



**DALLAS COUNTY HOME LOAN COUNSELING CENTER
UPFRONT COST ASSISTANCE PROGRAM (UPCAP)
INFORMATION LETTER – 7/1/2023**



The UPCAP Program provides a deferred payment loan of up to \$7,500 for down payment, closing costs, and pre-paid costs to first-time homebuyers.

- **Applications: Anyone wishing to receive the UPCAP loan must request an UPCAP Application from our office.**
 - Applicants must be pre-qualified for a mortgage loan from a lender.
 - Applications may be mailed or turned in to our office by the homebuyer only.
 - Applications must be turned in with all required additional documentation as detailed on Application Instruction Sheet. Incomplete applications will not be accepted.
 - Applications may be submitted before or after attending the Homebuyer Seminars.
 - Applicants are encouraged to submit applications as soon as mortgage approval is received. If a sales contract has been executed, applications should be submitted immediately.

- The home purchased with an UPCAP assistance loan must be located in one of the twelve participating cities listed below, or in un-incorporated areas of Dallas County:

Balch Springs	Coppell	Glenn Heights	Sachse
Cedar Hill	Duncanville	Hutchins	Seagoville
Cockrell Hill	Farmers Branch	Lancaster	Wilmer

- UPCAP loans are available only to first-time homebuyers, or to a person who has not owned a home in the past three years. Exceptions include a single parent or displaced homemaker, or a family or individual whose residence is not in compliance with local building codes and cannot be brought into compliance for less than the cost of building a permanent structure. An individual can only use the UPCAP Program one time.

- **Income Limits:** Household gross annual income cannot exceed HUD income limits as follows:

Family size:	1	2	3	4	5	6	7	8
Maximum Income:	\$57,750	\$66,000	\$74,250	\$82,500	\$89,100	\$95,700	\$102,300	\$108,900

- **Property Requirements:**

- Maximum purchase price is the Dallas County HUD/MSA limit of **\$318,000 for existing homes and for new construction homes.**
- Eligible properties: New construction properties, existing properties, condominiums, townhomes, one unit of a duplex.
- Properties, both structure & lot, cannot be located in flood zones per FEMA maps.
- Properties must be vacant or owner occupied. Tenant occupied properties must have been vacant for 60 days prior to executing a sales contract. However, a tenant may purchase the home they are renting.
- The home purchase price may not be more than the lenders appraisal value
- HUD homes are not eligible for the UPCAP Program.
- Bank foreclosures and short sales may be eligible on a case-by-case basis.
- Properties built prior to 1978 must pass a lead based paint visual assessment during the home inspection. If exposed lead based paint is found it must be stabilized by the seller.

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- **Property Inspections:** All properties must be inspected by a home inspector from the “Dallas County Minimum Property Standards (MPS) Inspectors List”. Inspections made by other inspectors are not accepted. A TREC inspection, an MPS Inspection, and a “Texas Wood Destroying Insect Report” must all be done.
- All inspector or lender required repairs must be made prior to closing. Real estate sales contracts must state that all lender or inspector required repairs will be made prior to closing.
- A property may be ineligible for the UPCAP Program if major damage to the foundation, roof, electrical or plumbing systems, or other excessive damage is found.
- The inspection must be paid for by the buyer at the time of the inspection.
- **Financing:**
 - Applicant must have received a pre-qualification letter from their mortgage lender.
 - Applicant must have acceptable credit history and be able to qualify for a fixed rate mortgage with a lending institution. Sub-prime loans, ARM loans, owner financing, contracts for deed and interest only loans are not eligible.
 - Lender fees and charges cannot exceed \$2,500.
 - Applicants housing ratio cannot exceed 35% and debt ratio cannot exceed 45% of gross monthly income.
- **Borrower Qualifications:**
 - All approved UPCAP clients will be required to attend the 8 hour Homebuyer Seminar Series (3 classes) at the Dallas County Home Loan Counseling Center prior to closing.
 - All persons currently residing in the household will be included to determine family size. Applicants included on the mortgage loan must be included on the UPCAP application and meet all UPCAP guidelines. Including any spouse that is separated, but not divorced. Income from all persons over 18 years of age residing in the household will be used to determine income eligibility.
 - If applicants have liquid assets greater than \$7,000.00 at time of application, grant assistance will be reduced dollar for dollar for the amount in excess of \$7,000.00. Disabled borrowers will be evaluated on a case-by-case basis.
 - Applicants and Co-Applicants must be a US citizen or a permanent resident or possess a current work authorization Visa. Permanent residents and individuals with a work authorization Visa must provide to HLCC a copy of both sides of the unexpired immigration documents.
 - No member of the household shall own any improved real estate which is or can be used for residential purposes, including mobile homes with a permanent fixed foundation.
 - Applicants must contribute a minimum investment of at least \$1,000 or 1% of the purchase price whichever is greater, to the home buying process. Earnest money, option fee, appraisal fee, inspection fee, cash due at closing and any paid outside of closing expenses will all be credited to the applicant’s minimum investment requirement.
- **Occupancy/Residency Requirement:** Dallas County will file a Second Lien on the property for the amount of the UPCAP loan for a five year term. The buyer must live in the property for five years as their sole primary residence. The Lien will be released once the 5 year term is met. If a buyer sells, leases out, transfers the title to the property to anyone else, or is foreclosed upon during the 5 year term, a Repayment and Release Procedure will be required.
- **Refinancing:** During the 5 Year Residency Period an UPCAP recipient may refinance only for a better interest rate & term. Home Equity Loans & Cash Out/Cash Back Refinancing loans are not allowed. The Repayment & Release Procedure will be required if this type of refinance is done.