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HOMEBUYER ACTIVITIES (FEE SIMPLE)

(All Community Land Trust activity requirements have been removed from section 2-B. Please see new section 2-C for Community Land Trust activity)

Applicability

HOME & NSP Programs

Eligible Activities

- Homebuyer Activities Owner-developer must be a qualified non-profit or unit of local government
 - Homebuyer Properties Activity (Fee Simple)

DEFINITIONS & GENERAL REQUIREMENTS

General Requirements

- Direct assistance to the homebuyer
- Standard reasonable soft costs at loan closing
- 0% Interest
- Soft second lien
- Due-on-sale or default
- Principal Residence Requirement during period of affordability

Assets and Calculating Income

Income generated from an asset is recognized as a component of HUD's Annual Gross Income calculation for HOME/NSP program eligibility purposes.

- To comply with 24 CFR 5.609, IHFA first determines the assets, then compute the market and/or cash value of each asset, then determines the income from the asset which is included in the annual income calculation [Technical Guide for Determining Income and Allowances for the HOME Program-3rd Addition; January 2005: Pg. 13]

Asset Limitation

Includes all household members

- Household liquid assets will be limited no more than 12 months of monthly household expenses at closing. The HOME department will evaluate each household to determine the maximum amount for the individual household based on documentation provided by the buyer and the buyer's lender at the time of review. (excludes retirement accounts); *Household expenses are defined as reoccurring i.e. mortgage expense, installment loans, revolving debt, average utilities, average transportation, and food expenses. The HOME department may use the established budget from the Homebuyer Counseling session to assist with determining the limit.*
- If the HOME department determines household assets exceed allowable limits, the excess funds must be invested in the home. Households may also choose to pay off/pay down debt with excess funds.
- ASSETS MAY NOT BE TEMPORARILY WITHDRAWN OR MOVED IN ORDER TO APPEAR UNDER THE ASSET LIMIT. ATTEMPTS TO HIDE ASSETS OR INTENTIONAL NON-DISCLOSURE WILL DISQUALIFY THE BUYER FROM PURCHASE.
- Buyers will be required to sign a certification they have disclosed all assets from all sources to the HOME department.
- Income from assets over \$5,000.00 (interest, dividends, etc.) is required to be included in the income calculation.

- Age 62+ (Elderly) households must be able to qualify for and accept a primary mortgage on the unit.
- Age 62+ (Elderly) households may be eligible to keep more in liquid assets than non-elderly households (excluding retirement accounts). Eligibility is determined at the time of income and asset review.

Buy-Back Liability for Lender/Broker

Lender or broker must buy back the loan if IHFA 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/NSP funds may **never** be provided to a buyer in the form of cash.
- The HOME department has approved the partial refund prior to closing.

Default Events - Defined

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 their principal residence (without HOME department approval See Principal Residency Exemptions)
- Provides materially false or inaccurate information or statements in connection with the loan, including, representation of borrower's household income
- Gives materially false or inaccurate information or statements regarding the occupancy of the assisted unit

Combined Loan to Value (CLTV)

HOME/NSP allows the first lender to determine and approve the Loan-To-Value (LTV – first loan amount divided by appraised value = LTV) / Combined Loan-To-Value (CLTV – first loan amount plus any down payment assistance or other subsequent liens divided by appraised value = CLTV) of the 1st lien. It is the responsibility of the lender to ensure LTV/CLTV meet IHFA's or USDA-RD's guidelines for loan purchase.

Eligible Homebuyer Activities

- Homebuyer Properties Activity-Owned and developed by HOME department approved and qualified non-profit developers or unit of local government. Owner-Developer acquires the property then constructs or rehabilitates single-family unit (s), then sold to HOME/NSP qualified homebuyers within 9 months of completion of development activity.

Environmental Review (24 CFR 92.352) (24 CFR Part 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.

Fair Market Value

HOME defines Fair Market Value ("FMV") as the negotiated final sales price as agreed upon to by a willing seller and a willing buyer. There are three methods to establish Estimated Fair Market Value for non-CLT homebuyer activities. Please see Section 2-C for CLT value requirements.

