



Fort Worth Neighborhood Stabilization Program
Down Payment Assistance Program (DPAP)
Program Guidelines

PROGRAM AUTHORITY

The City of Fort Worth (CFW) has been awarded Neighborhood Stabilization Program (NSP) funds through the U. S. Department of Housing and Urban Development (HUD). This program was authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, passed July 30, 2008), Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes and additionally follow the alternative requirements of the Notice published in the Federal Register Vol. 73, No. 194, October 6, 2008. Financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties for low-and-moderate income homebuyers, including soft-second mortgage loans are eligible activities under HERA Section 2301 (c)(3)(A).

PROGRAM OBJECTIVE

The objective of the NSP is to assist communities that have been or likely to be affected by foreclosed and abandoned properties, while providing affordable homeownership opportunities to households at or below 120 percent of Area Median Income (AMI) in areas of greatest need. Further, twenty-five percent (25%) of the total NSP funds must be targeted to provide homeownership to households whose incomes do not exceed fifty percent (50%) of AMI.

PROGRAM TERM

The NSP DPAP program expires at the earlier event of expenditure of all NSP funds or eighteen months from the date of Contract execution between the CFW and HUD. The Contract execution date is March 31, 2009.

ASSISTANCE AVAILABLE

The Neighborhood Stabilization Program's (NSP) Down Payment Assistance Program (DPAP) provides assistance in the amount of \$25,000 to buyers of lender-foreclosed single family properties when that property will be the primary and occupied residence of the buyer and when the property is located in an eligible target area. The assistance is a ten-year deferred payment (soft second) loan at zero percent (0%) interest which can be used for closing cost assistance, minor home rehabilitation, and principal reduction.

The CFW has been awarded \$6,307,433 through the NSP. The funds will be allocated as follows in conformance with NSP guidelines.

BUDGET INFORMATION					
Eligible Uses	Allocation		Per Unit Estimate	Estimated Housing Units	Allocation as %
City of Fort Worth NSP	\$6,307,433				100%
Financing Mechanisms					
- Down Payment Assistance	\$4,091,680	\$4,000,000	\$25,000	160	65%
Unit Appraisals & Lead Testing Program Delivery		\$91,680	\$573	160	
- Down Payment Assistance 25% of Total Allocation to 50% of area median	\$1,584,953	\$1,550,000	\$25,000	62	25%
Unit Appraisals & Lead Testing Program Delivery		\$34,953	\$573	61	
NSP Administration					
- Admin	\$630,743	\$630,743		222	10%
Totals:		\$6,307,376		222	100%

AFFORDABILITY PERIOD

Loans made through DPAP carry a ten-year affordability period, secured by a Promissory Note and Deed of Trust restricting the sale, transfer, assignment or rental of the property during that period.

ELIGIBLE TARGET AREAS

DPAP-eligible ZIP codes have been established by the CFW and approved by HUD as follows:

76244**
76112
76179*
76123
76133
76131*
76137*

- * ZIP code includes areas not located in City of Fort Worth
- ** Effective July 1, 2009, the USPS modified ZIP code 75248 to ZIP code, 76244, which contains properties located in the City of Fort Worth.

ELIGIBLE PROPERTIES

Eligible properties must be located within the City of Fort Worth as defined by the Tarrant County Appraisers office. Property locations may be verified at www.tad.org.

Detached single family structures and duplexes are eligible. Townhouses and condominium units situated in structures under eight (units) are also eligible.

Eligible properties under this program must be lender-owned foreclosed properties. Under NSP definition, a property “has been foreclosed upon” at the point that, under state or local law, the mortgage foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former owner under some type of foreclosure proceeding or transfer in lieu for foreclosure, in accordance with state or local law.”

For eligibility under the CFW DPAP program, a Substitute Deed of Trust naming the lender as beneficiary must be file with Tarrant County Clerk Records, a copy of which is to be provided with the DPAP application. Further, preliminary title submitted with the DPAP application must reflect the transfer of ownership from the former owner to the lender as beneficiary named in the Substitute Deed of Trust.

