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Homebuyer Activity (Down Payment Assistance – DPA)

IHFA continues to recognize the importance of creating and preserving single family homeownership opportunities due to:

Increasing costs to develop housing for a range of incomes,

Changing federal regulations which are more administratively burdening, and

Forthcoming changes to Affirmatively Furthering Fair Housing.

DPA assists income eligible households, meeting all program requirements with a silent junior lien for the purchase of an eligible housing unit. If not for the assistance and opportunity to use HOME funds, the household would not be in a position to purchase the house. HOME DPA funds are used to directly assist the buyer in the acquisition of the housing unit. Funds will be sent on behalf of the eligible buyer to a title company for disbursement. HOME DPA funds do not go to a partner directly, rather may be reserved on behalf of a development or partner who will construct or assist in identifying a housing unit, free of federal development/acquisition funds; if funds are available.

Unless outlined as a “pilot program”, DPA reservations will be made available through a competitive request for proposal (RFP) as funding allows.

Applicability

HOME Program

Eligible Activities

Homebuyer Down Payment Assistance:

- Direct Down Payment Assistance to qualified households of Fee Simple housing

DEFINITIONS & GENERAL REQUIREMENTS**General Requirements**

- Direct assistance to the homebuyer
- 0% Interest
- Soft second/junior lien
- Due-on-sale, transfer, cash out/equity withdrawal, or default
- Principal Residency requirement
- Requirements during period of affordability

General Lender Process:

- Lender requests instructions and HOME required documents from HOMESF@ihfa.org. All questions and inquiries regarding HOME DPA will also be sent to this email.
- Lender determines the **maximum** mortgage loan amount which can be offered to the homebuyer based on income and agency guidelines. This approval should NOT be based on any amount of assumed HOME funds or trying to meet the HOME housing expense and debt-to-income ratio requirements. This is simply determining the max approval which could be offered.
- Lender submits a complete loan package, per the instructions provided, for HOME’s review. HOME makes all determinations for HOME DPA, and will not accept partial submissions or documentation which does not

meet the necessary standards. HOME will communicate questions, additional needs and decisions to the lender.

- HOME determines the DPA amount to be provided based on income, housing expense ratio, back-end debt-to-income, and other factors. If HOME DPA is approved, it may reduce the first mortgage loan amount, if HOME determines this is necessary for affordability.
- A non-refundable application fee in the amount of \$100 will need to be submitted. The application fee helps cover the costs of processing and underwriting the loan.

This may not be an all-inclusive representation of the required process, as this can vary on a case-by-case basis.

HOME Minimum Program Eligibility Requirements

Approval from a primary mortgage lender and/or income at or below the applicable HOME income limit does not guarantee approval by the HOME department. HOME considers not only income, but also long-term feasibility of all obligations based on history and documentation available at the time of submission. HOME will not approve files which it determines may create financial hardship for the household, or which require an amount of assistance it determines to be infeasible to create affordability.

- 80% AMI or less, per applicable HOME Maximum Income Limits (HUD-CPD)
- Credit Score must be a minimum of 620 and meet primary lender as well as all IHFA-HOME guidelines; provide a Tri-merge credit report to be reviewed by the HOME department. HOME reserves the right to decline if borrower is determined to be too high risk by federal or IHFA-HOME standards, even if permitted by primary lender. Non-traditional credit may be considered if household has the ability to meet the minimum requirements, as outlined under “Credit Score and Non-Traditional Credit.”
- Mortgage payment is no more than 50% increase over household’s current housing expense. More than a 50% increase in housing expense requires a Letter of Explanation detailing how the household will be able to manage the large increase in housing expense, must have a history of responsible financial management (on-time payments, minimal new debt, etc.), and approval from the HOME department. Files exceeding a 50% housing expense increase over previous housing expense may be denied at HOME’s discretion.
- Reserves (savings) equal to at least one month of proposed mortgage payments preferred at the time of application.
- No more than one bankruptcy, foreclosure, or short sale for the household. Foreclosures or short sales in the last three (3) years will be evaluated at the time of submission, and may result in denial.
- Evictions in the last three (3) years, or late rent payments in the last (2) years will be evaluated at the time of submission and may result in denial.
- Repossessions or charge-offs within 24 months may result in denial. Late payments and other derogatory credit in the last 12-24 months will be evaluated on a case-by-case basis, with a Letter of Explanation.
- No open collections (including medical), judgments or liens. On a case-by-case basis, HOME may allow open collections which are on a documented repayment agreement with creditor/lien holder, have a documented history of compliance with the agreement, and this documentation is provided at the time of submission. HOME may deny the file based on collections.
- First Mortgage approval by a reputable Lender/ Broker or USDA-RD Direct, or loan reservation from IHFA if using an IHFA loan (except USDA-RD Direct loans). If using a non-IHFA loan, terms are subject to HOME Department approval.
- ITIN Loans allowed if approved by primary lender, and borrower meets all other requirements
- Household must be able to demonstrate need for assistance – i.e. household does not have other down payment assistance or resources which achieves affordability based on the income level of the household

and/or can demonstrate a gap between available funding and affordability. *Reiterating, if not for the HOME assistance, the household would not have the same opportunity to purchase the housing unit.*

