

Application Package for Nonprofit Agency for Federal Housing Administration (FHA) Activities

In order to increase homeownership opportunities and affordable housing in America's communities the Department of Housing and Urban Development provides nonprofit agencies with the ability to participate in certain Federal Housing Administration activities. These activities are:

The HUD Homes Program. HUD/FHA obtains properties through foreclosure actions on FHA-insured mortgages. These properties, HUD Homes, can be purchased at a discount by approved nonprofit agencies prior to public offering. The normal discount offered on such properties is ten percent off the listed price. However, if the property is located in a HUD-designated revitalization area, the discount may increase to as much as 30 percent. Nonprofit agencies must obtain their own financing for the acquisition of these properties. For more information about this program, please refer to Housing Notice 94-74 and HUD Handbook, 4310.5, REV-2, *Property Disposition Handbook, One to Four Family*.

Nonprofit Agencies As Mortgagors. HUD/FHA allows nonprofit agencies to obtain FHA financing at the same attractive terms as owner occupants. These owner/occupant terms include a low down payment requirement. This low down payment requirement can assist the nonprofit agency in the leveraging of their organization's funds. Nonprofit agencies may use FHA mortgage insurance to acquire properties under Sections 203(b), 203(i), 203(k), and 234 of the National Housing Act. Lenders may offer only fixed rate mortgages to nonprofit agencies. Adjustable rate mortgages and buy down programs are not acceptable under this program. Nonprofit agencies may also refinance existing indebtedness but may not use FHA mortgage insurance to draw out equity. For more information regarding nonprofit agencies as mortgagors, please review Mortgagee Letter 96-52 and HUD Handbook 4155.1, REV-4, CHG 1, *Mortgage Credit Analysis for Mortgage Insurance on One to Four Family Properties*.

Secondary Financing. HUD/FHA approves a nonprofit agency's request to provide secondary financing. A nonprofit agency may provide secondary financing in the form of second mortgages, forgivable second mortgages or "soft" second mortgages. In order for a nonprofit agency to provide secondary financing for the borrower's entire cash investment, the nonprofit agency must be considered an instrumentality of the government. For more information about secondary financing activities, please refer to Mortgagee Letter 94-2 and to HUD Handbook 4155.1, REV-4, CHG 1, *Mortgage Credit Analysis for Mortgage Insurance on One to Four Family Properties*.

Please place a check mark next to the activity for which your organization is seeking approval. Use this form as a checklist for your application and include it in your application submission.

The HUD Homes Program

Nonprofit Agencies as Mortgagors

*Secondary Financing (applicants need to submit those items indicated with * (namely, 1, 3, 5, 6, 7 and 14); an affordable housing program is not required)*

Required Nonprofit Agency Information

Name of Organization _____

Date Sent _____

Address _____

City _____ State _____

Zip Code _____

Contact Person _____

Telephone Number _____

Fax Number _____

E-mail Address _____

HOCs are responsible for approving agency participation in FHA programs. Nonprofit agencies must initially request approval from the HOC which has jurisdiction over their primary location. To apply for participation in FHA programs, a nonprofit agency must submit the following documentation for review:

1. An IRS "Letter of Determination" which verifies approval under Section 501(c)(3) as exempt from taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended. Include the organization's tax identification number (TIN);*

2. Complete articles of incorporation and by-laws of the nonprofit agency;

3. A list of all Board members, including names and titles, length of term on board, and each member's term expiration;*

4. A list of all principal staff, to include resumes for principle management staff of the nonprofit agency which demonstrate experience in developing and administering housing programs;

- 5. Corporate resolutions delegating signature authority. (The individual signing the loan application and other document for the nonprofit agency is not personally obligated on the loan);*
- 6. Certification signed by an authorized representative of the nonprofit agency in the following format certifying that the nonprofit agency has a voluntary Board of Directors;*

