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Arkansas.gov**

**SINGLE FAMILY
PROGRAMS**

- LENDER TRAINING -

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

HTTPS://WWW.ADFA.ARKANSAS.GOV

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ARKANSAS DEVELOPMENT FINANCE AUTHORITY

Welcome, Arkansas residents.

Homeowners Assistance Fund (HAF) is intended to help low-to moderate-income homeowners impacted by COVID-19.

Lender Resources available

Single Family

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TRAINING MATERIALS

MARKETING MATERIALS (FLYERS)

ARKANSAS DEVELOPMENT
FINANCE AUTHORITY

SINGLE-FAMILY



HOMEOWNERSHIP

PROGRAM GUIDELINES

FIRST MORTGAGE:

ADFA MOVE-UP
STARTSMART

SUBORDINATE MORTGAGES:

DOWN PAYMENT ASSISTANCE (DPA)

1 COMMERCE WAY, SUITE 602
LITTLE ROCK, AR 72202
(501) 682-5900

[HTTPS://HOMELoANS.ARKANSAS.GOV](https://homeloans.arkansas.gov)

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REVISED 02.01.2024

ADFA resources / materials

- TRAINING CHANNEL

www.GoToStage.com/Channel/ADFA



Featured Videos

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

SINGLE FAMILY PROGRAMS

LENDER TRAINING

10/2022

50:56

1 YEAR AGO

ADFA SINGLE FAMILY PROGRAMS

Home loans
Arkansas.gov

DPA

DOWN PAYMENT ASSISTANCE

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

TRAINING

10/2022

16:35

1 YEAR AGO

ADFA DPA TRAINING

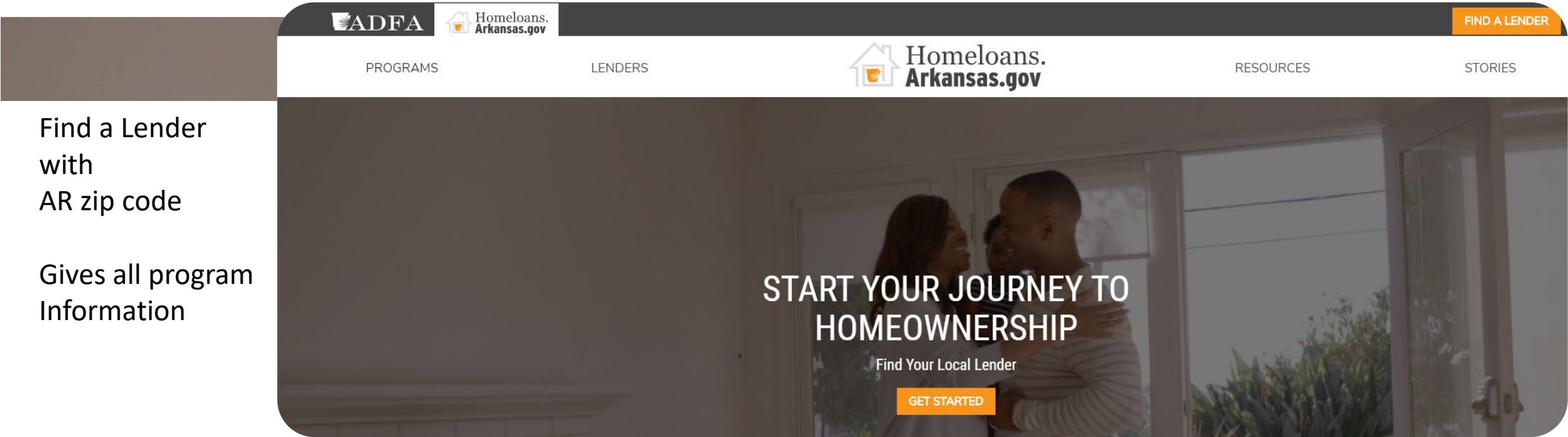
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PROGRAMS