- Household cannot wholly or partially own any other property (land/residence) or be responsible for any other mortgage at the time of application. Residential property ownership or existing mortgage responsibility will result in automatic denial, and the household will not be able to re-apply for at least 12 months. This includes manufactured housing, modular housing, or any other type of dwelling unit, even if classified as personal property. (Does not include RV's, 5th wheels, or camp trailers)
- Household must not have owned a home (land or residence) within 36 months of application to purchase a HOME unit. (Includes all types of housing/property listed above)
- Buyers will be required to sign a certification they have disclosed all assets from all sources to IHFA, an acknowledgement they understand the HOME requirements which will be imposed, and a fraud certification which certifies they understand what information they must disclose and have provided all information required. HOME may decline an application if undisclosed information is discovered during the review process.
- Buyers will sign an acknowledgement detailing their right to: choose a lender, choose a homebuyer education and housing counseling provider, to be represented by a realtor they choose, and to choose the title company and title agent they want to close with. They also acknowledge that they are not required to sign any agreement or document which prevents utilizing or choice of any of these services or providers.
- Any applicant found to have committed fraud on any other program, including non-federal or programs outside of IHFA, who provides misleading/inaccurate information in connection with any application, who submits different information to different programs, or omits information, with or without reasonable explanation or intent, is permanently ineligible for federal funding assistance from IHFA, even if income falls within applicable program limits.

Assets and Calculating Income

Liquid assets, not including retirement accounts, are limited to a maximum of \$25,000 at closing, unless IHFA has pre-approved excess funds to be used for necessary repairs/replacements to the housing unit to meet the necessary HUD quality standards. Exceptions for work to the unit will only be approved for *necessary* repairs. This does not include cosmetic upgrades, new appliances, etc. unless those items are identified as deficient in a qualified home inspection report. Households with more than \$25,000 in liquid assets will be required to invest the additional funds into the closing transaction. HOME down payment assistance will be reduced by the amount the household is required to invest, or as otherwise determined by HOME.

Income generated from an asset ("Imputed Asset Income") is recognized as a component of HUD's Annual Gross Income calculation for HOME program eligibility purposes. Imputed asset income is generated on all liquid assets, retirement accounts, mutual funds, stocks, and any other type of account which has a positive balance, even when funds cannot be drawn until retirement. Imputed asset income applies to the total household balance of funds from all sources over \$51,600 and is figured using HUD's Passbook Savings Rate of .045%. (or \$.45 for every \$100 dollars)

Example using \$75,000.00 in total assets - \$23,400 is the amount over \$51,600, and would be subject to imputed asset income:

$\$23,400 \times .0045 = \mathbf{\$105.30}$ in imputed asset income added to calculation

This could also be figured another way:

$\$23,400 / 100 = \$234 \times .45 = \$105.30$

Assets may not be temporarily withdrawn or moved in an attempt to hide assets or intentionally not disclose for the purposes of trying to income qualify. This is considered fraud with a federal program. Applicants, beneficiaries, lending partners, and any other person/agency assisting a down payment assistance applicant are responsible for ensuring submission of accurate and truthful information in connection with any federally funded application. Any attempt to defraud the federal government, which includes intentional and unintentional omissions, can result in criminal and civil penalties, including confinement for up to five (5) years, fines, and civil penalties. (18 U.S.C. §§287, 1001 and 31 U.S.C. §§3729).

Buyers and lenders will be required to sign a certification they have disclosed all assets from all sources to IHFA. HOME may deny an application if additional undisclosed assets are discovered at any time during the review process, or prior to transfer of title to the applicant. If undisclosed assets are discovered after transfer of title, the household may be required to repay all federal resources provided on their behalf.

Units may not be purchased with cash vs. a qualified mortgage loan. Households with adequate liquid assets or familial/other assistance to pay for the unit without the need for a mortgage loan, or the ability to provide substantial down payment from their own assets or familial/other sources, may be denied due to inability to demonstrate need for federal financial assistance.

Buy-Back Liability for Lender/Broker

If loan is to be purchased by IHFA or another servicer, lender or broker must buy back the loan if IHFA or other servicer declines to purchase 1st mortgage due to deficiencies in loan setup, or if the loan is not purchased by USDA-RD.

Cash Back at Closing

Cash back to buyer at closing is not permitted unless BOTH of the following apply:

- Cash back is from a refundable portion of buyer's own investment (i.e. additional earnest money that exceeds the \$500 minimum required). HOME funds may **never** be provided to a buyer in the form of cash.
- The HOME department has approved the partial refund prior to closing.

Combined Loan to Value (CLTV)

HOME allows the first lender to determine and approve the Loan-To-Value¹ / Combined Loan-To-Value² of the 1st lien. It is the responsibility of the lender to ensure LTV/CLTV meet IHFA's, USDA-RD's, or other servicers guidelines for loan purchase.

Credit Score and Non-Traditional Credit

- Credit Score must be a minimum of 620 and meet primary lender as well as all IHFA-HOME guidelines; provide a Tri-merge credit report to be reviewed by the HOME department. HOME reserves the right to decline if borrower is determined to be too high risk by federal or IHFA-HOME standards, even if permitted by primary lender.

