

# **HOME Loan Processing Guide**

## **HOME Investment Partnerships Program**

Alaska Housing Finance Corporation  
2010

**NOTICE: This guide is meant to aid Subrecipients in accurately drafting and executing accurate loan documents. This guide does not reference all documents or processes necessary to meet HOME and AHFC Regulations. Please refer to the Policy and Procedure Manual for additional requirements for meeting HOME and AHFC Regulations.**

**Section I: Loan Processing**

**Homebuyer Assistance Agreement**

- Using most recent version of HDP AA.  
HDP AA version date:
- Date typed in first paragraph of Agreement. This is the date the document is signed by the Home Buyer(s).
- First Paragraph: “whose mailing address is” is the Home Buyer (s) current mailing address.
- Home Buyer(s) “mailing address” and the “property” address is complete (house #, street, city, state & zip).
- Loan amount does not exceed HDP limits.
- The loan amount must match the loan amount in the Note and Deed of Trust.
- Home Buyer(s) and Subrecipient Names are typed in signature lines.
- All Home Buyers must sign the Assistance Agreement (regardless of how the DOT is prepared and how they plan to take title).
- Subrecipient signed agreement.
- Signed original submitted to AHFC.

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Authorized Subrecipient Signor

Date

**HDP Note**

- Using most recent version of HDP Note. HDP Note version date:
- AHFC HOME HDP LOAN # is input correctly. Example: HDP-10-ACD-1535. Contact the HOME Grants Administrator if you do not know the loan's IDIS #.
- Request copy of Preliminary Title Report from Lender on the first Deed of Trust (this is in order to verify the Borrower Name(s) and property address match HDP Note and HDP DOT).
- Borrower(s) Name and property address on the HDP Note must match the Preliminary Title or Commitment from the first lender **AND** the Subrecipient's Preliminary Title or Commitment.
- Date, Borrower(s) Name and property address must be typed on HDP Note, (must match HDP Deed of Trust/Security Agreement exactly).
- Property address = house #, street, city, state & zip (not legal description).
- DOCUMENTS ARE DATE SENSITIVE. Date typed on HDP Note matches date typed on HDP Deed of Trust/Security Agreement. This date is when the loan closes. The date the Borrower(s) sign must match the date typed in the HDP Note.
- Dollar amount written and numeric match exactly (ex: Thirty Thousand and no/100, \$30,000).
- If documents are going to be executed by a Power of Attorney, the signature line that is typed in HDP NOTE must clearly designate this authority.
- Submit a copy of the recorded Power of Attorney with project close-out, if applicable.
- Original signature(s), ALL parties listed on Note MUST SIGN.
- Any handwritten corrections on the HDP Note must be initialed by ALL signers (cannot initial a change in the loan amount change; loan amount must be accurate) .
- Original HDP Note submitted to Alaska Housing Finance Corporation with Project Close-Out.

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Authorized Subrecipient Signor

