



New Hampshire Housing
Bringing You Home

Home *Flex* Purchase Rehabilitation Loan Program

Understanding Your Responsibilities



Home *Flex* Purchase Rehabilitation Loan Program

Not every home that is on the market is move-in ready. Sometimes a house needs a few repairs to make it a perfect home. That is where New Hampshire Housing's **Home *Flex*** Purchase Rehabilitation Loan Program may help.

With the **Home *Flex*** Purchase Rehabilitation Loan Program, a homebuyer can:

- Roll into the purchase of their new home, up to \$35,000 in additional funds to cover cost of needed repairs.
- By combining the purchase of your new home with the financing of repairs, you are in control of the improvements and get to make those critical decisions that make your new house a home.
- A list of Participating Lenders can be found on our website at www.GoNewHampshireHousing.com.



Home *Flex* Purchase Rehabilitation Loan Program

However, the purchase rehabilitation loan adds a few steps to the mortgage process, and we want to help you understand that better with this training.

What we will cover in this training:

- The *Home Flex* Purchase Rehabilitation Loan Program and how does it work;
- Your responsibilities regarding disbursements under the program;
- Your contractor's responsibilities under the program;
- Frequently asked questions; and
- How to receive your certificate of completion for taking this course.

What is a *Home Flex* Purchase Rehabilitation Loan Program?

Home Flex Purchase Rehabilitation Loan Program provides funds for:



- 1) The purchase of your home; and
- 2) Up to \$35,000 in additional funds to cover cost of needed repairs.

This allows you to have one mortgage for your purchase and rehabilitation funds.

A list of Participating Lenders can be found on our website at www.GoNewHampshireHousing.com.

Eligibility requirements

The [Home Flex](#) Purchase Rehabilitation Loan Program is a government-insured mortgage program financed in combination with FHA or USDA/Rural Development.

To qualify for the [Home Flex](#) Purchase Rehabilitation Loan Program you must:

- Be working with a New Hampshire Housing Participating Lender; and
- Be financing your home through New Hampshire Housing's [Home Flex](#) Program or through the [Home Flex Plus](#) Program, which provides up to 3% cash, towards downpayment and closing costs; and
- Be purchasing a single-family or two unit owner occupied property.
- Manufactured housing is not eligible for this program.



What types of repairs are covered?

Allowable repairs may include:

- Renovations and improvements designed to address obsolescence;
- Cosmetic repairs or upgrades;
- Improvements for energy efficiency;
- Improvements for safety; and
- Improvements to extend the useful life of the property.

Please note that no structural repairs are allowed under the [Home Flex](#) Purchase Rehabilitation Loan Program.

Your Participating Lender will be able to guide you on whether or not a repair qualifies under the [Home Flex](#) Purchase Rehabilitation Loan Program.



How will this course benefit me?

Because of the rehabilitation component, this loan is a little more complex, and we want to ensure you are informed before and after your loan closes. Therefore, New Hampshire Housing requires you to take this course.

In addition:

- Certain legal steps must be taken for the work to start and for your contractor to be paid.
- This training may save you time and money.



Overview of the *Home Flex* Purchase Rehabilitation Loan Program

The steps in the *Home Flex* Purchase Rehabilitation Loan Program are:

- Step 1: Once you find a home, you and your lender will work on a list of items to be included as repairs.
- Step 2: Once repairs have been determined, you will need to find a contractor and create a scope of work.
- Step 3: After a scope of work has been agreed upon, your lender will make a loan reservation with New Hampshire Housing for the *Home Flex* or *Home Flex Plus*, with cash assistance for downpayment loan program.
- Step 4: New Hampshire Housing will then review and approve the purchase rehabilitation component.
- Step 5: Your loan closes with your lender.
- Step 6: You must post required notices and provide specific notice to your closing agent.
- Step 7: Initial disbursement is made and rehabilitation work may begin.
- Step 8: Once work is completed, you must once again post required notices and provide New Hampshire Housing with specific notices.
- Step 9: Final disbursement is made by New Hampshire Housing.
- Step 10: Enjoy your newly improved home!

Important reminders



- All improvements must be completed within time frame allowed by the mortgage insurer. FHA is 180 days and RD is 60 days after the closing.
- Work needs to start within 30 days of your loan closing.
- Once your loan closes, you cannot change your loan amount.
- During the application process up to closing, your lender is your contact.
- After loan closing, New Hampshire Housing is your contact.

What happens after closing?

- The first or initial disbursement, made by the closing agent, will be made no sooner than 48 hours after your mortgage closing, provided you perform certain steps.
- The second or final disbursement will be made by New Hampshire Housing, only after all contracted work has been completed and provided you, once again, complete certain steps (which will be explained later.)



More important reminders



- Get a fixed cost contract from all contractors.
- Do not ask your contractor to do any additional work.
- If you have questions after loan closing, contact New Hampshire Housing.
- After loan closing, no changes to the contract or scope of work can be made without prior written approval from New Hampshire Housing.

Homebuyer's responsibility

New Hampshire law requires homeowners with construction loans to post notice so contractors, subcontractors and suppliers know how to get paid for their work. This preserves the priority of the mortgage over other liens. Below are the steps you must follow to comply with New Hampshire law.