Recommended form of Certification (on Nonprofit Agency Letterhead):	
(Name of Nonprofit agency) certifies that the members of its Board of Directors serve in a voluntary capacity and receive no compensation, other than reimbursement for expenses, for their services and the nonprofit agency operates in a manner so that no part of its net earnings is passed on to any individual, corporation, or other entity.	
_____ Print authorized representatives name	
_____ Signature	
_____ Title	_____ Date

- 7. Evidence of the administrative capability of the applicant to develop and carry out the proposed homeownership program in a reasonable time frame and a successful manner. Include the past experience of the applicant, if any, in acquisition, rehabilitation, counseling and training, and/or administration of a homeownership program or other affordable housing programs. Based on the level of experience, nonprofit agencies may be limited to the number of properties purchased at a discount or the number of mortgages originated; *
- 8. Copy(s) of any nonprofit agency's participation approval letter previously provided by a HUD Office or HOC;
- 9. Description of the affordable housing program for each local area in which the nonprofit agency intends to be active (see Attachment 2 for minimum information requirements). The affordable housing program must be resubmitted for approval (with evidence of performance in promoting homeownership) every two years;
- 10. Evidence that the nonprofit agency has a minimum of two years experience as a provider of housing for low- and moderate-income persons. Hiring of experienced staff does not relieve the nonprofit agency of the experience requirements. For any nonprofit agency lacking the full two years experience as a housing provider, consideration may be given to previous experience it has had in providing in related community services;

- 11. Name, address and contact of any lending institution or bank which has provided financing in the past, or which will be financing future property acquisitions. If uncertain as to your future financial partner, please list any *potential* financing partners;
- 12. Board resolution adopting the completed affordable housing program (Attachment 2) and signed by all board members and principal staff persons (original signatures only - no copies);
- 13. The applicant must provide to the Department that it is acting on its own behalf and is not under the influence, control, or direction of any outside party seeking to derive a profit or gain from the proposed project, such as a landowner, real estate broker, contractor, builder, lender or consultant;
- 14. Copies of the mortgage and note used by the nonprofit agency to secure the financing (**only required for those nonprofit agencies seeking approval as providers of secondary financing**).*

NOTE: Once nonprofit borrower approval is granted, nonprofit agencies are still required to obtain credit qualification from the lender for each mortgage originated.

On a separate sheet of paper (on the agency's letterhead), please include the following:

I certify that the information submitted in response to the "Application and/or Recertification Package" is accurate.

Name of Authorized Nonprofit Agency Representative _____

Signature _____

Date _____

WARNING: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

REMINDER: All documents provided should be either original documents or noted as true and certified copies of originals.

Recertification Requirements

If the nonprofit agency is seeking recertification of a previous approval they must provide, in addition to Items 1-14 above, a detailed description of the activities undertaken during their period of approval. Utilize the format established in Attachment (5).

Mailing Instructions and Information Requests

Once the application package has been completed, mail all materials to the following address:

Atlanta HOC jurisdiction:

Department of Housing and Urban Development
Atlanta Homeownership Center
Five Points Plaza
40 Marietta Street
Atlanta, Georgia 30303
ATTN: Program Support Division; Nonprofit Approvals

For additional information regarding the completion of the application or to check the status of an application approval, please call **(888) 696-4687 ext. 2733 or 2124.**

Denver HOC jurisdiction:

Department of Housing and Urban Development
Denver Homeownership Center, Wells Fargo Tower North
633 17th Street
Denver, CO 80202-3607
ATTN: Program Support Division; Nonprofit Approvals

For additional information regarding the completion of the application or to check the status of an application approval, please call **(303) 672-5200.**

Philadelphia HOC jurisdiction:

Department of Housing and Urban Development
Philadelphia HOC
100 Penn Square East
Philadelphia, PA 19107
ATTN: Program Support Division; Nonprofit Approvals

For additional information regarding the completion of the application or to check the status of an application approval, please call **(215) 656-0516.**

Santa Ana HOC jurisdiction:

U.S. Department of Housing and Urban Development
Nonprofit Team
33 N. Stone Avenue, Ste.700
Tucson, AZ 85701

For additional information regarding the completion of the application or to check the status of an application approval, please call **(520) 670-6237 .**