



### *Home in Five Advantage*

The Home in Five Advantage Program helps low- and moderate-income individuals and families buy a home in Maricopa county. The program is designed to support sustainable, long-term homeownership for qualified buyers by providing choices for various levels of down payment assistance (DPA) needed to achieve their dream. Home in Five is a partnership between the Phoenix and Maricopa County IDAs.

Through the program, homebuyers obtain 30-year, fixed rate FHA, VA and either Fannie Mae HFA Preferred or Freddie Mac HFA Advantage conventional loan financing. A 1% origination fee plus customary closing costs are due at closing.

#### **Homebuyer Requirements**

- Maximum credit qualifying income cannot exceed \$138,600 for all borrowers.
- Buyers must have a minimum FICO credit score of 640.
- Maximum debt-to-income ratio (DTI) of 45.
- Standard loan guidelines for qualification must be met (i.e., adequate income, acceptable credit and down payment requirement).
- Buyers must occupy the home as their principal residence within 60 days of closing.
- No first-time homebuyer requirement.
- All homebuyers must attend an 8-hour homebuyer education course through an [approved housing counseling agency located within Arizona](#) and obtain a certificate of completion. The homebuyer education course may be in-person or on-line. Upon completion of an online class, homebuyers must provide their lender with a co-branded certificate with the local agency's name and/or logo. The following agencies have provided us with links to their approved online course offerings:
  - [Administration of Resources and Choices \(ARC\)](#)
  - [Money Management International](#)
  - [Newtown CDC](#)
  - [ACCE's Make Your Move with Take Charge America](#)
  - [Trellis](#)

#### **Program Requirements**

- Home must be anywhere in Maricopa county.
- New purchases only (no refinancing).
- New or existing houses, condominiums, PUDs or townhouses.
- No purchase price limit.

## Down Payment Assistance (DPA)

Qualified individuals or families should work with their lender to determine the appropriate financing option. Homebuyers may obtain either a 3-year, 7-year, 10-year, or 30-year second loan for down payment/closing cost assistance. Program products available through your lender include:

### Home in Five Advantage loans

- FHA & VA Loans
  - 3%, 4%, 5% or 6% DPA with a 3-year forgivable second.
  - 3%, 4%, 5% or 6% DPA with a 7-year forgivable second for borrowers with up to 80% of Area Median Income (determined by the lender).
  - 3%, 4%, 5% or 6% DPA with a 10-year amortizing second with monthly payments due and a 6% interest rate.
- Conventional Loans in connection with Fannie Mae or Freddie Mac loans.
  - 0%, 3%, 4% or 5% DPA with a 30-year forgivable second.
  - 3%, 4%, 5% or 6% DPA with a 7-year forgivable second for borrowers with up to 80% of Area Median Income (determined by the lender).
  - 3%, 4%, 5% or 6% DPA with a 10-year amortizing second with monthly payments due and a 6% interest rate.

### Additional Down Payment Assistance for Special Groups

An additional 1% down payment assistance is available for qualified K-12 teachers, United States military personnel, veterans, first responders and income-qualified borrowers.

- Buyers who meet the special incentive categories described below will qualify for an additional 1% down payment/closing cost assistance:
  - **“Qualified U.S. military personnel”** includes qualified veterans, active-duty military, active reservists, and active members of the National Guard.
  - **“Qualified veteran”** is a person who served honorably on active duty in the armed forces of the United States, and who was discharged or released therefrom under conditions other than dishonorable (as provided in 38 U.S.C. Section 101).
  - **“First responder”** includes –
    - Peace Officer, as defined in A.R.S. §1-215, certified by the Arizona peace officer standards and training board (AZPOST) or by the Arizona correctional officer training Academy (COTA), and employed full-time as: 1) sheriffs (or deputy sheriffs) of counties; 2) constables; 3) marshals; 4) policemen of cities and towns; 5) commissioned personnel of the department of public safety; 6) personnel who are employed by the state department of corrections and the department of juvenile corrections; 7) police officers appointed by community college district governing boards, the Arizona board of regents, or the governing body of a public airport pursuant to section 28-8426; 8) special agents from the office of the attorney general, or of a county attorney; and 9) police officers employed by a tribal police agency.
    - Professional firefighter, as defined in A.R.S. §9-901, employed as a member of an organized and paid fire department.
    - Emergency personnel, whose primary responsibility is the care of patients in an ambulance, to

include the following occupations, defined in A.R.S. §36-2201; 1) emergency medical technician; 2) advanced emergency medical technician; 3) emergency medical technician I-99, and 4) paramedic.

