

**Georgia Department of Community Affairs (DCA)
Housing Finance Division
Office of Special Housing Initiatives**

**Georgia Dream Single Family Development Program
Program Description
SFY 2011**

Purpose The Georgia Dream Single Family Development Program is designed to expand economic development activity in local communities by providing gap financing to applicants to promote further development of in-fill, new construction and redevelopment housing in underserved areas that presently have little to no investment in housing.

Eligible Applicants Organizations designated with a 501(c)(3) or 501(c)(4) status, local public housing authorities, or for-profit developers which currently meet Georgia Dream Single Family Development Program threshold requirements.

Applicants must not be out of material compliance, or have been disqualified from any program administered by DCA or under debarment, proposed debarment or suspension by a federal agency. Applicants must meet all requirements outlined in the HOME Investment Partnership Program 24 CFR Part 92.

Eligible Applicants with an existing Conditional Commitment of Funds previously funded under the Georgia Dream Single Family Development Program must have completed and sold 50% of the units authorized under the Conditional Commitment of Funds to qualified low to moderate income buyers before the subsequent Application submission.

Georgia Dream Habitat for Humanity Funds All funds remaining for the Georgia Dream Single Family Development Program is open to Habitat for Humanity Affiliates that develop newly constructed housing for families earning less than 60% of the county AMI adjusted for family size. DCA is unable to readily reach this income group with its established programs. Habitat Affiliates have development expertise, construction management experience, mortgage capability, and housing counseling capacity.

Habitat for Humanity Affiliates applying through this program will be eligible to offer their Home Buyers a standard \$20,000 Home Buyer Subsidy for each unit that meets the program's threshold requirements. The Affiliates will not be eligible for any Development Subsidy amounts.

Housing developed under this program will carry a Georgia Dream first mortgage originated through one of DCA's Participating Lenders, a

\$20,000 down payment assistance deferred payment loan Home Buyer Subsidy, and a Habitat Affiliate third mortgage to make up the difference between the property's appraised value and the first and second mortgages.

Georgia Dream Habitat 580 First Mortgage Loan

Subsequently, a number of potential home buyers are deemed ineligible as a result of the increase in the minimum credit score requirement. To overcome this obstacle for borrowers with a score of 580-619, DCA has decided to finance the first mortgage using HOME funds. This program will be referred to as the Georgia Dream Habitat 580 First Mortgage Loan. The second mortgage will still be \$20,000 through the Single Family Development Program and the Affiliate will still carry a third mortgage lien to secure any remaining equity after the first and second mortgages.

Throughout the Program Description there will be elements that may or may not be applicable to Habitat Affiliates. However, a comment below each section will state that the section either **“applies”** or **“does not apply to Affiliates”**.

Eligible Locations

The Single Family Development Program is eligible for locations that are outside of a local participating jurisdiction that receives HOME monies directly from HUD. Unless the organization is certified as a CHDO, projects proposed cannot be located within a local Participating Jurisdiction which receives HOME funds directly from HUD. These jurisdictions include the cities of Albany, Athens, Atlanta, Augusta, Columbus, Macon, and Savannah as well as the counties of Clarke, Clayton, DeKalb, Gwinnett, Richmond County and Muscogee County. In addition, two consortiums—the Georgia Urban County Consortium (composed of Cherokee and Cobb counties) and Fulton County-City of Roswell will also receive an allocation of HOME funds and, therefore, proposed projects within those areas are also ineligible.

All counties where the foreclosure rate is 1% or above (see Appendix A) will only be eligible to perform rehabilitation and reconstruction activities. New construction will only be permitted in counties with a foreclosure rate below 1%. An appraisal documenting the neighborhood's current condition must accompany the application. It must include pictures of property next to, across from, behind and adjacent to the subject property referencing the addresses. In addition, a list of the number of foreclosures in the immediate area must also be included.

Not Applicable to Georgia Dream Habitat Affiliates. Projects proposed by Habitat Affiliates may be located throughout the State of Georgia. However, Affiliates MUST provide an appraisal.

Eligible Sites

Sites zoned for single family residences which are newly constructed, reconstructed or rehabilitated and which will serve as the principle

residence of the prospective low-moderate income homeowner are eligible. Eligible sites must meet subdivision/infill design and services/facilities threshold standards as defined within this program description. Existing owner-occupied units are not eligible under the Georgia Dream Single Family Development Program.

Single family units which are newly constructed, reconstructed or rehabilitated through the program must be affordable and sold to low-to-moderate income households who are 80% or below the area median income as defined in the HOME Investment Partnership Program Final Rule (24 CFR Part 92). All units funded through the program must meet applicable property standards as defined for the Georgia Dream Single Family Development Program.

GA Dream Habitat Affiliate Applicants are restricted to newly constructed single family residences which will serve as the principle residence of prospective home buyers who are 60% or below the area median income.

**Number of Units
Per Application**

DCA will only accept applications that consist of 4 units or less.

Applies to Georgia Dream Habitat Affiliates

Eligible Activities

The program provides gap financing in the form of a Development Subsidy and a Home Buyer Subsidy.

- **Development Subsidy**: A Development Subsidy is the difference between the total project cost per unit and the per unit sales price less sales commission. **The sales price of a unit must be equal to the after development appraised value.** The maximum amount of development subsidy an Applicant may receive is \$20,000 (“Development Subsidy Cap”) for a qualified unit upon its purchase by a qualified home buyer. The Development Subsidy is made available to the Applicant as a grant.

