South Phoenix Village (SPV) Homebuying Program
Real Estate Agent and Lender Guide

SPV eligible homebuyers receive a $15,000 Neighborhood Stabilization Program (NSP) loan to use towards partial down payment, reasonable and customary closing costs, a home warranty, and first mortgage principal loan reduction to purchase a SPV Infill Home that has been newly constructed by city of Phoenix program partners.

The following information will help you navigate the process to assist your homebuyer in becoming eligible for the SPV/NSP assistance funds. For help, please contact Phoenix NSP Customer Advisory Services at 602-262-6602 (800-842-4681 for TDD/TTY service) or e-mail nsphome@phoenix.gov.

Homebuyer Eligibility Requirements

- Homebuyer(s) annual household income cannot exceed the amounts below, based on household size (anyone living in the house). In determining income, all wages and other sources of income for all household members age 18 and older are considered. SPV/NSP income requirements are different than Lender income requirements.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
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<tbody>
<tr>
<td>Maximum</td>
<td>$65,350</td>
<td>$74,700</td>
<td>$84,050</td>
<td>$93,350</td>
<td>$100,850</td>
<td>$108,300</td>
<td>$115,800</td>
<td>$123,250</td>
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<tr>
<td>Household Income (120% of Median)</td>
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- Must have a good credit history and be able to qualify for a 15- or 30-year fixed rate loan. Debt to income ratios must be at or below 31 percent / 43 percent - aligned with FHA standard guidelines. If a lender has an Energy-Efficient Mortgage (EEM) product or certified home, the ratios may be increased to 33 percent / 45 percent.
- Cannot be on the title of any residential property.
- Must be a permanent legal resident of the U.S.
- Contributes half of the required cash down payment (or $1,000, whichever is greater) of their own personal funds. Gifted funds are not allowable.
- Funds will be secured by a promissory note and recorded subordinate deed of trust.
- Funds will be paid directly to the title company. Excess funds will be applied to reduce the first mortgage loan amount.
- Funds cannot be used to buy down rate points. Buyer may buy up to 0.5% discount point with own funds (in addition to down payment requirement), documented gift funds or with Agent/Lender credit; or up to 1% point with City approval.
- Funds can be used for initial rate lock; cannot be used for rate extension fees.
- Funds cannot be used for initial appraisal, but can be used for a final inspection/certification, if necessary.
- Buyers must be free and clear of all unpaid collection accounts at time of closing. Documented payment plans with payment history may be approved if collection account is under $2,500.

**STEP 1:** Homebuyer contacts a lender of their choice for a mortgage loan.
A. Homebuyer and lender ensure the loan meets city program parameters.
B. Lender forwards the loan pre-qualification letter, Loan Application and Loan Transmittal Summary to the homebuyer’s housing counseling agency.

**STEP 2:** Homebuyer contacts one of the HUD certified housing counseling agencies below to schedule a one-on-one session with a housing counselor.
A. The following documentation is required for everyone 18 years and older in the household that has some form of income:
   1. Most recent three years of tax returns. Not required of family members who are dependents.
   2. Previous 30 days of paycheck stubs.
   3. Most recent two months of bank statements and all other asset statements.
   4. Other sources of income (i.e. child support, social security, disability, etc.)
STEP 3: Homebuyer contacts their HUD certified housing counseling agency to schedule an 8 hour Homebuyer Education class (see full list of agencies that offer Homebuyer Education classes on page 3). This step must be completed before closing escrow on a home and is required through the Neighborhood Stabilization Program.

STEP 4: If the homebuyer is deemed eligible for the program, the housing counselor forwards the homebuyer’s pre-qualification packet to the SPV/NSP Loan Administrator.

STEP 5: SPV/NSP Loan Administrator determines the homebuyer’s eligibility, once they receive a complete pre-qualification package from the housing counseling agency and any necessary documents from the homebuyer’s lender. See contact info below.

A. SPV/NSP Loan Administrator reviews the pre-qualification packet and, if deemed eligible, issues an eligibility letter within seven days of receiving all required documentation. The buyer has **NOT** been deemed eligible for the program until they receive an eligibility letter from SPV/NSP Loan Administrator.

