Home in Five Advantage

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

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

Homebuyer Requirements

- Maximum credit qualifying income cannot exceed $153,440 for all borrowers (see below for Special Requirements for 7-year Forgivable Seconds).
- Buyers must have a minimum FICO credit score of 640 and a 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).
- Payment of a 1% origination fee, plus customary closing costs, is due at loan closing.
- Buyers must occupy the home as their principal residence within 60 days of closing.
- No first-time homebuyer requirement (except for the 7-year forgivable second loan option).
- 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)
    - ACCE's *Make Your Move* with Take Charge America
    - CPLC
    - Money Management International
    - Newtown CDC
    - Trellis

Program Requirements

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

Down Payment Assistance (DPA) Second Loans

Program products available through your lender for down payment/closing cost assistance include:

- 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.
  - 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.
  - 3%, 4%, 5% or 6% DPA with a 10-year amortizing second with monthly payments due and a 6% interest rate.

Special Requirements for 7-year Forgivable Second Loans

- Income may not exceed 120% of Area Median Income (determined by the lender), currently $131,520.
- Must be a first-time homebuyer (buyers who have not owned a residential property in the last three years).
- Must be residents of Arizona and have been for a minimum of six (6) months.

Second Mortgage Details and Examples

Forgivable DPA Second Mortgage Loans: For the 3-year, 7-year and 30-year options, down payment assistance is provided as an interest-free, forgivable second mortgage. For a 3-year second mortgage, no payments are required unless the home is sold, transferred, or refinanced before the 36th month. For a 7-year second mortgage, no payments are required unless the home is sold, transferred, or refinanced before the 84th month. For a 30-year second mortgage, no payments are required unless the home is sold, transferred, or refinanced before the 360th month.

Amortizing DPA Second Mortgage Loans: The 10-year second mortgage has monthly principal and interest payments. If the home is sold, transferred, or refinanced before the 120th month, the balance of the principal must be repaid.

The second loan cannot be subordinated or assumed**.**

Example: 3-Year Forgivable second loan

The 3-year second mortgage is a 36-month note and is forgiven at a rate of 1/36th each month. If a home is purchased in September 2025 with a loan for $280,000 and down payment assistance of $8,400 (3%), then the $8,400 second mortgage is fully forgiven in October 2028. If the home purchased in September 2025 is sold, transferred, or refinanced in October 2027, the 25th month, then borrower is responsible for re-paying $2,800 of the original $8,400 assistance. The first 24 months of the note were forgiven ($5,600). The amount due from the borrower will be part of the closing process on the sale, transfer or refinancing to clear the second lien.

Example: 7-Year Forgivable second loan

The 7-year second mortgage is an 84-month note and is forgiven at a rate of 1/84th each month. If a home is purchased in September 2025 with a loan for $280,000 and down payment assistance of $14,000 (5%), then the $14,000 second mortgage is fully forgiven in October 2032. If the home purchased in September 2025 is sold, transferred, or refinanced in October 2029, the 61st month, then the borrower is responsible for re-

paying $4,000 of the original $14,000 assistance. The first 60 months of the note were forgiven ($10,000). The amount due from the borrower will be part of the closing process on the sale, transfer or refinancing to clear the second lien.

Example: 30-Year Forgivable second loan

The 30-year second mortgage is a 360-month note with no forgiveness until final maturity. The home is purchased in September 2025 with a loan for $280,000 and down payment assistance of $11,200 (4%), then the $11,200 second mortgage is fully forgiven in October 2055. If the home purchased in September 2025 is sold, transferred, or refinanced in October 2029, the 48th month, then the borrower is responsible for re-paying the full amount of the $11,200 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.

More Information

For more information, please contact one of the program lenders or send an email to info@homeinfiveadvantage.com.