LENDERS

Borrower Resources



ADFA Homeloans. Arkansas.gov FIND A LENDER

PROGRAMS LENDERS RESOURCES STORIES

Homeloans. Arkansas.gov

START YOUR JOURNEY TO HOMEOWNERSHIP

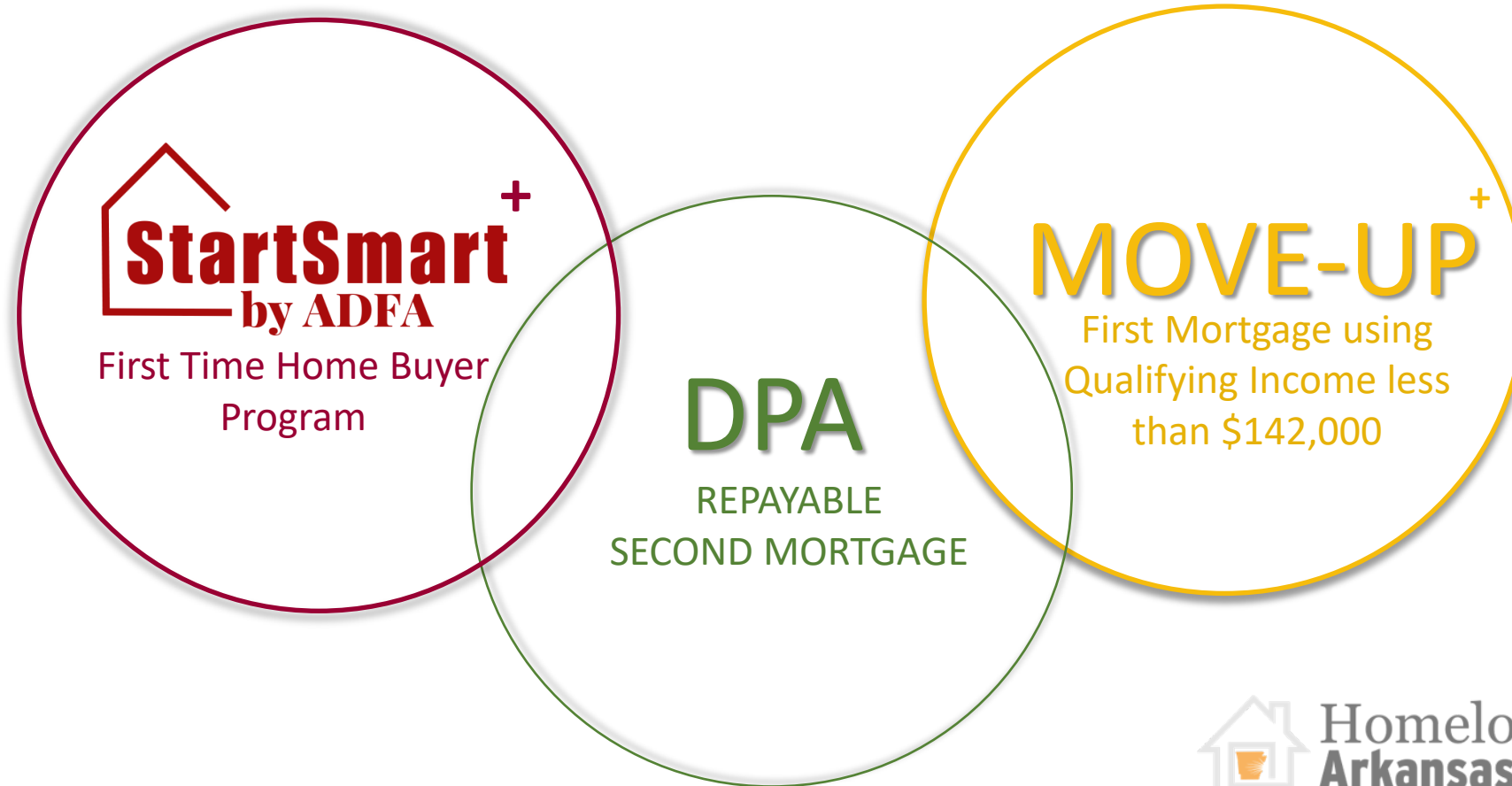
Find Your Local Lender

GET STARTED

Find a Lender with AR zip code

Gives all program Information

ADFA PROGRAMS





Move-Up

Qualifying Income First Mortgage

Move-Up

Established guidelines

All loans must first comply with **applicable industry guidelines** based on the loan type (FHA, VA, and USDA) as well as Federal and State Statutes.

The ADFa guidelines are established by the Agency and the Master Servicer which is ServiSolutions, a division of Alabama Housing.

Move-Up program guidelines

QUALIFYING INCOME MORTGAGE LOAN

- Borrower(s) must qualify for a First Mortgage Loan through an approved ADFA Lender.
- AUS Findings must pull as **Approval/Accept/Eligible**
Loan risk cannot be “refer”
No Manual Underwriting allowed.
- No First Time Homebuyer requirement: Must be Primary Residence only
- First Lien (Purchase Only) – 30 Year Fixed Mortgage Program. Follow First Mortgage agency guidelines:
 - FHA, VA, RD, and Freddie Mac HFA Advantage Conventional
- First Mortgage Maximum Qualifying Income of \$142,000
- Non-Occupant Co-Borrowers allowed on
 - FHA Loans
 - New Freddie Mac-HFA Advantage Conventional

Move-Up program guidelines

QUALIFYING INCOME MORTGAGE LOAN

- **Use qualifying income**
 - Minimum Median Credit Score – **640**
 - Maximum DTI – **45%**
 - Borrower Eligibility
 - No-First Time Homebuyer Requirement
 - No Minimum Arkansas Residency requirement.
 - Must purchase home in Arkansas.
 - Property Eligibility
 - Single Detached, Townhomes & Condominiums
 - Duplex
 - Not allowed with VA & RD
 - Allowed with FHA and HFA Advantage
