

**Housing Assistance Council  
Self-Help Homeownership Opportunity Program (SHOP)  
Eligible and Ineligible Expenses**

Land acquisition and infrastructure improvement costs incurred on or after **January 23, 2013**, the publication date of the SHOP 2013 NOFA, are eligible. Any construction, rehabilitation or improvement costs of incurred on a SHOP dwelling unit is ineligible.

**I. LAND ACQUISITION**

“Land” shall mean real property purchased by the affiliate pursuant to a deed or leased pursuant to a lease with a term of at least 99 years, except for:

- Insular areas - 40 years or more
- Trust or restricted Indian Lands – 50 years or more

**II. LAND ACQUISITION: LEGAL FEES AND CLOSING COSTS**

Per the Notice of Funding Availability FY 2013 Self-Help Homeownership Opportunity Program (FR5600-N-05), the acquisition of land (including financing and reasonable and customary closing costs) for the purpose of developing or rehabilitating SHOP units is an eligible activity.

Legal fees and closing costs may include reasonable expenses as detailed on the Form HUD-1 Settlement Statement.

<b>Eligible<sup>1</sup></b>	<b>Ineligible</b>
<ul style="list-style-type: none"> <li>• Broker and agent charges</li> <li>• Items payable to a lender in connection with the purchase of property (e.g., origination fees, appraisals, applicable property taxes)</li> <li>• Items required by a lender to be paid at closing to third parties (e.g., premiums for mortgage insurance, hazard insurance, flood insurance.) Only amount due and paid at closing are eligible expenses)</li> <li>• Title and attorney charges (e.g., title search, title examination, title insurance premiums, preparation of deed)</li> <li>• Recording and transfer charges of deed</li> <li>• Other miscellaneous charges, when applicable and incurred in direct connection with the acquisition of property (e.g., notary fees, survey, pest, radon, and lead-based paint inspections)</li> </ul>	<ul style="list-style-type: none"> <li>• Closing costs incurred during the acquisition of property not purchased with SHOP funds for which reimbursement is not being requested</li> <li>• Closing costs incurred during the closing of the SHOP loan which is approved for purposes other than site acquisition</li> <li>• Closing costs incurred in connection with the sale of the SHOP unit</li> <li>• Down payment assistance for the eligible homebuyer</li> <li>• Lender’s title insurance premium for the SHOP loan which is approved for purposes other than site acquisition</li> <li>• Development costs that are not land acquisition costs (e.g., permitting fees, property taxes during the construction period, performance bonds)</li> </ul>

<sup>1</sup> Examples listed are for illustrative purposes and may not be inclusive.

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### III. INFRASTRUCTURE IMPROVEMENTS

Eligible	Ineligible
<ul style="list-style-type: none"> <li>• Utility hook-ups and connections, including, but not limited to, water, electric, gas, and sewage lines</li> <li>• Wells and waste disposal systems, including, but not limited to, sewer and septic systems</li> <li>• Impact and building fees</li> <li>• Streets, streetlights, curbs, roads, and sidewalks</li> <li>• Surveys</li> <li>• Engineering fees</li> <li>• Costs associated with the removal of environmental hazards including environmental testing and site preparation, including, but not limited to, grading, razing, de-leading, hazardous waste clean-up and other environmental clean-up costs. (See Environmental Costs below.)</li> <li>• Landscaping as it relates to subsurface conditions or environmental concerns (e.g., installing retaining wall to prevent erosion)</li> </ul>	<ul style="list-style-type: none"> <li>• Development costs that are not infrastructure improvements costs (e.g., permitting fees, property taxes during the construction period, performance bonds)</li> <li>• Landscaping (e.g., plantings, seeding, and mulching)</li> <li>• Interest on loans used to pay for infrastructure costs.</li> </ul>

### IV. INFRASTRUCTURE IMPROVEMENTS: ENVIRONMENTAL COSTS

SHOP funds can be utilized for environmental costs only under specific circumstances.

Eligible	Ineligible
<ul style="list-style-type: none"> <li>• The Responsible Entity (RE) reports findings on Form HUD-4128, "Environmental Assessment and Compliance Findings for the Related Laws" (EA). The EA is to then be submitted to HAC along with the "Request for Release of Funds" (RROF) and proof of publication all of which HAC will subsequently submit to HUD for approval. Costs incurred in resolving the findings indicated on the EA are SHOP-eligible.</li> <li>• If the EA is performed by HUD, it is the responsibility of the affiliate to submit the EA to HAC. All findings must be documented on the EA in order for the costs incurred in</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative costs associated with the environmental review and assessment. (HAC's SHOP 2013 program does not offer administrative funds to its affiliates.)</li> </ul>

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<p>resolving the findings to be SHOP-eligible.</p> <ul style="list-style-type: none"> <li>• If the RE determines that the project is categorically exempt, the RE is still required to comply with certain environmental standards. It is the responsibility of the RE to have the "HUD Statutory Checklist" completed. If compliance actions are required, the RE should indicate such actions on the RROF that is then to be submitted to HAC along the "Checklist" and the proof of publication all of which HAC will subsequently submit to HUD for approval. Costs incurred in resolving the findings indicated on the RROF are SHOP-eligible.</li> </ul>	