

DEFINITIONS FROM SB240 USED IN THE FOLLOWING FAQ SHEET

- “Qualifying mortgage loan” - a mortgage loan that is purchased and serviced by Utah Housing Corporation (Utah Housing) and secured by a recorded deed of trust in the county where the home is located.
- “Qualifying residential unit” - a house, condominium, townhome, or similar residential structure located in Utah that serves as a one-unit dwelling or forms part of a two-unit dwelling, including a manufactured or modular home that is attached to a permanent foundation; is new construction or newly constructed but not yet inhabited; is financed by a qualifying mortgage loan; is owner-occupied within 60 days of purchase, or in the case of a two-unit dwelling, at least one unit is owner-occupied within 60 days of purchase; and is purchased for an amount that does not exceed program limits, currently \$450,000..
- “Recipient” - a first-time homebuyer who is an owner-occupant borrower and/or co-borrower(s) who receives program funds.
- “First-time homebuyer” - an individual who satisfies the three-year, non-ownership requirement described in Internal Revenue Code Section 143(d) but includes a single parent who had an ownership interest with that parent’s former spouse in the principal residence and resided in such residence during the three-year period (which period ends on the day the new mortgage is executed) and no longer has an ownership interest or resides in such residence.
- “Program” - the First-time Homebuyer Assistance Program created in Section 63H-8-502.
- “Program funds” - money appropriated for the Program.
- “Assistance” - also used in this FAQ sheet in reference to Program funds/loans.

FREQUENTLY ASKED QUESTIONS

HOW LONG WILL PROGRAM FUNDS BE AVAILABLE?

Program funds are currently available and will be as long as funds are available. Please check Utah Housing’s website for a running tally of the approximate number of loans still eligible for funding. Reservation requests may be submitted by a Utah Housing Participating Lender (Lender).

WHEN CAN I APPLY FOR ASSISTANCE?

Once the Recipient has credit-qualified with a Lender for a Utah Housing mortgage loan, the Lender may submit a Program reservation request.

WHAT ARE THE TERMS OF THE PROGRAM LOAN?

The Program loan is a 0% interest, no monthly payment loan secured by a recorded Deed of Trust and evidenced by a Subordinate Note.

CAN I RESERVE PROGRAM FUNDS BEFORE CONSTRUCTION STARTS, OR BEFORE I HAVE SIGNED A CONTRACT?

Yes. All Program reservations will include an expiration date as well as requirements for subsequent extensions.

WHO WILL ADMINISTER THE PROGRAM AND SERVICE PROGRAM LOANS?

Utah Housing will administer the Program and will service both Program and qualifying mortgage loans.

CAN THE PROGRAM LOAN BE COMBINED WITH UTAH HOUSING’S DOWN PAYMENT ASSISTANCE 2ND MORTGAGE?

Yes. In this situation, the Deed of Trust for the Program loan will be recorded in a third lien position.

IF I RECEIVE ASSISTANCE AND CHOOSE TO NOT USE UTAH HOUSING’S DOWN PAYMENT ASSISTANCE 2ND MORTGAGE, WILL I RECEIVE A RATE REDUCTION ON MY QUALIFYING MORTGAGE LOAN?

Yes. A rate reduction based on then-prevailing market conditions will be applied at the time of interest rate lock.

CAN THE PROGRAM LOAN BE COMBINED WITH THE VETERANS OR LAW ENFORCEMENT AND CORRECTION OFFICER GRANTS ADMINISTERED BY UTAH HOUSING?

No.

MUST A BUYER USE A CERTAIN LENDER OR LOAN PROGRAM TO RECEIVE ASSISTANCE?

Yes. A Utah Housing Participating Lender must be used to obtain a qualifying mortgage loan. Any first mortgage loan program offered by Utah Housing may be used in conjunction with a Program loan. Program funds will only be disbursed to a title company licensed to do business in Utah.

HOW MUCH MAY I RECEIVE IN ASSISTANCE AND FOR WHAT PURPOSE(S) MAY IT BE USED?

A Recipient may receive up to \$20,000 in Assistance and the funds may be used for down payment, closing costs, and/or a permanent interest rate buydown for the qualifying mortgage loan.

HOW MANY HOMEBUYERS WILL THE PROGRAM ASSIST?

Approximately 2,400 homebuyers. Future funds may be available based on repayment of Program funds received from the sale of qualifying residential units or the refinance of qualifying mortgage loans.

IS THERE A MAXIMUM PURCHASE PRICE FOR A QUALIFYING RESIDENTIAL UNIT?

Yes. The maximum purchase price is \$450,000. Limits may be adjusted based on home location or home type. See Utah Housing website for most current limits.

WHY IS THE PROGRAM ONLY FOR NEWLY-BUILT HOMES?

The Program's objectives are to assist first-time homebuyers and incentivize builders to produce affordable housing units throughout the state.

WILL THERE BE INCOME LIMITS?

Yes. Income limits are determined by the Utah Housing loan program under which the qualifying mortgage loan is reserved.

MUST I BE A UTAH RESIDENT IN ORDER TO QUALIFY FOR THE PROGRAM?

Yes. Any Recipient must have been a resident of Utah for at least twelve (12) months prior to closing..

WHAT ARE ELIGIBLE PROPERTY TYPES

Eligible property types include detached single-family homes, condominiums, townhomes, or similar residential dwellings, including manufactured or modular homes attached to a permanent foundation.

MUST THE PROGRAM ASSISTANCE BE REPAID WHEN THE QUALIFYING RESIDENTIAL UNIT IS SOLD OR THE QUALIFYING MORTGAGE LOAN IS REFINANCED?

If the recipient completes a sale or refinance, the recipient shall:

- Repay the lesser of the amount of Assistance the Recipient received; or
- 50% of the home equity amount:
 - i. In the case of a sale, "home equity" is the bona fide sale price to a third party minus the unpaid principal balance of the qualifying mortgage loan(s) less an amount up to 1% of the sales price used for seller-paid closing costs.
 - ii. In the case of a refinance, "home equity" is the current appraised value of the qualifying residential unit (as determined by a currently-licensed Utah certified residential appraiser) minus the unpaid principal balance of the qualifying mortgage loan(s).
- If a qualifying mortgage loan is refinanced with a new qualifying mortgage loan, a Program loan may be resubordinated to the new qualifying mortgage loan, and no Program loan payment shall be due at that time.