 - Manufactured Homes
 - Allowed on FHA, VA, RD
 - Not Allowed on HFA Advantage

Move-Up program guidelines

QUALIFYING INCOME MORTGAGE LOAN

- Move-Up Fees Allowed:
 - 1.75% SRP
 - 1% Origination Fee + Standard Origination Fee (Underwriting Fee, Processing Fee, etc.)
- ADFA is exempt from ATR-QM
- Pre-Closing for Move-Up
 - There is not a Pre-Closing Compliance Review
- Closing & Funding
 - Originating Lender will fund 1st and 2nd mortgages and will close both loans under their name.
 - Post-Closing Review required.
Follow Move-Up Post-Closing Checklist for documents to upload
- Purchase Price Limits & Overlays:
Must follow First Mortgage Agency Guidelines.

Move-Up Documents

- Move-Up Post Closing Checklist
- 1st Mortgage Closing Disclosure signed and dated by borrower at closing
- AUS Findings with an Approve/Eligible/Accept status and a DTI of 45% or lower
- Final Loan Application signed and dated by borrower and lender at closing
- Homebuyer Education Certificate completed prior to closing (if Conventional and First Time Homebuyer)
- Landlord Certificate completed prior to closing (if Conventional and property is a duplex)
- Freddie Mac Home Possible Income & Property Eligibility Tool (if Conventional less than 80% AMI)



Move-Up

Qualifying Income First Mortgage

1

- A. Being able to qualify for a first mortgage program: FHA, VA, RD or Conventional
- B. DTI 45% or less
- C. Credit Score of 640

2

INCOME LIMIT: \$142,000

3

PURCHASE PRICE LIMIT: \$ Conforming to Products

No Jumbo Loans

StartSmart by ADFA



ADFA First Time Homebuyer Program

StartSmart by ADEFA Overview



ADFA issues tax-exempt bonds, the proceeds of which are used to offer below-market rate mortgage loans to eligible low-to-moderate-income, first-time homebuyers in Arkansas.