Properties must be vacant at time of purchase offer and remain vacant through closing of the mortgage loans.

Eligible properties must meet the following criteria:

- Property must be located in a targeted ZIP code and within the city limits of Fort Worth only.
- Property located in an area identified by the Federal Emergency Management Agency (FEMA) as a special flood hazard area, must carry flood insurance for the life of the loan. Proof of insurance is required prior to funding.
- Property cannot be located in an airport clear zone or on a toxic waste site.
- Property may be an existing housing unit or new construction.
- Property must be a single-family unit. (i.e. house, duplex, condominium, townhouse)
- Government–owned property is not eligible for assistance.
- Sales price not to exceed \$225,000.

Depending on the property, the property must meet CFW Minimum Acceptable Building Standards inspection and/or the local building codes applicable to the property. An inspector from the CFW Housing and Economic Development (HED) department will be provided at no cost to the buyer. The inspection is ordered after the applicant has been pre-qualified by the CFW.

Purchase Contract Language

Provision 11 of the purchase contract must contain this language: *“This contract is conditional and contingent on the buyer obtaining down payment assistance, closing cost and/or minor property rehabilitation assistance in the amount of \$25,000 from City of Fort Worth NSP DPAP. The City’s approval is subject to conformance with local program guidelines and HUD federal requirements which include an acceptable Environmental Review and a City-initiated appraisal to establish a mandatory discounted purchase price of at least one percent (1%).”*

SELLER REQUIREMENTS

The real estate agent must inform the seller that the property to be sold must pass the quality inspection and environmental review in order for the buyer to receive financial assistance. The seller should be provided a copy of the inspection to help determine if the requirements of the inspection can be met. CFW MABS-required repairs must be within forty-five (45) days after closing.

The seller will be required to sign a “Notice to Seller” statement acknowledging the sale is voluntary and the purchaser does not have the power of eminent domain.

ELIGIBLE PURCHASE PRICE

The maximum purchase price for a DPAP-assisted property is \$225,000. Under NSP guidelines, the subject property must be acquired at a discounted purchase price. The NSP-established target discounted purchase price is fifteen percent (15%) of the appraised value. The minimum allowable purchase price discount, per NSP guidelines and as established by the CFW appraisal is one percent (1%).

APPLICANT ELIGIBILITY

To apply for DPAP, the applicants must certify that they will occupy the subject property as their primary residence. Current homeowners are eligible if a purchase offer is in place for their current home and if the potential buyer for that property has a firm mortgage loan commitment. Documentation must be provided at time of application for DPAP. The loan closings on the current home and the new home must be held simultaneously.

A CFW Loan Service Representative will determine eligibility of an applicant for closing cost/down payment assistance based on the above guidelines, including income eligibility. The income of all DPAP applicants will be calculated according to HUD guidelines for housing assistance. HUD guidelines require that verification of dependents be included in the determination of eligibility. Such determination must be reviewed and signed by a Housing Supervisor, Program Manager, Deputy Director or Director of the CFW HED.

Applicant(s) must be either a citizen of the United States or a legal resident alien. Participation in the program by City employees requires disclosure by the applicant and written acknowledgment of the disclosure by CFW HED department.

Each applicant receiving DPAP subsidy is required to sign a **Buyer's Notification** before closing.

ELIGIBLE USES

Closing Cost Assistance: Maximum amount is \$5,000.00 including any upfront mortgage insurance premium (UFMIP).

Eligible Closing Cost Assistance Fees and Expenses:

Origination Fee (*Not to exceed 1% origination and 1% discount*)

No more than 2% total

Processing Fee (*Not to exceed \$500*)

Upfront MIP/PMI

Appraisal (*Not to exceed \$400*)

Mortgage Title Policy

Attorney Fees (*Not to exceed \$250*)

Recording Fees

Termite Inspection (*Not to exceed \$80*)

Survey

Credit Report

Pre-paid Interest (*Not to exceed 30 days*)

Pre-paid Insurance (*Not to exceed first-year premium*)

Borrower-paid closing costs associated with the NSP DPAP program are also eligible for DPAP assistance. These costs are the Tarrant County Clerk recording fees for DPAP documents. Insurance and tax (escrow) impounds are not eligible.