Not applicable to Georgia Dream Habitat Affiliates

- **Home Buyer Subsidy**: A Home Buyer Subsidy is the amount of funds needed to ensure that a family of four individuals earning 65% of Area Median Income (AMI) pays no more than 25% of their income towards their housing costs. That 25% housing cost represents an “Affordable Value”. DCA calculates the amount for each county in Georgia. This calculated value is used to determine the subsidy amount which is the difference between the affordable value and the cost of the proposed unit. The maximum amount of home buyer subsidy per unit is \$20,000 (“Home Buyer Subsidy Cap”) and the minimum amount is \$7,500. The Home Buyer Subsidy is made available to the purchaser of the unit as a 0% interest, deferred

payment loan. All projects receiving a Development Subsidy will receive at least the minimum \$7,500 Home Buyer Subsidy. Refer to the “Policies” section, *Actual Home Buyer Subsidy*, for further details.

Georgia Dream Habitat Affiliate home buyers are only eligible for a fixed \$20,000 per unit Home Buyer’s Subsidy, unless the home buyer’s credit score is 580 to 619. Then the eligible amount will equal to the sum of the first and second mortgages.

- **Total Subsidy Cap:** When an Applicant demonstrates within an Application a need for a Development Subsidy and a Home Buyer Subsidy, the maximum amount a unit may receive is \$40,000 (“Total Subsidy Cap”). The \$20,000 cap for each individual subsidy type continues to apply.

Only a fixed \$20,000 Home Buyer Subsidy will apply to Georgia Dream Habitat Affiliate Applicants, unless the home buyer’s credit score is 580 to 619. Then the total subsidy cap will equal to the sum of the first and second mortgages.

- ***Boost to Subsidy Caps:** Applications that meet the stated requirements for the Location Characteristics and/or the Energy Star Program will receive an increase of the subsidy cap amount up to the total amount stated for the requirements for that factor. The boost amounts for each requirement are:
 - Location: \$2,000
 - Energy Star Program: \$2,000

*The boost may only be applied to the Developer Subsidy. In addition, the Total Subsidy Cap may also be increased by the amount stated for the met factor. Applications that meet multiple boost requirements will receive a Total Cap Boost equal to the combined boost amounts of all requirements met.

Georgia Dream Habitat Affiliates are not eligible for any boosts to the subsidy amount.

**Financing
Responsibility**

Construction financing is not eligible. Financing for construction must be obtained from other financial institutions or agencies and the Applicant shall assume any risks associated with the construction loan.

**Conditional
Commitment**

A Conditional Commitment of Funds will be provided to Applicants upon approval of application. Conditional Commitments shall be entered into between the Georgia Housing and Finance Authority (GHFA) and the Applicant. DCA administers the Georgia Dream Single Family Development Program on behalf of GHFA.

Georgia Dream Habitat Affiliates will be provided a Conditional Commitment of funds upon approval of application.

Determination

Applications will be evaluated in accordance with threshold requirements and policies as described in the Program Description including, but not limited to financial feasibility of the project, income restrictions, site and location characteristics, and proposed development characteristics.

Only those Applications that meet threshold requirements and are economically feasible will be considered for financing. Conditional Commitments will only be made upon the endorsement of an Application by DCA in its sole and absolute discretion. Notification of review results does not guarantee approval of a Development Subsidy or a Home Buyer Subsidy unless all requirements of the program and all representations made in the Application are met, at DCA's sole determination, upon completion of construction.

In the event that the amount of Single Family Development funds requested by Applicants exceeds the amount available or for any other reason judged by DCA to be meritorious at its sole and absolute discretion, DCA reserves the right to allocate resources based on the following criteria in order of preference:

- Location of units within a community that has entered into an agreement with DCA as a Community of Opportunity.
- Location of units within a community designated by DCA as a Signature Community.
- Project is located outside of a Participating Jurisdiction
- Applicant's status as a Community Housing Development Organization(CHDO) by DCA at the time of Application
- Order of application received

Such actions will be made at DCA's sole and absolute discretion. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the allocation of Georgia Dream Single Family Development Program resources shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act."

Applies to Georgia Dream Habitat Affiliates.

Threshold Criteria To be considered for DCA financing resources, the Application must meet the following threshold requirements:

1. Accessibility. All units receiving a Development Subsidy or Home Buyer Subsidy under this Program Description must meet the most stringent Federal accessibility standards and the requirements of State law, including O.C.G.A. 8-3-172.

Applies to Georgia Dream Habitat Affiliates.

2. Appraisals. Appraisals must comply with DCA's Appraisal requirements outlined in the Manual. Be sure to review this section in the manual for the most current requirements as it relates to the appraisal. It must contain the "as is" value and the "after development" value specific to the proposed project plans. The appraised "as is" and "after development" value based on the specific design of each housing unit must be accurately reflected in the Development Budget and Site Addresses section of the Application. The Homeownership Division will review each appraisal prior to a commitment being awarded to insure compliance is met.

Applies to Georgia Dream Habitat Affiliates.

3. Construction and Construction Costs. DCA will review the type of construction and associated hard construction costs. A review of project financial feasibility and economic viability will be conducted for all Applications to ensure that each project's construction hard costs will produce high quality housing for the targeted homeownership market.