*Tip: In order to avoid extra costs and delays, it is recommended that the buyer obtain an eligibility letter from SPV/NSP Loan Administrator as early in the process as possible.*

STEP 6: Homebuyer works with a real estate professional to find a property in the SPV/NSP program inventory.

A. Visit www.southphoenixvillage.com to view the SPV list of available homes.
B. Available inventory homes are also listed in ARMLS with the term “South Phoenix Village” in the Private Remarks section. Please contact Karen Davis (kdavis@fsl.org or 602-285-0505 ext. 170) for a list of upcoming inventory homes.
C. Homebuyer must contribute fifty percent (50%) of own funds toward the down payment.
D. The assistance funds are first applied to **reasonable and customary** closing costs and the balance is used to reduce the principal loan amount. No cash funds will be returned to homebuyer. NSP or buyer funds cannot be used to buy points.
E. Homebuyer will be required to purchase a home warranty policy with a minimum one year coverage period (max $500 per year), paid from the assistance loan balance.

*Tip: Allow at least 60 days for the close of escrow process.*

STEP 7: Review and complete the Contract Packet found in the “Documents” section of the ARMLS listing, with the homebuyer.

Please contact Karen Davis with any additional contract questions.

STEP 8: SPV/NSP Loan Administrator performs the City’s due diligence, as follows:

1. Collects all relevant data and documents.
2. Prepares escrow instructions for the title company.
3. Reviews the ALTA Settlement Statement and prepares the SPV/NSP assistance loan documents.

STEP 9: SPV/NSP Loan Administrator will contact the homebuyer to schedule a pre-close meeting once the lender provides a final CD, 1003 and 1008 (provided at least 10 business days prior to close date) and an ALTA Settlement Statement is received from the escrow officer. The meeting includes:

A. Review of the ALTA Settlement Statement that is an itemized list of funds paid at closing, including real estate commissions, fees, and initial escrow (impound) amounts.
B. Review and signing the city of Phoenix loan documents, which SPV/NSP Loan Administrator will forward to the title company upon execution.

*Tip: Allow 10 business days for the city to approve and the title company to receive the NSP loan documents.*

STEP 10: Homebuyer needs to ensure the lender has sent all first mortgage loan documents to SPV/NSP Loan Administrator and the title company, a minimum of two (2) business days, prior to the close of escrow date. SPV/NSP Loan Administrator will coordinate with the title company to complete the sale.

A. Refer to the attached list of documents needed from the lender and homebuyer for Neighborhood Stabilization Program eligibility.
B. Consult with the homebuyer or lender on any outstanding conditions and status of close of escrow.
C. Verify the homebuyer has identified a home warranty policy.

*Lender loan docs might need to be re-drawn if the closing falls into the next month.*

STEP 11: The homebuyer arranges an appointment at the title company office to sign the closing documents for the first mortgage of their new home.

**CONGRATULATIONS! YOUR CUSTOMER HAS JUST BECOME A HOMEOWNER!**

*Please note that this Guide and hyperlinked documents referenced within can be found at [www.phoenix.gov/nsphome](http://www.phoenix.gov/nsphome)*

*The $15,000 city of Phoenix program loan for owner occupants is applied to the closing costs and half of the down payment on the purchase of a program home. Any remaining balance is applied to reduce the principal of the first mortgage loan. The NSP loan is 0% interest with no monthly payment and is forgivable over 15 years.*

