
PROGRAM

AMERICAN DREAM DOWN PAYMENT INITIATIVE (ADDI)

Program Description

ADDI is a separate Department of Housing and Urban Development funding for down payment and/or closing cost assistance. This program provides resources to meet the initial down payment and closing costs to those first time homebuyers who otherwise could not afford to purchase a home. This program differs slightly from the IHFA HOME Program's down payment/closing costs program. This activity allows the borrower to have a loan from any IHFA-approved lender/broker and the lender/broker does not need to sell the loan to IHFA. It also allows an exception under the first time homebuyer requirement for displaced homemakers or single parents the capability to qualify for this assistance.

Eligible Activities

Down Payment, Closing Costs

Standard Eligibility

- ✓ First time homebuyer.¹
- ✓ Pre approval of deferred loan through the online process.
- ✓ Homebuyer education course, "*Finally Home!*" completed prior to pre approval.
- ✓ Income at or below 80% of AMI to qualify for the HOME Program.
- ✓ Must qualify under a standard lending program, i.e. FHA, VA, Conventional or USDA 502.
- ✓ Properties must be vacant or owner-occupied, no rental units.
- ✓ Non-retirement liquid assets in excess of \$5,000 must be used prior to the disbursement of Home funds. For elderly, non-retirement liquid assets in excess of \$10,000 must be used prior to the disbursement of HOME funds.
- ✓ Must occupy the home within 14 days of loan closing.
- ✓ No cash to borrower at closing.
- ✓ IHFA requires all properties assisted with HOME funds to meet HUD's Housing Quality Standards (HQS), to document this, HUD has provided IHFA with a waiver to allow FHA appraisals including Valuation Condition (VC) sheets, on all down payment assistance programs. IHFA will allow USDA –Rural Development to provide IHFA with their inspection form 1924A in lieu of the Valuation Conditions.
- ✓ Lead-based paint requirements apply.
- ✓ Uniform Relocation Act (URA) applies.

Eligible Applicants/Sponsors

Borrower (Residency Status is determined by the approved Lender/Sponsor) – Must be a resident of Idaho, eighteen (18) years of age or older and families with household incomes of 80% or less of AMI.

Lenders/Sponsors – must be approved by Idaho Housing and Finance Association

¹ Exception to First Time Homebuyer Ruling: Can be a displaced homemaker with custody of children or a single parent with custody of children.

Chapter 2:

Assistance Level

The amount of the ADDI funds that may be expended per unit are limited to the greater of \$10,000 or six (6%) percent of the sales price of the home. Assistance is based on need and the following income charts. Non-retirement liquid assets above \$5,000 or \$10,000 for Elderly must be utilized 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 – limited to the greater of \$10,000 or six percent (6%) of the sales price of the home	Maximum \$7,500	Maximum \$5,000	Maximum \$3,000

Property Types

1-4 Single Family Unit, Condo, Manufactured Home titled as real estate and meeting HUD standards 24 CFR part 3280

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.