The purchase and rehabilitation of a dilapidated single family dwelling unit where the costs of rehabilitation is less than 75% of the total estimated after rehabilitation value of the existing unit is eligible under the Georgia Dream Single Family Development Program.

Not applicable to Habitat Affiliates.

4. Construction Loan(s) Commitment. A firm Letter of Commitment for construction loans must be submitted with the Application for Review. Such construction loans should close within forty-five (45) days after receiving a Conditional Commitment from DCA and must be in the name of the Applicant. The commitment must be greater than or equal to the total amount required in the cash flow statement. The letter must include the rate, terms, the amount or percentage the applicant must contribute, and the eligible line items (e.g. hard construction costs, soft costs, acquisition). The representations made in the commitment letter(s) must be accurately reflected in the cash flow

statement. A commitment letter must be submitted that reflects each development budget if there is more than one construction lender and if the terms and conditions are different for each development budget.

Not applicable to Habitat Affiliates.

5. Energy Efficiency/Design Requirements. Upon completion, all newly constructed and rehabilitated properties must meet, at minimum, Georgia Energy Codes as outlined in the Georgia Dream Single Family Development Program Minimum Construction Standards section of the Manual. The final construction documents must clearly indicate all components of the insulation envelope and all materials and equipment that meet these requirements. An architect or qualified engineer must certify that these requirements will be met. The Home Buyer Subsidy and Development Subsidy will not be disbursed until required documentation is received. A local Certificate of Occupancy from the local jurisdiction's building and code office should cover these elements.

Applies to Georgia Dream Habitat Affiliates.

6. Energy Star Program. Applicants that propose the rehabilitation or new construction of units that meet the Energy Star Program Standards as certified by the Energy Star program will receive a Subsidy Cap Boost of \$2,000. Applicant must provide certification from Energy Star Program third party verifier using the method of HERS Ratings or Builder Option Packages (BOPs) as defined by the Energy Star Program at the time of Application. All Applicants must submit this certification that each unit will meet or exceed this standard as defined and outlined within the Manual.

Not applicable to Habitat Affiliates.

7. Environmental Review. An Environmental Screening Checklist for each development site must be submitted with the Application. If the site will be affected by any factor identified in the Screen Checklist, Applicant must submit a Standard Mitigation Plan demonstrating how those issues will be addressed at the site. The Standard Mitigation Plan must be completed by a qualified environmental firm and submitted at the time of Application. Any costs associated with any environmental clearance issue must be accurately reflected in the appropriate development budget.

Georgia Dream Habitat Affiliates must comply with all environmental review standards that apply.

8. Existing Physical Conditions. All Applicants must document the existing physical condition of structures within one quarter mile of each proposed unit site, including a written strategy for addressing significant levels of deterioration, vacancy, and/or blight within that area.
9. Floodplain/Wetlands. Applicant must submit at the time of application maps and/or documentation from a qualified third party certifying that the eligible site is not located within a floodplain/wetland. Sites located within a floodplain/wetland area are not eligible for the Georgia Dream Single Family Development Program unless the Applicant is able to prove through the 8-step process that there is no other eligible site available upon which to build. The 8-step process can be found in 24 CFR Part 55.20 of the Code of Federal Regulations.

Applies to Georgia Dream Habitat Affiliates.

10. General Project Requirements. Projects identified within the Application must: a) demonstrate readiness to commence construction with funds available to cover all project costs during construction; b) meet DCA feasibility and viability standards; and, c) meet DCA site and construction quality standards.

Georgia Dream Habitat Affiliates must meet DCA site and construction standards.

11. Home Buyer Education/Housing Counseling. Applicant or partnering organization must be either (1) a certified HUD or DCA Approved Housing Counseling Agency, or (2) have staff certified as Housing Counselors, by the Neighborhood Reinvestment Corporation, the National Association of Housing Counselors and Agencies, or the American Homeowner Education and Counseling Institute. Applicants partnering with an organization must submit a letter of commitment from the organization with the application.

The Applicant or partnering organization must have, at minimum, a curriculum for housing counseling activities which include (1) first time home buying workshops (2) one-on-one pre-purchase counseling, (3) post-occupancy counseling, and (4) budget counseling.

Every home buyer must complete a home buyer education or housing counseling program meeting the requirements outlined for DCA's Georgia Dream program. Evidence of program completion must be included in the Underwriting Package submitted by the DCA Participating Lender.

Applies to Georgia Dream Habitat Affiliates.

12. *Income Determination.* A beneficiary household's income cannot exceed 80% of area median income (AMI) for the county as adjusted per household size as stated in the applicable income limits released from HUD.

Potential home buyers that have signed a contract to purchase before the unit is constructed must make application as soon as possible with a DCA approved participating lender and have the credit portion of the mortgage loan processed and underwritten by the lender. Once completed by the lender, the package must be sent to DCA for review. Loan documentation (i.e. paystubs, bank statements, employment verification etc.) must be no more than 120 days old at the time of underwriting and 180 days old at the time of closing. If the loan closing exceeds 180 days, then new documentation must be resubmitted. Potential home buyers that do not meet program requirements at time of resubmission will not be eligible for program assistance.

Georgia Dream Habitat Affiliates Applicant's household income cannot exceed 60% of AMI, at the time of application, for the county as adjusted for household size as stated in the applicable income limits released from HUD.