Provides borrowers with lower interest rates compared to traditional mortgages.

Can be paired with ADFA's Down Payment Assistance Loan Program - a second mortgage with a 10-year term, featuring the same low interest rate as the first mortgage.

Established guidelines

All loans must first comply with **applicable industry guidelines** based on the loan type (FHA, VA, and USDA) as well as Federal and State Statutes.

The ADFA guidelines are established by the Agency and the Master Servicer which is **ServiSolutions**, a division of Alabama Housing.

HUD establishes the maximum income limits.

The **IRS** establishes the maximum sales price limits.



Borrower Requirements

- Borrowers and non-purchasing spouses, if applicable must either be first time homebuyers, honorably discharged military veterans, or purchasing a primary residence in a targeted county.
- \$425,000 Sales Price Limit
- **Note holders and non-purchasing spouse, if applicable income** is used and varies by county and household size
- 640 minimum credit score
- Maximum Debt to Income 45.00%
- Must receive an **Approve/Eligible/Accept** on AUS Findings

No Manual Underwriting

- **Must occupy the property within 60 days of closing**
- **Home businesses cannot exceed 15% of the residence.**



- Have not own primary residence within the last 3 years exempt in Targeted Counties. A targeted county is an area of chronic economic distress as designated by the IRS. If property is in a targeted county, the first-time homebuyer requirement does not apply.
- Homebuyers who owned a manufactured home in the last 3 years that was **not** on a permanent foundation.
- Homebuyers who own rental property, as long as they have **not** lived in the property for the past 3 years
- A separated/divorced buyer who has **not** occupied the marital home for the past 3 years
- Veterans who served in any military branch of the Armed Forces of the United States. Veteran's possibly one-time Exemption with Certificate Of Eligibility (COE) and Form DD214.

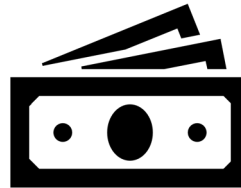


 **StartSmart**
by ADEFA

Disclosure of Income



Lenders should always ask the borrowers and non-borrowing spouse, if applicable, to disclose all income (before any payroll deductions).



Current base income includes income from **primary and part-time jobs and all other income that the borrowers receive at the time the lender submits loan documents for ADEFA approval.** This information must be used for compliance underwriting.



All income is projected for 12 months to calculate compliance income.

First Time Homebuyer Compliance

FTHB – applies to Owners (title holders) & their spouses



Credit Reports required for Non-Targeted Counties

1 year Federal Tax Transcripts or Signed Federal Tax Returns or a combination of both is acceptable for Non-Targeted Counties



Income is borrowers and non-purchasing spouse if applicable.

Income requirements:

Paystub – 2 consecutive pay stubs (Base Pay, Bonus, Overtime, Auto Allowance) within 30 days, clearly showing the pay period ending date that is within 30 days of submission to ADEFA

VOEs – Written or Verbal

Self employed? 2 years tax returns and a current YTD P&L - may be self-prepared (we will not subtract a loss from their income; any losses will be counted as zero)

Spouse income - Spouse's income is counted even if they are not on title. Separated? Need a legal Separation Agreement but **must still sign mortgage.**

Child Support Documentation – Court order, Custody Agreement, or OCSE if case is in Arkansas.

