

**ARIZONA HFA**

**2009 Single Family Program**

**LENDER TRAINING**

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# THE PRODUCTS



## FIRST MORTGAGE

One or more Commitment Lots will be established in connection with the Program. A different loan interest rate may be set for each Commitment Lot. It is anticipated that all Mortgage Loans delivered with respect to a Commitment Lot will bear the same interest rate for each loan type. Current rate is

**4.99%.**



## DOWN PAYMENT/CLOSING COST ASSISTANCE

**NEW**

**NO THIRD PARTIES**

**NEW**

1. Assistance of up to 5% of the sales price of the home. Borrower(s) qualify for MRB program and HFA requirements
2. Lenders advance assistance at closing
3. Lenders reimbursed at loan purchase by Servicer
4. Lender prepares **Grant, Deed of Trust and Note** to secure any required repayment of the assistance. All are in the name of the HFA.
5. **Down payment assistance is not a separate program. All requirements of the First Mortgage apply to the assistance without exception.**



## DOWN PAYMENT ASSISTANCE

1. Assistance is a grant that's repayable in whole or in part if the residence is sold or refinanced, or the home is no longer the borrower's principal residence, within 5 years of loan closing.
2. The repayment requirement, starts at 100% of the grant, and declines by 20% on each anniversary of closing.
3. Repayment secured by deed of trust or other encumbrance recorded as a lien on the property.



# PROGRAM REQUIREMENTS



**Eligible Area:** All of the State of Arizona BUT NOT the counties of Maricopa and Pima.

**Eligible Borrowers:**

- **Buyers and their spouses must meet first-time buyer requirement but waived for Targeted Areas, & Vets Exception**

**BONUS \$**

**•FOR FIRST TIME BUYERS: THEY MAY QUALIFY FOR THE FEDERAL \$8,000 TAX CREDIT. Time is running out. Firm contract dated no later than April 30, 2009 and closed on or before June 30, 2009.**

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1. Work visas, student visas, any temporary visas do not qualify.
2. Those with permanent asylum qualify and should provide an I-9.
3. All applicants must be considered irrespective of age, race, color, religion, national origin, sex, marital status, military status or physical handicap.
4. Buyers must occupy the property purchased within 60 days of closing
5. The past three years federal income tax returns are required for all borrowers and spouses but are **NOT** required for Targeted Area buyers or those meeting Veteran's Exception.



## Veterans Exception

Qualified Veterans were discharged or released under conditions **other than dishonorable**. They **cannot have owned a home previously** as a non-first-time buyer as a result of using a bond or MCC program.

There is verbiage on the first page of the Affidavit that must be checked.

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**Minimum Credit Score** HFA requires minimum credit score of 620 (the mid score must be 620 or above). If Agency has higher minimum, use Agency guidelines. If participating lender has a higher minimum for it's other loans and decides to impose on bond program, follow lender guidelines. Manual underwrites are permitted when there is no FICO score.

**Minimum Borrower Contribution** Borrowers must contribute \$1,000 of their own funds.

**Debt to Income Ratios** Debt-to income ratios considered for credit qualification purposes cannot exceed 31%/43%. There are no exceptions.

**Homebuyer Education** Homebuyers and everyone on the mortgage/deed must take homebuyer education from a HUD approved provider. A list of qualified courses appears on the website.

**Cosigners are NOT PERMITTED IN THIS PROGRAM**



## HOUSEHOLD INCOME LIMITS

1. Includes ALL income of borrower(s) and spouse (occupants and non- occupants) and any person who will live in the household who is 18 years of age or older.
2. Bond program income is not averaged. It's annualized. Different from income used for credit underwriting.
3. More detailed guidelines for calculating bond program income in the Bond Compliance Underwriting section in Administrator's Guidelines.

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### Non-Targeted Areas

Location	1-2 person HH	3 + person HH
Coconino County	\$60,900	\$70,035
Pinal County	\$65,900	\$75,785
All Other Counties	\$60,400	\$69,460



## **ACQUISITION LIMITS (SALES PRICE LIMITS)**

**Includes everything paid by the buyer or on the buyer's behalf but not financing costs.**

**Limits are by county, non-targeted and targeted, 1-2 units in Administrator's Guidelines.**



## About the Property

New or existing, one or two unit, detached or attached, condos, townhomes, manufactured homes (FHA only - see U S Bank Bulletins)

Homes are considered new if never previously occupied.

Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.

Land may not exceed the size required to maintain basic livability.

Properties purchased in the program must be residential units.

No more than 15% of the square footage of the home being purchased may be used in connection with a trade or business including Child Care services (other than incidental rental from eligible multi-unit structures).