Items not mentioned above or in excess of the allotted City subsidy may be paid from seller proceeds or the buyer's own funds. The above-mentioned items are the only items in which the City may contribute.

Minor Home Rehabilitation

The cost of property rehabilitation up to \$5,000 to bring the property to the City's Minimum Acceptable Building Standards (CFW MABS) may be included in the DPAP assistance request. Any funds designated for repairs will be held in escrow by the title agency. Should the title agency be unwilling to establish a repair holdback, the CFW will retain the funds until the repairs have been completed

Contractor proposal to the homeowner for CFW MABS repairs will be reviewed for cost reasonableness by the CFW. Contracts between the homebuyer and contractor will be only for work items and charges previously approved by the CFW. No changes may be made to the work items without the prior consent of the CFW. The funds will be released to the contractor upon satisfactory completion as certified by the City's inspector. Repairs that exceed the \$5,000 maximum must be paid by the buyer prior to release of the City's escrow. Repairs that enhance energy conservation are encouraged.

The homebuyer may assume responsibility for repairs if, in the opinion of the CFW, the scope of CFW MABS-mandated repairs is such that the homebuyer can reasonably assure their completion in a workmanlike manner. However, the homebuyer will pay out of pocket for all repairs. If any permits are required, the homebuyer will hire a licensed contractor to pull the permit and complete the repairs.

Repairs must be completed within 45 days after loan closing. The homebuyer will notify the CFW when repairs are complete for a final inspection and approval of repairs. A release of any repair holdback will be authorized in payment to the Contractor on behalf of the Borrower.

Principal Reduction Deferred Payment Loan (DPL) The balance of the \$25,000 DPAP deferred-payment loan that has not been applied to offset borrower closing costs and MABS-required repairs serve to act to reduce the principal amount needed for the borrower/s primary lender's mortgage loan.

PROCESSING AND COMMITMENT REQUIREMENTS

Each submission package will be logged and tracked. The processing time will be forty-five (45) to sixty (60) days from the date of the City's conditional commitment letter to the lender. Because NSP regulation requires an Environmental Review, the processing time can be affected by the age of the property and the property condition. A conditional commitment will be issued once the applicant has been qualified. This commitment will be valid for sixty (60) days from the date of issuance on existing construction. Note: The applicant should avoid interim construction loans, as it will be considered in the debt-to-income calculation and could disqualify the applicant from the Program.

The City of Fort Worth reserves the right to interview all applicants face to face and recommend credit counseling where needed. In the event an interview or counseling is deemed necessary, the application will be placed on hold until these requirements have been fulfilled.

After the initial commitment, CFW MABS inspection, an environmental review and the City-initiated appraisal will be ordered. *The property standards inspection is not a residential real estate inspection for the benefit of the buyer. The buyer is advised to get their own property inspection.*

Funds will be ordered after *all conditions* to the commitment have been met and a clear-to-close from the primary lender is received. Closing instructions will be sent to the title company when all conditions have been met.

INSPECTIONS AND LEAD-SAFE HOUSING RULE

Federal law requires the property being purchased be inspected for compliance with applicable CFW MABS including an environmental review and the International Energy Conservation as adopted by the CFW. Eligible properties will meet HUD's Lead Safe Housing Rule (LSHR) and rehabilitation to all units built prior to 1978 must follow prescribed rehabilitation practices and

pass final clearance before occupancy of the unit. These inspections and lead testing are conducted at no cost to the buyer or seller but do add time to the pre-closing process. Please note that Lender must notify City that all utilities are connected and “on” and that the water heater has been turned on and filled prior to the City ordering the MABS inspection.