13. *Location.* Applications that propose the construction or rehabilitation of units located within a Targeted County outside of the Atlanta Metropolitan Statistical Area (MSA) or a Targeted Census Tract as defined for DCA's Georgia Dream Program, or its successor, or a current Enterprise Community, Empowerment Zone, or Renewal Community as designated by USDA or HUD, or an Opportunity Zone or a Revitalization Area as designated by DCA will receive a Subsidy Cap Boost of \$2,000. Applicant seeking this Boost as an EC/EZ or Renewal Community must submit a letter from the appropriate local official certifying that all units included in the proposed project are located within the boundaries of the applicable designation area at the time of application submission.

Not applicable to Georgia Dream Habitat Affiliates.

14. *Project Design - Infill.* When an Application consists of infill development, the Applicant must certify that the eligible site consist of three (3) of the features below which enhance the immediate and long-term curb-appeal of the community. The Project Design Certification form must be submitted at the time of application.

- Sidewalks
- Street curbs and gutters

- Off street parking
- Construction/rehabilitation of all units within a ¼ mile radius
- Neighborhood Playground within 1/2 mile of all units
- Other common space created as a result of the development of new, reconstructed or rehabilitated units.
- Land donated to city for park within 1 mile of all units
- Covenants/architectural controls
- Existing neighborhood association
- A street tree of at least two inches in diameter on each unit lot
- Unit enhancement with brick design
- Sodded front yards
- Sodded back yards
- A public elementary, middle or high school located within ½ mile of each unit with sidewalks present between each unit and the school site to allow the safe passage of pedestrians to and from school

Applies to Georgia Dream Habitat Affiliates.

15. Project Design - Subdivision. When an Application consists of subdivision development, the Applicant must certify that the eligible site consists of three (3) of the features below which enhance the immediate and long-term curb-appeal of the community. The Project Design Certification Form must be submitted at the time of application submission.

- Sidewalks
- Street curbs and gutters
- Nature trail
- Neighborhood playground
- Other common space
- Land within the subdivision donated to the city for park
- Covenants/architectural controls
- Provisions to establish a homeowners association
- Signage and landscaping for at least one entrance
- A street tree of at least 2 inches in diameter on the front yard of each unit lot
- Unit enhancement with brick design
- Sodded front yards
- Sodded back yards
- A public elementary, middle or high school located within ½ mile of the original contiguous property with

sidewalks present between each unit and the school site to allow the safe passage of pedestrians to and from school.

Applies to Georgia Dream Habitat Affiliates.

16. Project Design – Subdivision & Infill. When an Application consists of infill and subdivision development, an eligible site must consist of three (3) of the features below which enhance the immediate and long-term curb-appeal of the community. The Project Design Certification form must be submitted at the time of application submission.

- Sidewalks
- Street Curbs and Gutters
- Nature Trail
- Neighborhood playgrounds within the subdivision and within ¼ mile of each scattered site unit.
- Land donated to city for park within ½ mile of the subdivision and each scattered site unit.
- Covenants/architectural controls
- Provisions to establish a homeowners association
- Existing neighborhood association
- A street tree of at least two inches in diameter on each unit lot
- Unit enhancement with brick design
- Sodded front yards
- Sodded back yards
- A public elementary, middle or high school located within ½ mile of each infill unit and the original contiguous subdivision property with sidewalks present between each unit and the school site to allow the safe passage of pedestrians to and from school

Applies to Georgia Dream Habitat Affiliates.

17. Project Implementation Schedule. An Applicant must begin construction within sixty (60) days of entering into the Conditional Commitment of Funds for the Georgia Dream Single Family Development Program. The term of the construction loan cannot exceed twenty-four (24) months. All units must be sold to qualified borrowers within twenty-six (26) months of entering into the Conditional Commitment. The project schedule must be accurately reflected in the Cash Flow Statement.

Applies to Georgia Dream Habitat Affiliates.

18. Sales Price. The Sales Price of a unit constructed, reconstructed or rehabilitated through the Georgia Dream Single Family Development Program cannot exceed 95 percent of the area median purchase price or after-rehabilitation value for single family housing as determined by the HUD Secretary.

Applies to Georgia Dream Habitat Affiliates.

19. Services and Facilities. An eligible site must demonstrate that two (2) of the following services and facilities listed below are available within three (3) miles of each project site. A site map must be submitted with the Application, indicating the location of each facility and the distance by road from the project site. The Project Design Certification form must be submitted at the time of application submission.

- Church
- City Hall
- Medical Facility
- Parks
- Bank
- Library
- Post Office
- Public School (Grades that includes some combination of grades K-12)
- Full Service Grocery Store
- 5 Retail Businesses Providing Goods or Services to the General Public
- Community Center Facility

Applies to Georgia Dream Habitat Affiliates.

20. Site Control. Site Control must be in the form of (1) a Warranty Deed that conveys title of each property to the current Applicant, or (2) a legally binding contract to purchase each proposed project site in the name of the Applicant (or which provides for an assignment to the Applicant). Contracts for each site must be executed prior to application submission, must include a legal description of the property, and must provide legal control of the site to the proposed Applicant at least ninety (90) days from the submission of the application. A copy of a recorded Warranty Deed or a fully executed original contract must be submitted with the application.