1. Appraisal
2. Property Valuation / Comparative Market Analysis (must be completed by an independent licensed realtor familiar with local market conditions)

3. Brokers Price Opinion (must be completed by an independent licensed broker familiar with current local market conditions)

Financial Accountability Standards

CPA- Audited Financial Statements for the most recent fiscal year must be submitted with each proposal (RFP) or application (NOFA). *Draft or internally prepared financials, will not be accepted.* The HOME department will determine if the recipient has adequate financial management systems and practices in place as well as sufficient financial resources to carry out the project to completion. The HOME Department reserves the right to require interim financials at its sole discretion.

Homebuyer Eligibility and Approval

Determination made after all homebuyer information received and prior to entering into a written agreement with the homebuyer for HOME-assistance.

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.
- Complete at least one individual (one-on-one) homebuyer counseling session (Finally HOME! Housing Counseling):
 - 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.
 - NSP Program- Minimum 2 hours of one-on-one counseling that includes the completion of a ‘recurring monthly expenses’ budget to be submitted to HOME program staff as part of their application evaluation process.
 - 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.

Homebuyer Minimum Investment

- \$500 minimum contribution - must be verified.
- Cash gift(s) allowed if fully documented and verified.
- If “sweat equity” is \geq \$500, than no additional cash is required – must be verified and shown as a credit on the final CD/HUD-1 at purchase.

Maximum Subsidy Limits to Homebuyer

- Assistance is determined by buyers need, and evaluated by calculating back end Debt-to-Income (DTI) and Housing Expense ratio. The amount of assistance provided to a qualified household is based on the HOME department’s determination of need. 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.
- The HOME department *may* approve higher DTI or Housing Expense Ratio on a case-by-case basis, and only if buyer has good credit, minimal debt, and stable employment.
- 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.

Impounds

As required by primary mortgage guidelines

Income Targeting

As defined in 24 CFR 5.609, Idaho Housing and Finance Association follows Part 5 known as Section 8 definition of annual (gross) income when determining household income.

- HOME- Homebuyer household must be at or below 80% of the Area Median Income (AMI).
- NSP- Homebuyer household must be at 50% AMI -120% AMI or, as determined by the HOME department.

Income Calculator

Lending partners and owner-developers are strongly urged to use the HUD-CPD Income Calculator when income qualifying homebuyers and tenants. To create a secure account, go to [CPD Calculator - HUD Exchange](#)

Ineligible Loans & Programs

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

HOME/NSP Loan terms (Fee Simple Only)

- Zero Percent (0%) interest
- Due-on-sale, default, cash out refinance (unless it meets specific conditions as required by IHFA) or non-compliance with conditions identified in the Note

Eligible Costs (24 CFR 92.206)

- Acquisition of real property to include land and existing structure(s)
- Closing Costs-Industry standard and reasonable as approved by IHFA HOME Program
- Other costs incurred associated with the acquisition of the housing assisted with HOME/NSP funds as approved by IHFA HOME Program

Ineligible Costs (Examples – Not all inclusive)

- Repairs, updates, upgrades, or add-ons to any home purchased by a HOME or NSP eligible buyer
- Collections/Judgments
- Tax Liens
- Delinquent taxes, fees or charges on property
- Payoffs/Pay-downs of outstanding revolving or fixed rate loan balances, or unpaid debts
- Home warranties

Income Calculation

- As defined in 24 CFR 5.609, HOME/NSP follow Part 5, also known as Section 8 definition of 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 household member 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.
- HOME/NSP are required to include all types of income including regular wages, overtime, bonuses, commissions, tips, child support, alimony, and most of other types of income. **THE HOME/NSP INCOME CALCULATION ROUTINELY DIFFERS FROM THE FIRST LENDER'S DUE TO FEDERAL PROGRAM REQUIREMENTS. HOME/NSP PROGRAMS DO NOT CONFORM TO INDUSTRY LENDING STANDARDS. THOUGH CERTAIN TYPES OF INCOME ARE NOT REQUIRED TO BE USED (ex. child support, alimony, etc.), OR ALLOWED TO BE USED BY THE FIRST LENDER DUE TO LENDING GUIDELINES (i.e. overtime, bonus, secondary employment, etc.), HOME/NSP **MUST** INCLUDE ALL TYPES OF INCOME TO COMPLY WITH FEDERAL REGULATIONS.**
- HOME/NSP calculates **projected 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.
- For variable employment income, seasonal employment income, or other variable sources of income, HOME/NSP may collect 12 full months of income, or use Year-To-Date (YTD) income. HOME/NSP will determine the most appropriate length of time to review based on the circumstances of the household and type of income.
- For self-employment, HOME/NSP will collect the most recent three (3) years of federal tax returns.
- Social Security, Supplemental Social Security, Disability, Pensions, etc. require submission of the official letter from the Social Security Administration or source of pension/other income stating the amount the recipient receives on a monthly basis. *We do not verify this type of income via bank statements.*
- Income from liquid assets (interest, dividends, etc.) in excess of \$5,000 is required to be added to the income calculation in order to comply with 24 CFR 5.609. Most often, this is calculated using the posted passbook savings rate (<https://www.idahohousing.com/documents/passbook-saving-rate.pdf>), but may occasionally use actual interest/dividends earned if that information is clearly stated on all statements provided.