Alimony Documentation

Award Letters – Pension, Social Security, Unemployment, Workers Comp, VA benefits, Government Subsidies (Section 8, AFDC)

Other - Interest, Dividends, Annuities, Gross Rental Income, Deferred Income, All other regularly occurring additional income, Other as applicable; check programs guides

Income Matrix on ADFA Website

INCOME RESTRICTED: IRS Income restriction by County, and number of household occupants



PAGE 1 OF 2.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

StartSmart Income Limits

2023 INCOME LIMITS

INCOME LIMITS BY COUNTY AND HOUSEHOLD SIZE

N= NON-TARGETED
T=TARGETED

PURCHASE PRICE LIMIT - \$425,000

N / T	COUNTY	HOUSEHOLD 1-2 MEMBERS	HOUSEHOLD 3 OR MORE
N	Arkansas	\$77,160	\$90,020
N	Ashley	\$76,080	\$88,760
N	Baxter	\$76,080	\$88,760
N	Benton	\$88,600	\$101,890
N	Boone	\$76,440	\$89,180
T	Bradley	\$89,040	\$103,880
T	Calhoun	\$89,040	\$103,880
N	Carroll	\$79,920	\$93,240
T	Chicot	\$89,040	\$103,880
T	Clark	\$89,040	\$103,880
N	Clay	\$76,080	\$88,760
T	Cleburne	\$89,040	\$103,880
N	Cleveland	\$76,440	\$89,180
T	Columbia	\$89,040	\$103,880
T	Conway	\$89,040	\$103,880
N	Craighead	\$83,760	\$97,720
T	Crawford	\$89,040	\$103,880
T	Crittenden	\$97,200	\$113,400
T	Cross	\$89,040	\$103,880
T	Dallas	\$89,040	\$103,880
T	Desha	\$89,040	\$103,880
T	Drew	\$89,040	\$103,880
N	Faulkner	\$85,590	\$98,429
N	Franklin	\$76,440	\$89,180
N	Fulton	\$76,080	\$88,760
N	Garland	\$76,800	\$89,600
N	Grant	\$87,030	\$100,085
N	Greene	\$78,240	\$91,280
N	Hempstead	\$76,440	\$89,180
N	Hot Spring	\$76,440	\$89,180
N	Howard	\$76,080	\$88,760
N	Independence	\$76,920	\$89,740
N	Izard	\$76,080	\$88,760
N	Jackson	\$76,080	\$88,760
T	Jefferson	\$89,040	\$103,880

PAGE 1 OF 2.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

INCOME LIMITS BY COUNTY AND HOUSEHOLD SIZE

N= NON-TARGETED
T=TARGETED

PURCHASE PRICE LIMIT - \$425,000

N / T	COUNTY	HOUSEHOLD 1-2 MEMBERS	HOUSEHOLD 3
N	Johnson	\$76,080	\$88,760
T	Lafayette	\$89,040	\$103,880
N	Lawrence	\$76,080	\$88,760
T	Lee	\$89,040	\$103,880
T	Lincoln	\$89,040	\$103,880
N	Little River	\$81,240	\$94,780
N	Logan	\$76,080	\$88,760
N	Lonoke	\$85,590	\$98,429
T	Madison	\$106,320	\$124,040
N	Marion	\$76,080	\$88,760
N	Miller	\$86,520	\$100,936
T	Mississippi	\$89,040	\$103,880
T	Monroe	\$89,040	\$103,880
N	Montgomery	\$76,080	\$88,760
T	Nevada	\$89,040	\$103,880
N	Newton	\$76,440	\$89,180
T	Ouachita	\$89,040	\$103,880
T	Perry	\$99,600	\$116,200
T	Phillips	\$89,040	\$103,880
N	Pike	\$76,440	\$89,180
N	Poinsett	\$76,080	\$88,760
N	Polk	\$76,080	\$88,760
N	Pope	\$76,800	\$89,600
T	Prairie	\$89,040	\$103,880
N	Pulaski	\$85,590	\$98,429
N	Randolph	\$76,080	\$88,760
N	Saline	\$76,080	\$88,760
T	Scott	\$89,040	\$103,880
T	Searcy	\$89,040	\$103,880
N	Sebastian	\$77,040	\$89,880
N	Sevier	\$77,760	\$90,720
N	Sharp	\$76,080	\$88,760
T	St. Francis	\$89,040	\$103,880
N	Stone	\$76,080	\$88,760
N	Union	\$79,200	\$92,400
N	Van Buren	\$76,080	\$88,760
N	Washington	\$88,600	\$101,890
T	White	\$89,040	\$103,880
T	Woodruff	\$89,040	\$103,880
N	Yell	\$76,440	\$89,180

- Arkansas is determined by County Income Limits.