Revised: 04.2020
# Phoenix Homebuying Program

## HUD Approved Housing Counseling Agencies

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<tr>
<th>Agency</th>
<th>Phone</th>
<th>Hours</th>
<th>Monthly Homebuyer Education Classes</th>
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</table>
| Administration of Resources and Choices (ARC) | 602-374-2226 | 8 a.m. to 4 p.m. Mon.-Fri.      | **Monthly Homebuyer Education Classes:**
| Glendale, AZ 85301                          |         |                                 | Twice monthly in English and Spanish                                           |
| [arc-az.org](htp://arc-az.org)              |         |                                 | Call for schedule or contact for individual classes                           |
| Chicanos Por La Causa (CPLC)                | 602-253-0838 | 8 a.m. to 5 p.m. Mon.-Fri.      | **Monthly Homebuyer Education Classes:**
| Phoenix, AZ 85004                           |         |                                 | 1st Saturday, 8:30 a.m. – 5:30 p.m.                                          |
| [www.cplc.org](htp://www.cplc.org)          |         |                                 | 3rd or 4th Saturday, 8:30 a.m. – 5:30 p.m. (Spanish)                         |
|                                             |         |                                 | Check website for schedule                                                    |
| Greater Phoenix Urban League                | 623-239-1451 | 8 a.m. to 5 p.m. Mon.-Fri.      | **Monthly Homebuyer Education Classes:**
| Phoenix, AZ 85007                           |         |                                 | Last Saturday, 8 a.m. – 5 p.m.                                                |
| [www.gphxul.org](htp://www.gphxul.org)      |         |                                 | **Offers One-on-One credit counseling.**                                     |
| Newtown Community Development Corp.         | 480-517-1589 | 8 a.m. to 5 p.m. Mon.-Thurs.    | **Homebuyer Education Classes offered online only in English and Spanish**   |
| Tempe, AZ 85281                             |         |                                 | (online certification is eligible for City programs at Homebuyer cost)       |
| [www.newtowncdc.org](htp://www.newtowncdc.org) |         |                                 | ![March 23 2023: 1:28 PM](htp://www.newtowncdc.org)                         |
| Trellis                                     | 602-258-1659 | 8 a.m. to 5 p.m. Mon.-Fri.      | **Monthly Homebuyer Education Classes:**
| Phoenix, AZ 85006                           |         |                                 | Orientation: 2nd & 4th Monday, 6–7 p.m.                                      |
| [www.trellisaz.org](htp://www.trellisaz.org) |         |                                 | 8 Hr Class: 1st & 3rd Saturday, 8 a.m. – 5 p.m.                              |
|                                            |         |                                 | Classes held in Spanish once each quarter                                    |
|                                            |         |                                 | Check website or call for schedule                                            |

All HUD Certified Housing Counseling Agencies listed above provide One-on-One Credit Counseling and Homebuyer Education Classes for the South Phoenix Village (SPV) Infill Homebuying Program.

Schedules and fees might vary by agency. Please contact the agencies directly to verify costs and to schedule appointments.
Phoenix South Phoenix Village Infill / Neighborhood Stabilization Program
Required Financial Documents Checklist

The following documents need to be provided to the housing counselor when the homebuyer attends their one-on-one credit counseling session and to the NSP Loan Administrator for program eligibility determination. Please note that you will need to provide updated documents with the most current information (paystubs, bank statements, etc.) in order for the NSP Loan Administrator to determine program eligibility.

From the Homebuyer(s):
___ 2 forms of Identification: for all household members over the age of 18
___ Current Pay Stubs: Most recent consecutive pay stubs for the past 30 days for all household members over 18
___ Other Income Documentation for all household members:
   ___ Social Security Income ___ Disability Income ___ Child Support
   ___ Alimony ___ Unemployment ___ Pensions
   ___ Workman’s Comp ___ Self-Employment Profit & Loss
___ Recent two month’s statements for all household members assets including:
   ___ Bank Accounts ___ Retirement Accounts, IRA, Stocks, etc.
___ Federal Income Tax Return & W2’s for the past 3 years for all household members over 18
___ Divorce Decree & Child Support Court Order (If applicable)
___ Bankruptcy documentation (If applicable)

From Your Lender:
___ Loan Application (1003) to verify names, loan amount, assets & liabilities match
___ Loan Transmittal Summary (1008) to ensure NSP ratios of 31.00%/43.00% are met
___ Loan Estimate / Closing Costs Estimate
___ Draft Closing Disclosure Statement
___ Loan Prequalification including Purchase Power Amount $ ________________
___ Credit Report/s for all applicant’s

Lenders Please Note:
An estimated amount of closing costs is needed for a buyer to be deemed program eligible prior to purchasing a property. The city assistance dollar amount of $15,000 (plus any additional subsidy borrower is receiving) should be entered into Subordinate Financing on the 3rd page (Details of Transactions) of the Uniform Residential Loan Application (1003). The funds are a lien, not an asset to the borrower.