Below is an example of base pay figured using YTD income due to variability in base pay, overtime estimated based on YTD received, child support received (only child support *received* in the last 12 months is counted), short term disability income, and imputed income from assets (figured separately and then added to the calculation) to arrive at the total household income.

A	B	C	D	E	F	G	H
- 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 [REDACTED]	Child Support from [REDACTED]		Unofficial Child Support from [REDACTED]	Imputed Income from Assets
\$19,906.10	\$18.73	\$464.27	\$200.00	\$1,547.48	15-Jul	\$250.00	\$203.77
					2-Jun	\$250.00	
\$765.62 Avg. (\$19,906.10 / 26 weeks)	\$0.72 Avg. (\$18.73 / 26 weeks)				2-May	\$250.00	
					31-Mar	\$250.00	
					2-Mar	\$250.00	
					1-Feb	\$250.00	
					3-Jan	\$250.00	
					3-Dec	\$250.00	
					3-Nov	\$250.00	
					5-Oct	\$220.00	
					14-Sep	\$220.00	
					4-Aug	\$220.00	
			\$16.67	\$128.96		\$242.50	
Total avg base			Per month avg.	Per month avg.		Per month avg.	
\$39,812.20	\$37.46	\$464.27	\$200.00	\$1,547.48		\$2,910.00	\$203.77
(Annual)	(Annual)	(Annual)	(Annual)	(Annual)		(Annual)	(Annual)
\$45,175.18	TOTAL INCOME FROM ALL SOURCES						

Maximum PITI

The HOME and NSP programs provide assistance 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, and insurance (PITI). In most cases, assistance is denied if the homebuyer's PITI is greater than 35% of a household's annual gross income. On a case-by-case basis, an exception may be made if the homebuyer has a good credit history and minimal other debt.

Owner-developer may request a waiver (of a requirement) as identified in the plan if the waiver would be beneficial to the overall project, including the homebuyer. A waiver request should be submitted in writing to HOME Programs Department. Program regulatory requirements cannot be waived.

Maximum Debt-To-Income (DTI) Limits

Maximum back end DTI allowed by the HOME or NSP Programs is 45%. HOME and NSP Programs are 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. On a case-by-case basis, and solely at HOME/NSP's discretion, a request for DTI higher than 45% *may* be reviewed if the homebuyer has good credit history, minimal other debt and stable employment. **The HOME program will include 1% of student loan debt, regardless of loans being in a deferred status.** Meeting these minimum requirements is not a guarantee of HOME/NSP approval to exceed stated limits.

Maximum Sales Price Limits

Established and updated on an annual basis by HUD-CPD, maximum sales price limits are based the median sales price of homes in the area over a certain period. See HOME Program Limits and Requirements.

(NSP)-The property must be sold to a NSP-eligible homebuyer at a price that is the lesser of the estimated fair market value or the total cost to acquire and develop the unit. This sales price cap helps ensure the price the homebuyer pays for

an abandoned (vacant and substandard condition based on local property standards) or foreclosed unit after rehabilitation/ redevelopment is affordable and reasonable given the investment in the unit.

- **NSP Program prohibits IHFA and the owner-developer from making profit on the sale of the property.**

If a property is assisted with both HOME and NSP funds than the sales price (to low-income homebuyer) cannot exceed the HOME Maximum Sales Price Limit or the total cost to acquire and develop the unit whichever is less

Methods Used to Recapture HOME and NSP Funding

Recapture Option

HOME/NSP= 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 §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, due on sale or unapproved cash-out refinance loan.

