



# Arizona Is Home Program Overview

## Arizona IDA Arizona Is Home Lender Training

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## Arizona Is Home Program Overview

### Arizona Is Home Mortgage Assistance Program

*... a mortgage revenue bond financed product*

The Arizona Is Home program is administered by the Arizona Industrial Development Authority (Arizona IDA), a nonprofit corporation and political subdivision of the State of Arizona, formed by the **Arizona Finance Authority**.

- Borrowers receiving assistance through the Arizona Is Home Program, are receiving the benefit of a lower mortgage interest rate than is customarily available on other mortgage loans.
- The Arizona Industrial Development Authority (Arizona IDA) has sold tax-exempt mortgage revenue bonds to a private investor who receives a lower interest rate on their investment than is customarily available on other investments. The investor buys the bonds because the interest earned is tax-exempt. Because the investor does not pay tax on the interest earned on the bonds, the federal government considers this lost tax revenue.
- Tax-exempt means that the IRS (Internal Revenue Service) Code governs the program. Some of those additional program requirements are notated within this power point. See full Arizona IDA Arizona Is Home Program Guidelines for complete detail.



# Arizona Is Home Product Summary Matrix

First Mortgage Type	Down Payment / Closing Cost Assistance	Minimum Credit Score	Maximum Borrower(s) Income	Maximum DTI	Maximum LTV/CLTV - convention
FHA, VA & USDA	4%	640	See income matrix for limits	45%	FHA, VA, USDA does not have a CLTV limit
FHA, VA & USDA	4%	680	See income matrix for limits	50%	FHA, VA, USDA does not have a CLTV limit
FHA, VA & USDA – Manufactured Home	4%	660	See income matrix for limits	45%	FHA, VA, USDA does not have a CLTV limit
Freddie Mac HFA Advantage	4%	640	See income matrix for limits	45%	97% / 105%
Freddie Mac HFA Advantage	4%	680	See income matrix for limits	50%	97% / 105%
Fannie Mae HFA Preferred	4%	640	See income matrix for limits	45%	97% / 105%
Fannie Mae HFA Preferred	4%	680	See income matrix for limits	50%	95% / 105%
Fannie Mae HFA Preferred – Manufactured Home	4%	660	See income matrix for limits	45%	95% / 105%



## Arizona Is Home Program Overview

The Arizona Is Home program follows the respective Agency/ Insurer guidelines for the underlying

**We'll spotlight five (5) specific Arizona Is Home program requirements.**

- Borrower(s) Income Limit
- Geographic Availability
- Pre-closing review
- Recapture Tax
- 1<sup>st</sup> Time Homebuyer

- 1) FHA
- 2) Fannie Mae HFA Preferred – a version of HomeReady
- 3) Freddie Mac HFA Advantage – a version of HomePossible
- 4) USDA
- 5) VA

- Our master servicer, US Bank, may have overlays in addition to the Agency/Insurer guidelines.
- Since mortgage revenue bonds (MRB) are used to finance the Arizona Is Home program **additional requirements** and MRB rules can apply.



## Borrower(s) Income Limit

We'll spotlight five (5) specific Arizona Is Home program requirements.

- **Borrower(s) Income Limit**
- Geographic Availability
- Pre-closing review
- Recapture Tax
- 1<sup>st</sup> Time Homebuyer

**Borrower(s) annual income limit of 80% AMI**

Income is calculated by taking the Applicant's current gross monthly income, as well as that of anyone else who is expected to live in the Residence and become liable on the Deed of Trust or Mortgage (including a non-purchasing spouse).

For the maximum Income limitations, see the Borrower Income Matrix by County

# Arizona Is Home Program Overview – Maximum Borrower(s) Income by County

We'll spotlight five (5) specific Arizona Is Home program requirements.

