ii. The Department allows 10 business days for resolution of all deficiencies included in the Deficiency Notification. If a deficiency is not resolved to the satisfaction of TDHCA by 5:00 pm on the tenth business day following the date of the Deficiency Notification, then the Activity setup request will be disapproved (the time period for responding commences on the first business day following the date of the Deficiency Notification). Responses received via email will not be reviewed.
 - iii. Deficient Activity setup requests which are re-submitted (status is re-updated to "*Pending PM Approval*") will be reviewed in the order in which they are received. Previously reviewed Activity setup requests are not prioritized for review ahead of other Activity submissions.
 - c. No deficiencies noted:
 - i. Performance Specialist proceeds to the Commitment of Funds Process
 6. Commitment of Funds Process:
 - a. Performance Specialist routes the partially executed HCC for final execution
 - b. Performance Specialist uploads the fully executed HCC to the HCS, approves the Activity setup request. and updates the status to "*Pending PM2 Approval*"



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Housing Contract System (HCS) Data Entry

- ☐ Enter the Activity setup request data into the Housing Contract System (HCS) completing all required screens
- ☐ Budget Detail: The budget amount entered into the HCS must agree with the *Setup and Draw Workbook*. The Budget Detail screen should include only two line items: Hard Costs and Soft Costs. Refer to HOME Rule at 10 TAC Chapter 23 for cost limitations.
 - Developer fee: cannot exceed 15% of construction costs
 - Homebuyer loan closing costs (Developer's and homebuyer's, as applicable)
 - Budget itemized in the HCS using Activity-specific data entered in the following format:

Budget Itemization

BUDGET							
	Total Budgeted	TDHCA Original	Amended	Funded	Refunds	Itemized	Unitemized
Project	\$117,000.00	\$117,000.00	\$117,000.00	\$0.00	\$0.00	\$117,000.00	\$0.00

ITEMIZED BUDGET			
Item #	Budget Category	Percent	Amount
	Hard Cost (+)	100%	\$117,000.00
1 (x)	Acquisition	Acquisition/Refinance Hard Costs	11,000.00
3 (x)	LAIC Closing Costs - SFD ONLY	Acquisition/Refinance Closing Costs	2,000.00
4 (x)	Construction **RHD ONLY**	All Costs under "Construction Hard Costs"	85,000.00
5 (x)	Buyer Closing Costs - SFD ONLY	Homebuyer Closing Cost - Homebuyer	5,000.00
6 (x)	Dev Closing Costs - HB Loan SFD ONLY	Developer Closing Cost- Homebuyer	2,000.00
7 (x)	Developer Fee	Developer Fee	12,000.00
	Soft Cost (+)	0%	\$0.00

[Save](#)

Setup and Draw Workbook

- ☐ Attach the *Setup and Draw Workbook* as a separate item in the HCS. Use the following format for the document description field: *Household last name – Setup Workbook*

PACKET CONTENTS

All document Packets must be submitted in the following format:

- Each Packet must be a single PDF document consisting of multiple items. Each item in the Packet must be bookmarked with a brief description (e.g. "Intake Application"). A Deficiency Notification may be issued for non-bookmarked Packets.
- To create a bookmark in Adobe Acrobat, navigate to the page which requires a bookmark and press Ctrl+B. A navigation pane will appear to the left with a new bookmark labeled "Untitled." Click on the "Untitled" label and rename the bookmark with a brief description of the item.
- If the Packet file is too large to upload to the HCS, optimize the file and reduce its size.
- Attach Packets to the HCS. Use the following format for the document description field: *Household last name – Type of Packet*



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CONSTRUCTION ELIGIBILITY PACKET

- ☐ **Homebuyer Contract** – Include fully executed purchase contract for the unit, applicable addenda, and verification of earnest money (if applicable). The contract must be valid for at least one calendar year from the date of submission. The sales price may not exceed the value shown on the appraisal.
- ☐ **Appraisal** –
 - ☐ An appraisal or other approved documentation showing the post-rehabilitation or post-construction value of the unit
 - ☐ An “As Vacant” appraisal is required for identity of interest and rehabilitation transactions only
- ☐ **Initial Inspection Checklist** – If the purchased property will be rehabilitated for sale to the homebuyer, submit an Initial Inspection Report.
- ☐ **Accepted Builder’s Bid or Work Write-up with Budget and Specifications** – Attach the signed accepted itemized builder’s bid, as applicable. If a builder has not been procured at the time the setup request is submitted or the Developer will act as the builder (i.e. the General Contractor), attach the complete Work Write-Up/Cost Estimate for the rehabilitation or reconstruction. If the builder is not procured and the Developer is not acting as the builder, the approved builder’s bid, along with the builder eligibility documents (see below) must be submitted with the first draw requesting funds.
- ☐ **Builder Eligibility Documents** – If applicable, attach a copy of the printout of the search conducted on the Texas Secretary of State website (<http://www.sos.state.tx.us/>) for the procured builder, or attach a copy of the recorded Assumed Name Certificate (also referred to as the DBA Certificate) of the procured builder AND a copy of the print-out from the System for Award Management (SAM) (<https://www.sam.gov/portal/SAM/#1>) verifying the builder is not listed as an excluded party.
- ☐ **Insurance Requirements** –
 - ☐ Developer’s (or General Contractor’s (GC) if Developer is not acting as the GC) Certificate of Liability Insurance in the amount of at least \$100,000
 - ☐ Developer’s (or GC’s if Developer is not acting as the GC) Builder’s Risk Insurance policy declaration in an amount at least equal to the cost of construction (must be non-reporting type)
 - ☐ Developer’s (or GC’s if developer is not acting as the GC) Workers Compensation (if applicable) (must be non-reporting type)

