



IOWA FINANCE
AUTHORITY

Homeownership Training 2023

OUR MISSION

Enhance the **QUALITY OF LIFE** for IOWANS by making **AFFORDABLE** financing possible for home and community.



Homeownership

2022 IMPACT

MORTGAGE
PROGRAMS



2,715

homebuyers assisted

DOWNPAYMENT
ASSISTANCE



2,465

homebuyers assisted

MILITARY HOMEOWNERSHIP
ASSISTANCE PROGRAM



398

military service members assisted

SINCE THE BEGINNING



65,511

homebuyers assisted



6,654

military service members assisted



\$3.93 Billion

in mortgages



31,758

jobs created

Homebuyer Program Summary

	Programs	Benefits
Mortgage	FirstHome*	Lower Cost Mortgages
	Homes for lowans	No LLPA
Down Payment	FirstHome Plus*	\$2,500 Grant Available on Freddie Mac HFA Advantage, FHA, VA, RD
	FirstHome w/2 nd Loan Homes for lowans w/2 nd Loan	Loan of up to 5% of the sale price. Repayable upon refinance or sale
	Military Homeownership Assistance Program	\$5,000 Grant Funding dependent on the state legislature
	Mortgage Credit Certificate (MCC) Program*	There is currently no funding available for new MCCs. Existing MCCs may be reissued upon refinance

*Subject to IRS regulations due to inclusion in federally tax-exempt bonds.

FIRSTHOME

3 REQUIREMENTS



INCOME

Varies by county and household size



\$481,000

**PURCHASE
PRICE**



**FIRST-TIME
HOMEBUYER**

*Also eligible: Homes in "Targeted Areas" and Military Members

Homebuyer Status for FirstHome

1

No ownership interest in primary residence for the past 3 years determined by review of 3 years federal tax returns or tax transcripts showing no deduction of property taxes or mortgage interest

2

Targeted Areas determined by property address

3

Exempt Military determined by no prior use of tax-exempt financing

Scenarios affecting first-time home buyer status can be found in the program guide

Loan Products

Government

FHA
VA
RD

Conventional

HFA Preferred
HFA Advantage

NOTE: Lender responsible for underwriting in accordance with loan type

Program Overlays

1. 640 Credit Score
2. 45% Debt-to-Income ratio
3. Use of Iowa Title Guaranty
4. Primary residence
5. Property in Iowa (1 Unit)

Homebuyer Education Per Agency Guideline (FNMA/FHLMC) **CONVENTIONAL LOANS ONLY**



IF all borrowers are first-time homebuyers, at least one of them needs to complete homebuyer education.

HFA Preferred (Fannie)

Finally Home! homebuyer education prior to close. Free for borrowers <80% AMI. Cost is \$35 for borrowers >80% AMI.

HomeView™

HomeView homebuyer education is accepted at this time. There is no charge if you go to <https://www.fanniemae.com/education>

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CreditSmart Homebuyer U homebuyer education class prior to close. There is no charge for this class.

Calculating Borrower Income for FirstHome

- Anyone taking title and their spouse
- Includes **ALL** sources – not the same as repayment income
 - Examples include: Seasonal Income, Bonus Pay
- Income must be projected forward for one year
- Co-signers/Non-occupant Co-borrowers are not allowed on any programs

HOUSEHOLD SIZE = borrowers and any dependents of said borrowers

Allowable Property Types for FirstHome

- Single-Family detached home, Townhome, Condo, PUD or Manufactured home (in accordance with agency guidelines FHA, VA, RD, FNMA, FHLMC)
- 5 Acres unless approved by IFA (not beyond basic livability)
- Business use limited to 15% of total area
 - In-home daycare is not allowed

Additional IRS Requirements

ONLY FirstHome/FirstHome Plus/FirstHome w/2nd Loan

- Recapture potential (IFA may reimburse)
- Cannot fund “Personal Property” (borrower’s must have enough of their own funds in the transaction to cover the value of any personal property, low appraisal or multiple parcels)