INCOME CALCULATION AND DETERMINATION

Household income must be at or below 120% of HUD area median income adjusted for household size. Household size will be determined by independent verification in the form of IRS Forms W-2 and signed IRS 1040 tax returns, recent birth certificates, legal adoption certifications, court ordered guardianships and divorce decrees or documentation of separation. All applicants must provide documentation of *receipt or non-receipt of child support*. Documentation of non-receipt of child support may be obtained from the Texas Attorney General’s Office.

The income and debts of a spouse, non-purchasing spouse, or other household member (s) who would ordinarily sign a lender’s application and chooses not to do so must be considered to determine eligibility. All household members (over 18 years of age) living in the same house must be considered when calculating income. A co-signer’s income must be included when determining eligibility if the co-signer is a household member.

Interest earned on interest bearing accounts in excess of \$5,000.00 will be calculated into the income for the household. If the interest income is not disclosed, it will be calculated at a rate of two and one-half percent (2.5%) per annum.

Written verification of employment (VOE’s), copies of pay stubs, and other written documentation that are necessary to satisfy the written requirements of HUD will be used to verify all income.

MINIMUM BORROWER DOWN PAYMENT

The applicant must provide a *minimum* of fifty percent (50%) of the down payment required by the mortgage program for which he/she has applied for through the primary lender. *Actual borrower cash out-of-pocket may be affected by condition of the subject property and the cost to bring it to CFW MABS, the amount of any seller credits, title agency fees, and the closing costs of the primary lender.* The balance of the down payment is eligible for DPAP assistance. Any out of pocket closing expenses (POC’s) paid by the applicant will be credited to the applicant’s down payment. An exception will be made for Fort Worth Housing Authority-approved participants in the Housing Voucher Choice Homeowner Program (f HVCHP) applicants whose minimum down payment requirement will be \$500.00 of the borrower’s own funds. In addition, VA loan applicants must provide a minimum down payment of 1.75% of the loan amount applied for through the primary lender.

QUALIFYING RATIOS

CFW HED department loan processing staff will calculate qualifying ratios according to HUD Income Calculation Guidelines set forth for the program.

Combined housing and debt ratios cannot exceed 41% of the borrower's gross monthly income.

For new construction (only) meeting International Residential Code requirements as specified by FHA and for FHA-insured loans, ratios may be extended to a 43% combined debt ratio.

All housing ratios must include tax and insurance escrows. The senior lender must establish and maintain tax and insurance impounds for NSP DPAP eligibility. **DPAP requires that all escrowed property taxes must be calculated on an improved property value.**

To determine the reasonable amount of property taxes to escrow, the lender or title agency may go to www.tarrantcounty.com and use the property tax estimator feature.

ELIGIBLE (PRIMARY) LOAN TERMS

- Thirty (30) year term
- Fixed interest rate only
- Interest rate not to exceed 2% above the conventional mortgage rate stated by the Federal Reserve at the time of application. (www.federalreserve.gov)
- CLTV not to exceed 97% on 1st lien and DPL (98.25% for FHA/VA)
CLTV is calculated using the principal reduction portion of NSP DPAP and the primary lender's base loan amount. Closing cost assistance and the cost of CFW MABS-required repair are excluded from the calculation.

PROPERTY APPRAISALS

The Program will accept lender property appraisals performed by appraisers that have documented certification by the State of Texas or a nationally recognized professional appraisal organization and who have attained and demonstrated education in the appraisal requirements established by the FHA.

“Section 1404 of the Housing & Economic Recovery Act of 2008 (HERA) (Public Law 110-289), approved July 30, 2008) amended Section 202 of the National Housing Act to revise qualification standards for Federal Housing Administration (FHA) approved appraisers. Section 202(f) of the National Housing Act mandates that all appraisers chosen or approved to conduct appraisals of properties that will be security for FHA-insured mortgages must: (1) be “certified” by the State in which the property is to be appraised is located; or by a nationally recognized professional appraisal organization, and (2) have demonstrated verifiable education in the appraisal requirements established by FHA.”

