



Texas Department of Housing and Community Affairs
Housing Trust Fund Contract for Deed Conversion Program “Assistance Grants”
2015 Notice of Funding Availability (NOFA)
Published April 20, 2015

SUMMARY

The Texas Department of Housing and Community Affairs (TDHCA or the Department) announces the availability of approximately **\$383,000** from the Housing Trust Fund (HTF) to administer a Contract for Deed Conversion (CFDC) Program. These grants will support eligible nonprofit organizations and units of local government (Administrators) to assist eligible households convert contracts for deeds to warranty deeds, pay off remaining contract for deed balances for eligible households, and address colonia housing issues such as recorded and unrecorded contracts for deeds, clouded titles, property transfers **and housing unable to meet Texas Minimum Construction Standards**. These funds are an incentive to use of the Department’s HOME Investment Partnerships Program (HOME Program) set-aside funds for CFDCs and construction activity on those properties.

For each household that completes a CFDC **without** any HOME funds and in accordance with the Texas Property Code, the Administrator will receive a **\$3,500** “CFDC Program Assistance Grant” (“Option 1”) upon closing. Additional grant funds exist to assist eligible households pay off remaining unpaid contract for deed balances of up to \$20,000 **and rehabilitate their homes with up to \$20,000 in HTF grant assistance to meet Texas Minimum Construction Standards**.

For each household that completes a CFDC and any additional construction activity **with** HOME funds, the Administrator will receive a **\$6,500** “CFDC Program Assistance Grant” (“Option 2”) upon closing. All eligible households must reside in a colonia within 150 miles of the Texas-Mexico border and earn 60% or less of the applicable Area Median Family Income (AMFI).

The Department will use an online Reservation System with this NOFA, in which funds are available first-come, first-served. Administrators may serve as many eligible colonia households as funding permits.

The Department will accept emailed applications under this NOFA to access the Reservation System until **August 31, 2016**, subject to extension at the discretion of the Executive Director. Funds will be available for reservation until all funds are reserved or until **August 31, 2016**, subject to extension at the discretion of the Executive Director. The application is available at <http://www.tdhca.state.tx.us/htf/nofa.htm>.

ELIGIBILITY

Eligible applicants are units of local government and nonprofit organizations as defined in the Department’s Single Family Programs Umbrella Rule, HTF Program Rules and HOME Program rules in Title 10, Part 1, of the Texas Administrative Code and Chapter 2306 of the Texas Government Code.

Eligible Administrators must have been established in the State of Texas and must demonstrate a history of at least **3 years** of working with colonia real estate issues, mortgage loan origination, or colonia housing construction activities in Texas. Applicants must submit a summary of the capacity of key staff members' skills and experience in:

- mortgage lending
- construction management or
- real estate law

Copies of executed contracts with consultants or other organizations, plus a summary of their experience in addressing affordable housing and/or other border housing issues, may be considered in lieu of the listed skills and experience of the applying Administrator.

Applicants must include a resolution from their governing board that is signed and dated within the **6 months** preceding the organization's application submission date that states:

- The governing board has approved the application to access the Reservation System for Contract for Deed Conversion Program "Assistance Grants"; and
- The name and title of the individual authorized to execute a written Reservation System Access Agreement, and the name and title of the individual responsible for program administration and oversight.

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

Eligible Administrators may partner and subcontract with another organization for technical assistance, training, and/or to carry out other aspects of the program. However, TDHCA will only disburse grant funds to the eligible Administrators with which it has an executed Reservation System Access Agreement.

The Administrators are expected to organize and supervise all conversion and construction activities, such as:

- identifying households for the CFDC Program
- identifying households eligible for the HOME Program
- application intake and income qualification in accordance with applicable HTF and HOME Program guidelines
- consultation and correspondence with attorneys, landowners, and other persons with interest in properties to be converted
- document preparation for title clearing
- preparation for closing and document recordation
- cost estimation of construction materials and contractor selection for any construction activities
- construction management and
- use of HTF, HOME and other Department forms and online systems

RESERVING AND DRAWING FUNDS

The availability and use of the CFDC Program Assistance Grants are subject to the Single Family Programs Umbrella Rule, HOME Program and Housing Trust Fund Program rules in Title 10, Part 1, of the Texas Administrative Code and Chapter 2306 of the Texas Government Code.

