HAP
HOMEOWNERSHIP ASSISTANCE PROGRAM
BALDWIN COUNTY, ALABAMA

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EST. 1809

Comprehensive FAQ List

This list includes all Q&As from the Baldwin HAP May 18 Public Meeting, June 3 Public Meeting, and received via email to bccgrants@baldwincountyal.gov and will be updated periodically.

Eligibility

Is the program only for first-time homebuyers?

No, an applicant does not have to be a first-time homebuyer to participate in the HAP program.

Can HAP assistance be used for repairs to current homes and/or homes to be purchased?

No. HAP funds cannot be used to pay for repairs to current homes or homes to be purchased.

If an applicant is pre-approved for a $200,000 mortgage, can they use a HAP award to purchase a home for up to $285,000?

No. HAP assistance should not be treated as additional purchasing power on top of the applicant's mortgage qualification. If an applicant qualifies for a $200,000 mortgage, they should generally be looking within that price range. HAP funds are intended to address eligible home-buying costs and reduce upfront financial barriers, not automatically increasing the applicant's purchasing budget by the award amount.

Can current homeowners apply for HAP and receive assistance?

Yes. Current homeowners may apply if they intend to sell their existing home as part of the purchase transaction or prior to the distribution of the HAP assistance and meet all program eligibility and underwriting requirements. The applicant cannot receive the HAP award until the current property is sold. The home does not have to be under contract when the HAP application is submitted but it should be listed for sale and the sale must be a condition of the closing included in the executed purchase agreement for the HAP assisted home purchase. Proceeds from the sale of the current home will also need to be applied toward the HAP assisted home purchase.

How is income calculated for program eligibility?

The program uses HUD Adjusted Gross Income (AGI) rules to determine eligibility. Mortgage lenders may use different income calculations when evaluating debt-to-income ratios and loan qualification.

How is child support or alimony treated?

Child support and/or alimony must be included when determining household income under HUD eligibility requirements. Program staff will review supporting documentation as part of the eligibility review, including court documents or agreements as well as documentation of amounts actually received.

Are principal or interest rate buydowns eligible expenses under the program?

Principal buydowns are not eligible expenses under the HAP program; however, interest rate buydowns are eligible expenses.

Can HAP assistance can be combined with other specialized homebuyer assistance programs, such as Hometown Heros?

Potentially. Applicants should provide information about the other assistance program to the Case Manager for review. The HAP program administrators will determine whether the programs can be used together based on federal eligibility and duplication of benefits requirements.

Can I qualify if I planned to move to Baldwin County in 2020 but had not yet moved when the storms occurred?

Possibly. Applicants who planned to move to Baldwin County before Hurricanes Sally or Zeta may qualify if they can provide documentation demonstrating their intent to relocate or purchase a home in the County at that time.

Award Amount & Forgivable Loans

How much HAP assistance can I receive?

Eligible households may receive up to $85,000 in assistance. The final award amount is based on the applicant's financing needs, property eligibility, and approved closing costs.

Once an applicant receives a conditional award letter, is the full $85,000 guaranteed to the applicant?

No. A conditional award reserves up to $85,000 for the applicant through closing, but the final award amount is not determined until the program reviews the closing disclosure and calculates the applicant's actual need. A final award letter will then state the approved amount.

When will I know my final award amount?

Applicants will receive a conditional award of up to $85,000 after initial eligibility is confirmed. The final award amount is determined after a property is selected, the purchase agreement is executed, property eligibility is confirmed, and lender closing costs are finalized.

Will there be special Commission meetings for approvals?

The Commission will not approve individual applications.

How does loan forgiveness work?

The HAP loan is forgiven at a rate of 20% per year over five years, provided all program requirements are met. If the property is sold, transferred, or no longer used as the applicant's primary residence before the five-year occupancy period ends, repayment of the unforgiven portion may be required.

What happens if circumstances change during the five-year occupancy period?

If circumstances change where the applicant will no longer reside in the home before the end of the five-year period, the applicant and/or co-applicant must contact Baldwin County to determine if repayment will be required.

Property Eligibility

Can HAP be used for the purchase of a new construction home?

Yes. New construction homes may be eligible if the home is complete and move-in ready at the time of closing.

Who is responsible for the required home inspection, and does the buyer have to pay for it upfront?

The HAP program administrators will assign the inspection to an approved Home Inspection Service Provider (HISP) upon receipt of an applicant's executed purchase agreement once the County has agreements in place with HISPs. The cost of these inspections will be paid for by the County. Until the agreement are in place between HISPs and the County, the applicant should coordinate available options with their assigned Case Manager.

What flood zones are eligible?

Eligible homes must be located in areas where flood insurance is not required, including Flood Zone X. Homes located in higher-risk flood zones that require flood insurance are not eligible for HAP assistance.

Is there a map showing eligible flood zones?

A county-wide flood zone map will be made available on the Baldwin County website. You can also search specific areas on Alabama Flood Map site or on the FEMA Flood Map Service Center.

Are manufactured or mobile homes eligible for HAP?

