

# IHCDA HOMEOWNERSHIP

# OUR MISSION



*To provide affordable, sustainable homeownership opportunities for Hoosiers*

# PROGRAMS

- First Place (FP)
  - 1<sup>st</sup> time homebuyer
  - Down Payment Assistance (DPA) of 6%
  - Forgiven at the end of **9 years**
    - 0% interest
    - 0 payments
- Next Home (NH)
  - 1<sup>st</sup> and 2<sup>nd</sup> time homebuyers
  - Down Payment Assistance (DPA) of 2.5 **or** 3.5%
  - Forgiven at the end of **3 years** *\*Limited Availability due to market volatility*
    - 0% interest
    - 0 payments
- Mortgage Credit Certificate (MCC)
  - 1<sup>st</sup> time homebuyer
  - Federal income tax credit (25%) that can assist the borrower in:
    - Reducing their federal income tax liability
    - Increasing their qualifying income
  - **Must be combined with Next Home**



# MCC EXAMPLE



- Reducing their federal income tax liability
  - The borrower may choose to take the tax credit at the end of the year, when they file their federal taxes
  - Ex:  $\$110,000 \times 5.25\% \times 25\% = \$1,443.75$
- Increasing their qualifying income
  - The borrower may choose to revise their W-4 withholdings form to increase their take home pay. The tax credit is divided out over 12-months.
  - Ex:  $\$110,000 \times 5.25\% \times 25\% = \$1,443.75$

$$\$1,443.75/12 = \$120.31/\text{month}$$

# RECAPTURE TAX (First Place, NH/MCC combo)

- **Recapture tax is in accordance with Section 143(m) of the Internal Revenue Code for mortgages that are Federally Subsidized**
- **A “Notice to Borrower(s) of Maximum Recapture Tax and Method to compute Recapture Tax in Disposition of Home” is sent to each borrower once the loan has received final approval with IHEDA**
  - IHEDA will not calculate the Recapture Tax amount, if any, upon sale of the home. If the borrower needs assistance, they would need to consult their tax advisor or the IRS
- **Borrowers must pay “Recapture Tax” when the following THREE conditions occur:**
  - Property is sold within the first 9-years
  - A net profit on the sale of the property is made
  - The household income is above the current income limit at the time of sale of the property

# What underwriting criteria does IHEDA use?

1. Qualifying Income – All income that meets the GSE standards, attested on 1003. The breakdown of eligible income can be found in the Program Guides under Section 2 – Mortgagor Eligibility, Letter C
  - Ctrl/F to search “mortgagor eligibility” in Program Guide for more information
2. Program Income Limits
3. Program Acquisition/Purchase Price Limits, when applicable
4. First-time homebuyer guideline, when applicable
5. Purchase Price cannot exceed appraised value
6. Dwelling must be no more than (1) parcel and (1) acre under all programs\*\*
7. \*\*All extra land must be required for the livability of the property

County	1-2 Person Household	3+ Person Household	Acquisition Limit
Adams	\$82,100	\$94,415	\$331,650
Allen+	\$82,100	\$94,415	\$331,650
	\$98,520	\$114,940	\$405,350
Bartholomew	\$95,000	\$109,250	\$331,650
Benton	\$82,100	\$94,415	\$331,650
Blackford	\$82,100	\$94,415	\$331,650
Boone	\$94,100	\$108,215	\$331,650
Brown*	\$112,920	\$131,740	\$405,350
Carroll	\$82,100	\$94,415	\$331,650
Cass	\$82,100	\$94,415	\$331,650
Clark+	\$84,700	\$97,405	\$331,650
	\$101,640	\$118,580	\$405,350
Clay	\$82,100	\$94,415	\$331,650
Clinton*	\$98,520	\$114,940	\$405,350
Crawford*	\$98,520	\$114,940	\$405,350
Daviess*	\$98,520	\$114,940	\$405,350

# TAX TRANSCRIPTS & GUIDELINES

- **IRS Tax Compliance Laws require applicable program loans to be documented by 3-years of tax transcripts or signed tax returns**
  - Next Home/MCC
  - First Place
- **3 yrs. of IRS Tax Transcripts are required on mortgagor/co-mortgagor and must be submitted with the closing package on applicable IHEDA programs**
- **If a borrower did not file a tax return for all 3 years and/or any of the past years tax returns, they must complete the 'INCOME TAX AFFIDAVIT' section of the IHEDA Borrower Information Certificate**



# RESERVATION FEE PORTAL LINK

Link to Payment Page:

<https://www.in.gov/ihcda/homebuyers/reservation-fee/>

Please complete all applicable areas. Any delay in making your reservation fee payment could result in a delay in the processing of your mortgage application with IHCD.