Minimum Eligibility Requirements

- (HOME) Total household income cannot exceed 80% of the Area Median Income (AMI)
- (NSP) Total household income cannot exceed 120% or 50% AMI depending on activity and IHFA's approval
- ITIN Loans allowed if approved by primary lender, and borrower meets all other requirements
- Borrower(s) must be eighteen (18) years or older
- Borrower(s) cannot wholly or partially own any other property (land or residence). 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)
- Can demonstrate need for assistance

NSP Only-The 25% Program Rule

25% of NSP funds must target households with an annual gross income \leq 50% AMI

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 [§92.254(a)(5)(ii)(A)(1)]

1. IHFA will attempt to recapture the entire amount of the homebuyer assistance whenever the unit is sold. However, IHFA is limited to only the amount available from the Net Proceeds of the sale, if any.
2. Any excess Net Proceeds, defined as the amount remaining after IHFA has recaptured the HOME/NSP homebuyer assistance, belongs to the homebuyer.

Occupancy Monitoring

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

Principle residency temporary exemptions- click here [Principal Residence Requirement Hardship Exemption](#)

Passbook Saving Rate- Liquid Assets

Passbook Savings Rate is used to calculate household income from liquid assets over \$5000. HUD periodically updates the passbook rate. Current rate is available on the IHFA website at <https://www.idahohousing.com/federal-programs/home-program>

Primary Mortgage

A homebuyer must have a primary mortgage pre-qualification from an IHFA participating lender or mortgage broker prior to the application for funds. Standard Lending Program (FHA, VA, CONVENTIONAL, USDA-RD) <https://www.idahohousing.com/homebuyers/find-a-lender-broker>

- Fixed rate
- Non sub-prime
- Buy-back liability if the mortgage is not purchased by IHFA or USDA-RD
- ARM and other hybrid loan structures are not allowed

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)¹

Properties- Eligible

- Single-family structure
- 1-4 unit structure
- Condominium
- Manufactured Home²
- Modular Home

Properties- Ineligible

- Rental (homes purchased with the intent to rent vs. use as owners primary residence)
- Investment Properties
- Second Homes

Per Minimum Eligibility Requirements, Homebuyer(s) cannot wholly or partially own any other property (land/residence). 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)

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)

¹ HUD-CPD adopted the Uniform Physical Condition Standards as the HOME program’s property standards for all homebuyer activities in the 2013 Revised HOME Rule. However, as of this date, HUD Office of Affordable Housing Programs has not implemented the standard. Until implemented by HUD, HQS remain in effect as HOME's default property/housing quality standard if no local standard exists.

² Idaho law allows manufactured home park community residents to purchase an ownership share of the real property to accumulate necessary equity for the acquisition from the current owner.

Defined as the period of time a homebuyer is expected 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 Revised Principal Residency Exemptions

The Principal Residency Requirement is in effect only during the POA. It is enforced through a deed restriction with the homeowner.

Principal Residence Requirement

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

Principal 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). Plan should include a request to rent the unit; lease term cannot be longer than 6 months. The exemption will be rescinded if the homeowner's military status or student status changes.

1. Service Member

Homeowner or Spouse- With prior approval from the HOME Program's Department, the principal residency requirement can be temporarily suspended if a homeowner or homeowner's spouse 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.

2. Full-time Post-Secondary Education

Homeowner or Spouse- 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. There is 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 status is no longer full-time. This exception request must be resubmitted to the HOME Programs Department each academic year.

With the HOME Program Department's approval, 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 HomePrograms@ihfa.org for review.

Ownership

Purchaser must occupy the home within thirty (30) days of loan closing. The buyer(s) will take ownership in fee simple title or maintain a minimum 99-year leasehold interest 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 (see 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.

Reservation of HOME Funds

Copy of the 1st lien reservation showing the loan approval and locked interest rate obtained through www.Idahohousing.com

Deed of Trust & Note

Upon buyers initial purchase of the unit, the HOME/NSP lien will be in second position behind an approved first lien, as evidenced by a recorded Deed of Trust.