Initial disbursement

The homeowner must post the following two documents in a prominent exterior place on your new home. Your lender will provide these forms. These notices must be posted for at least 48 hours prior to disbursement:

- Notice of Construction Mortgage (*Please note that this document must remain posted on your home during the entire construction loan period*); and
- Notice of Construction Funding.

Homebuyer's responsibility

Initial disbursement (continued)

At least 48 hours after posting both notices provide your closing agent with:

- A signed and notarized Initial Owner's Loan Disbursement Affidavit; and
- A signed and notarized Initial Contractor's Loan Disbursement Affidavit.

Your lender will provide these forms to the closing company.



Homebuyer's responsibility

Initial disbursement (continued)

- Initial disbursement for $\frac{1}{2}$ of the funds will be made, by check payable to you and your contractor.
- The funds should be given to your contractor so that work may begin.
- Do not use these funds on anything other than what was approved in your original mortgage loan approval.

Homebuyer's responsibility

After Closing

New Hampshire Housing will send you a welcome letter, which will include:

- A New Hampshire Housing contact person; and
- Instructions on the process.
- Call New Hampshire Housing with any questions or concerns. Please do not call your lender at this point.
- Keep your welcome letter.



Homebuyer's responsibility

Final Disbursement

New Hampshire Housing will also provide you with the following documents:

- A Notice of Construction Funding;
- A Mortgagor's Letter of Completion form;
- A Final Owner's Loan Disbursement Affidavit; and
- A Final Contractor's Loan Disbursement Affidavit.

Homebuyer's responsibility

Final Disbursement (continued)

48 hours before your final disbursement, you must post the Notice of Construction Funding provided to you by New Hampshire Housing.

48 hours after posting of the notice, you must provide New Hampshire Housing with all final contractor invoices and documentation including:

- A completed Mortgagor's Letter of Completion form;
- A signed and notarized Final Owner's Loan Disbursement Affidavit; and
- A signed and notarized Final Contractor's Loan Disbursement Affidavit.



Homebuyer's responsibility

Final Disbursement (continued)



- New Hampshire Housing will order a final inspection. You and your contractor should be present at this inspection.
- New Hampshire Housing will order a title update.
- Upon receipt and review of all required documents, a final disbursement will be issued within 10 to 14 days by check payable to you and your contractor.



Question and Answer

Purchase Rehabilitation Loan Program



Question and Answer

Question: How do I get the initial check for my contractor to begin work?

Answer: To receive your initial disbursement from the closing company you must:

- Post the Notice of Construction Mortgage; and
- Notice of Construction Funding at least 48 hours prior to disbursement.

In addition, you must provide your closing company at least 48 hours after posting both notices with:

- A signed and notarized Initial Owner's Loan Disbursement affidavit; and
- A signed and notarized Initial Contractor's Loan Disbursement Affidavit.

Question and Answer

Question: I want to do add some things or change the scope of work my contractor is doing. Can I do that?

Answer: As a general rule, you can't make changes to the scope of work after your loan is closed. If you do, you must pay for them out of your pocket. Your loan amount was calculated on the original contract signed at loan closing. Additionally, your appraisal, your loan approval and your mortgage insurance was based on the original scope of work. Changes to the scope of work will not be covered by the final disbursement.

Question and Answer

Question: Who should I contact for a final disbursement check?

Answer: You have up to 180 days in some cases after closing to get all required improvements done. At closing, you will receive a letter from New Hampshire Housing telling you who to contact at New Hampshire Housing. This is the person you should contact if you have any questions about your final disbursement.

**Once your loan is closed, please contact
New Hampshire Housing, not your lender.**



Question and Answer

Question: My contractor finished yesterday. How do I get a check for the contractor?

Answer: To receive the final disbursement from New Hampshire Housing you must provide us with:

- A signed Mortgagor's Letter of Completion;
- All contractor final invoices, showing the original contract amount and the amount your contractor received in the initial disbursement;
- Invoices for overages, if any;
- A signed and notarized Final Owner's Loan Disbursement Affidavit; and
- A signed and notarized Final Contractor's Loan Disbursement Affidavit.

New Hampshire Housing will order an inspection and an update to the title. When satisfactory inspections are returned, a check will be mailed payable to you and your contractor.



Question and Answer

Question: The work in the original scope of work will be less money than planned. What can I do with any money that may be left over?

Answer: If it appears that there may be funds left over after your final disbursement, you may be eligible to allocate these funds to additional improvements. Call your contact at New Hampshire Housing to discuss your options.



Question and Answer

Question: Who do I contact if I have questions about my *Home Flex* Purchase Rehabilitation Loan?

Answer: If you have questions about your mortgage before your loan closes, you should direct them to your lender. After your loan closes, however, any questions about your loan or the construction process should be directed to your contact at New Hampshire Housing.



Please Print and sign this page!

Next step

In order to move forward with your Home *Flex* Purchase Rehabilitation Loan Program you must print this page, sign and provide a copy to your lender.

I/We understand and acknowledge the information explained in this presentation as it applies to my/our Home *Flex* Purchase Rehabilitation mortgage.

Applicant's Signature

Date

Co-Applicant's Signature

Date