Date

**HDP Deed of Trust (DOT)**

- Using most recent version of HDP DOT. HDP DOT version date:
- AHFC HOME HDP LOAN # is input correctly. Example: HDP-06-ACD-1535. Contact the HOME Grants Administrator if you do not know the loan's IDIS #.
- Information on the HDP DOT (Borrower(s) Name, vesting, property address and legal description) should match the first Deed of Trust. To do this, request copy of Preliminary Report from the Lender on the first Deed of Trust. Example of Borrower(s) Name and vesting: Joe Smith and Nancy Smith, husband and wife.
- DOCUMENTS ARE DATE SENSITIVE. Date typed on HDP DOT matches date typed on HDP Note. This date is when the loan closes. The date the Borrower(s) sign must match the date typed in the HDP DOT.
- Borrower(s) Name must match names typed in HDP Note.
- Title Company must be listed as Trustee.
- Typed numeric and written loan amount must be the same and match the HDP Note and HDP Assistance Agreement (ex: Thirty Thousand and no/100, \$30,000).
- Typed **COMPLETE** legal description, (not just subdivision, lot and block, include plat #, recording district). This is obtained from the Preliminary Title or Commitment from the Title Company.
- If legal description is a Metes and Bounds, attach a copy of Exhibit "A" from Preliminary Report from the Title Company to the HDP DOT. In these cases, on HDP DOT under legal description type: "Exhibit A Attached".
- If documents are going to be executed by a Power of Attorney, the signature line that is typed in HDP DOT must clearly designate this authority.
- Submit a copy of the recorded Power of Attorney, if applicable.
- HDP Deed of Trust signatures must be notarized.
- Notary acknowledgement must appear for all signers and acknowledgement date is the date loan closes.
- If property is a Condominium or a Planned Unit Development (PUD) – a Common Interest Community Rider (**AHFC form PUR-23**) must be signed and sent with the Deed of Trust for recording.
- Minor "handwritten" corrections (i.e.: adding zip code, Unit #) to the HDP Deed of Trust at loan closing must be initialed by all signers. A new Deed of Trust should be prepared if the errors are significant such as: incorrect legal description, incorrect loan amount.
- If a spouse is not in Title (i.e.: not going to sign the HDP DOT), a Waiver of Homestead Rights must be obtained and signed by the individual not on the HDP DOT. In place of a Waiver of Homestead Rights, the spouse not in title may sign the first deed of trust as an acknowledgement of their waiver of rights. Please note, regardless of a Waiver of Homestead Rights, both spouses must sign the HDP Note. A Waiver of Homestead Rights is provided by the Title Co.
- Submit a conformed copy of HDP Deed of Trust to AHFC with Project Close-Out.

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Authorized Subrecipient Signor

Date

## ***Section II: Modifying the HDP Note or HDP Deed of Trust***

Be aware of common mistakes when preparing the HDP Note and HDP Deed of Trust. Common mistakes can include: spelling errors, incorrect/incomplete legal description, not all borrowers signing documents, borrower(s) name typed incorrectly or incompletely in the document. AHFC requires the Subrecipient to correct errors on the loan documents. Document correction can be time consuming, so it is worth the time to prepare and execute documents correctly the first time.

### **A) Correcting the HDP Note:**

Errors on the Note must be corrected with the HDP Note Modification Agreement form. This is not a recorded document and must be signed by the Borrower(s), the Subrecipient and the original submitted to AHFC for signature.

#### **Examples of errors on the HDP Note that must be corrected include:**

- The dollar amount is incorrect or the amount changes (i.e.: loan amount, principal balance)
- The HDP Note Date needs to be corrected (the date typed in HDP Note should be the date the loan closed). The HDP Note and HDP DOT date must match.
- To correct the spelling of a Borrower(s) Name or to have Borrower(s) Name match the Title Policy.

### **B) Correcting the HDP Deed of Trust (DOT):**

Changes to the HDP DOT must be done with the AHFC Deed of Trust Modification Agreement (PUR-3 form). This document is signed by the Borrower(s) and an AHFC representative. To execute a PUR-3 form, the following steps are to be completed:

1. Subrecipient prepares the document
2. The Borrower(s) sign the document
3. Subrecipient submits the document to the HOME Grants Administrator
4. HOME Grants Administrator obtains proper AHFC signature and returns the form to the Subrecipient
5. Subrecipient records the PUR-3
6. Subrecipient requests an endorsement from the Title Company to update the Title Policy. Endorsement must be submitted to AHFC.

#### **Examples of errors that must be corrected with an AHFC Deed of Trust Modification Agreement (PUR-3 form):**

- Property address correction.
- To add a Trustee.
- To correct the spelling of a Borrower(s) Name or to have Borrower(s) Name match the Title Policy.
- Correct the legal description.
- To correct the dollar amount of the HDP loan.

### ***Section III: Definitions***

**AHFC HOME HDP LOAN #:** Grant Agreement-IDIS #. For example:

HDP-10-ACD-1523

Call the HOME Grants Administrator if you don't know the loan's IDIS #.

**Metes and Bounds:** for legal description (an attachment)

**PUR-3:** AHFC Deed of Trust Modification form

**PUR-23:** AHFC Common Interest Community Rider form to be executed and recorded with the HDP DOT for any condominium or Planned Unit Development (PUD) properties.

**Vesting:** The manner in which an owner(s) of the property are in title or will hold title as. Examples of "vesting": husband and wife, an unmarried person, unmarried persons.