

## 12. Homebuyer Assistance Program

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- Change Date** April 5, 2012, Change 18
- This section has been added to provide homebuyer assistance program information.
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**a. General Information** VA permits veteran purchasers to utilize homebuyer assistance program services when obtaining a VA home loan. Both government and private entities administer homebuyer assistance programs. Homebuyer assistance programs that are administered by a state, county, or municipal government entity have blanket approval for use with VA loans. Lenders are not required to obtain VA approval of such programs before closing the loan. These state and local programs are not to be confused with the Department of Defense homebuyer assistance program.

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- b. Requirements** Lenders making VA loans involving homebuyer assistance programs must ensure the following:
- The borrower(s) must meet VA credit standards.
  - The lender must obtain 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 homebuyer assistance program 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.
  - Homebuyer assistance programs 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.
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## 12. Homebuyer Assistance Program, Continued

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### c. HAP Fees

Generally, veterans may pay homebuyer assistance program required fees; however, lenders should contact their Regional Loan Center of jurisdiction for approval of any individual HAP fee to the buyer that exceeds \$250.

*Note:* Chapter 8 of the VA Lenders Handbook lists closing charges that veterans are not allowed to pay when a one-percent loan origination fee is charged. Since homebuyer assistance programs are designed to assist low to moderate income buyers, lenders may not charge veteran-borrowers unallowed fees and use homebuyer assistance program funds to offset these charges since this practice dilutes the assistance that the HAP was intended to provide.