Note: All appraisals may be subject to U.S. Dept of HUD Inspector General review.

The City will also engage an eligible appraiser with documented appraisal experience in the Fort Worth residential market to establish the value of the subject property, including the value of repairs included in the DPAP assistance and to establish the NSP-required discounted purchase price. The *minimum* discount is one percent (1%), the target discount is fifteen percent (15%). The cost of the City-engaged appraisal is a Program delivery expense provided at no cost to the buyer.

AFFORDABILITY AND RECAPTURE PROVISIONS

The Note is a deferred payment *loan*. Payback of the Principal Amount will only be required if any of the following conditions occur:

- a. The Property is sold, transferred, leased, rented, abandoned, foreclosed or ceases to be occupied by Grantor as Grantor's principal residence for five years from the date of the Note and Deed of Trust (the "Affordability Period"). This provision shall not apply to (i) a subordinate lien or encumbrance that does not transfer rights of occupancy of the Property; (ii) creation of a purchase-money security interest for household appliances; (iii) transfer to Grantor's spouse as a result of a divorce, property settlement agreement or legal separation, or a transfer between co-Grantors so long as the transferee spouse or co-Grantor continues to occupy the Property as his or her principal residence and meets such other Home Program guidelines as required by Lender in its sole discretion; and (iv) transfer by devise, descent or operation of law on the death of Grantor to Grantor's surviving spouse, descendants or a relative so long as the surviving spouse, descendants or relative continue to occupy the Property as their principal residence and meet such other Home Program guidelines as required by Lender in its sole discretion.
- b. The Prior Lien note is paid in full according to its terms during the Affordability Period.
- c. The Prior Lien note is refinanced in whole or in part or is assumed by a new borrower without the consent of Lender during the Affordability Period.
- d. Default in the terms of the Prior Lien note or the deed of trust that secures it during the Affordability Period.
- e. Default in the terms of the Note or this Deed of Trust.
- f. After five years and one day from the date of the Note, the Note shall begin being forgiven at a rate of 1/60th per month for the next sixty (60) months provided that Borrower is not in default of any of the provisions of the Note or this Deed of Trust.
- g. If Grantor sells the Property or if the holder of the Prior Lien note forecloses upon the Property during the Affordability Period, the remaining Principal Amount of the Note shall become due and payable.

HOMEOWNERSHIP TRAINING AND COUNSELING REQUIREMENT

All applicants must receive an 8-hours of homeownership training/counseling from a HUD-certified housing counseling agency evidenced by a completion certification from the counseling agency. Certified agencies currently identified on HUD's website include:

The City of Fort Worth Housing and Economic Development Department 908 Monroe St, Fort Worth, TX 76102	817-392-7390
Consumer Credit Counseling Services 1320 S University Dr # 200, Fort Worth, TX 76107	817-732-2227
Tarrant County Housing Partnership 603 W. Magnolia Ave # 207, Fort Worth ,TX 76104	817-924-5091
Housing Opportunities of Fort Worth 1065 W. Magnolia #B, Fort Worth TX 76104	817-923-9192
NID-HCD 5504 Brentwood Stair, Fort Worth, TX 76112	817-346-9990

Hours, fees and courses may vary according to each agency.

For a complete and updated list, visit HUD’s website at www.hud.gov/offices/hsg.

ELIGIBLE LENDERS AND LENDER REQUIREMENTS

Lenders must be approved by the City of Fort Worth, and an agreement letter signed by an officer of the company must be in place. Eligible lenders participating in NSP-funded programs must certify compliance with the bank regulators’ guidance for non-traditional lenders referenced in “Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, described at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>).

The primary lender must require and establish real estate tax, hazard insurance, and, when applicable flood insurance, impound accounts.

