



Family Housing Resources

HOME

Down Payment Assistance | Program Guidelines

ASSISTANCE AVAILABLE – up to 10% of purchase price

Funding provided by the Department of Housing and Urban Development through contracts with the City of Tucson and Pima County

FHR homebuyer assistance programs are designed to educate and counsel low to moderate income homebuyers with the purchase of an affordable home

Homes may be located anywhere in Pima County and the City of Tucson

Completion of FHR’s Homebuyer Education Online Class is required PRIOR to signing a purchase contract (see fhrtucson.org)

HOME is a down payment assistance program for homebuyers at or below 80% of the median income

Low-Income = 2020 Maximum Household Income Limits (80% of Median Income)			
1 Person \$38,300	2 Persons \$43,800	3 Persons \$49,250	4 Persons \$54,700
5 Persons \$59,100	6 Persons \$63,500	7 Persons \$67,850	8 Persons \$72,250
Purchase Price Limits: Existing Homes \$179,000 New Homes \$238,000			

The purchase contract (or addendum) must contain the language:
“Sale contingent upon City of Tucson/Pima County environmental clearance”

APPLICATION PROCESS

- Attend FHR Homebuyer Education Online Class. Visit FHRTucson.org to view instructions to sign up for online class. FHR is paying for half the cost of the class.
- Make an appointment with an FHR Housing Counselor for eligibility review prior to signing a purchase contract
- Lender to forward 1008, 1003, Loan Estimate, credit report and purchase contract **as soon as purchase contract is signed** to FHR
- FHR requires a minimum of 30 days (45-60 if combined with WISH) to process the assistance AFTER all information has been received



3505 N Campbell Ave., Suite 501 Tucson, AZ 85719 (520) 318-0993 info@fhrinc.net
www.FHRTucson.org

- See instructions for home inspection below
- Contact FHR if you need any accommodations due to a disability
- Funds are limited

DOWN PAYMENT ASSISTANCE PROGRAM GUIDELINES

- ✓ Homebuyers and their spouses/partners must attend FHR's Online Homebuyer Education Class
- ✓ Income used to determine eligibility for the assistance is household income. This income includes the income of all adults who will live in the newly acquired home
- ✓ The homebuyer is required to contribute at least \$1,000 (5% assistance) or \$2,000 (if the assistance is above 5%) of his/her own funds (verified and documented) Funds used to pay appraisal, inspections, home warranties and termite inspection may be used
- ✓ The homebuyer's liquid assets may not exceed \$10,000 after contribution to their home purchase
- ✓ The homebuyer must have at least one month's mortgage payment as reserves at closing
- ✓ Maximum housing ratio shall not exceed 31%; minimum housing ratio shall not drop below 18%; maximum total debt ratio shall not exceed 45%. Any housing ratio above 31% (not exceeding 35%) must have compensating factors documented and supported
- ✓ The interest rate on the loan must reflect "par", market rate therefore no discount points allowed in transaction (including buyer, seller or lender paid)
- ✓ Loan fee limits may include 1% origination and up to \$1,000 in lender fees
- ✓ Lien on the assistance is forgivable – under \$15,000 is forgivable in 5 years; under \$40,000 is forgivable in 10 years. If home purchased is sold or transferred during the affordability period, the down payment principal amount loaned plus 2% simple interest is due
- ✓ NO CASH BACK can be received by the buyer at closing even if closing costs or deposits were estimated incorrectly
- ✓ No refunds of any kind are allowed at closing
- ✓ The liens will remain in second position. Subordinations require approval by the lien holder (City or County)
- ✓ The home to be purchased must be owner-occupied or vacant
- ✓ The assisted homebuyer must occupy the home as their primary residence
- ✓ The purchase price must not be higher than the appraised value
- ✓ The borrower must arrange for a home inspection to be done by one of the inspection companies listed on the next page. The borrower is responsible for the cost of the inspection. The home to be purchased must meet standards identified by HUD and Local Code. Items identified by the inspector as not meeting these standards must be repaired prior to closing and provision of homebuyer assistance
- ✓ A home warranty must be obtained and can be purchased by buyer or seller
- ✓ The purchase contract (or addendum) must contain the language "**Sale contingent upon City of Tucson/Pima County environmental clearance**".
- ✓ Lenders are responsible for obtaining investor approval of the down payment assistance early on in the processing in order to prevent delay at closing
- ✓ Manufactured homes are acceptable if on land and affixed
- ✓ Other terms and conditions may apply

HOME INSPECTION REQUIREMENTS



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The homebuyer is required to obtain an inspection from the following list of home inspection companies. The homebuyer is responsible for the cost. These inspectors have been certified by the City/County to complete a Housing Quality Standard (HQS) inspection in addition to the regular home inspection. The HQS inspection is required by the funding source. The property must "PASS" all criteria of the HQS inspection in order to be eligible for down payment assistance. A Re-inspection will be required if the property does not "PASS"

Inspection Companies

Inside Out - April Gillespie 520-721-9575 office@insideoutaz.com

\$250 ASHI with HUD HQS report (\$75 Re-Inspection)

\$.10 sq ft per square foot over 1200 square feet

1st AZ Home Inspections, LLC – Larry Ross 520-780-0340 1stazhomeinspection@gmail.com

\$250 ASHI with HUD HQS report (\$50 Re-Inspection)

\$.10 sq ft per square foot over 1200 square feet

ELIGIBILITY DOCUMENTS

Documents needed to determine eligibility of Down Payment Assistance

- ⚙ **Most recent and concurrent pay stubs (4 pay stubs if paid every other week or semi-monthly and 8 pay stubs if paid weekly)** for everyone in the household 18 and over, even if they are not going to be on the loan. Also submit 1st paystub of the year (where current gross equal year to date gross)
- ⚙ **Proof of Income** for any other income in the household which may include child support (judgment or print out from courts), social security award letters, unemployment, workman's comp, etc.)
- ⚙ **1 months most recent statements** for all accounts – checking, savings, 401(K), pensions, investments, stocks, bonds, life insurance with cash value prior to death, lump-sum receipts or settlements.
- ⚙ **Picture Id** for everyone living in the home who is 18 yrs old and over.
- ⚙ **Birth Certificates** for all household members under 18. If you do not have Birth Certificates you can order them thru the office of Vital Records at the Health Department in your County
- ⚙ **Social Security Cards** for everyone in the household. If you do not have a social security card you must apply for one at the Social Security Office.
- ⚙ **Income Tax Returns** for the most recent year including W-2(s), 1099's, 1098's etc..
Self-employed borrowers are required to submit the most recent 2 years of returns and 1099. If not available, visit irs.gov/individuals/get-transcript
- ⚙ **Credit Report.** Obtain a copy of your credit report from your lender or bring a recent one you have received. (FHR can obtain one for you for \$16.50 per person)
- ⚙ **Household Budget.** Obtain a budget form from FHR to list your current income and expenses. First list your current expenses as a renter, then list what will change as a homeowner.