Applies to Georgia Dream Habitat Affiliates.

21. Subsidy Limit Per Unit. For HOME funded projects, the following per unit subsidy limits will apply:

<u>Unit Type</u>	<u>Subsidy Limit</u>
Efficiency	\$102,000
1 Bedroom	\$117,000
2 Bedroom	\$142,000
3 Bedroom	\$184,000
4 Bedroom +	\$202,000

For Scattered Site projects, all units must meet the per unit cost limitation requirements.

Applies to Georgia Dream Habitat Affiliates.

22. Utilities. Required project operating utilities (gas and electric service), as applicable, must be available to each proposed project site at application submission. To be considered “available” for the purposes of this section, at a minimum, all necessary easements and all utilities to the property must be available at the time of application submission. The appropriate utility company must confirm in writing the availability and capacity of operating utilities at the proposed project site. The letters from the appropriate utility companies must be included in the application. Operating utilities cannot be contingent on annexation of the property, improvement of infrastructure or funding to the utility provider from an outside source.

Applies to Georgia Dream Habitat Affiliates.

23. Warranty: Applicants must submit at application a copy of a standard builder’s warranty which will be provided to the first-time home buyer upon completion of the unit(s). The standard warranty should include at a minimum a 10 year structural warranty (which includes varying years on plumbing, heating and air and electrical) and a 1 year builder's warranty on quality of workmanship (minor adjustments to windows, doors, cabinets, etc).

For Georgia Dream Habitat Affiliates: The Affiliate warrants that during the first 30 days after the Buyer moves in, the Affiliate will adjust or correct minor defects, omissions, or malfunctions, such as missing equipment or hardware, sticking doors, drawers, and windows, dripping faucets, and the other minor malfunctions reported by the Buyer upon inspection of the property.

Within one year from the date of closing or occupancy by the Buyer, whichever is first, the Affiliate will repair or replace, at the Affiliate’s option, any latent defects in material or workmanship as defined as one that was not apparent at the time of occupancy.

24. Water and Sewer. *Sites with public water and sewer service:* Documentation demonstrating public water and sewer service is available at each proposed development site must be submitted at application. To be considered “available” for the purposes of this section, at a minimum, all necessary easements and the availability of water and sewer must be available to the site at the time of application submission. The availability and capacity of public water and sewer service to the site must be documented by letter(s) from the appropriate public water and sewer authorities. The original letters from the appropriate public water and sewer authorities must be included in the application.

Sites with private wells and septic systems: Sites with private wells or septic systems are eligible locations. Documentation must be provided in the application indicating that each proposed lot for housing meets all requirements for installation of a private well and/or septic system outlined in the Manual.

Applies to Georgia Dream Habitat Affiliates.

25. Zoning. If required by the local government, appropriate zoning must be in place for each project site on or before the application submission. Zoning of each project site must conform to the site development plan and must be confirmed, in writing, by the authorized local government official. A letter from the authorized local government official must be included in the application. The letter must include the zoning and land use classification of the property. If the local government does not have or enforce a zoning ordinance, the Applicant must include a letter from the local government official to that effect. The Applicant must provide documentation that demonstrates that the layout of each project site conforms to any moratoriums, density, setbacks, or other imposed requirements of the local government. It is the responsibility of the Applicant to ensure that all issues and questions surrounding the zoning and land use classification of a proposed site are clearly defined prior to application submission. Any unclear or unresolved issues of zoning and land use could result in rejection of the Application by DCA.

Applies to Georgia Dream Habitat Affiliates.

26. Experience To qualify as a participating Georgia Dream Habitat Affiliate, the “experience” of that Affiliate will be taken into consideration. The Affiliate must show proof of 2 units constructed and sold within the last two (2) years.

Only Applies to Georgia Dream Habitat Affiliates.

27. Certification of Habitat Affiliate's Third Mortgage. Habitat Affiliates will assume responsibility of any deficient mortgage loan balance, in the form of a third mortgage, without expecting payment from the Home Buyer during the term of DCA's Mortgage Loan. Affiliates may elect to pursue sponsorship of funds for the Third Mortgage so long as the source of funds is that other than Federal Funds.

Only Applies to Georgia Dream Habitat Affiliates.

Policies

Actual Home Buyer Subsidy: Upon a successful award, the Applicant will receive a Conditional Commitment of Funds that states the maximum amount of Home Buyer Subsidy allowed to a potential home buyer. The actual amount will be the lesser of that amount or \$15,000 in the 28 counties of the Atlanta MSA for families earning over \$50,000 per year or more. In all other areas of Georgia, it is the lesser of the conditional Home Buyer Subsidy award amount or \$15,000 for families earning more than \$41,000.

Not applicable to Georgia Dream Habitat Affiliates.

Adjusted Area Median Income: The AMI was adjusted for the following counties: Carroll, Clay, Hancock, Heard, Jenkins, Johnson, Macon, Marion, Randolph, Spalding, Stewart, Taliaferro, and Wheeler. These counties have demonstrated difficulty based on HUD guidelines with developing affordable housing for households whose income is 80% or below the Adjusted Area Median Income due to the high HUD AMIs applied to the county when compared to the actual average household income of the county.

Not applicable to Georgia Dream Habitat Affiliates.

