Red Font Denotes a Change

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Homebuyer Activity (Down Payment Assistance – DPA)

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

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.

The HOME department has identified a need for an additional single family activity. DPA as a stand-alone activity, is now an eligible activity for non-profit, single family developers. When a non-profit developer is awarded stand-alone DPA for a project they are ineligible to apply for either development funding for fee simple (2B) or community land trust (2C) activities for the same project. *The methods for calculating assistance and qualifications in this chapter apply to 2B.* The purpose of the stand-alone DPA activity is to allow developers to find alternative funding sources which may expedite the construction and/or preservation of single family housing.

Applicability

HOME & NSP Programs

Eligible Activities

Homebuyer Activities:

- Owner-Developer must be a qualified, IHFA approved non-profit or unit of local government.

DEFINITIONS & GENERAL REQUIREMENTS

General Requirements

- Direct assistance to the homebuyer
- 0% Interest
- Soft second lien
- Due-on-sale, transfer or default
- Principal Residence Requirements during period of affordability

Assets and Calculating Income

Liquid assets, not including retirement accounts, are limited to 12 months of the household's recurring expenses, or a maximum of $25,000 at closing. 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. ~~*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.*~~

Income generated from an asset ("Imputed Asset Income") is recognized as a component of HUD's Annual Gross Income calculation for HOME/NSP 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 $50,000, and is figured using HUD's Passbook Savings Rate of .040%. (or $.40 for every $100 dollars)

- ~~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]~~

Assets may not be temporarily withdrawn or moved in an attempt to hide assets or intentionally not disclose. Applicants and beneficiaries are responsible for ensuring submission of accurate and truthful information in connection with any federally funded project or application. Any attempt to defraud the federal government can result in criminal and civil penalties, including confinement for up to 5 years, fines, and civil penalties. (18 U.S.C. §§287, 1001 and 31 U.S.C. §§3729).

Buyers will be required to sign a certification they have disclosed all assets from all sources to IHFA. HOME may decline an application if additional undisclosed assets are discovered during the review process.

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

- ~~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.

Combined Loan to Value (CLTV)

HOME/~~NSP~~ allows the first lender to determine and approve the Loan-To-Value[1] / Combined Loan-To-Value[2] 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.

Deed of Trust & Note

Upon buyer's 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.

[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

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 their principal residence without HOME department approval. See Principle Residency Exemptions
- Provides or provided 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.
- Opens a Home Equity Line of Credit (HELOC), completes a cash out refinance, or otherwise draws equity from the home's value without the prior permission for subordination from the HOME Department. See Refinancing, Home Equity Loans, Subordination

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. 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 to by a willing seller and a willing buyer. There are three methods to establish Estimated Fair Market Value for fee simple activities.

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)

Homebuyer Eligibility and Approval

Determination is made after all homebuyer information received, including application for HOME assistance, and prior to entering into a purchase and sales agreement with the homebuyer. The HOME Department will review all information and make best efforts to provide a feedback on the submission within seven (7) business days. When HOME has reviewed all necessary information to make a determination, the decision will be relayed to the lender as soon as possible. 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.
- 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 ≥ $500, the minimum investment is considered met – 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, etc.

Income Calculations

For asset and other income details, the HOME department conforms to requirements found in 24 CFR §5.609 until further guidance is provided by CPD.

The HOME department will need **all** paystubs, bank statements, asset documentation for all persons over the age of 18 who have income, regardless of whether they are on the loan. Failure to disclose income or adult household members 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 Projected Income for the household. *Households with highly variable, seasonal, or other infrequent sources of income may be reviewed for the last twelve months. Households with self-employment income will need to provide the last three years of federal tax returns.*

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

Lending partners are strongly encouraged to work with the HOME department to determine the 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/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 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. Questions regarding inclusion/exclusion should be sent to HOMESF@IHFA.ORG.

- ~~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. 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.~~

Households must be at or below 80% AMI at the time of application. Recertification must be completed every six (6) months after the initial conditional approval, at any time income or household circumstances change, and prior to closing.

HOME/~~NSP~~ 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/NSP 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 pay reviews require submission of all pay statements for the full 12 months. HOME~~/NSP~~ 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.