Additional IRS Requirements

ONLY FirstHome/FirstHome Plus/FirstHome w/2nd Loan

- MRB 01 Buyer Affidavit
 - Question #1 – must check if first-time homebuyer, military, or purchasing in a targeted area
 - Question #2 – initial if taxes were not filed and borrower to provide LOX
 - All 4 pages must be returned, including Income and Purchase Price Limits
- MRB 03 Seller Affidavit
- MRB 04 Rider to Mortgage (**Signed at closing**)

Down Payment Assistance (DPA)

FirstHome Plus \$2,500 Grant

- Same eligibility criteria as FirstHome
- Available on Freddie Mac HFA Advantage, FHA, VA, RD
- Used for DPA and eligible closing costs
- Cannot fund personal property, low appraisal, or extra parcels
- No lien; no repayment required
- Continuously funded by IFA
- No minimum borrower contribution

Down Payment Assistance (DPA)

FirstHome w/2nd Loan

- Same eligibility criteria as FirstHome
- Up to 5% of sale price
- Continuously funded by IFA
- Used for DPA and eligible closing costs
- Repayment upon refinance, sale, or if the first note is paid in full
- No subordination option

HFA Preferred

Offering Reduced Mortgage Insurance Coverage*

- Mortgage Insurance Coverage – borrower(s) must be at or below 80% AMI to receive the reduced rate.
 - Low (minimum) level mortgage insurance coverage for borrowers with lender's qualifying income at or below 80% of the AMI.
- Standard coverage applies for lender's qualifying income greater than 80% of the AMI.*
 - *Should the lender obtain the lower MI coverage vs. standard coverage, lender will be responsible for the additional loan-level price adjustment per FNMA matrix.

DU must be ran as HFA Preferred with Special Feature codes for correct findings.

HFA Advantage

Offering Reduced Mortgage Insurance Coverage*

- Mortgage Insurance Coverage – borrower(s) must be at or below 80% AMI to receive the reduced rate.
 - Low (minimum) level mortgage insurance coverage for borrowers with lender's qualifying income at or below 80% of the AMI.
- Standard coverage applies for lender's qualifying income of greater than 80% of the AMI.*
 - *Should the lender obtain the lower MI coverage vs. standard coverage, lender will be responsible for the additional loan-level price adjustment per FHLMC matrix.

LP Offering Identifier must be ran as HFA Advantage for correct findings.

Standard & HFA coverage

	Standard Coverage	HFA Reduced Coverage
97% LTV	.67% \$74	.50% \$55
95% LTV	.44% \$48	.39% \$43
90% LTV	.32% \$35	.28% \$31

- Loan Assumptions:
 - Loan Amount \$132,000
 - Purchase
 - Single borrower
- Example is for illustrative purposes and meant only for mortgage and real estate professionals. It assumes a 724 credit score, 40% DTI ratio and 24% housing ratio. MI premium based on rates as of 12/6/21 for zip code 50322. Find your right rate, right now at mgic.com/MiQ.

QUESTIONS REGARDING FIRSTHOME?

HOMES FOR IOWANS

3 REQUIREMENTS



\$161,560

INCOME



\$588,000

**PURCHASE
PRICE**



**REPEAT OR
FIRST-TIME
HOMEBUYER**

Homebuyer Status for Homes for lowans

- Repeat or First-time borrowers allowed
 - Most recent federal tax return or tax transcript required (one year only)

Loan Products

Government

FHA
VA
RD

Conventional

HFA Preferred
HFA Advantage

NOTE: Lender responsible for underwriting in accordance with loan type

Program Overlays

1. 640 Credit Score
2. 45% Debt-to-Income ratio
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Homebuyer Education Overlay

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Calculating Borrower Income for Homes for Iowans

- Anyone taking title and their spouses
- Includes **ALL** sources – not the same as repayment income
 - Examples include: Seasonal Income, Bonus Pay
- Income must be projected forward for one year
- Co-signers/Non-occupant Co-borrowers are not allowed on any programs

Allowable Property Types for Homes for Iowans

- Single Family detached home, Townhome, Condo, PUD or Manufactured home (in accordance with agency guidelines FHA, VA, RD, FNMA, FHLMC)