Once an eligible Administrator is granted access to the Department's online Reservation System, the Administrator will set up reservations for Assistance Grants by demonstrating that each participating household resides in a colonia within 150 miles of the Texas-Mexico border and earns **60%** or less of the AMFI. The Administrator will upload items listed on applicable Department checklists and/or in the program manuals. Reservations will be requested specifically from one of the two Assistance Grants that are available:

Option 1 (\$3,500 Assistance Grant to Administrator): Upon reservation setup, the Administrator must demonstrate that the household satisfies HTF income limits per HTF income calculation methods. Within **4 months** of reserving the Assistance Grant online, the Administrator must provide the seller (holder of the Contract for Deed) a Promissory Note and Deed of Trust that contains the same interest rate (unless usurious), due dates and late fees as the original contract in accordance with Texas Property Code Section 5.081, "Right to Convert Contract" (<http://www.statutes.legis.state.tx.us/Docs/PR/htm/PR.5.htm#5.081>).

The \$3,500 Assistance Grant will be paid to the Administrator upon the CFDC and recordation of the necessary closing documents in the Real Property Records of the county where the property is located. Any extensions beyond the 4-month timeframe for the CFDC must be requested in writing and may be granted at the Department's discretion.

Participating households with a remaining Contract for Deed balance of **up to \$20,000** in unpaid principal and interest may receive HTF grant funds to pay off the seller. The Department may consider assisting households with Contract for Deed balances exceeding \$20,000 on a case by case basis. Administrators seeking to pay off Contract for Deed balances must also assist the household to meet Texas Minimum Construction Standards **within 8 months** of pay off and CFDC, and may reserve **up to an additional \$20,000** in HTF grant assistance for this construction activity. In addition, Administrators will receive an **administrative fee equal to 10%** of the HTF grant assistance (for construction only, not including balance pay off) upon completion of the activity.

Option 2 (\$6,500 Assistance Grant to Administrator): Upon reservation setup, the Administrator must have executed a HOME Reservation System Participation Agreement and demonstrate that the household satisfies all HOME Program requirements. Within **12 months** of reserving the Assistance Grant online, the Administrator must complete the CFDC using HOME funds and rehabilitate or reconstruct the property if needed to meet HOME Program housing standards. The \$6,500 Assistance Grant will be paid to the Administrator upon the CFDC and recordation of the necessary closing documents in the Real Property Records of the county where the property is located and commencement of construction, if required. Any extensions beyond the 12-month timeframe must be requested in writing and may be granted at the Department's discretion.

If a household originally selects Option 1 but later wishes to use HOME funds to participate in Option 2—and funds remain available to do so—the Administrator must recertify the household's income to demonstrate satisfaction of HOME Program income qualifications and complete additional HOME Program verification as required. If a household originally selects Option 2 but later wishes to do a CFDC only and participate in Option 1, no recertification of household income is necessary but a new set-up may be required with applicable forms.

The Department will review and process Reservation setups in the order that they are received in the Reservation System. Submission of a Reservation does not guarantee funding. Only after the Department has verified a household is eligible are the Assistance Grant funds actually reserved. Funds will be available for reservation until all funds are reserved or until **August 31, 2016**, subject to extension at the discretion of the Executive Director.

If the Department requires additional information to process a setup or draw request, the Department will suspend processing until follow up documentation is received. If adequate documentation is not received within 30 days of the Department's request, the Department may cancel the draw from the Reservation System, requiring full resubmission of draw documents by the Administrator.

The Department may terminate a Reservation System Access Agreement if an Administrator fails to meet the requirements in this NOFA.

APPLICATION REVIEW PROCESS FOR ONLINE RESERVATION SYSTEM ACCESS

The Department will accept emailed applications to access the Reservation System until **August 31, 2016**, subject to extension at the discretion of the Executive Director.

The Department will notify applicants of any deficiencies in applications received by the deadline. If the applicant does not cure deficiencies to the satisfaction of the Department within **10 business days** of notification, the application may be deemed ineligible for further review or recommendation for access to the Reservation System.

If an application has excessive omissions or is so incomplete that the Department cannot reasonably perform a review, the Department reserves the right to declare the application ineligible for further review or recommendation for access to the Reservation System without issuing a notice of deficiency.

The Department may decline to consider any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any applications that are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any application.

APPEALS AND DISPUTE RESOLUTIONS

It is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution ("ADR") procedures under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff, applicants, and other interested persons to exchange information and informally resolve disputes.

The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator.

For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC, Subchapter A §1.17 and §2306.082, Texas Government Code.

APPLICATION SUBMISSION

Applicants must email a complete scanned version of the application materials in pdf format to **htf@tdhca.state.tx.us**. The Department will accept emailed applications to access the Reservation System until **August 31, 2016**, subject to extension at the discretion of the Executive Director. The application is available at **<http://www.tdhca.state.tx.us/htf/nofa.htm>**. Questions regarding this NOFA should be addressed to Glynis Laing at (512) 936-7800 or glynis.laing@tdhca.state.tx.us.