Construction Contracts. The Applicant may enter into up to two (2) general construction contracts for the construction/rehabilitation of the units proposed. For each contract, the Applicant must show a projected construction schedule that is continuous, providing for the on-going construction of all units, including those completed as part of the total project but not proposed for assistance under this program, during a period not to exceed twenty-four (24) months. Each construction contract must show the beginning and end date for the work to be completed. These dates must be accurately included in the Cash Flow Statement. A separate contract must be entered into for all rehabilitation work and for all new construction activity if the Applicant proposes to undertake both activities as part of their Application, even if the same contractor will perform both activities for the Applicant. Reconstruction will be considered as new construction for this purpose.

Not applicable to Georgia Dream Habitat Affiliates.

Cost Certification & Audit. When a Development Subsidy is needed for any unit in a project, the Applicant must provide a certification of the actual total development cost for the project. This certification must be submitted upon completion of the project. This means once all units have been constructed and sold. If the actual total development cost is less than the estimated total development cost listed in the application, the Applicant must return the difference to GHFA as described in the Conditional Commitment Agreement.

At its sole and absolute discretion, DCA may conduct an independent audit of any project upon completion to verify actual total development costs. If the results of the audit determine that the actual cost of development is less than the estimated amount submitted at the time of application, the Applicant will be responsible for repayment to GHFA of the difference between the estimated total development cost at Application and the actual total development cost. This repayment may not exceed the amount of the total Development Subsidy provided for the project.

Not applicable to Georgia Dream Habitat Affiliates.

Credit Score. Potential home buyers must have a minimum credit score of 620 or greater for an FHA loan. In order to secure an uninsured Conventional loan, the loan to value (LTV) cannot exceed 80% and the credit score must be 660 or greater.

Habitat for Humanity's potential home buyers with a credit score of 580-619 will have a DCA first mortgage and a Georgia Dream Single Family Development Program second mortgage; however, the funding source for the first mortgage will be HOME funds. Potential Habitat home buyers with a credit score of 620 or greater will receive financing through DCA's Homeownership Division by the same funding source currently being used.

Developer's Profit. When a Development Subsidy is needed for any unit in a project, the maximum profit earned by the Developer as represented in the Cash Flow Statement cannot exceed 15% of the total development cost. Administration fees are ineligible and should not be included in the Development Budget within the application.

Not applicable to Georgia Dream Habitat Affiliates.

False Claims Act. The False Claims Act imposes civil liability on any person or entity who submits or causes to be submitted a false or fraudulent claim for payment to the United States government. Because the Georgia Dream Single Family Development Program is funded using federal HOME monies, the provisions of the False Claims Act apply.

Further information about the False Claims Act may be found at Title 31, Subtitle III, Chapter 37, Subchapter III, Section 3729 of the United States Code.

Applies to Georgia Dream Habitat Affiliates.

First-Time Home Buyer. All households purchasing a unit assisted through this program must (i) be a first-time home buyer (ii) not have a present ownership interest and not have had an ownership interest in a home used as his or her principal residence in the three (3) years prior to closing on the Loan. Potential home buyers from Targeted Areas, as defined by DCA's Georgia Dream Program, or its successor, are not required to be first-time home buyers.

Eligible First-Time Home Buyers must contribute a minimum of \$500 of their own funds towards the purchase transaction. This amount cannot be a gift.

Applies to Georgia Dream Habitat Affiliates.

First Mortgage. All households purchasing a unit constructed through the Georgia Dream Single Family Development Program must obtain a first mortgage loan through DCA's Georgia Dream program, or its successor.

Applies to Georgia Dream Habitat Affiliates.

Georgia Security and Immigration Compliance Act. Requires employers to ensure that anyone they pay, whether as an employee or an independent contractor, is legally able to work. Employers who do not verify workers would not be able to deduct payments made to illegal workers on state income tax returns and would not be eligible for state contracts. To insure compliance with the Georgia Security and Immigration Compliance Act, contractors must complete the Immigration and Security Form.

Applies to Georgia Dream Habitat Affiliates.

HOME Assistance. Purchasers of any unit assisted through the Georgia Dream Single Family Development Program may not combine the Home Buyer Subsidy available through this program with any HOME-funded assistance available through DCA's Georgia Dream program or through any HOME-assisted down payment program of a local government. For the purposes of this determination, HOME assistance also includes any monies made available by DCA or a local government through the American Dream Down payment Initiative (ADDI) or the Community HOME Investment Program (CHIP). However, in the event that the household is qualified for an assistance amount through DCA's CHOICE or Homeownership Voucher (HV) programs that exceeds the Home Buyer

Subsidy amount available through the Georgia Dream Single Family Development Program, the household may substitute the CHOICE or HV program assistance for the Home Buyer Subsidy assistance. In no case, however, may the two programs be used in combination to one household.

No HOME funds, other than those available through this Georgia Dream Single Family Development Program, may be used towards the total development costs.

If a unit authorized under a Conditional Commitment of Funds with DCA is constructed by the Applicant or purchased by a home buyer utilizing additional HOME funds from a participating jurisdiction, the Applicant will be barred from future application to the program for one year from DCA's determination of the offense. All existing Conditional Commitments of Funds for the subject development or any other development will be cancelled at DCA's sole and absolute discretion.

Applies to Georgia Dream Habitat Affiliates; however, only a fixed \$20,000 per unit Home Buyer's Subsidy will be allowed.