Initial Purchase/Credit Requirements (Homebuyer)

- HOME/NSP must review and income qualify every potential buyer – **this is a separate review from the first loan process** – Questions and submissions must be sent to Kim Deming at kimberlyd@ihfa.org.
- Credit Score consistent with the 1st lien guidelines – HOME/NSP reserves the right to decline if borrower is determined to be high risk by federal standards.
- Borrower(s) must receive First Mortgage approval by IHFA, IHFA-approved Lender/ Broker or USDA-RD.
- Current Tri-merge credit report required and reviewed by the HOME program.
- Pay-off collections, judgments, liens per Automated Underwriting findings within the past 12 months are subject to HOME Program's Department review and approval. HOME will require payoff or proof of payment plan., even if not required by the primary lender.
- Automated or manual underwriting approval by the primary lender **does not guarantee qualification or approval by the HOME Programs Department.**

Refinancing, Home Equity Loans, Subordination

If a Borrower with an outstanding HOME/NSP loan chooses to refinance the first mortgage, the HOME Programs Department must be contacted **prior** to loan approval/closing. HOME/NSP will generally subordinate to Rate/term only refinances, as long as the refinance is completed using an IHFA approved lender, loan product, and puts the Borrower in a better financial position.

Any type of Revolving Line, Home Equity Line-of-Credit, debt consolidation, or cash to the borrower directly are not allowed.

Home equity loans or cash-out refinancing of the primary mortgage may only be considered if the request falls under one of the specific exceptions listed below, and only with prior approval by IHFA's HOME Programs Department:

- Medical hardship and/or death of homebuyer/immediate family member
- Emergency home repairs for assisted unit
- Capital improvements for assisted unit

Documentation is required to substantiate all claims and disbursements. Approved disbursement(s) must be paid directly to a third party through a Title Company. If approved, borrower must utilize a single disbursement fixed rate home equity loan, or cash out refinance using an IHFA-approved lender and loan product.

Senior Lien Approval

HOME/NSP will accept the senior lien approval process when completed through www.idahohousing.com or USDA-RD when homebuyer's PITI is $\leq 35\%$ annual gross income, and back end DTI is 45% or less. If ratios exceed stated limits, IHFA must review and determine if approval is acceptable based on HOME/NSP underwriting standards.

Subsidy Layering

- IHFA will invest HOME/NSP 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/NSP funds will be the last funds added to the financing equation unless prior approval received from IHFA-HOME.

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 O](#)

Homebuyer Properties Activity**Activity Description**

Qualified non-profit development organizations and qualified units of local government who serve as owner-developers under this activity. Eligible activities are acquisition and/or new construction, acquisition and/or rehabilitation of single-family housing units to be sold to income eligible, IHFA qualified households. Each assisted unit must be sold (defined as under contract) within 9 months of the Completion Date of the construction or rehabilitation work.

HOME/NSP funds are awarded to qualified non-profit owner-developers in the form of a loan (see Homebuyer Properties Maximum Subsidy Tables for activity type Click here: <https://www.idahohousing.com/federal-programs/home-program/>

Homebuyer must qualify for and accept the maximum amount of a first (1st) lien mortgage financing available and affordable to the buyer, as defined under “Maximum PITI” and “Maximum Debt-To-Income” above. In order to comply with HOME/NSP maximum ratios, the mortgage loan amount may be adjusted after the HOME department determines the amount of HOME/NSP funds to be provided to the Homebuyer (see [maximum allowable subsidy to homebuyer](#))

Developer Fee

Developer Fee is based on total cost of development as reflected in the IHFA approved budget. Final Developer Fee will be based on actual costs, and will be reduced if final costs are less than the approved budget amount. No additional Developer Fee will be paid on approved budget overages.

