



City of Phoenix

City of Phoenix Homebuying Program Real Estate Agent and Lender Guide

City of Phoenix eligible homebuyers receive a **\$15,000** Neighborhood Stabilization Program (NSP) or Community Development Block Grant (CDBG) loan to use towards partial down payment, reasonable and customary closing costs, a home warranty, and first mortgage principal loan reduction to purchase a City of Phoenix 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 City of Phoenix homebuyer assistance funds. For help, please contact Phoenix Customer Advisory Services at **602-262-6602 (800-842-4681 for TDD/TTY service) or e-mail nsd.cd@phoenix.gov**.

Homebuyer Eligibility Requirements

- Homebuyer(s) annual household income cannot exceed the amounts below, based on household size (anyone living in the house) and funding program (NSP or CDBG). In determining income, all wages and other sources of income for all household members age 18 and older are considered.

City of Phoenix program income requirements are different than Lender income requirements.

Household Size	1	2	3	4	5	6	7	8
NSP Maximum Household Income * (120% of Median)	\$78,550	\$89,750	\$101,000	\$112,200	\$121,200	\$130,150	\$139,150	\$148,100
CDBG Maximum Household Income * (80% of Median)	\$52,400	\$59,850	\$67,350	\$74,800	\$80,800	\$86,800	\$92,800	\$98,750

* Maximum income limit is determined by loan or project funding source. Phoenix Customer Advisory Services or Housing Counseling agency can help determine which limit applies to available inventory.

- 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.

- Homebuyer and lender ensure the loan meets city program parameters.
- 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.

- The following documentation is required for everyone 18 years and older in the household that has some form of income:
 - Most recent three years of tax returns. Not required of family members who are dependents.
 - Previous 30 days of paycheck stubs.
 - Most recent two months of bank statements and all other asset statements.
 - Other sources of income (i.e. child support, social security, disability, etc.)

Administration of Resources and Choices (ARC)	5800 W. Glenn Dr., Suite 330 Glendale 85301	602-374-2226	arc-az.org
Chicanos Por La Causa (CPLC)	511 W. University Dr., #4 Tempe 85281	602-253-0838	www.cplc.org
Greater Phoenix Urban League	1402 S. Seventh Ave., Phoenix 85007	623-239-1451	www.gphxul.org
Newtown Community Development Corp	511 W. University Dr., #4 Tempe 85281	480-517-1589	www.newtowncdc.org
Trellis	1405 E. McDowell Road, #100, Phoenix 85006	602-258-1659	www.trellisaz.org

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 City of Phoenix Homebuying Program.

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

STEP 5: City 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. City 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 City Loan Administrator.

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

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

- A. Available inventory homes will be listed in ARMLS.
- B. Homebuyer must contribute fifty percent (50%) of own funds toward the down payment.
- C. 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. City or buyer funds cannot be used to buy points.
- D. 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.

STEP 8: City 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 City homebuyer assistance loan documents.

STEP 9: City 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 Phoenix homebuyer assistance loan documents, which City 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 City loan documents.

STEP 10: Homebuyer needs to ensure the lender has sent all first mortgage loan documents to City Loan Administrator and the title company, a minimum of two (2) business days, prior to the close of escrow date. City 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 City Homebuyer 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 additional program information can be found at
<https://www.phoenix.gov/nsd/programs/nsp/real-estate-resources>

* 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 City loan is 0% interest with no monthly payment and is forgivable over 15 years.

Phoenix Homebuying Program

HUD Approved Housing Counseling Agencies

Administration of Resources and Choices (ARC) 5800 W. Glenn Dr., Suite 330 Glendale, AZ 85301 arc-az.org	602-374-2226	Hours: 8 a.m. to 4 p.m. Mon.-Fri. Monthly Homebuyer Education Classes: Twice monthly in English and Spanish Call for schedule or contact for individual classes
Chicanos Por La Causa (CPLC) 1402 S. Central Ave., Bldg A Phoenix, AZ 85004 www.cplc.org	602-253-0838	Hours: 8 a.m. to 5 p.m. Mon.-Fri. Monthly Homebuyer Education Classes: 1 st Saturday, 8:30 a.m. – 5:30 p.m. 3 rd or 4 th Saturday, 8:30 a.m. – 5:30 p.m. (Spanish) Check website for schedule
Greater Phoenix Urban League 1402 S. Seventh Ave. Phoenix, AZ 85007 www.gphxul.org	623-239-1451	Hours: 8 a.m. to 5 p.m. Mon.-Fri. Monthly Homebuyer Education Classes: Last Saturday, 8 a.m. – 5 p.m.
Newtown Community Development Corp. 511 W. University Dr., Suite 4 Tempe, AZ 85281 www.newtowncdc.org	480-517-1589	Hours: 8 a.m. to 5 p.m. Mon.-Thurs. 8 a.m. to 4 p.m. Fri. Offers One-on-One credit counseling. Homebuyer Education Classes offered online only in English and Spanish (online certification is eligible for City programs at Homebuyer cost)
Trellis 1405 E. McDowell Road, Suite 100 Phoenix, AZ 85006 www.trellisaz.org	602-258-1659	Hours: 8 a.m. to 5 p.m. Mon.-Fri. Monthly Homebuyer Education Classes: Orientation: 2 nd & 4 th Monday, 6–7 p.m. 8 Hr Class: 1 st & 3 rd 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 City of Phoenix Infill Homebuying Program.		

**Schedules and fees might vary by agency.
Please contact the agencies directly to verify costs
and to schedule appointments.**



City of Phoenix

Phoenix Infill Homebuying 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 City 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 City 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 member 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, and/or Adoption Subsidy documentation (If applicable)
Bankruptcy documentation and/or Collections information / payoff / release (If applicable)

From Your Lender:

- Loan Application (1003) to verify names, loan amount, assets & liabilities match
Loan Transmittal Summary (1008) to ensure program housing ratios requirements are met
Loan Estimate / Closing Costs Estimate
Draft Closing Disclosure Statement
Loan Prequalification including Purchase Power Amount \$
Credit Report/s for all applicants

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.

City of Phoenix Homebuying Program
Questionnaire

Date: _____

Buyer(s): _____

Seller: _____

Premises Address: _____

The Phoenix Infill Homebuying Program will verify all information provided below.

- Buyer(s) understands the City Loan Administrator serves as the City underwriter for the program and will determine final approval and eligibility. Yes No
- Total gross annual household income is below 80% or 120% of area median income, whichever is applicable (**see Household Income Chart - 80% or 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 (or 33 percent / 45 percent, if applicable) 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

- 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

- Buyer(s) understands the decision to grant City Homebuyer Assistance is within the sole discretion of the City of Phoenix Infill Homebuying Program and is dependent upon the buyer meeting all City Homebuying 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:

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