For self-employment (including online businesses like Etsy, etc.), HOME~~/NSP~~ will collect the most recent three (3) years of federal tax returns or direct income documentation (as determined by the type of income and HOME), and may require YTD income statements. *Be advised, Part 5 Gross Income does not consider normal removal of costs, fees, or other deductions from the gross income.*

- ~~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 $50,000 is required to be added to the income calculation in order to comply with 24 CFR §5.609. Effective January 1, 2024; the passbook savings rate is .040% (40 cents for every $100). ~~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.~~

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.

HOTMA: Effective January 1, 2024 with a minimum program compliance deadline of January 1, 2025. SF will begin using HOTMA rules for income calculation as of April 1st, 2024. More information will be made available prior to April 1, 2024.

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

Ineligible Loans & Programs

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

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.

Minimum Eligibility Thresholds

Approval from a primary lender does not guarantee approval by the HOME department.

- ~~(HOME) Total household income cannot exceed~~ 80% AMI or less
- ~~(NSP) Total household income cannot exceed 120% or 50% AMI depending on activity and IHFA's approval~~
- Credit Score meets primary lender guidelines, as well as IHFA minimum requirements; provide a Tri-merge credit report to be reviewed by the HOME department. HOME/NSP reserves the right to decline if borrower is determined to be high risk by federal standards.
- ~~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.~~
- Mortgage payment is no more than 50% increase over household's current housing expense – more than 50% increase in housing expense requires a Letter of Explanation detailing how the household will manage the large increase in housing expense, responsible spending/financial management, as well as approval from the HOME department.
- Reserves (savings) equal to at least one month of proposed mortgage payments at the time of application.
- No more than one bankruptcy, foreclosure, or short sale.
- Repossessions, charge-offs, late payments, and other derogatory credit in the last 12-24 months will be evaluated on a case-by-case basis.
- No open collections (including medical), judgments or 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.~~ Unless a documented agreement with creditor/lien holder is in place for repayment, and applicant can prove adherence to the agreed upon terms.
- First Mortgage approval by an IHFA-approved Lender/ Broker or USDA-RD Direct, and loan reservation from IHFA (except USDA-RD Direct loans).
- ~~Automated or manual underwriting approval by the primary lender **does not guarantee qualification or approval by the HOME Programs Department.**~~
- ITIN Loans allowed if approved by primary lender, and borrower meets all other requirements
- Household can demonstrate need for assistance
- ~~Borrower(s) must be eighteen (18) years or older~~
- Household must not have owned a home (land or residence) within 36 months of application to purchase a HOME or NSP unit. 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).

Maximum Origination Charge

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

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 and NSP 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. On a case-by-case basis, an exception may be made if the homebuyer has a good credit history and minimal other debt.

Maximum Sales Price Limits ~~to Low-Income Homebuyers~~

~~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~~ 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. ~~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).~~ 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 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)- The property must be sold to an 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. The 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.

- Except for approved developer fee, nonprofit owner/developers cannot receive any profit or proceeds from the project, other than reimbursement of development costs. Developers may not charge any fees to eligible households.

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

If a property is assisted with both HOME and NSP funds then 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.

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.*

- 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.

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 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, due on sale or unapproved cash-out refinance loan.

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).

1. 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.
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 household 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~~

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.

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 HOMESF@ihfa.org for review.

Properties- Eligible

- Single-family structure
- 1-4 unit structure
- Condominium
- Manufactured Home
- 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)

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.

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 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.

[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.

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.

Reservation of HOME Funds

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

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.

Senior Lien Approval

HOME/NSP will accept the senior lien approval process when reserved through IHFA's loan reservation process (resloan@ihfa.org) or USDA-RD direct when homebuyer's PITI is ≤ 35% annual gross income, and back end DTI is 45% or less. If ratios exceed stated limits, or other HOME/NSP concerns exist, IHFA will review and determine if approval is acceptable based on HOME/NSP 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 O[5]

[5] https://www.idahohousing.com/documents/2023-admin-plan-exh-o-ura-voluntary-disclosure-sample-forms.pdf