

PROGRAM
SELF-HELP HOUSING

Program Description

An owner/builder program allowing a group of qualified applicants to commit to sweat equity requirements as well as home counseling and training, through the duration of the development of all homes.

Eligible Activities

Down Payment Construction
Closing Cost(s) Land Purchase

Eligibility

- ✓ Must be a First Time Homebuyer
- ✓ Borrower must commit to sweat equity requirements
- ✓ No cash to borrower at closing
- ✓ Required to attend home counseling and training classes throughout construction
- ✓ Income at or below 80% of AMI.
- ✓ Non-retirement liquid assets in excess of \$5,000 must be used prior to any HOME dollars. For the Elderly, non-retirement assets in excess of \$10,000 must be used prior to any HOME dollars.
- ✓ Property must meet Housing Quality Standards (HQS)
- ✓ Must occupy the home for affordability period
- ✓ Uniform Relocation Act (URA) apply

Eligible Applicants/Sponsors

Applicants (through and approved Lender/Sponsor) must have very low or low income. Very low income is defined as below 50 percent of area median income (AMI); low income is between 50 and 80 percent of AMI.

Sponsor – 501(c) (3)

Assistance Level

Assistance is based on need and the following income charts as determined by the Mutual Self-Help Sponsor’s underwriting. Non-retirement liquid assets above \$5,000 must be utilized to reduce the subsidy assistance. For the elderly, non-retirement liquid assets in excess of \$10,000 must be used to reduce the subsidy assistance.

60% and Below AMI	61 to 70% of AMI	71 to 75% of AMI	76 to 80% of AMI
Minimum \$1,000	Minimum \$1,000	Minimum \$1,000	Minimum \$1,000
Maximum \$20,000	Maximum \$15,000	Maximum \$7,500	Maximum \$5,000

Property Types

Single-family homes of modest size, design, and cost, per USDA standards.

Chapter 2:

Value Limits

HUD FHA Section 203(b) Limits for all jurisdictions.

Eligible Forms of Subsidy

Deferred Payment Loan (forgivable).

Repayment Obligation

For Deferred loans of \$15,000 or more, the term of the Recapture will be **ten (10) years**; If the Property is sold, or an event of default occurs during the first five (5) years the full amount of the Deferred loan will be recaptured; thereafter, the Outstanding Balance is determined according to the following schedule:

The Outstanding Balance shall be reduced by one-fifth (1/5) for each full year from year sixth (6) through ten (10) that the Owner both owns the Property and resides in the Property as Owner's principal place of residence and makes all payments due on loans secured by prior lien or liens on the Property.

For Deferred loans of \$14,999 or less, the term of the Recapture will be five (5) years; if the Property is sold, or an event of default occurs during the first five (5) years of ownership, the Outstanding Balance of the Funds shall be immediately due and payable to IHFA. The outstanding balance is determined according to the following schedule:

The Outstanding Balance shall be reduced by one fifth (1/5) for each full year that the Owner both owns the Property and resides in the Property as Owner's principal place of residence and make any payments due on loans secured by prior liens on the Property.

If the Property is sold, the Owner shall not be required to repay more than the proceeds (after deducting closing costs as approved by IHFA) from the sale of the Property less the repayment of any loans secured by liens prior to the Deed of Trust. If Owner owns the Property and the Property has been Owner's principal residence for the complete period of affordability, no funds need be repaid.

Subordination

IHFA will allow subordination of the HOME assistance in the case of a refinance to lower the borrower's current interest rate. Under no circumstances will IHFA subordinate when the borrower is taking cash out or paying off debts. The request for subordination must be submitted to IHFA for approval prior to loan closing.