For prospective buyers who can document they do not have a credit score, the HOME department will evaluate the following:

¹ LTV – first loan amount divided by appraised value

² CLTV – first loan amount plus any down payment assistance or other subsequent liens divided by appraised value

- Non-traditional credit model *may* be considered for households who have NO credit, and who can meet the minimum requirements below. Non-traditional credit may not be used as an alternative for poor or negative credit:
 - Documentation of no credit report/credit score available from any of the three credit reporting bureaus
 - Detailed Letter of Explanation stating why the household does not have credit, and how they manage their obligations and pay their bills, to document the need for non-traditional credit consideration.
 - Total Max back-end DTI will be 35% - If there are obligations which are not reported to credit (such as a personal loan from an individual), please disclose those contractual obligations, as well as the documented payment history so we can consider this during our review.
 - Credit references – At least three credit references are required. **Rental housing history must be one of the credit references if there's any rental history in the last three years.** If the household does not currently or has not had any rental obligations in the last three years, a detailed LOE explaining the lack of housing expense will be required to be submitted with the credit references.
 - Two other credit references can be any utility service (power, natural gas, water/sewer/trash), television service, internet service, or phone service. If there are no rent obligations to submit, three references may be selected from this list.
 - If three references cannot be obtained between rent, utilities, television, internet, or phone services, these items *may* be acceptable, subject to IHFA-HOME's review:
 - Insurance premiums (if paid monthly and NOT payroll deducted)
 - Rent to own payments (must be in the last 24 months)
 - Payment of medical bills (ONLY if not in collections and set up on a monthly payment plan with at least three months of established satisfactory payment history – must be within the last 24 months).

This may not be an all-inclusive list of requirements, as needs may vary on a case-by-case. Requirements are subject to change, as determined by IHFA-HOME's review. *Agreement to review non-traditional credit does not guarantee approval, even if lender has determined file meets lender or HOME guidelines.*

Deed of Trust & Note

Upon buyer's initial purchase of the unit, the HOME lien will be in second/junior position behind an approved first lien, as evidenced by a recorded Deed of Trust, unless otherwise approved by IHFA.

Default Events

An event that requires the homebuyer to repay the loan:

- During the period of affordability, the homebuyer rents or otherwise no longer occupies the assisted unit as the principal residence without HOME department approval. See [Principal Residency Exemptions](#)
- Provides or provided materially false or inaccurate information or statements in connection with the loan, including, representation of borrower's household income, assets, occupants, or other factors which may affect eligibility.
- Gives materially false or inaccurate information or statements regarding the occupancy of the assisted unit.
- Opens a Home Equity Loan, Home Equity Line of Credit (HELOC), completes a cash out refinance, or otherwise draws equity from the home's value. See [Refinancing, Home Equity Loans, Subordination](#)

Denials and Award Terminations

If an application is denied by IHFA, a denial letter will be provided stating the reason(s) for denial, as well as when the applicant may re-apply if desired. These decisions are considered final, and IHFA will not review new applications or re-submissions for the denied applicant prior to the stated time-frame.

At IHFA's discretion, a DPA Award Agreement between IHFA-HOME and partner may be terminated with 30-day written notice. Once notice is given, IHFA will not accept new submissions under the award, but will finish any files submitted prior to the termination notice.

Any appeal must follow the Appeals Process located in Chapter 6 of the Administrative Plan.

Environmental Review ([24 CFR §92.352](#)) ([24 CFR §58.35\(b\)\(5\)](#))

The appropriate level of Environmental Review and Clearance must be completed by the HOME department prior to a commitment of federal funds to any activity. For information on the Environmental Review, please see [Chapter 10](#).

Fair Market Value

HOME defines Fair Market Value (FMV) as the negotiated final sales price as agreed upon by a willing seller and willing buyer. All units with HOME funds invested require an appraisal from an unaffiliated third-party appraiser to determine market rate value at the time HOME funds are invested. BPO's, CMA's, and other forms of valuations are NOT permitted. At its sole discretion, IHFA may order its own third-party appraisal, which will be paid for by IHFA.

Family Self Sufficiency (FSS Program)

HOME will pilot a program with FSS to provide DPA to households graduating from one of the FSS programs. This pilot will help with understanding the ability to develop stand-alone DPA programs for other partners (lenders, realtors, etc.). Further, this partnership increases opportunities for rural households, which have not been previously able to purchase a home with HOME funds, as development partners were in more populated areas of Idaho. The FSS program has offices which serve 34/44 counties of Idaho. Many of the details are to be determined, but minimally include the following:

- HOME will work with FSS to determine a process for identifying a possible housing unit, submission and approval of potential HOME recipients, and closing processes.
- Possible rehab of purchase unit in connection with DPA funds to ensure unit meets required HUD quality standards, as permitted by the new HOME rule when it becomes effective, and when such rehab does not trigger Section 3 or Buy America Build America requirements.*
- Possible utilization of HUD Certified Housing Inspectors at branch offices for required inspections.

*If the new HOME rule is not implemented, part of the pilot will evaluate how to work with seller to bring housing unit up to property standards prior to closing.

Homebuyer Eligibility and Approval

Determination is made after all homebuyer information received, including complete application for HOME assistance, and after entering into a purchase and sales agreement with the prospective homebuyer. The HOME Department will review all information and make best efforts to provide feedback on the submission within seven (7) business days. Lenders/Buyers must provide additional information requested by HOME within seven (7) business days of the request or communicate needs for additional time within that timeframe. IHFA may approve a longer timeframe at their discretion. If all requested information is not submitted and/or no request for

additional time has been approved by IHFA by the deadline, IHFA may deny the file. When HOME has received and reviewed all necessary information to make a determination, the decision will be relayed to the lender and/or partner. This decision is final and evaluates all risks associated with the investment of federal resources.