The reservation fee is \$100.00.

The reservation fee is to be paid at: <https://appengine.egov.com/apps/in/hodreservationfee>

There are NO Refunds.

Payment can be made by eCheck ONLY, which has a \$1.00 processing fee.

For any questions, contact the IHCD Homeownership Department at [homeownership@ihcda.in.gov](mailto:homeownership@ihcda.in.gov).

# PROGRAM REQUIREMENTS

- **IHCDA does require** an LE/CD for the 2nd mortgage.
  1. This is a rule that is enforced by US Bank/Federal Insurer.
  2. IHCDA does not provide LE/CD disclosure forms. The LE/CD must be lender generated.
  3. US Bank will accept a TIL in lieu of the 2nd mortgage LE/CD with IHCDA approval until 12/31/2022
  4. Any IHCDA loan reserved beginning 1/1/2023 must have an LE/CD or will be deemed out of compliance.

# SUBMISSION PROCESS

## APPLICATION

- Lender uploads the completed and signed **Homeownership Affidavit, Appraisal, 2<sup>nd</sup> mortgage LE**, and the **Borrower(s) HBE Certificate** if applicable **once the loan has been reserved and the reservation fee is paid** for an approval to close from IHCDA.
  - The affidavit must be uploaded into the specific 'Application Upload' spot for the affidavit to be submitted for underwriter review
  - ***Hint: Upload the HBE Certificate first and then the affidavit to avoid submission issues***

## DPA

- Requested after Affidavit approval.
- REQUIRED TO BE FUNDED BY IHCDA
- After the DPA has been requested you will generate your IHCDA required closing documents found under the documents tab.

## CLOSING

- Lender uploads the full closing package, **after the loan has closed**, with all required documents completed and signed for final approval from IHCDA
  - Each document must be uploaded into the specific 'Closing Upload' spots for a full package to be submitted for underwriter review

## TURN-AROUND TIMES

- All files (application or closing) – **24 to 48 business hours**
- DPA disbursement – **48-72 business hours**

**NOTE: All loans, regardless of the program, cannot close until IHCDA has provided a 'Stage 5 – Committed Approval' status**

# PROGRAM REQUIREMENTS

- Debt to Income Ratio Requirements
  - **640** with a DTI of **45% or less**
  - **680** with a DTI of **45-50%**
  - **680 credit score required with Manufactured Housing**

\*MCC can be applied with Next Home to lower DTI

- Reservation Fee for each program:
  - \$100 Reservation Fee:
    - First Place
    - Next Home
    - Next Home/MCC

# PROGRAM REQUIREMENTS

- **Homebuyer Education requirement:**

Conventional Fannie/Freddie overlay

- Freddie Mac: **Credit Smart** \*No substitutes accepted

- Fannie Mae: **HomeView** \*No substitutes accepted

\*HBE certificate is required to be uploaded during the initial application upload

All **occupying mortgagors** must complete the required course.

# ORIGINATION FEES AND ALLOWABLE PARTICIPATING LENDER FEES

- **Applies to First Place Only**
- Maximum amount that can be charged on each loan with respect to Origination fees is one percent (**1%**) regardless who is paying it.
- Maximum amount a lender may charge in lender fees is **\$1,495**, without respect to who is paying them.

(Previously \$1,200)

- **No Cap on fees for Next Home**

# EXTENSION FEES

- The Participating Lender shall be compensated 1.75% of the mortgage amount, which is payable upon the sale of the loan to the Master Servicer.
- Commitment Extension:
  - i. 15 days .12500%
  - ii. 30 days .25000%
- Reinstatement, extension and late submission fees can be paid by any party and are non-refundable.
- Same for First Place and Next Home
- Don't need to apply for extension, US Bank will apply on back-end

# HOMEOWNERSHIP WEBSITES

## LENDER INFORMATION: LENDERS/REALTORS TAB

<https://www.in.gov/ihcda/lenders-and-realtors/>

- Program Guides
- Lender Information
- Servicer Overlays/Contact Information
- Income/Acquisition limits
- Targeted Areas
- Marketing Materials

- Become a Participating Lender

<https://www.in.gov/ihcda/lenders-and-realtors/become-a-participating-lender/>

## IHCDA ONLINE

<https://online.ihcda.in.gov/DMSOnline>



# QUESTIONS?



# THE HOMEOWNERSHIP TEAM

## Homeownership Director

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## Outreach Manager

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## US Bank Customer Care Specialists

800-562-5165, option 1

[hfacustomercare@usbank.com](mailto:hfacustomercare@usbank.com)



Indiana Housing & Community Development Authority