Inspections: Applicants are required to obtain inspections during construction of the unit(s) from local government building and inspection department where the unit(s) is/are located. If the local jurisdiction does not have a building and inspection department, Applicants must utilize DCA's list of Approved Building Inspectors as listed the Manual. Once the unit is completed, Applicant must obtain certification from a third party HQS inspector to certify that the unit meets the Georgia Dream Single Family Development Program accessibility requirements. The Development Subsidy and/or Home Buyer Subsidy will not be disbursed until DCA receives such certification.

Applies to Georgia Dream Habitat Affiliates.

Manufactured Housing. Manufactured Housing must be new and in conformance with the National Manufactured Home Construction and Safety Standards Act of 1974 as amended. Manufactured Housing must be permanently affixed in accordance with HUD's Handbook 4930.0: Permanent Foundations Guide for Manufacturing Housing and must be multi-sectional. All units must meet Georgia Dream-Habitat Single Family Development Program accessibility standards and quality standards as defined in the Manual. Single section units are not eligible.

Not applicable to Habitat Affiliates.

Marketing. Applicants must market DCA's Georgia Dream Mortgage program, or its successor, to prospective home buyers of units completed through this program.

Applies to Georgia Dream Habitat Affiliates.

Mortgage Lien Position: The GA Dream Single Family Development Program Second Mortgage should never assume a lien position lower than second place unless prior authorization is given by the Director of Homeownership.

Applies to Georgia Dream Habitat Affiliates.

Participating Lenders. All home buyers are required to obtain a first mortgage loan through one of DCA's Participating Lenders. All Applications must include a letter of interest from one of DCA's Participating Lenders agreeing to offer DCA's Georgia Dream Program, or its successor, in partnership with the Applicant's proposed Georgia Dream Single Family Development project.

Applies to Georgia Dream Habitat Affiliates.

Period of Affordability. A Period of Affordability of eleven (11) years will begin on the date of the loan closing for the purchase of a completed Unit by a qualified very low to moderate income, first-time home buyer when the amount of HOME funds are up to \$40,000. When HOME funds exceed \$40,000 in one unit, the period of affordability is sixteen (16) years.

Applies to Georgia Dream Habitat Affiliates.

Programmatic Agreement of Historic Preservation. In 1997, the State Historic Preservation Office (SHPO), DCA, and the Advisory Council on Historic Preservation signed a Programmatic Agreement (PA) affecting all housing programs funded by DCA. Whenever Applicants are planning to rehabilitate potentially historic housing (any housing over fifty (50) years old), the terms of the PA will permit local decision making about the manner in which such housing will be treated. All Applicants are required to follow the terms of the PA and to consult with local preservation professionals whenever planned rehabilitation activities exceed a set of Exempt Activities stipulated in the PA.

Applies to Georgia Dream Habitat Affiliates.

Project Design. DCA encourages the construction of units that enhance the community's architectural character. The marketability of the property and appearance of the site are important components in the final product. Longevity, low maintenance, universal design, and enhanced energy efficiency are to be considered in the design of the property. All units must conform to the Minimum Construction Standards established for the

Georgia Dream Single Family Development Program. The Applicant must mix a variety of colors and facade materials in order to provide diversity between units.

A single project may consist of scattered lots or one contiguous piece of property. For the Georgia Dream Single Family Development Program, DCA will consider a “Subdivision” as any project that is one contiguous piece of property that will be split into multiple lots for the development of single family units and which will include the installation of utilities on the property for service to each lot. DCA will consider as “Infill Housing” any project that includes scattered lots where each lot is surrounded on two sides by established residential units and each lot does not require the installation of utilities to the lot. To be considered “surrounded on two sides by established residential units,” an Applicant may consider lots immediately adjacent to the lot in question or immediately across the street from the lot in question. Further, if several adjacent vacant lots exist, all lots may be considered as one parcel for the sole purpose of determining if the lots qualify as “in-fill housing.”

Applies to Georgia Dream Habitat Affiliates.

Recapture Provisions. The amount of the Home Buyer Subsidy provided must be repaid, as outlined in the Manual, if the original borrower either: (a) sells or transfers the property, (b) refinances the first mortgage, or (c), if during the Period of Affordability, the original borrower no longer uses the mortgaged property as their principal residence.

Applies to Georgia Dream Habitat Affiliates.

Readiness to Proceed. All successful Applications must submit a building permit issued by the appropriate local authority for all units ninety (90) days from the date of DCA Conditional Commitment of Funds.

Applies to Georgia Dream Habitat Affiliates.

Rehabilitation Construction Minimum. A minimum investment of \$15,000 in construction hard costs must be invested in each unit undergoing rehabilitation.

Not applicable to Georgia Dream Habitat Affiliates.

Single Family Housing. DCA defines a “single family unit” as a one (1) unit single family dwelling (either detached or as part of up to four (4) attached units) that is designed for residential use and located in an area consistent with such use and intended for owner occupancy.

Applies to Georgia Dream Habitat Affiliates.

Start Date. Projects must not begin any construction prior to the issuance of a Conditional Commitment of funding from DCA. Exceptions may be granted by DCA at its sole and absolute discretion, but must be requested prior to construction commencement. Failure to comply with this policy may result in the withdrawal of the Conditional Commitment or other penalties.

Applies to Georgia Dream Habitat Affiliates.