Homebuyer Education

Prior to loan closing, all persons who will be on the title must:

- Complete an IHFA-approved Homebuyer Education course, i.e. *Finally Home!*® (Finally HOME! Homebuyer Education), within 24 months of closing with a HUD certified homebuyer education provider.
- Complete at least one individual (one-on-one) homebuyer counseling session (Finally HOME! Housing Counseling) with a HUD certified housing counseling provider:
 - HOME Program- No minimum number of hours for one-on-one counseling, however each homebuyer-household must complete a ‘recurring’ monthly expenses budget, which is submitted to HOME program staff as part of the homebuyer application.
 - Must be completed within six (6) months of closing. A new session and certificate of completion will be required if initial session was completed more than six (6) months before closing.
 - *To reduce conflicts of interest and create respective separation of duties, the seller of the affordable unit may not **also** be the Homebuyer Education and Housing Counseling Provider. Buyers must choose another HUD certified Housing Counseling Provider to complete the required education and counseling.*

A list of current HUD Certified Homebuyer Education and Housing Counseling providers is available upon request from IHFA-HOME.Homebuyer Minimum Investment

- \$500 minimum contribution - must be verified.
- Cash gift(s) of \$5,000 or less are allowed if fully documented and verified. Cash gifts over \$5,000 require IHFA-HOME review and approval. Each file is considered individually based on circumstances and need.
- If the value of “sweat equity” completed is \$500 or more, this can be used as the minimum investment – must be verified and shown as a credit on the final Closing Disclosure/HUD-1 at purchase.

Impounds

As required by primary mortgage guidelines for property taxes, insurance, and industry standard impound costs. IHFA retains the right to review and may not permit costs to be paid with HOME funds which it determines are not industry standard or eligible under the federal regulations.

Income Calculations

For asset and other income details, the HOME department conforms to requirements found in [24 CFR §5.609](#). HOME requires “household” income, which is inclusive of all income coming into the household from all sources, and for all persons 18 or older, regardless of whether they are on the loan or title.

The HOME department will require two full months of paystubs, bank statements, tax returns, asset documentation, and any other required documentation for **all** persons over the age of 18.. Failure to disclose income, assets, other adult household members living in the home, or other omissions, may result in an automatic denial.

Using all income documentation, a two-month average of current income will be calculated and then **multiplied** by 12; this determines the required Projected Income for the household under the HOME Program. *Households with highly variable, seasonal, or other infrequent sources of income may be reviewed for the last twelve months at IHFA-HOME’s discretion. Households with self-employment income, contract income, or other types of*

income (ex. Etsy, Grub Hub, Door Dash, Uber, etc.) will need to provide the last three years of federal tax returns and/or other official documentation from the source, as required by IHFA to establish self-employment income. Screen shots and other unofficial documentation will not be accepted.

An example:

	A	B	C	D	E	F	G	H
1	XXX - Paid bi-weekly - using YTD thru 7/9/2022 (26 wks) totals as hours vary	OT (\$18.73 thru 7/9/2022)	Short Term Disability	Child Support from XXX	Child Support from XXX		Unofficial Child Support from XXX	Imputed Income from Assets
2								
3	\$19,906.10	\$18.73	\$464.27	\$200.00	\$1,547.48	15-Jul	\$250.00	\$203.77
4						2-Jun	\$250.00	
5	\$765.62	\$0.72				2-May	\$250.00	
6	(\$19,906.10/29 weeks)	(\$18.73/29 weeks)				31-Mar	\$250.00	
7						2-Mar	\$250.00	
8						1-Feb	\$250.00	
9						3-Jan	\$250.00	
10						3-Dec	\$250.00	
11						3-Nov	\$250.00	
12						5-Oct	\$220.00	
13						14-Sep	\$220.00	
14						4-Aug	\$220.00	
15								
16				\$16.67	\$128.96		\$242.50	
17	Total avg base			Per month avg.	Per month avg.		Per month avg.	
18	\$39,812.20	\$37.46	\$464.27	\$200.00	\$1,547.48		\$2,910.00	\$203.77
19	(Annual)	(Annual)	(Annual)	(Annual)	(Annual)		(Annual)	(Annual)
20								
21	\$45,175.18	Total Income From All Sources						

Income Calculations and Eligibility Requirements

Please note – income eligibility does not guarantee approval of HOME funds. The HOME Program reviews more than just income to determine eligibility. Lending partners are strongly encouraged to communicate questions to the HOME department when screening for eligibility of a household. It is likely there will be variance in income calculation between the primary lender and the HOME department. For the use of HOME funds, the household must meet all HOME and IHFA requirements, and the final eligibility determination is based on the HOME department's review.

- As defined in [24 CFR 5.609](#), HOME follows Part 5, annual (gross) income when determining household income. **ALL** income for all household members 18 years of age and older is required to be included in the household income calculation.
 - A dependent household member (i.e. child of applicant) who is 18 or older enrolled in full time school (either high school or post-secondary) may be eligible to exclude their income from the calculation, **except** the first \$480. If household member is not in high school, member must be able to prove full time enrollment in post-secondary education to exclude any portion of enrollee's income.
 - Student financial assistance, including gifts, scholarships/grants, etc. may be required to be counted in some circumstances. Please communicate with HOME if any person in the household receives any kind of student financial assistance so its applicability to the income calculation, as well as any other inclusions/exclusions of student income or assistance can be determined.