- Limits can be found on ADFA website or in the guidelines.



Targeted Counties

- Bradley
- Calhoun
- Chicot
- Clark
- Cleburne
- Columbia
- Conway
- Crawford
- Crittenden
- Cross
- Dallas
- Desha
- Drew
- Jefferson
- Lafayette
- Lee
- Lincoln
- Madison
- Mississippi
- Monroe
- Nevada
- Ouachita
- Perry
- Phillips
- Prairie
- St. Francis
- Scott
- Searcy
- White
- Woodruff

Eligible Properties – FHA, VA, USDA

- Single Family Detached
- Townhomes
- Condominiums
- Modular Homes
- Duplexes – when purchasing both sides -
FHA Financing Only
 - MUST Occupy 1 side and must be at least 5 years old.
 - Targeted County duplexes can be newer
- Manufactured Homes – follow FHA and ServiSolutions guidelines
- Homes can be on no more than 5 acres of land



Loan Process



- Must be uploaded in **5** days from reservation date.
- ADEFA Pre-Closing Review
 - ✓ Checklist & Checklist items must be review and approved
- Programs with income limits
 - ✓ Income must be verified and approved prior to closing for all note holders and spouses
- Compliance documents can be downloaded from the Lender Portal
- Once Loan File has been approved, closing documents can be downloaded from Lender Portal

Conditional Commitment

- Conditional Commitment is not a guarantee of purchase of the mortgage(s)
- The DPA awards letter (if applicable) will be given at the same time the commitment is issued.
- Any changes that may occur after Conditional Commitment is issued, are required to be sent to ADEFA for approval and a new Conditional Commitment issued

Move-Up, StartSmart, & DPA requires a **CLOSING REVIEW**

- Programs with all income limits
 - ✓ Checklist & Checklist items must be review and approved
 - ✓ Income verification documents do not have to submitted
- Each mortgage lender is responsible to ensure Borrower (s) meet program guidelines along with AUS – Approval, or Accept Recommendation
NO MANUAL UNDERWRITING
- DPA Closing documents and award letters can be downloaded from the Lender Portal

- StartSmart Pre-Closing Checklist
- AUS Findings with an Approve/Eligible/Accept status and a DTI of 45% or lower
- **NO MANUAL UNDERWRITING**
- Final Typed Loan Application
- Recent VOE
- Paystubs within the last 30 days OR self employed 2 years taxes and YTD P&L
- DD214 and COE for veterans who need the exemption
- Appraisal showing “As Is”
- Real Estate Contract
- 1 year Federal Tax Transcripts **or** Signed Federal Tax Returns for Non-Targeted Counties
- Tri-Merge Credit Reports for Non-Targeted Counties
- Exhibit A—Executed Notice to Borrower(s) of Potential Recapture Tax
- Exhibit B—Executed Application for Conditional Commitment, Certification & Affidavit
- Exhibit C—Executed Disclosure
- Exhibit K—Manufactured Homes only

- **StartSmart** Post Closing Checklist
- 1st Mortgage Closing Disclosure signed and dated by borrower at closing
- Final Loan Application signed and dated by borrower and lender at closing
- 1st mortgage executed at closing with **Tax Exempt Rider attached**
- 1st Note executed at closing
- Exhibit E—Executed Borrower’s Closing Affidavit, signed by the Borrower(s)
- Exhibit F—Executed Seller’s Affidavit, signed by the Seller
- Exhibit G—Executed Lender’s Closing Certificate, **MUST BE SIGNED BY THE LENDER**
- Exhibit P—Executed Notice To Mortgagor For Determining If Recapture Tax Is Owed
- County Income Limit Page



Recapture

Recapture is a **potential** repayment of a portion of the interest savings that the buyer receives from tax-exempt financed mortgage.