Down Payment Assistance (DPA)

Homes for lowans w/2nd Loan

- Same eligibility criteria as Homes for lowans
- Up to 5% of sale price
- Continuously funded by IFA
- Used for DPA and eligible closing costs
- Repayment upon refinance, sale, or if the first note is paid in full
- No subordination option

HFA Preferred

Offering Reduced Mortgage Insurance Coverage

- Mortgage Insurance Coverage – borrower(s) must be at or below 80% AMI to receive the reduced rate. Qualifying income >80% AMI not allowed with Homes for Iowans.
 - Low (minimum) level mortgage insurance coverage for borrowers with lender's qualifying income less than 80% of the AMI.

DU must be ran as HFA for conventional type for correct findings.

HFA Advantage

Offering Reduced Mortgage Insurance Coverage*

- Mortgage Insurance Coverage – borrower(s) must be at or below 80% AMI to receive the reduced rate. Qualifying income >80% AMI not allowed with Homes for lowans.

Low (minimum) level mortgage insurance coverage for borrowers with lender's qualifying income at or below 80% of the AMI.

LP Offering Identifier must be ran as HFA Advantage for correct findings.

Standard & HFA coverage

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QUESTIONS REGARDING HOMES FOR IOWANS?

Military Homeownership Assistance (MHOA) Program

\$5,000 Grant

- Eligibility based upon service
- Facilitated by IFA in collaboration with the Veterans Administration
- Funds are allocated from the State of Iowa “General Budget”
- No income limit
- No purchase price limit
- Can be used with IFA First Mortgage Financing or another fixed loan product more financially advantageous - no ARM or Balloon
- Can be layered with “Plus” grant OR the “2nd DPA loan”

Military Homeownership Assistance (MHOA) Program

\$5,000 Grant

- Used for down payment and eligible closing costs
- No lien; no repayment required
- No minimum borrower requirement
- No increase in interest rate
- Limited funding (dependent on State Legislature)

Military Homeownership Assistance Grant Eligibility

\$5,000 Grant

- Eligibility not dependent on IFA Programs, based upon service
- Minimum 90 days of ACTIVE DUTY (not for training) between 8/2/1990 to 4/6/1991 or after 9/11/2001
- OR Federal status injured during above time periods
- OR surviving spouse of individual meeting above criteria
- Also, if discharged, must be under honorable conditions
- One-time use, one borrower only

MHOA Documents

- DD214
- Provided to military service member upon discharge from active duty
- Must be Member-2 or higher form to reflect Character of Service. Box #24 must be Honorable or Under honorable conditions
- Must be legible
- May be multiple forms
- If currently on active duty and not yet released, four months Leave and Earning Statements representing 90 days of active duty

DD Form 214

If the service member was discharged, it must be honorable.

CAUTION: NOT TO BE USED FOR IDENTIFICATION PURPOSES THIS IS AN IMPORTANT RECORD. SAFEGUARD IT. ANY ALTERATIONS IN SHADED AREAS RENDER FORM VOID

CERTIFICATE OF RELEASE OR DISCHARGE FROM ACTIVE DUTY
This Report Contains Information Subject to the Privacy Act of 1974, As Amended.