HOME programs income calculation does not conform to industry lending standards. HOME must include all incomes, even those not considered or used by the Primary Lender. Exhibit Y provides additional information on income inclusion/exclusions.

Households must be at or below 80% AMI, per the effective HOME Program maximum income limits released by HUD-CPD, at the time of application. The income limit which applies, is the effective limit on the date a purchase agreement/contract is executed. Recertification must be completed every six (6) months after the initial conditional approval, at any time income or household circumstances change, prior to closing, or at HOME's discretion.

HOME projects income for the next 12 months by collecting and reviewing the most recent two months of pay stubs and/or any other type of income for the household in most cases.

HOME may collect 12 full months of income or use Year-To-Date (YTD) income in cases of widely variable or seasonal income. The HOME department defines "seasonal" as unemployed or hours/pay reduced by at least 50% for three (3) or more months of the year. Seasonal/widely variable pay reviews require submission of all pay statements for the full 12 months. HOME will determine if reviewing more than two months is necessary, and the most appropriate length of time to review based on the circumstances of the household and type of income. *HOME's calculation method and income determination may differ from the primary lender.*

For self-employment (including online businesses like Etsy, or delivery/rideshare service like Grub Hub or Uber, etc.), HOME will collect the most recent three (3) years of federal tax returns and/or direct income documentation (as determined by the type of income and HOME), and may require YTD income statements. In all cases, official documentation from the source of income will be required. Screen shots and unofficial data do not meet the federal standards and will not be accepted.

Income from liquid assets (interest, dividends, etc.) in excess of \$51,600 is required to be added to the income calculation in order to comply with [24 CFR §5.609](#). Effective January 1, 2025; the passbook savings rate is .045% (45 cents for every \$100). See "Assets and Calculating Income" for examples of this calculation.

Income Targeting

As defined in [24 CFR §5.609](#), Idaho Housing and Finance Association follows Part 5 annual (gross) income when determining household income.

- Homebuyer household must be at or below 80% of the Area Median Income (AMI), per HUD CPD maximum income limits.

HOTMA: Current effective compliance date of July 1, 2025. SF will begin implementing HOTMA rules as of April 1st, 2025

Ineligible Costs (Examples – Not all inclusive)

HOME reviews all costs paid at closing to ensure only eligible costs are paid with HOME funds. HOME will not pay any cost it determines to be ineligible, even if not listed below.

- Repairs (unless required for the unit to meet physical inspection standards and approved in advance by HOME), updates, upgrades, or add-ons to any home purchased by a HOME eligible buyer
- Collections/Judgments
- Tax Liens
- Delinquent taxes, fees or charges on property
- Payoffs/Pay-downs of outstanding revolving, fixed rate loan balances, or unpaid debts
- Home warranties
- Interest rate buydowns

Ineligible Loans & Programs

- Interest-Only
- Hybrid
- Combo
- Variable Interest Rate
- Private land sales contracts
- Adjustable rate mortgages (ARM)
- Prepayment penalties

Insurance Requirements

HOME must be added as additional insured or additional mortgagee on homeowners insurance. This is in addition to the primary mortgage holder/servicer. Please note, HOME's mortgagee clause differs from Home Loan Serv. The following mortgagee clause is required for all HOME loans:

Idaho Housing and Finance Association
HOME Programs Department
PO Box 9405
Boise, ID 83707

To ensure insurance benefits are available to assisted households if needed, deductibles must be affordable. Units with HOME funds invested for DPA are restricted to a maximum deductible of \$2,500 or 1% of the total mortgage loan amounts, whichever is less. HOME will begin verifying deductibles when reviewing insurance binders April 1, 2025.

Maximum Debt-To-Income (DTI) Limits

Maximum back-end DTI allowed by the HOME is 45%. The HOME Program is committed to affordability, and in most cases, assistance is denied if the homebuyer's DTI is greater than 45% of the household's annual gross income after the HOME investment. The HOME program will include 1% of student loan debt, regardless of loans being in a deferred status.

Maximum Origination Charge

HOME may limit origination charges and fees which can be charged to a household receiving HOME assistance, if it determines fees are excessive or unreasonable.

Maximum Principal, Interest, Taxes, and Insurance (PITI)

The HOME programs provide assistance to eligible households to help acquire **affordable** housing. Affordable is defined as no more than 35% of a household's annual gross income spent on principal, interest, property taxes, homeowner association fees (HOA) and insurance (PITI). HOME is not obligated to subsidize HOA fees as part of the determination of a household's need for assistance. In most cases, assistance is denied if the homebuyer's PITI is greater than 35% of a household's annual gross income after reasonable HOME investment is calculated, as determined by IHFA-HOME.

Maximum Sales Price Limits

Established and updated on an annual basis by HUD-CPD, maximum sales price limits are based on the median sales price of homes in the area over a certain period. The posted sales price and income limits in effect at the time a household executes a purchase contract are the limits which apply. See [HOME Program Sales Price Limits](#).

HOME units must be sold to an eligible household for Appraised Value OR the total cost to acquire the

develop the unit (includes all hard costs, soft costs, developer fees and land costs from all sources), **OR the published HOME Maximum Sales Price Limit.** The seller determines which method is the most appropriate to repay all sources, ensuring the sales price does not exceed the effective maximum sales limit, while keeping sales price reasonably affordable. Seller must be able to provide the methodology and documentation detailing how the price was determined if requested by HOME or HUD-CPD.