Detention Officer, as defined in A.R.S. §13-3907, means a person other than an elected official who is employed by a county, city or town and who is responsible for the supervision, protection, care, custody or control of inmates in a county or municipal correctional institution. Detention officer does not include counselors or secretarial, clerical or professionally trained personnel.

- **“Teacher”** is a full-time teacher employed by a state-accredited public school or private school that provides direct services to students in grades pre-kindergarten through 12.
- **“Income-qualified borrower”** is a borrower who earns an annual income at or below \$49,500. Loans with a co-signer are not eligible for this incentive.

The BOOST program provides a further 0.5% down payment assistance for purchases in low-income census tracts (as verified by your lender) and income-qualified borrowers, to a maximum of 1.5%.

### **Forgivable Second Mortgage Details and Examples**

**Home in Five Advantage** Down payment assistance is provided as an interest-free, 3-year, 7-year or 30-year forgivable second mortgage. For a 3-year second mortgage, no payments are required unless the home is sold, transferred, or refinanced before the 36<sup>th</sup> month. For a 7-year second mortgage, no payments are required unless the home is sold, transferred, or refinanced before the 84<sup>th</sup> month. For a 30-year second mortgage, no payments are required unless the home is sold, transferred, or refinanced before the 360<sup>th</sup> month.

The 10-year second mortgage has a portion of the principal repaid each month and the balance of that principal must be repaid if the home is sold, transferred, or refinanced before the 120<sup>th</sup> month.

The second loan cannot be subordinated or assumed.

#### **3-Year Forgivable second example**

Example of how the 3-year forgivable second mortgage will be forgiven: A home is purchased in September 2023 with a loan for \$280,000 and down payment assistance of \$8,400 (3%). In October 2026, the \$8,400 second mortgage is forgiven in full.

Example of a when a homeowner must repay a portion of the assistance: A home purchased in September 2023 is sold, transferred, or refinanced in October 2025, the 25<sup>th</sup> month. The mortgage is a 36 month note and is forgiven at a rate of 1/36<sup>th</sup> each month. In this example, the first 24 months of the note was forgiven (\$5,600). The borrower is responsible for re-paying \$2,800 of the original \$8,400 assistance. The amount due from the borrower will be part of the closing process on the sale, transfer or refinancing to clear the second lien.

#### **7-Year Forgivable second example**

Example of how the 7-year forgivable second mortgage will be forgiven: A home is purchased in September 2023 with a loan for \$280,000 and down payment assistance of \$16,800 (6%). In October 2030, the \$16,800 second mortgage is forgiven in full.

Example of a when a homeowner must repay a portion of the assistance: A home purchased in September 2023 is sold, transferred, or refinanced in October 2027, the 61<sup>st</sup> month. The mortgage is an 84 month note and is forgiven at a rate of 1/84<sup>th</sup> each month. In this example, the first 60 months of the note was forgiven (\$12,000 or 60/84 of the \$16,800). The borrower is responsible for re-paying \$4,800 of the original \$16,800 assistance. The amount due from the borrower will be part of the closing process on the sale, transfer or refinancing to clear the second lien.

### **30-Year Forgivable second example**

Example of how the 30-year forgivable second mortgage will be forgiven: A home is purchased in September 2023 with a loan for \$280,000 and down payment assistance of \$8,400 (3%). In October 2053, the \$8,400 second mortgage is forgiven in full.

Example of a when a homeowner must repay the assistance: A home purchased in September 2023 is sold, transferred, or refinanced in October 2027, the 48<sup>th</sup> month. The mortgage is a 360 month note with no forgiveness until final maturity. In this example, the borrower is responsible for re-paying the full amount of the \$8,400 assistance. The amount due from the borrower will be part of the closing process on the sale, transfer or refinancing to clear the second lien.

### **How to Get Started**

- Contact a realtor and find a home that meets the program requirements.
  - Contact a participating lender for details on applying for a Home in Five Advantage mortgage loan and securing down payment assistance.
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### **More Information**

For more information, please contact one of the program lenders or call the Phoenix IDA at **(480) 482-1083** or the Maricopa County IDA at **(602) 834-5226, ext. 2**.