VA Lenders Handbook (VA Pamphlet 26-7), Chapter 9, Topic 13 — Homebuyer Assistance Program (HAP)

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13. Homebuyer Assistance Program (HAP) Change Date July 30, 2019 • This chapter has been revised in its entirety. a. General Information VA permits Veteran purchasers to utilize HAP services when obtaining a VA home loan. Both government and private entities administer HAPs. • Lenders are not required to obtain VA approval of such programs before closing the loan. Homebuyer assistance programs that are administered by a state, county, or municipal government entity have blanket approval for use with VA loans. These state and local programs are not to be confused with the Department of Defense HAP. • HAPs that do not fall under the blanket approval, should forward the documentation to the VA RLC with jurisdiction over property state. b. Requirements Lenders making VA loans involving HAPs must ensure the following: • the borrower(s) meet(s) VA credit standards, • the lender obtains a VA appraisal, and • the property must meet VA minimum property standards. If the sale price of the property exceeds the VA reasonable value of the property, VA will only allow HAP assistance in the form of a grant to pay the difference. Otherwise the Veteran must pay the difference of price over value from his or her own funds without borrowing. HAPs often require buyers to occupy the property for a specified period of time. The lender must, at closing, obtain the borrower's acknowledgement of this requirement, and provide a copy of the signed acknowledgement if VA requests the loan file for review. Continued on next page VA Pamphlet 26-7, Revised Chapter 9: Legal Instruments, Liens, Escrows, and Related Issues 9-27 13. Homebuyer Assistance Program (HAP), continued c. HAP Fees Chapter 8 of this handbook lists closing charges that Veteran-borrowers are not allowed to pay when a one-percent loan origination fee is charged. Since HAPs are designed to assist low to moderate income buyers, lenders may not charge Veteran-borrowers unallowable fees and use HAP funds to offset these charges since this practice dilutes the assistance that the HAP was intended to provide.

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