Developers may not charge any fees to eligible households.

Maximum Subsidy Limits to Homebuyer

Assistance is determined by buyers need and evaluated by calculating back end Debt-to-Income (DTI) and Housing Expense ratios. The amount of assistance provided to a qualified household is based on the HOME department's determination of need. Assistance is generally limited to 40% of the sales price; however, there may be some cases HOME will increase or decrease assistance based on the buyers' ratios and need. At HOME's sole discretion, a household may be declined if they need more assistance than HOME determines to be feasible. The amount of assistance will serve as the mechanism to ensure buyers are within the HOME department's stated limits, to make the buyers mortgage payment affordable for the household, or to provide the assistance required for the first loan to be approvable for the primary lender. *HOME is not obligated to provide additional assistance to meet lower ratios preferred by a lender or developer, or more funds than it determines to be feasible.*

- Back-end DTI is all debt (including housing) divided by monthly gross income. For buyers with student loan debt, the HOME department will calculate 1% of loan balances, regardless of being in a deferred status at time of application.

Income	Estimated Mortgage Payment	Housing Expense Ratio	Debt to Income Ratio (assumes \$350 a month in other debt payments)	Within 35% Housing Expense Ratio and 45% Back End DTI limits?
\$39,000.00	\$1,350.00	42%	52%	NO
\$39,000.00	\$1,250.00	38%	49%	NO
\$39,000.00	\$1,125.00	35%	45%	YES

*Does not detail specific assistance amounts, sales prices, or interest rates. All of those factors are variable and depend on the buyer and the unit. This example is solely meant to demonstrate the impact of reducing the mortgage payment as a tool to meet the required IHFA Housing Expense and Back End Debt-to-Income ratios.

Methods Used to Recapture HOME

Recapture Option

HOME = Under the Recapture Option, the homebuyer can sell their assisted unit at any time to any willing buyer for whatever the market will bear, with no restrictions.

When title to the unit is transferred, IHFA will attempt to recapture the full amount of the homebuyer subsidy (loan) as available from the net proceeds of the sale as defined under at [24 CFR §92.254 \(a\)\(ii\)\(A\)](#).

IHFA will also attempt to recapture the total amount of HOME subsidy provided to the homebuyer if the homebuyer fails to comply with the program's primary residency requirements during the period of affordability. These requirements and conditions are described in the homebuyer's Deed of Trust Note.

When the period of affordability expires, the homebuyer is no longer required to comply with the primary residency requirements; however, the loan remains in place as a 0% interest loans which is due on sale, unapproved refinance, or initiation of any type of equity withdrawal.

Net Proceeds of Sale

Defined as the sales price minus the repayment amount of all superior loan(s) and homeowner's closing costs at the time of the sale as defined at [24 CFR §92.254\(a\)\(5\)\(ii\)\(A\)\(1\)](#).

- a) IHFA will attempt to recapture the entire amount of the homebuyer assistance whenever a unit is subject to recapture is sold, or any event of default occurs. However, IHFA is limited to only the amount available from the Net Proceeds of the sale, if any.
- b) Any excess Net Proceeds, defined as the amount remaining after IHFA has recaptured the HOME homebuyer assistance, belongs to the homebuyer.

Occupancy Monitoring

IHFA will conduct annual verification the household continues to occupy the HOME assisted property as the principal residence. Verification will continue during the entirety of the affordability period. *See Deed of Trust Note.*

If the household no longer occupies the unit as their primary residence during the Period of Affordability, and does not have an approved exemption from IHFA (see Period of Affordability below); the household is out of compliance and considered in default. Corrective actions to cure default may include: the household moving back into the unit, the household repaying funds in full or selling the unit. If attempts fail to cure default when the household has had reasonable opportunity to cure, the file may be turned over to legal counsel to begin legal proceedings as permitted by Idaho state law, and the HOME Program. In extreme cases, this can result in foreclosure of the property.

Period of Affordability (POA)

All Homebuyer Activities	
Assistance to Homebuyer	Period of Affordability
Less than < \$15,000	5 years (60 months total)
\$15,000-\$40,000	10 years (120 Months total)
Greater than >\$40,000	15 years (180 months total)

Defined as the period of time a homebuyer is required to reside in the assisted unit as their Principal Residence because they received the benefit of the program funds, either through direct or indirect assistance. During the POA, the unit cannot be rented or left vacant except as approved by the HOME Programs Department. There are two Principal Residency Exemptions. See [Principal Residency Exemptions](#).

The Principal Residency Requirement is in effect only during the POA. It is enforced through a deed restriction with the homeowner. **Expiration of the POA does not reduce the loan amount, or extinguish the repayment requirement.**

Principal Residence Requirement

Assisted homeowner is required to reside in the property through the Period of Affordability (POA) as a principal residence.

Principal Residency Exemptions

There are two (2) allowable residency exemptions. Granting a temporary exemption requires the submission of a written plan to the HOME Programs Department for approval. The plan must include a date of return to occupy the assisted unit as a primary residence, and independent documentation of the hardship (military transfer papers; full-time class schedule). Any approved exemption will be rescinded if the homeowner's military status or student status changes. If rescinded, household may apply for another exemption based on new circumstances, if related to military service or full time post-secondary education of borrower(s) or spouse/partner.