The primary lender must provide all requested documents listed in the submission package of the NSP DPAP application to the Housing Services & Information Division. **Application must be submitted at least sixty (60) days prior to Purchase Contract closing date.** The City is not obligated to accept any application that does not contain all required information.

Acceptance of applications for DPAP depends on the availability of funds. Only approved lenders and mortgage brokers who have lender/broker agreements may submit applications requesting funds on behalf of the homebuyer.

MORTGAGE BROKER PARTICIPATION

Mortgage brokers are required to submit a copy of their lender/broker agreement with the primary lender as well as a letter of assignment.

Application submissions are required to have an approval from the lender funding the loan. Pre-approvals are acceptable. If a change of primary lender occurs in the course of an application, the DPAP commitment will be cancelled and a new Subsidy Application will be required.

Mortgage brokers may, at the discretion of the City, be suspended or barred from participating in the Program for application submissions that are inconsistent with Program guidelines.

SUBMISSION PACKAGE DOCUMENT REQUIREMENTS:

1. Original DPAP Subsidy Application (3 pages, signed by all parties)
2. Certification of Lender Compliance
3. Letter of Assignment (mortgage brokers only)
4. Broker Agreement with participating lender (mortgage brokers only)
5. Substitute Trustees Deed document indicating lender-seller as beneficiary
6. Homeownership Training Certificate (8 hr- class by HUD-Certified agency)
7. Good Faith Estimate
8. Lender Prequalification Letter
9. 1008/Mcaw (must be signed by the lender with conditions intact).
10. Signed 1003 Application
11. Credit Report (including non-borrowing spouse)
12. Child Support Receipt or Non-Receipt (Local CS office 200 S Weatherford)
13. Scope of repair work to be completed with NSP DPAP funds
14. Written VOE (all parties).
15. Last 30 days pay stubs (all parties).
16. Last 2 years IRS W-2 forms
17. Last 2 years 1040's signed or a certified copy from the IRS.
18. Summary of FICA earnings for any adult 18 years or over that is not working
(Federal Building, 819 Taylor St., Rm 1-A)
19. IRS 4506-T
20. Bank statements and asset accounts (2 months, most-recent)
21. Copy of drivers license (all applicants)
22. Copy of social security card (all applicants)
23. Notice to Seller, must be signed, dated, witnessed and reflect the purchase price.
24. Purchase Contract (signed by all parties and escrowed)
25. Lead based Paint Addendum (1978 and prior)
26. *Appraisal (may be faxed)
27. *Survey (may be faxed)
28. *Termite certificate –Existing Construction (may be faxed)

If applicant is currently a homeowner, copy of purchase contract and firm lender commitment to buyer of applicant's current property. Simultaneous closing of both properties is required.

****May be provided after City commitment, but prior to closing.***

PRE-CLOSING DOCUMENT REQUIREMENTS

29. *Appraisal (may be faxed)
30. * Survey (may be faxed)
31. * Termite Certificate – Existing Construction
 “Treated plates” for new construction (may be faxed)
32. Signed Lender final UW approval/Clear-to-Close not to exceed 98.25% for FHA/VA
 or 97% for conventional loans per guidelines
33. Title Commitment showing the City of Fort Worth also-insured.
34. Hazard and flood insurance (if applicable) received reflecting the City of Fort Worth
 in 2nd lien position.

A copy of the HUD-1 must be reviewed by CFW prior to closing to ensure the amounts of funds provided are listed correctly. The primary lender's closing instructions to title must contain the requirement that liens be recorded with the County Clerk.

The Warranty Deed must contain the subordination clause that follows:

“GRANTOR and GRANTEE also acknowledge the retention of a second, subordinate and separate vendor’s lien, and GRANTOR hereby transfers the same to CITY OF FORT WORTH, hereinafter called “SECOND-LIEN BENEFICIARY”, which lien secures GRANTEE’S certain other note of even date to SECOND-LIEN BENEFICIARY in the amount of Twenty-five thousand dollars (\$25,000.00), being further consideration paid to GRANTOR, as more particularly described in deed of trust of even date herewith to VICKI S. GANSKE, TRUSTEE. But it is expressly agreed and stipulated that the vendor’s lien and superior title are retained in favor of the FIRST-LIEN BENEFICIARY and SECOND-LIEN BENEFICIARY, respectively, against the above described property, premises and improvements, until each of the above respective notes are fully paid according to its terms, when this deed shall become absolute.”