- **Borrower(s) Income Limit**
- Geographic Availability
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- Recapture Tax
- 1<sup>st</sup> Time Homebuyer

County Name	FHA	Fannie Mae HFA Preferred	Freddie Mac HFA Advantage	VA	USDA
Apache County	\$52,880	\$52,880	\$52,880	\$52,880	\$52,880
Cochise County	\$56,560	\$56,560	\$56,560	\$56,560	\$56,560
Coconino County	\$68,720	\$68,720	\$68,720	\$68,720	\$68,720
Gila County	\$55,040	\$55,040	\$55,040	\$55,040	\$55,040
Graham County	\$60,320	\$60,320	\$60,320	\$60,320	\$60,320
Greenlee County	\$66,400	\$66,400	\$66,400	\$66,400	\$66,400
La Paz County	\$52,880	\$52,880	\$52,880	\$52,880	\$52,880
Maricopa County	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>
Mohave County	\$54,560	\$54,560	\$54,560	\$54,560	\$54,560
Navajo County	\$52,880	\$52,880	\$52,880	\$52,880	\$52,880
Pima County	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>	<i>Not Available</i>
Pinal County	\$81,040	\$81,040	\$81,040	\$81,040	\$81,040
Santa Cruz County	\$52,880	\$52,880	\$52,880	\$52,880	\$52,880
Yavapai County	\$68,240	\$68,240	\$68,240	\$68,240	\$68,240
Yuma County	\$51,120	\$51,120	\$51,120	\$51,120	\$51,120



## Arizona Is Home Program Overview – Availability

We'll spotlight five (5) specific Arizona Is Home program requirements.

- Borrower(s) Income Limit
- **Geographic Availability**
- Pre-closing review
- Recapture Tax
- 1<sup>st</sup> Time Homebuyer

- The subject property must be located in one of the 13 eligible Arizona Counties:

- ❖ Apache,
- ❖ Cochise,
- ❖ Coconino,
- ❖ Gila,
- ❖ Graham,
- ❖ Greenlee,
- ❖ La Paz,
- ❖ Mohave,
- ❖ Navajo,
- ❖ Pinal,
- ❖ Santa Cruz,
- ❖ Yavapai
- ❖ Yuma Counties.

- The Program is NOT available in Maricopa or Pima Counties.



## Arizona Is Home Program Overview – Pre-Closing Review

We'll spotlight five (5) specific Arizona Is Home program requirements.

- Borrower(s) Income Limit
- Geographic Availability
- **Pre-closing review**
- Recapture Tax
- 1<sup>st</sup> Time Homebuyer

- All Arizona Is Home transactions require a pre-closing compliance review by Hilltop Securities (HTS).
- This replaces the Underwriter Certification process used for the HOME Plus program.
- Review and approval by HTS is required before all the embedded closing documents within the Emphasys Lender Online system are made available.

### Documents required for Pre-Closing File Review:

1. Pre-close Checklist
2. Final AUS
3. Credit report OR Fraud Report OR VOR
4. About Recapture Tax Document
5. 92900-LT or 1008
6. Initial 1<sup>st</sup> lien URLA
7. Purchase Contract
8. Arizona IDA Income Worksheet
9. Homebuyer Education Certificate
10. Extension Request (if applicable)





## Arizona Is Home Program Overview – Recapture Tax

### We'll spotlight five (5) specific Arizona Is Home program requirements.

- Borrower(s) Income Limit
  - Geographic Availability
  - Pre-closing review
  - **Recapture Tax**
  - 1<sup>st</sup> Time Homebuyer
- When a borrower receives a first-time homebuyer loan with the Arizona Is Home Program, they are receiving the benefit of a lower mortgage interest rate than is customarily available on other mortgage loans. The Arizona Industrial Development Authority (Arizona IDA) has sold tax-exempt mortgage revenue bonds to a private investor who receives a lower interest rate on their investment than is customarily available on other investments. The investor buys the bonds because the interest earned is tax-exempt. Because the investor does not pay tax on the interest earned on the bonds, the federal government considers this lost tax revenue. Tax-exempt means that the IRS (Internal Revenue Service) Code governs the program. Congress mandated recapturing some of the losses when a homebuyer who has received a first-time homebuyer loan in this program sells their home in the first full nine years of ownership and is fortunate enough to have substantial increases in income and appreciation of the value of their home.
  - Arizona IDA will reimburse any borrower who sells his or her home and is required to pay the federal recapture tax.
  - Please review Recapture Tax Power Point Training deck for greater detail.
  - Please the Arizona IDA Arizona Is Home Program Guidelines for complete recapture tax guidance.