Recapture tax may be owed if **ALL** three of the following occur:

1. Homebuyer sells his/her home prior to the 9th anniversary date, **and**
2. Makes a net profit when they sell, **and**
3. Their income exceeds the federal threshold income amount in the year they sell (**that limit increases 5% every year**).

How is it Paid?

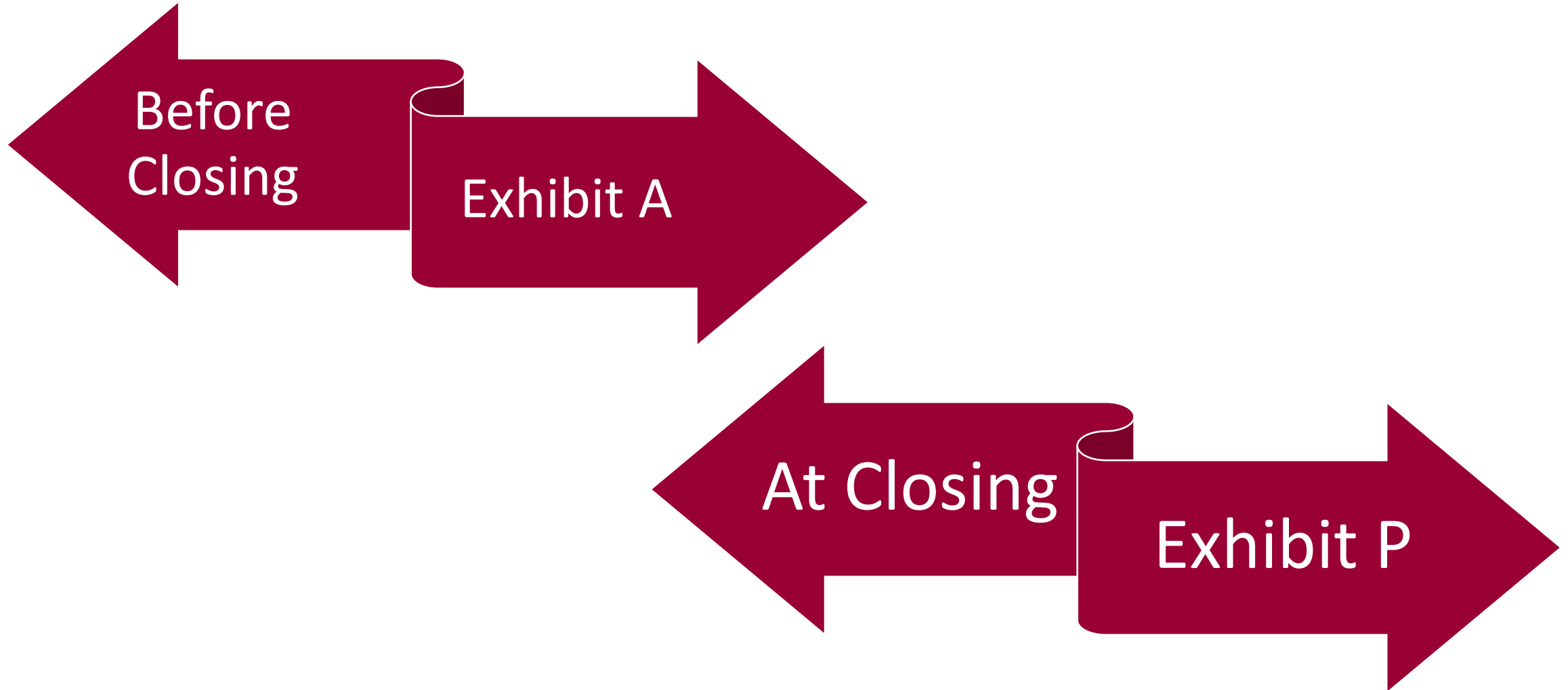
With Federal Tax payment
in the filing year of the sale
of the residence.