Service Member

Homeowner or Spouse/Partner - With prior approval from the HOME Program's Department, the principal residency requirement can be temporarily suspended if a homeowner or homeowner's spouse/partner is active duty military and is deployed or transferred out of the area with plans to return to the assisted unit within 30 days of the end of active duty or deployment. With the HOME Program Department's prior approval, the unit can be rented. However, the term of the lease should be no more than 6 months. Any plans to rent the unit should be submitted with the exemption request.

Full-time Post-Secondary Education

Homeowner or Spouse/Partner - The principal residency requirement can be temporarily suspended if the homeowner or spouse is enrolled **full-time** (≥ 12 credit hours) in a post-secondary education institution that is located more than 50 highway miles from assisted unit, and relocates to attend in-person classes. There must be an approved plan in place with a date to return to the assisted unit no more than 15 days after the end of academic year, or the when status is no longer full-time. This exception request must be resubmitted to the HOME Programs Department each academic year.

With an exemption approved by the HOME Program Department for one of the two allowable residency exemptions, the unit can be rented while the homeowner is temporarily absent. However, the term of the lease can be **no more** than 6 months.

Residency Exemptions should be submitted to HOMESF@ihfa.org for review.

Properties- Eligible

- Single-family structure
- Condominium
- Manufactured Home (with restrictions – see Manufactured/Modular Housing)
- Modular Home (with restrictions – see Manufactured/Modular Housing)

Properties- Ineligible

- Rental (homes purchased with the intent to rent vs. use as owners primary residence)
- Investment Properties
- Second Homes
- Multi-unit structures (Duplexes, Triplexes, etc. in which owner purchases more than one unit)

Property Standards

At the time of occupancy (defined as loan closing), the unit must meet State and local codes, local property standards, ordinances, and zoning, state or local disaster mitigation requirements and Section 8 Housing Quality Standards (HQS)³ or the National Standards for the Physical Inspection of Real Estate (NSPIRE)⁴ when officially implemented by HUD.

New Construction

- State of Idaho's current Residential Building Code for new construction
- Local property/housing quality standards, codes, ordinances, zoning, as applicable
- Where required, housing must be constructed to mitigate the impact of potential disasters such as earthquakes, hurricanes, flooding and wildfires, in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.
- Section 504 as applicable to federally-assisted homeownership activities
- Development should consider each request for a reasonable modification/accommodation. Owner-Developer will determine if the request is feasible based on written policy.
- Americans with Disabilities Act (ADA) as applicable to federally-assisted homeownership housing applicable to federally-assisted homeownership housing.
- Uniform Federal Accessibility Standards (UFAS) - as applicable to federally-assisted homeownership housing.

Rehabilitation of Existing Housing

- Includes residential code requirements, property standards, and ordinances.
- All major systems must have a minimum remaining useful life for a minimum of five (5) years, or the major systems must be rehabilitated or replaced as part of the rehabilitation work to be completed.
- The HOME department will use the Home Inspection Report performed by a HOME department third party inspector to identify the scope of work.

Lead-Based Paint Requirements

- Any unit built prior to January 1, 1978 requires a full Risk Assessment performed by an EPA Certified evaluation firm to determine if LBP or other hazardous materials are present. Projects assisted with HOME funds must comply with rules and guidelines of the EPA Renovation, Repair and Paint Rule and HUD's Lead-Safe Housing Rule, as amended [24 CFR Part 35](#), subparts B-R
- Units with no findings exceeding EPA or federal allowances do not require any further action, except submission of the LBP clearance (clear risk assessment) to HOME with the household's application for HOME DPA.
- If Risk Assessment identifies hazards, all directions and guidelines from the EPA Certified risk assessor for clearance and/or abatement must be followed, and a new Risk Assessment must be completed verifying clearance of all hazards.

³ HUD-CPD adopted Home Quality Standards ("HQS") as the standard for homeownership housing assisted with HOME funds. HQS remains in effect as HOME's default property/housing quality standard until further notice, and/or if no local standard exists.

⁴ HUD-CPD adopted the National Standards for the Physical Inspection of Real Estate ("NSPIRE") as the HOME program's property standards for all housing activities anticipated to be effective October 1, 2024. HQS remains in effect as HOME's default property/housing quality standard until NSPIRE becomes effective, in addition to any local standards in existence.

- Additional LBP requirements under HUD's Lead Safe Housing Rule:
https://www.hud.gov/sites/documents/RRP_LSHR_GUIDANCE.PDF

Manufactured/Modular Housing

Must comply with applicable state and local laws and codes with the following additional requirements:

- Must be connected to permanent utility hook-ups
- Attached to a permanent foundation and other site/foundation conditions as identified at [24 CFR Part 3280](#)
- Located on land that is owned fee simple or a 99-year leasehold by the manufactured/modular housing unit owner
- Must comply with manufacturer's written instructions for installation
- New Manufactured or Modular Housing must meet HOME Construction and Safety Standards of [24 CFR Part 3280](#)
- Engineers Certification required for installation of manufactured or modular housing
- Manufactured or modular housing which has been moved from its original installation site may be ineligible. Please contact IHFA to determine feasibility.
- Proof of Conversion to Real Property will be required prior to purchase. This process may vary by County or City – Must comply with local requirements to complete this process.