1. NAME (Last, First, Middle) VETERAN, JOHN DANIEL		2. DEPARTMENT, COMPONENT AND BRANCH NAVY-USNR		3. SOCIAL SECURITY NUMBER XXX XX XXXX	
4a. GRADE, RATE OR RANK BU2	b. PAY GRADE E5	5. DATE OF BIRTH (YYYYMMDD) 19700221	6. RESERVE OBLIGATION TERMINATION DATE (YYYYMMDD) 20150530		
7a. PLACE OF ENTRY INTO ACTIVE DUTY DES MOINES, IA		b. HOME OF RECORD AT TIME OF ENTRY (City and state, or complete address if known) DES MOINES, IA			
8a. LAST DUTY ASSIGNMENT AND MAJOR COMMAND MOB ACCT OPS AFGANISTAN			b. STATION WHERE SEPARATED PERSUPPET NAVAL STATION NORFOLK, VA		
9. COMMAND TO WHICH TRANSFERRED NAVY OPERATIONAL SUPPORT CENTER GREEN BAY, WI			10. SGLI COVERAGE AMOUNT: \$ 400,000 NONE		
11. PRIMARY SPECIALTY (List number, title and years and months in specialty. List additional specialty numbers and titles involving periods of one or more years.) BU 0000//		12. RECORD OF SERVICE			
A		a. DATE ENTERED AD THIS PERIOD 2014 01 10			
		b. SEPARATION DATE THIS PERIOD 2014 12 25			
		c. NET ACTIVE SERVICE THIS PERIOD 00 11 16			
		d. TOTAL PRIOR ACTIVE SERVICE 03 03 22			
		e. TOTAL PRIOR INACTIVE SERVICE 04 00 11			
		f. FOREIGN SERVICE 00 00 00			
		g. SEA SERVICE 00 00 00			
		h. INITIAL ENTRY TRAINING 00 00 00			
13. DECORATIONS, MEDALS, BADGES, CITATIONS AND CAMPAIGN RIBBONS AWARDED OR AUTHORIZED (All periods of service) ARMED FORCES RSV MEDAL W/M DVC(3), GWOT 100 MEDAL, NATIONAL DEFENSE SVC MEDAL, ARMY COMMENDATION MEDAL, ARMY ACHIEVEMENT MEDAL, NAVY/MC OVERSEAS SVC RIBBON(2), USAF MERITORIOUS UNIT AWARD, JIMUA, NAVY RIFLE MARKSMANSHIP RIBBON W/S, NAVY PISTOL MARKSMANSHIP RIBBON W/S, SEE REMARKS//		14. MILITARY EDUCATION (Course title, number of weeks, and month and year completed) NONE THIS PERIOD//			
15a. COMMISSIONED THROUGH SERVICE ACADEMY YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>					
b. COMMISSIONED THROUGH ROTC SCHOLARSHIP (10 USC Sec. 2107a) YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>					
c. ENLISTED UNDER LOAN REPAYMENT PROGRAM (10 USC Chap. 101) (If Yes, specify amount of commitment) YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>					
16. DAYS ACCRUED LEAVE PAID 05		17. MEMBER WAS PROVIDED COMPLETE DENTAL EXAMINATION AND ALL APPROPRIATE DENTAL SERVICES AND TREATMENT WITHIN 90 DAYS PRIOR TO SEPARATION YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
18. REMARKS SER: 42574-14-Q2845-MBW//BLOCK 13 CONT: AFGANISTAN CAMPAIGN MEDAL, NATO ISAF MEDAL, SEABEE COMBAT WARFARE SPECIALIST// MEMBER SERVED IN AN IMMINENT DANGER PAY AREA FROM 2014APR18 TO 2014OCT01// MOBILIZED IN SUPPORT OF OPERATION ENDURING FREEDOM, SEC 12302, TITLE 10 USC// DETACHED SEPARATION ACTIVITY 2014NOV13 W/3 DAYS TRAVEL/1 DAY DEACTIVATION/14 DAYS PDMRA//					
19a. MAILING ADDRESS AFTER SEPARATION (include ZIP Code) 1111 SE 9TH ST DES MOINES, IA 50309			b. NEAREST RELATIVE (Name and address - include ZIP Code) JANE VETERAN 1111 SE 9TH ST DES MOINES, IA 50309		
20. MEMBER REQUESTS COPY 6 BE SENT TO (Specify state/locality) IA OFFICE OF VETERANS AFFAIRS <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> a. MEMBER REQUESTS COPY 3 BE SENT TO THE CENTRAL OFFICE OF THE DEPARTMENT OF VETERANS AFFAIRS (WASHINGTON, DC) <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/>					
21. a. MEMBER SIGNATURE		b. DATE (YYYYMMDD)		22. a. OFFICIAL AUTHORIZED TO SIGN (Typed name, grade, title, signature) E	
23. TYPE OF SEPARATION DISCHARGE					
24. CHARACTER OF SERVICE (include upgrade) HONORABLE					
25. MILPERSMAN 1910-104		26. MBK		27. RE-R1	
28. NARRATIVE REASON FOR SEPARATION COMPLETION OF REQUIRED ACTIVE SERVICE					
29. DATES OF TIME LOST DURING THIS PERIOD (YYYYMMDD) TL: NONE				30. MEMBER REQUESTS COPY 4 (Initial)	