The primary lender may elect to use their funds to close prior to the house passing the CFW Minimum Building Standards inspection. However, if the house does not pass the inspection, the City is not liable for the loss of funds to the lender.

TITLE COMPANY – CLOSING AND FUNDING REQUIREMENTS

The title company must provide notice to the City of Fort Worth Housing and Economic Development Department twenty-four hours prior to closing. Upon receipt of the initial HUD-1 and required documents the closing office will review the documents and issue a final to close. After the final to close has been issued the closing department will prepare the Promissory Note(s) and Deed of Trust documents for title company pick up the documents prior to closing.

Things to remember when preparing the HUD-1 settlement statement and closing documents.

1. The City of Fort Worth charges no fees to the applicant participating in the program.
2. The HUD-1 must reflect all POC's and earnest money deposits.
3. **NO CASH BACK TO THE APPLICANT.** Any monies in excess on the amount presented must be returned to the City of Fort Worth.
4. **Minimum borrower contribution, including POC items is 50% of primary lender's program-required down payment.**
5. DPAP assistance for closing costs, repairs, and deferred payment loans must be individually listed and separated on the HUD-1. The DPAP assistance should total \$25,000.
6. Hazard insurance, flood insurance, and the title commitment must show the City of Fort Worth as a second mortgagee.
7. As previously recited, the following subordination clause is mandatory for all second lien transactions.

“GRANTOR and GRANTEE also acknowledge the retention of a second, subordinate and separate vendor’s lien, and GRANTOR hereby transfers the same to CITY OF FORT WORTH, hereinafter called “SECOND-LIEN BENEFICIARY’, which lien secures GRANTEE’S certain other note of even date to SECOND-LIEN BENEFICIARY in the amount of \$25,000.00, being further consideration paid to GRANTOR, as more particularly described in deed of trust of even date herewith to VICKI S. GANSKE, TRUSTEE. But it is expressly agreed and stipulated that the vendor’s lien and superior title are retained in favor of the FIRST-LIEN BENEFICIARY and SECOND-LIEN BENEFICIARY, respectively, against the above described property, premises and improvements, until each of the above respective notes are fully paid according to its terms, when this deed shall become absolute.”

After closing the following documents must be returned prior to release of the funds.

- *Signed original* Subordinate Promissory Note
- *Signed original* Subordinate Truth in Lending and Good Faith Estimate
- *Signed certified copy* of the Subordinate Deed of Trust
- Title commitment and Schedule A reflecting the City’s Subordinate position
- Hazard insurance coverage reflecting the City’s subordinate position
- *Initialed copy of final Purchase Contract*
- *Signed copy* of the first lien Note and Deed of Trust
- *Signed copy* of **certified** Warranty Deed with subordination clause
- *Signed copy* of the first lien Truth in Lending
- *Signed copy* of final **certified** HUD-1 Settlement Statement
- *Signed copy* of the final Loan Application (1003)
- **Copy** of the primary lender First Payment Letter

Upon receipt of the above items, funds will be released to the title company.