HOME, NSP, and/or HTF Projects (no Low-Income Housing Tax Credits)

Developer Fee is calculated based on the following:

- **Minor Rehabilitation** – 10% of total project cost (includes hard and soft costs) when rehab costs are ≤10% of the purchase price. To be determined by physical inspection according to HOME rehabilitation standards and approved budget;
- **Moderate Rehabilitation** – 15% of total project costs when total rehab costs (hard and soft costs) do not exceed 75% of the replacement value of the unit. Units requiring 75% or more in rehab costs will not be eligible for funding, and will be denied.
- **New Construction** -15% of total eligible project costs

Developer Fee Schedule- Single Family only

Developer Fee is calculated at budget approval, and adjusted at final disbursement after the property is sold to a qualified homebuyer and all final documentation is received by IHFA. Disbursement schedule is as follows:

- 25% at acquisition
- 25% at 50% completion (drywall stage for new construction)
- 25% at Certificate of Occupancy or completion of rehabilitation work
- 25% at closeout when all necessary info has been submitted and approved by IHFA

Lead-Based Paint Requirements

- Owner-Developer/ Developer must be an EPA-Certified Renovation Firm.
- Funding proposal must include evidence the area in which the property is located has an adequate supply of EPA-Certified Risk Assessors/Renovation contractors and workers. This requirement will help ensure the project is completed within the specified timeframe and within the approved budget.
- The Federally funded hard rehabilitation costs minus any Lead-based Paint costs (i.e. Lead-based Paint Inspection, EPA- Certified Risk Assessment, Interim Control of lead hazards, and clearance testing) cannot exceed \$24,999 per unit.
- A project assisted with HOME, HTF, NSP 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.
- Additional LBP requirements under HUD's Lead Safe Housing Rule:
https://www.hud.gov/sites/documents/RRP_LSHR_GUIDANCE.PDF
- See New Exhibit K of this Administrative Plan for additional general information.

Occupancy Status of Acquisition Property

- Must be vacant for a minimum 90 days prior to contract or owner-occupied (by the Seller)
- No tenant-occupied properties

Manufactured Housing

- Must comply with applicable state and local laws and codes as stated above 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 203.43(f)
- Located on land that is owned fee simple or a 99-year leasehold by the manufactured housing unit owner
- Must comply with manufacturer's written instructions for installation
- New Manufactured Housing must meet HOME Construction and Safety Standards of 24 CFR Part 3280
- Engineers Certification required for installation of manufactured housing
- Proof of Conversion to Real Property will be required prior to completing sale to any homebuyer. This process may vary by County or City – Developer must comply with local requirements to complete this process.
- Developers must consult HOME/NSP before moving forward with a manufactured housing project to verify requirements.

Property Standards

At project completion, the unit must meet the following requirements:

- **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
- **Newly Constructed or Rehabilitated Housing**

Construction or rehabilitation must begin within 12 months of the date of the commitment of HOME funds, and the property must meet the applicable local and/or state code for new construction, standards, and ordinances when complete.

Developers/contractors must provide an estimated completion date for the following new construction milestones:

- Site work/infrastructure
 - Foundation
 - Framing
 - Rough-ins (HVAC, Electrical, Plumbing)
 - Drywall
 - Paint
 - Flooring/Counter tops
 - Finish Work
 - Certificate of Occupancy (CO)
- **Rehabilitation of Existing Housing**

Rehabilitation will follow HOME department Rehabilitation Standards as identified at Exhibit C of Annual Administrative Plan (See Admin Plan Exh.C1 or C2 depending on program funding source). Includes residential code requirements, property standards, ordinances, crosscutting regulations.

All major systems must have a minimum remaining useful life for a minimum of five (5) years or for such longer period specified by the participating jurisdiction, or the major systems must be rehabilitated or replaced as part of the rehabilitation work. Any identified deficiencies will require repair or replacement prior to the sale to the homebuyer.

The HOME department will use the Home Inspection Report performed by a HOME department third party inspector to identify the scope of work.

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, UPCS, and/or any other applicable HUD or IHFA requirements. IHFA staff will review the inspection report and additional property repairs may be required. A second inspection is required to verify repairs were made. The Home Inspection Report will not be approved until the HOME/NSP-assisted unit meets local applicable code, local property/housing quality standards, and *Section 8 Housing Quality Standards*.

The following reports **must also** be submitted prior to approval:

- Septic & Well (as applicable),
- Professional Wood Stove, Fireplace insert (as applicable)
- Lead Based Paint (LBP) Risk Assessments (as applicable)
- Risk Assessments/Inspections for risk factors such as Methamphetamine or other contaminants (as applicable)
- Any inspections required by the first mortgage loan or as outlined in the sale agreement,
- Proof that the construction was completed according to all applicable building codes, and,
- Certificate of Occupancy from the city/county -see property standards listed above

Reimbursement Request

Submitted reimbursement requests will be subject to approval by the HOME Department and must follow established procedures found in Chapter 6 and the Loan and Regulatory Agreement.