LOT AND FINANCING ELIGIBILITY PACKET

- ☐ **Copy of Environmental Clearance email**
- ☐ **Public Notifications and Certification** – this form may be accessed at <http://www.tdhca.state.tx.us/home-division/forms/docs/Setup-SFD-PublicNoticesCerts.doc>
- ☐ **Neighborhood Organization Request Letter** – letter must be dated at least 14 days prior to the date of setup submission
- ☐ **Community Housing Development Organization (CHDO) Site Control** – required for each proposed lot or group of lots upon which development will be conducted. Documentation may be a warranty deed or a purchase contract for the lot(s) being acquired. The purchase contract for the lot(s) may expire no earlier than 120 days from the date on which the setup request is submitted to TDHCA for commitment of funds.
- ☐ **Tax Certificate** – tax certificate must evidence current paid status



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- ☐ **Title Commitment** – title commitment must not be older than thirty (30) days from the date on which the setup request is submitted to TDHCA for commitment of funds and:
 - ☐ Must include coverage for the interim construction loan naming Texas Department of Housing and Community Affairs as the insured. The interim construction loan includes the total lot acquisition costs and the construction hard costs.
 - ☐ Schedule B – if restrictive covenants are listed, ensure explanatory documentation has been attached to the HCS
 - ☐ Schedule C – cannot have any liens, judgments, delinquent taxes
 - ☐ Schedule D – title company must be fully and completely named, and must be in good standing with the Texas Secretary of State
- ☐ **Survey** – lot survey showing proposed improvements
- ☐ **Flood Map** – FEMA issued flood map with unit location identified
- ☐ **Flood Insurance Declarations Page** – if property is located in a flood zone
- ☐ **Zoning** – evidence that each lot is zoned appropriately for the proposed housing. Evidence should include a map with the site and zoning notated, or a letter from the local jurisdiction stating that the site is zoned for single family residential construction
- ☐ **Utility Availability** – evidence of utility availability for the proposed housing. Evidence should include letters from electric, water, wastewater, solid waste, and gas (if applicable) providers stating that the site is eligible for utility service
- ☐ **Plans** – floor plan and front exterior elevation for each proposed unit which shows exterior building composition
- ☐ **Architect Certification** – architect certification confirming compliance with Texas Government Code 2306.514 and all requirements in 10 TAC 23.71, as applicable
- ☐ **Developer/Architect Contract** – Developer/architect contract (executed final form), if applicable. If the Developer is acting as its own architect or utilizing predetermined plans, this contract is not required
- ☐ **Other Financing Information** – if the homebuyer has closed on other funding prior to closing on the TDHCA loan(s), provide copies of the promissory note(s) and/or the deed(s) of trust. If there are other sources of financing for the Lot Acquisition Interim Construction (LAIC) loan, please contact your Performance Specialist to obtain a Financing Participants Contact Information form.

HOUSEHOLD ELIGIBILITY PACKET

- ☐ **Intake Application** – must be no older than 120 days from the Household Income Certification (HIC) effective date
- ☐ **Household Income Certification (HIC)** – if more than 6 months have elapsed between the effective date of household eligibility and the date of assistance (the date on which the household executed the purchase contract), household eligibility must be re-verified and recertified
- ☐ **Household income within \$3,000 of 80% AMFI** – for all households with income within \$3,000 of the applicable 80% Area Median Family Income (AMFI), all income and asset support documentation must be attached to the HCS
- ☐ **Homebuyer Education Course Certificate**
- ☐ **Conflict of Interest documentation**, if applicable
- ☐ **PRWORA Household Status Verification Form**
- ☐ **PRWORA SAVE Verification Response** – If applicable



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- ☐ **Life Event documentation** – attach a copy of the applicable life event document(s)
 - ☐ Divorce decree
 - ☐ Affidavit of Marital Status
 - ☐ Same Name Affidavit
 - ☐ Power of Attorney – must be specific to this transaction and must include a provision for real estate transactions
 - ☐ Death certificate
 - ☐ Affidavit of Heirship

LOAN APPLICATION PACKET

- ☐ **Loan Addendum**
- ☐ **Patriot Act Information form**
- ☐ **Acknowledgement of Licensing Status for Loan Originator** – provide only if Developer is not required by the SAFE Act to be licensed
- ☐ **Credit Reports** – provide credit reports for all household members aged 18 or over
- ☐ **Single Family Development Loan Analysis** – ensure all factors confirm eligibility
- ☐ **Evidence of housing counseling provided by a HUD certified housing counselor**

ADDITIONAL DOCUMENTS REQUIRED IF TABLE FUNDING OF THE ACQUISITION COSTS IS REQUESTED

After the Activity is approved, Developer may request table funding of the lot acquisition closing costs. This is a separate process, and is subject to approval. If table funding is being requested, please contact your Performance Specialist after the Activity is made Active.

- ☐ Borrower Authorization to Wire Funds to the title company
- ☐ Request for Texas Taxpayer Identification Number from the title company
- ☐ Wiring instructions from the title company submitted using required letter format to Texas State Comptroller



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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*Reasonable accommodations will be made for persons with disabilities.
Language assistance will be made available for persons with limited English proficiency.*