## **Targeted Areas**

**Designated by HUD for this program**

**Buyers need not be first-time buyers**

**Income Limits are higher**

**Sales Price Limits are higher**

**Targeted Census Tracts in Guide**



## **Additional Program Requirements**

Property must be undamaged by fire, windstorm or other hazard

Down payment assistance funds received by mortgagor have been applied to the transaction and are verified on the HUD-1 Settlement Statement; such funds must be applied to offset any required down payment or to pay for closing costs;

Seller has not advanced funds, solicited or induced funds to be advanced by another, directly or indirectly for the payment of any amount required by the loan, except to the extent specifically provided by Authority lending programs;



A title insurance policy satisfactory to Authority insures the mortgagee's interest;

All settlement and closing costs paid, outside of pre-pays or borne by either party to the transaction will be disclosed, itemized and clearly explained on a closing or settlement statement, a copy of which will be furnished to the Borrower(s) and the Property Seller prior to closing

Property must be inspected by a licensed, qualified, third party home inspection company. Inspection must be acceptable to buyer.

A one year home warranty provided by a licensed home warranty company must be provided for all previously occupied homes

For newly constructed homes, a one year Builder warranty along with a 2-10 warranty will be required.



## ABOUT THE FINANCING

**Appraisal** must indicate that the home has at least a 30 year remaining useful life.

**Assumptions** - First mortgage loans may be assumed by a qualified borrower meeting qualifying requirements, income and acquisition price restrictions in place at the time of the assumption. Such loans must continue to fully comply and be insured or guaranteed by the *insurer/guarantor* or the mortgage insurer.

**Construction to perm** is not permitted.



**Minimum Loan Amount** - There is **no minimum loan amount** in this program.

**Prepayments** - The first and second mortgages may be prepaid at any time without penalty.

**Recapture Tax** - The conditions of repayment of the federal subsidy of these loans is explained in a separate brochure provided on the Website. Basically, if the property is disposed of in the first full nine years AND a net profit is made AND the borrowers income exceeds the income limits allowed at time of sale, recapture tax may have to be paid with the federal income tax return for the year in which the home is sold.



**Refinances** are not permitted. However, temporary, construction or bridge financing with a term of 2 years or less may be taken out with a bond program loan.

**Remaining reserves** are not established by the bond program. If any, these are determined by the type of financing used (i.e. FHA).



# THE PROCESS



## TIMING IS EVERYTHING

1. **Buyers MUST HAVE A FULLY- EXECUTED SALES CONTRACT FOR A SPECIFIC PROPERTY** in order to have funds reserved or be on a waiting list.
2. **Buyers may be prequalified. However, if the buyer does not have a contract on a property, BOND FUNDS MAY NOT BE HELD for the buyer until such time as the buyer presents a valid contract.)**

### **Loan Processing, Delivery and Purchase Timetable**

Reservation to Underwriter Certification = **30 days**

Reservation to Closed & Delivered to Servicer = **50 days**

Reservation to Exceptions Cleared, Loans Purchased = the sooner to occur of the final purchase date of the commitment lot or **80 days**

Reservation to Recorded Docs delivered to U S Bank = **120 days**

**Loans not meeting timelines cancel.** Don't reserve until you know the loan will meet the timelines



# PROGRAM FEES



## FEES

**FIRST MORTGAGE FEES** Lenders may charge 1.00% as origination or discount, but not both.

**Lenders cannot charge any additional points.**

**ADMINISTRATOR FEE** The program includes a non-refundable first mortgage **Bond Application Fee of \$225**. The fee is payable at closing and submitted with Compliance File to eHousingPlus.

**SERVICER FEES** On the first mortgage, the program includes a **Tax Service Fee of \$85** and a **Transfer Fee of \$150** that will be netted by the Servicer at loan purchase.



## LENDER FEES

- Lender Fees are fees paid to the Lender for services rendered (i.e. Processing Fees, Underwriting Fees, Administrative or Administration Fees and Doc Prep Fees). and regardless of what they are called should not exceed what is charged to other non-bond buyers.
- **The purpose of down payment and closing cost assistance is not to provide a source to pay for fees.**
- **This is a public purpose program and fees are monitored.**
- **Junk fees are not permitted and excessive fees are not tolerated.**
- An Application Fee must include no more than the actual costs of the credit report and/or appraisal.

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# PROGRAM FORMS



The simple rule of who signs program forms if the person is named on the Mortgage/Deed, they sign the program forms. If they are not on the Mortgage/Deed, they do not sign the program forms.

Original, personal signatures of all borrowers and sellers are required and must match on all documents associated with the transaction.

Whenever a party is known in any of the documents by more than a single name, a Name Affidavit Will Be Required.

Powers of Attorney and/or Personal Representatives for the Borrower Are Not Acceptable. **Exception:** Active Duty Military Personnel may provide an Alive and Well letter.



**Now for a tour of the websites**