Yes, manufactured or mobile homes may be eligible if they were manufactured in 1976 or later. However, the property must meet program requirements and will be reviewed during the property verification process. Also, no HAP funds can be used to pay for the installation or construction for placement of an MHU. These costs must be identified separately in the purchase agreement. The Closing Disclosure must identify the source of funds paying for the installation or construction and clearly show these costs as separate from the purchase of the unit. The down payment assistance calculation will be based on the purchase price of the unit, closing costs on the loan, and interest rate buy-down, if needed. The mortgage and any other cash from the buyer would be required to cover the remaining 80% of the unit cost, any ineligible closing costs, and the costs for delivery, installation, pad/foundation, utility hookups, etc.

Can I purchase a home from a family member, friend, or someone I already know?

Transactions between family members, friends, or other parties with a prior relationship may be eligible. However, these transactions may be subject to additional review to ensure all program requirements are met.

Homebuyer Education

Can I take the homebuyer education course before applying?

Yes. Applicants may complete the course before applying, provided the course is HUD-certified.

How long is the homebuyer education certificate valid?

For the purposes of the HAP program, Homebuyer education certificates are valid for 24 months from the date of completion.

What does the homebuyer education course cover?

The course covers topics such as mortgages, escrow, insurance, home maintenance, budgeting, and other basic homeownership responsibilities. Courses are available online and in person.

Application Process & Timeline

How long does the process take from application submission to closing?

The process is expected to take approximately 60 to 90 days from submission of a complete application through closing, although timelines may vary based on applicant readiness, lender processing, and property selection.

How long do I have to find a home?

At this time, there is no fixed deadline to identify a home after receiving a conditional award. However, the program may establish time limits if necessary to manage funding availability or program demand.

Can I sign a purchase agreement before receiving HAP approval?

No. Homes placed under contract before the applicant receives a HAP conditional award are not eligible for assistance.

What happens after I receive a conditional award?

After receiving a conditional award, you may begin searching for an eligible property. Once a property is selected, the program will review the property, complete required environmental and eligibility reviews, coordinate with your lender, and calculate your final award amount before closing.

Will there be a local office where I can receive assistance?

The program intends to provide local case management and application support. Additional information about office locations and in-person assistance will be announced as arrangements are finalized.

If denied once, can an applicant reapply?

The applicant may appeal the decision by providing a written request to the program explaining the basis of the appeal and including documentation to support the appeal.

Realtor, Lender & Mortgage Loan

Should lenders include HAP assistance when issuing pre-approvals?

Lenders should follow their standard underwriting requirements when issuing pre-approvals. HAP assistance may be considered when evaluating affordability, but assistance is not guaranteed until the applicant receives a conditional award.

Can I change lenders after applying?

Yes. Applicants may change lenders during the process. The lender does not have to be on the program's Preferred Vendor List to be used as a lender by an applicant.

What types of mortgages can be used with HAP?

The program generally allows standard 30-year mortgage products. HAP can be used with government-backed loans, such as USDA and VA Home loans. Additional information about eligible loan types will be provided by the program and participating lenders.

Are applicants limited to traditional mortgage products, or are non-qualified mortgage products also allowed?

Applicants are not necessarily limited to traditional mortgage products. Alternative loan products, such as bank statement loans for entrepreneurs or small business owners, may be considered. Once the pre-approval and supporting documentation are submitted, the case management team will determine whether the loan terms meet program requirements.

Can I refinance my mortgage after receiving HAP assistance?

Refinancing may be permitted, but certain transactions, including cash-out refinances, may affect your HAP assistance or loan forgiveness requirements. Applicants should contact program staff before refinancing.

Can an applicant have a co-signer on the loan that will not be part of the household?

Yes. If necessary for the loan approval, the applicant may have a loan co-signer that is outside of the household. However, the co-signer may not be included on the title, be responsible for maintaining the home, or paying the mortgage. If all of these conditions are met, then the loan co-signer would not be considered as part of the household for the HAP program eligibility review.

What is the average earnest money amount?

The average earnest money amount is $1,000. Earnest money is a deposit payment made by the buyer and held by a title company after a purchase agreement is signed. The payment ultimately goes towards down payment and/or closing costs.

How and when will the lender know the amount of HAP assistance an applicant will receive?

The applicant will first receive a conditional award and then obtain an executed purchase agreement. The lender will provide the necessary loan and cost information so the program can calculate the eligible award amount. That amount can then be incorporated into the lender's underwriting process. Unless the underlying numbers change, the lender and applicant will know the anticipated assistance amount before closing.

Does an applicant have to use a lender or realtor from the HAP Preferred Vendor List?

No. Applicants may use any lender or realtor they choose. The lender's NMLS number will be verified when the program reviews the applicant's pre-approval letter.

Can inspection and appraisal costs be reimbursed?

If the inspection and/or appraisal is paid for by the Realtor or Lender and the amount is included in the Closing Disclosure document, then it can be reimbursed at closing.

If an applicant or co-applicant pays for these costs up front, then it is considered part of the contribution for the purchase. No cash reimbursement is allowed to an applicant or co-applicant.