Property Inspection

An IHFA approved fully independent third-party Home Inspection Report is required to be completed by an approved IHFA inspector, and must comply with HQS, NSPIRE (anticipated effective date October 1, 2025) and/or any other applicable HUD or IHFA requirements. IHFA staff will review the inspection report and additional property repairs may be required. A re-inspection is required to verify repairs were made. The Home Inspection Report will not be approved until the HOME-assisted unit meets local applicable code, local property/housing quality standards, and *Section 8 Housing Quality Standards*.

The following inspections **must also** be submitted when applicable (may not be an all-inclusive list):

- Septic & Well
- Wood Stove, Fireplace insert
- Lead Based Paint (LBP) Risk Assessments
- Risk Assessments/Inspections for risk factors such as Methamphetamine or other hazardous contaminants (*If there's any reason to believe methamphetamines or other hazardous contaminants have been used or present in any unit (not restricted to known labs), a risk assessment is required to either clear the property, or determine the process and level of clean up required to achieve clearance.*)
- Any inspections required by the first mortgage loan or as outlined in the sales agreement,
- Certificate of Occupancy from the city/county - see property standards listed above (new construction)
- Any other inspection determined by HOME or any other funding source to be required to meet quality and safety standards

HOME pays for the initial full home inspection report. HOME may pay for the re-inspection based on circumstances and findings.

Ownership

Purchaser must occupy the home within thirty (30) days of loan closing. The buyer(s) will take ownership in fee simple title on an eligible property.

For property held on Indian Lands Trust, or Restricted Indian Lands, homeownership includes a ground lease of at least 50-years located at [24 CFR §92.2](#) Homeownership.

Ownership Interest

The property is subject only to the restrictions on resale as required at [24 CFR §92.254\(a\)](#); *mortgages, deed of trust*, or other liens or instruments securing debt on the property as approved by the Participating Jurisdiction, (PJ); or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership.

The loan **must** be identified on the final title report as a recorded lien against the subject property.

Refinancing, Home Equity Loans, Subordination

If a Borrower with an outstanding HOME loan chooses to refinance the first mortgage, the HOME Programs Department must be contacted **prior** to loan approval/closing. HOME will generally subordinate to Rate/term only refinances. HOME will not subordinate to cash out refinances or any type of equity withdrawal, including home equity loans and lines and reverse mortgages. The HOME loan must be repaid in full to proceed with cash out of any kind. .

Reservation of HOME Funds

Copy of the 1st lien reservation showing the loan approval and locked interest rate obtained through www.Idahohousing.com if IHFA is [long-term servicer of the loan](#). If another servicer will be utilized, the loan reservation with the chosen servicer is required.

Subgrantee Pilot Program

IHFA will pilot providing \$4 million to a non-profit organization who develops affordable single-family housing by administering a downpayment assistance program to income eligible households. This pilot program is to expand the reach of single-family homeownership opportunities across the state. The funds must be for households earning less than 80% of Area Median Income, secured by a deed of trust, and will be able to provide loan terms that repay the funds to IHFA upon sale, transfer, or default. Interested non-profits will need to complete a response to a Request for Proposal.

Subsidy Layering

IHFA will invest HOME funds only in the amount needed in combination with other funding, to help a qualified homebuyer purchase a safe, decent (defined as Standard Condition) single-family unit. HOME funds will be the **last** funds added to the financing equation unless prior approval received from IHFA-HOME. This means, all other funding, including the maximum amount the primary mortgage holder can approve, any other sources of down payments, and all grants/gifts, etc. are accounted for and all terms and amounts are submitted to IHFA-HOME at the time of application. IHFA then completes an income calculation and plugs in available amounts to determine the remaining gap. Should the housing expense ratio be over 35% on the first mortgage based on maximum approved loan amount, after consideration of all other funds, HOME *may* choose to provide additional DPA to bring down the housing expense.

Senior Lien Approval

HOME will accept the senior lien approval when reserved through IHFA's loan reservation (resloan@ihfa.org), another reputable lender/servicer, or USDA-RD direct when homebuyer's PITI is $\leq$ 35% annual gross income, and back end DTI is 45% or less after all funds, including HOME, are invested. If ratios exceed stated limits, or other HOME concerns exist, IHFA will review and determine if approval is acceptable based on HOME underwriting standards.

Uniform Relocation and Voluntary Sales Disclosure (VSD)

Required Documentation:

- Seller and buyer prior to or at the time the purchase offer is made must sign VSD & URA Form. There are no exceptions to this requirement.
- Voluntary Sale Disclosure - Voluntary Acquisition Informational Notice as required by 24 CFR §92.355 and [49 CFR 24.101\(b\)\(2\)\(i\)](#) Completion of the Voluntary Sale/Environmental Review/Uniform Relocation Assistance Disclosure forms. See [Admin Plan Exh O⁵](#)

Wait Lists

All partners must have a wait list, and written wait list policy detailing how applicants are added to the list, what requirements must be met, how applicants are selected from the list, when they are removed from the list, and how the list is managed. All procedures must comply with all federal, state, and local fair housing laws, ADA, and 504 requirements.

Partners **must** follow their wait list procedures. IHFA may ask for the wait list and wait list procedures to ensure we are reviewing applicants in the correct order, and wait list procedures are being followed.

⁵ <https://www.idahohousing.com/documents/2024-admin-plan-exh-o-ura-voluntary-disclosure-sample-forms.pdf>