Substandard Condition But Suitable for Rehabilitation

Prior to acquisition, if a residential property is defined as Substandard but can be brought up to the applicable existing state and local (applicable) code for existing structures and property/housing quality standards, and the applicable property standard, at a total project cost that is less than <75% of the property's replacement cost.

Substantial Rehabilitation

- Rehabilitation costs on substandard housing with a total repair/replacement costs greater than 75% of the property's total replacement cost.
- Five percent (5%) of the all rental dwelling units or a minimum of one must be made accessible to persons with mobility disabilities. In addition, 2% of the dwelling units, or a minimum of one unit (whichever is greater), must be made accessible to persons with hearing or visual disabilities.
- At its discretion, IHFA may waive the 75% total replacement value threshold if the rehabilitation activity meets one of the following designations, and other conditions as IHFA deems appropriate
 - The property currently serves a Special Needs population as defined in the current Five-Year Consolidated Plan; or
 - The property receives Project-Based Rental Subsidy and will continue to do so during the period of affordability

Project or Activity Completion Date

- (NSP)- Defined as the date when all necessary development (construction or rehabilitation) work is completed, the unit has received a final inspection as required by the HOME department, and all close-out documentation is submitted to the satisfaction of the HOME department.
- (HOME/HTF)- Defined as the date all necessary development (construction or rehabilitation) is complete, unit inspected, all close-out documentation is submitted to the satisfaction of the HOME department, and the project is closed out in IDIS (HUD's Integrated Disbursement and Information System).

Conversion of Homeownership Unit to a Rental Unit

(HOME)24 CFR §92.254(a)(3) requires IHFA to convert any homebuyer housing unit to a permanent rental housing unit if the unit is not sold to an eligible homebuyer within nine (9) months of the (construction/rehabilitation)completion date (defined above)

If conversion is required, the rental unit must comply with all provisions of the HOME rental-housing program during the period of affordability [24 CFR 92.252].

Maximum Origination Charge

Lender is limited to a maximum 1.5% origination fee on each lien

Maximum Subsidy Limits

Defined as the maximum amount of HOME or NSP funds that can be invested on a per-unit basis.

HOME limits are determined by HUD-CPD on an annual basis, and based on Section 234-Condominium Housing basic mortgage limits for elevator-type projects. For additional information see [Under Resources see most current Per Unit Subsidy Limits](#). HOME maximum subsidy limits may never be exceeded under any circumstances. If the project is under the subsidy limit and costs increase, the HOME department may approve change orders/overages for eligible costs within 25% of the approved budget.

NSP subsidy limit is determined by the HOME department's review and approval of expected and/or actual costs. Each project will be evaluated for cost reasonableness, subsidy layering, and feasibility. Total allowable costs will be determined by the HOME department's review and approval of the project budget, plus 25%. The HOME department may approve change orders or overages for eligible costs *if* they are determined to be reasonable and acceptable.

Maximum Sales Price Limits to Low-Income Homebuyers**○ HOME Program**

Section 215(b) of National Affordable Housing Act requires the purchase price of homeownership units not exceed 95% of the area median sales price, as determined by HUD-Community Planning and Development (CPD). Section 92.254(a)(2)(iii) of the Revised HOME Rule established new homeownership value limits for HOME-assisted units. These new value limits apply to homeownership housing at the time the HOME funds are committed (See Exhibit E of this Plan for most current homeownership value (purchase price limits). HOME units must be sold to an eligible household for the lesser of Fair Market 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).

○ NSP Program

NSP-assisted property must be sold to an NSP-eligible homebuyer at a price that is the lesser of the appraised value or the total cost to acquire and develop the unit. The sales price limit helps ensure the price the homebuyer pays for an unit is affordable and reasonable given what was invested in the unit.

The NSP regulations prohibit IHFA and Owner from making a profit on the final sale of the property to a NSP-eligible homebuyer

Eligible Owner Entities

- IHFA Certified CHDOs
- Other qualified 501(c)(3) housing development organizations
- Qualified Local unit of government