DD FORM 214, AUG 2009 PREVIOUS EDITION IS OBSOLETE. MEMBER - 4

Service Dates must be between Aug 2, 1990 thru April 6, 1991 or after Sept 11, 2001.

The form must be a Member-2 or higher.

Additional DPA guidelines

- CD should reflect specific DPA used as line item.
- No portion of the DPA can be paid to the borrower except for earnest money, application fee and/or loan fees paid outside of closing.* First recommendation is to lower the loan amount. Second recommendation, any remaining funds should be applied as a minimal principal reduction to the first mortgage loan.
- *Tax proration to borrower at closing. We have a subsidy reimbursement worksheet to help ensure DPA is not given as cash back to borrower at closing and lenders receive full reimbursement. This can also be found in Lender Online > Program Documents. We would encourage the subsidy worksheet be utilized to make this determination.
- Personal property must be accounted for in calculation, if FirstHome.
- **The MHOA grant is to be used for down payment and closing costs –not as cash back at closing.**

QUESTIONS REGARDING MILITARY HOMEOWNERSHIP ASSISTANCE?

How does a borrower use IFA Programs

1. Apply for financing with an IFA participating lender
2. Lender submits borrower application and eligibility docs
3. If MHOA, IFA submits documentation to the VA for service date eligibility approval
4. IFA reviews docs for IFA program eligibility
5. IFA issues “Conditional Commitment” – REQUIRED prior-to-closing to be eligible for reimbursement
6. Borrower receives credit for Plus, Loan, and/or Military grant on Closing Disclosure (lender gets reimbursed at time of purchase by Master Servicer)
7. Lender must timely submit docs for post-closing review as well as any outstanding conditions.

Underwriting Notice

- IFA reviews for IFA program eligibility only
- IFA **DOES NOT** perform underwriting
- Lender is responsible for underwriting according to agency guidelines per loan type
- Lender to follow most restrictive guideline (either lender underwriting/compliance, secondary market, or IFA guideline)

Additional Items

- Co-signers/Non-occupant Co-borrowers are not allowed for any programs
- Income eligibility – 18 and older not included unless ownership interest
- IFA only requires prior year W-2's equal to gross income on 1040
- Grants and scholarship income documentation needed only if close to income limit
- Average **STANDARD VALUATIONS** for personal property

Scenario Samples

What is the issue?

PA Legal Desc: Hedges Morningside Lot 11 Blk 27 Hedges Morningside Lot 12 Blk 27 (long legal)

Legal Description	HEDGES MORNINGSIDE LOT 11 BLK 27 & HEDGES MORNINGSIDE LOT 12 BLK 27		
Assessor's Parcel #	884705258020 & 884705258021	Tax Year	2020

Address: 2215 S Magnolia St and 2217 S Magnolia St

How was this corrected?

What is the issue?

PA Legal Desc: Burlington WD Gilberts Addition Lot 75 & Lot 74

Legal Description	75 W D GILBERT ADD & 74 W D GILBERT ADD		
Assessor's Parcel #	11-29-407-012 & 11-29-407-013	Tax Year	2021

Assessor map:



How was this corrected?

What is the issue?

PA Legal Desc: Lot 31 W L Whites Sub DV

Legal Description LOT 31 W L WHITES SUB DIV & LOT 32 W L WHITES SUB DIV

Assessor's Parcel # 090/07460-000-000 & 090/07461-000-000

Tax Year 2021



QUESTIONS?

THANK YOU

Lender.inquiry@iowafinance.com



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