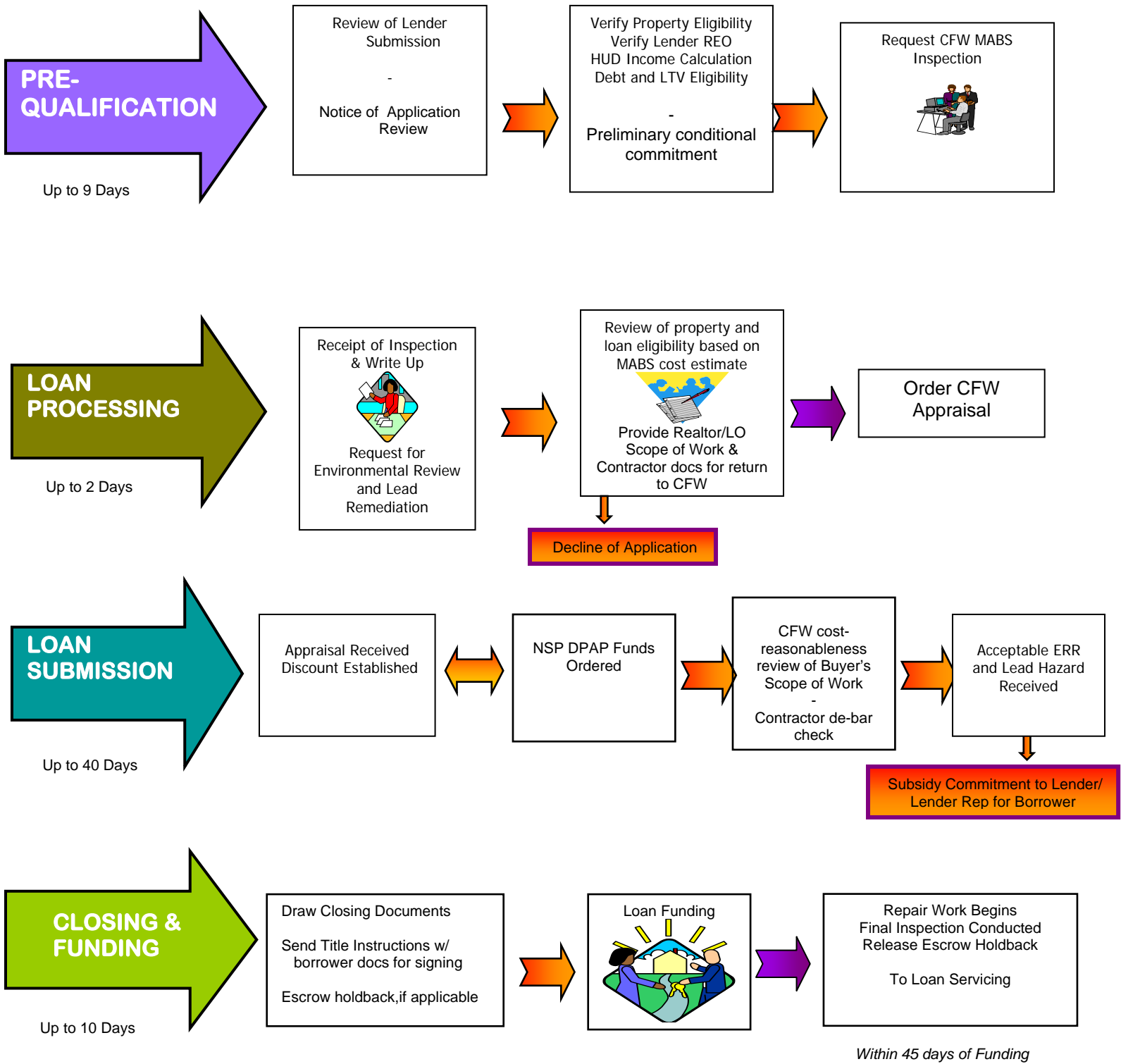
The subordinate deed of trust must be recorded and returned to the City of Fort Worth.

For more information:

City of Fort Worth
Housing & Economic Development Department
1000 Throckmorton Street
Fort Worth, TX 76102
(817) 392-7390



NSP DOWN PAYMENT ASSISTANCE APPLICATION PROCESS



NSP Down Payment Assistance Targeted ZIP Codes

76179

76137

76133

76131

76112

76123

76244**

** USPS ZIP code changed from 76248 for City of Fort Worth-located properties 7/1/09

