

# HOME Loan Processing Guide

## HOME Investment Partnerships Program

Alaska Housing Finance Corporation  
2009

**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 HOP AA.  
HOP 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 HOP 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). AHFC does not accept electronic signatures.
- Subrecipient signed agreement.
- Signed original submitted to AHFC.

### Preliminary Title or Commitment

- Amount of insurance must match HOP Note and HOP Deed of Trust.
- Name of insured must read Alaska Housing Finance Corporation. **No variations.**
- Title Company listed as Trustee.
- The interest in encumbered property should read **Fee Simple or Leasehold.**
- Verify HOP Title Policy vesting and legal description matches the first Deed of Trust vesting and legal. To do this, contact the primary lender. Request a copy of their Preliminary Commitment.
- Verify that the full complete legal description is reflected (this legal description must match the legal on the HOP Deed of Trust). Please note: we have occasionally seen incorrect legal descriptions on Title Policies; verify legal description on your Borough's website. If you notice discrepancies, question your Title Company. If the legal is in fact wrong, the Title Company will have to issue a correction to the Title Policy.
- If the HOP Deed of Trust needs to be amended or re-recorded an endorsement must be issued to the existing Title Policy.
- ALTA Title Policy issued after closing.
- ALTA Title Policy submitted to AHFC.
- Signed original submitted to AHFC.

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Authorized Subrecipient Signor

Date

**HOP Note**

- Using most recent version of HOP Note. HOP Note version date:
- AHFC HOME HOP LOAN # is input correctly. Example: HOP-06-FNH-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 HOP Note and HOP DOT).
- Borrower(s) Name and property address on the HOP 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 HOP Note, (must match HOP Deed of Trust/Security Agreement exactly).
- Property address = house #, street, city, state & zip (not legal description).
- DOCUMENTS ARE DATE SENSITIVE. Date typed on HOP Note matches date typed on HOP 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 HOP 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 HOP 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. AHFC does not accept electronic signatures on HOP documents.
- Any handwritten corrections on the HOP Note must be initialed by ALL signers (cannot initial a change in the loan amount change; loan amount must be accurate) .
- Original HOP Note submitted to Alaska Housing Finance Corporation with Project Close-Out.

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Authorized Subrecipient Signor

Date

**HOP Deed of Trust (DOT)**

- Using most recent version of HOP DOT. HOP DOT version date:
- AHFC HOME HOP LOAN # is input correctly. Example: HOP-06-FNH-1535. Contact the HOME Grants Administrator if you do not know the loan's IDIS #.
- Information on the HOP 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 HOP DOT matches date typed on HOP Note. This date is when the loan closes. The date the Borrower(s) sign must match the date typed in the HOP DOT.
- Borrower(s) Name must match names typed in HOP Note.
- Title Company must be listed as Trustee.
- Typed numeric and written loan amount must be the same and match the HOP Note and HOP 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 HOP DOT. In these cases, on HOP 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 HOP DOT must clearly designate this authority.
- Submit a copy of the recorded Power of Attorney, if applicable.
- HOP Deed of Trust signatures must be notarized. AHFC does not accept electronic signatures on HOP documents.
- 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 HOP 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 HOP DOT), a Waiver of Homestead Rights must be obtained and signed by the individual not on the HOP 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 HOP Note. A Waiver of Homestead Rights is provided by the Title Co.
- Submit a conformed copy of HOP Deed of Trust to AHFC with Project Close-Out.

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Authorized Subrecipient Signor

Date

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

Be aware of common mistakes when preparing the HOP Note and HOP 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 HOP Note:**

Errors on the Note must be corrected with the HOP 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 HOP Note that must be corrected include:**

- The dollar amount is incorrect or the amount changes (i.e.: loan amount, principal balance)
- The HOP Note Date needs to be corrected (the date typed in HOP Note should be the date the loan closed). The HOP Note and HOP 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 HOP Deed of Trust (DOT):**

Changes to the HOP 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 HOP loan.

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

**AHFC HOME HOP LOAN #:** Grant Agreement-IDIS #. Examples:

HOP-10-FNH-1523

HOP-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 HOP 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.