Uniform Relocation Act (URA). URA requirements will apply to all properties. Applicants must include within the development budget sufficient funds to cover any costs associated with the relocation or displacement of the occupants of any existing units. The Applicant also must provide the seller of each property a Notice of Acquisition informing the seller of the Fair Market Value. Each seller/owner must sign a Certificate that they have not displaced anyone from the home. These certifications must be included in the application.

Applies to Georgia Dream Habitat Affiliates.

Disbursement

Both the Development Subsidy and the Home Buyer Subsidy will be disbursed at the time of the loan closing with a qualified borrower following a final inspection of the unit to determine that all requirements of the Georgia Dream Single Family Development Program and all representations made in the Application have been met.

Deadline

DCA will accept Applications on a continuous basis until 5:00 pm on May 16, 2011. Applications will be evaluated as they are received. Funding decisions will be made on a first come, first served basis according to the submission of a complete Application package. The Application must include all required documentation as described in the core application checklist. DCA will make funding notifications to Applicants within forty-five (45) days of a complete submitted Application. DCA will make funding decisions at DCA's sole and absolute discretion. If funds are exhausted, Applications will be placed on a waiting list in sequence of DCA's determination of its receipt of a complete Application package. DCA may issue a notification that funds have been exhausted and that Applications will no longer be accepted until such time as additional funding is available.

Applications from GA Dream Habitat Affiliates will be accepted in two phases until June 1, 2011. Phase (A) will be solely for the purpose of qualifying the actual Habitat Affiliate, making sure all documents related to the organization have been submitted and that they meet threshold requirements. Initiating Phase (A) of the application process can be done at any time; this is a one-time

step during each program year. A letter of acceptance of the organization will be sent to the Habitat Affiliate once this phase is complete.

After the initial year, if there are no changes to the organization and the information previously submitted, the Affiliate is not required to resubmit a complete Phase (A). DCA will accept a signed statement on letterhead certifying that all information previously submitted in Phase (A) remains the same. Affiliates applying for the first time must submit all necessary documents in Phase (A).

Once the Affiliate has determined where they will build and who the next qualified Home Buyer will be, Phase (B) commences and the Affiliate must submit the necessary documents required to qualify the unit.

- **Application Completeness:** Applications submitted missing three (3) or more documents will be returned to the Applicant. The Application fee will not be refunded.

Applies to Georgia Dream Habitat Affiliates.

Training Workshops DCA will host three (3) training workshops during SFY2011. Workshops will be held during the following months: September, December, and March. Additional information will be distributed regarding the location and time at a later date or you may contact DCA's Housing Development Coordinator at (404) 679-0680 for more information.

DCA will hold a separate training workshop for Habitat Affiliates and their Lenders.

Application Fee An application fee of one half (1/2) percent of the total amount of funds requested will be due at the time of application submission. Payments should be made payable to the Georgia Housing & Finance Authority.

Georgia Dream Habitat Affiliates should submit their application fee at the beginning of Phase (B) of the process.

Funds Authorized Five hundred thousand dollars in federal HOME funds are available for the Single Family Development Program for SFY2011. The maximum amount of funding per application is \$176,000.

For Georgia Dream Habitat Affiliates, the maximum subsidy per application is \$80,000 unless the home buyer uses the Georgia Dream Habitat 580 First Mortgage Loan. Then the maximum subsidy is the sum of the first and second mortgages.

Funding Terms A Conditional Commitment of Funds will be set for a term of twenty-six (26) months.

Georgia Dream Habitat Affiliates will have a term of fourteen (14) months. All units must be constructed and sold before an Affiliate can reapply.

Reporting

All Award Recipients must be in compliance with the reporting requirements of the Georgia Dream Single Family Development Program Manual throughout the program period. Recipients will be required to submit monthly progress reports as well as other required reports identified in the Manual. Additionally, all nonprofit recipients must be in compliance with the Official Code of Georgia 50-20-1 through 50-20-8 and the Immigration Reform and Control Act of 1986 (IRCA), D.L. 99-603 and the Georgia Security and Immigration Compliance Act (O.C.G.A 13-10-90 et. seq.) until the last unit is sold.

Applies to Georgia Dream Habitat Affiliates.

Other Requirements

Award Recipients must meet and remain in compliance with the HOME Investment Partnerships Program Final Rule (24 CFR Part 92) as defined within the Conditional Commitment.

Applies to Georgia Dream Habitat Affiliates.

Open Records

All records created as a result of the submission of an Application to DCA are subject to disclosure under the Georgia Open Records Act and the Applicant expressly consents to such disclosure. The Applicant agrees to hold harmless GHFA, DCA and the individual directors, employees, members, officers and agents of GHFA or DCA against all losses, costs, damages, expenses, and liability of any nature or kind (including but not limited to attorney's fees, litigation and court costs) directly or indirectly resulting from or arising out of the release of any information pertaining to the Applicant's submission of the Application and implementation of any activities as a result of funding under this program, pursuant to a request under the Georgia Open Records Act.

Applies to Georgia Dream Habitat Affiliates.

Governing Statute

All activities must be conducted in full compliance with all program statutes and HUD regulations published at 24 CFR Part 92 for the HOME Program. All other activities must be conducted in full compliance with the terms of this Program Description, Application and Manual.

Applies to Georgia Dream Habitat Affiliates.