What is the Purpose of Recapture?

- To retrieve the subsidy from owners who receive rapid income increases after they purchase their home and, as a result, do not need the subsidy to remain homeowners only if they sell before 9 years.
- **If recapture is owed, ADFA will reimburse the borrower upon request.**



How to inform the borrower?





First Time Homebuyer Program

1

BORROWER MUST BE ONE OF THE FOLLOWING:

- A. 1st Time Homebuyer - no primary residence ownership within last 3 years
- B. Purchasing home in a Targeted County
- C. Be a Veteran or spouse of a Veteran- DD214 and COE for exception

2

INCOME RESTRICTED: IRS Income restriction by County, and number of household occupants

3

PURCHASE PRICE LIMIT: \$425,000



DPA

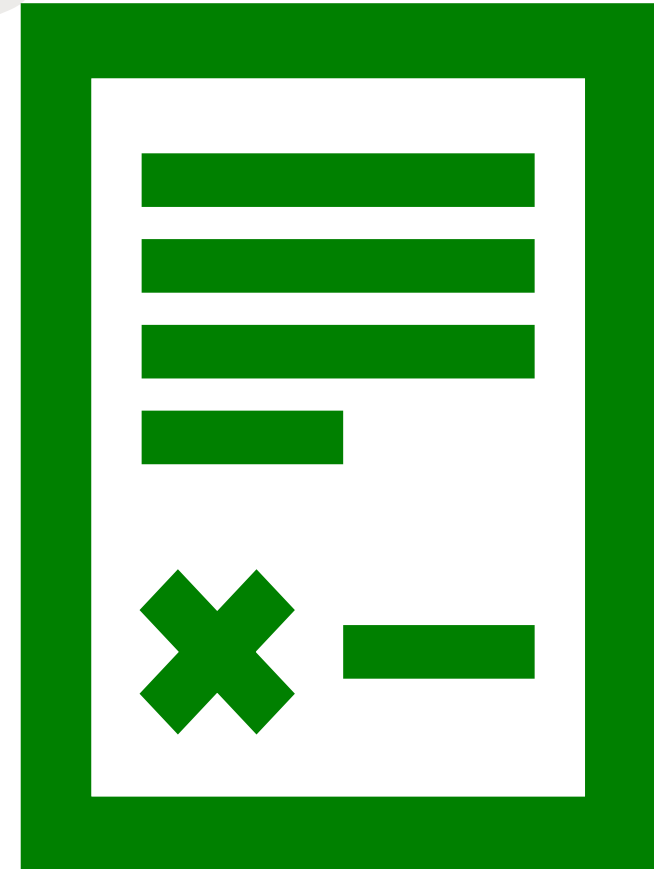
ADFAs Repayable Second Mortgage Program

ADFAs Down Payment Assistance Program

- **Assistance Available:** \$1,000 - \$15,000
- **Second Mortgage:** 10-year amortization -- Interest Rate will match the first mortgage rate
- **Fund Qualifications:** Minimum Down Payment Required – Closing Cost, Principal Reduction & Paid Outside of Closing Cost Items (appraisal, etc.)
- **Borrowers Eligibility:** Determined by the 1st Mortgage Requirements
- **Property Eligibility:** Primary Residence Only

DPA Documents


- DPA Post-Closing Checklist
- DPA Closing Disclosure signed and dated by borrower at closing
- DPA Final Loan Application signed and dated by borrower and lender at closing
- DPA mortgage executed at closing
- DPA Note executed at closing with endorsement to Arkansas Development Finance Authority (ADFA) *page 4*
- Insurance Binder to show ADFA as 2nd Mortgage, Mortgagee Clause:
**ADFA, ISAOA / ATIMA 1 Commerce Way,
Suite 602, Little Rock, AR 72202**



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