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Policy for managing a property waiting list, accepting purchase contracts and back up offers of potential buyers:

a. Accepting Purchase Contracts (on spec homes)
   i. Seller shall request up to 5 days to evaluate and accept purchase offers.
      Prior to accepting an offer, seller will review the buyers’ information to ensure it appears they will qualify for the SPV purchase (AMI, ratios, pre-qualification, etc.)
   ii. If multiple offers are received, seller will select the buyer that appears most qualified to purchase within the program guidelines.
      1. Buyers that have been deemed eligible by a housing counselor will be given preference over buyers that have not yet met with a housing counselor.
      2. If multiple offers are received and all factors appear equal, then the seller shall accept the offer first received.

b. Anyone who wishes to be on a waiting list or in a backup position on a specific property must submit an offer to purchase that property. The listing agent will confirm the buyer’s backup position via email to the selling agent. The listing agent will maintain all backup offers through close of escrow of that property.
   i. Should the initially accepted offer fall through, FSL will review all backup offers.
      1. When reviewing backup offers, preference will be given to buyers that have been deemed eligible for the program by a housing counselor.

c. Buyers that submit offers to purchase a specific property will be offered the option to submit a contract on a home that can be built on a different lot of their choice. This option will likely minimize the size of a wait list for any SPV home as there are other options for buyers to choose from.
Phoenix Neighborhood Stabilization Program /  
South Phoenix Village Homebuyer  
Questionnaire

Date: ________________________________________________________________ 

Buyer(s):__________________________________________________________________________ 

Seller: _____________________________________________________________________________ 

Premises Address: ___________________________________________________________________ 

The Phoenix Neighborhood Stabilization Program to verify all information provided below. 

○ Buyer(s) understands the SPV/NSP Loan Administrator serves as the SPV/NSP underwriter for the program and will determine final approval and eligibility. □ Yes □ No 

○ Total gross annual household income is below 120 % of area median income (see Household Income Chart - 120% of Median) □ Yes □ No 

○ Buyer(s) has obtained a Conditional Loan Approval or Desktop Underwriting Approval from a first mortgage lender □ Yes □ No 

○ First mortgage debt to income ratios are at or below 31 percent / 43 percent – aligned with FHA standard guidelines □ Yes □ No 

○ First mortgage term is 15- or 30-year fixed rate, fully amortizing □ Yes □ No 

○ Buyer(s) will contribute 50% of the required cash down payment or a minimum of $1,000.00 (whichever is greater) from personal funds □ Yes □ No 

○ Buyer(s) does not own or is on title of any other residential real estate □ Yes □ No 

○ Buyer(s) will occupy the property as a principal residence □ Yes □ No 

○ Buyer(s) is either a US Citizen or a legal resident of the US □ Yes □ No 

○ Buyer(s) will complete a 2 hour One-on-One Credit Counseling session with a HUD Certified Housing Counseling Agency within 10 days of accepted purchase contract (No Cost to Buyer) □ Yes □ No
o Buyer(s) will agree to complete an 8-hour Homebuyer Education class with a HUD Certified Housing Counseling Agency, before close of escrow

(No Cost to Buyer) □ Yes □ No

o Buyer(s) understands the decision to grant SPV/NSP Homebuyer Assistance is within the sole discretion of the Neighborhood Stabilization Program and is dependent upon the buyer meeting all SPV/NSP program eligibility requirements prior to close of escrow date □ Yes □ No

* To commence eligibility determination process, the buyer(s) will need to provide the following documentation to a designated HUD Certified Housing Counselor Agency for all household members over the age 18 within 10 days of accepted purchase contract:

o Most recent 3 years of income tax returns
o Most recent 30 days of paycheck stubs
o Most recent 2 months of bank statements and all assets statements
o Other sources of income (i.e. child support, social security, disability, etc.)