## Arizona Is Home Program Overview – 1<sup>st</sup> Time Homebuyer

### We'll spotlight five (5) specific Arizona Is Home program requirements.

- Borrower(s) Income Limit
- Geographic Availability
- Pre-closing review
- Recapture Tax
- **1<sup>st</sup> Time Homebuyer**

Eligible borrowers must be a First-Time Homebuyer. A “First-Time Homebuyer” (FTHB) means , except for borrowers purchasing under the \* Veterans Exception, the borrower must have had no ownership interest in a principal residence at any time during the three (3) year period prior to the date on which the Mortgage Loan is executed.

- Documenting a borrower’s FTHB status:
  - **CREDIT REPORT:** Borrower(s) three (3) years repository of current credit report(s) without a mortgage loan, OR.
  - **FRAUD REPORT:** A complete, ALL pages, copy of a Fraud Report for each borrower, with a three (3) year look back to confirm no previous ownership, OR
  - **VERIFICATION OF RENT (VOR):** Borrower(s) verification of rent (VOR) for the three (3) year period prior to the date on which the Mortgage Loan is executed.

\* Veterans are not required to be 1<sup>st</sup> time homebuyers



## Arizona Is Home Program Overview – terms of the DPA 2<sup>nd</sup> lien

The DPA assistance under the Arizona Is Home program is provided in the form of a second mortgage with a forgivable term.

The Arizona IDA does not subordinate or provide exceptions to the DPA repayment terms.

- The Program will provide down payment assistance (DPA) in the form of a second mortgage loan (the “DPA Second Loan”).
- The DPA Second Loan will have a five-year term, a 0% interest rate, no monthly payment and be subject to a second mortgage lien; the principal of the DPA Second Loan will be forgiven after the 60-month anniversary of the original date of the loan. The Arizona IDA lien **MUST** be in a second lien position.
- The DPA is equal to 4% of the **TOTAL** First Mortgage Loan principal amount, rounded to the nearest dollar.



## Arizona Is Home Program Overview – Lender Participation

All existing, approved HOME Plus mortgage lenders are eligible to participate in the Arizona Is Home program.

Since mortgage revenue bonds are used for the financing of the Arizona Is Home program, an additional addendum to the existing mortgage origination agreement applies. By participating in the Arizona Is Home Program, the lender acknowledges the terms and conditions of this addendum. **This addendum can be found at the HomePlusAZ.com website on the “Arizona Is Home Lender Training” page.**

The Arizona Is Home has a \$50MM funding allocation. An accounting for remaining funds will be available via our HTS/Emphasys-Lender Online system, under the “Available Funds” tab.



## Arizona Is Home Program Overview – Lender Support

Existing HOME Plus approved lenders can access the program through the HOME Plus DPA online platform. Except for a pre-closing review by Arizona IDA / HTS, the process is similar to the HOME Plus DPA program.

For information on:

- “How to Reserve – Lock a New Transaction”
- “Program Disclosures”
- “How to Update, Change, Modify An Existing Reservation”
- “Where to Obtain and How to Generate Closing Documents”
- “How to Upload Documents in the Lender-Online System”
- “Post Closing Compliance Review”

Please visit [https://homeplusaz.com/home\\_plus\\_lender\\_training/](https://homeplusaz.com/home_plus_lender_training/)

*While some of the documents are different on the Arizona Is Home Program, the process closely follows the existing HOME Plus platform and procedure.*





END

