First-time Homebuyer Assistance Program

Matrix

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Senate Bill 240 (2023) created the First-time Homebuyers Assistance Program for allocation by Utah Housing Corporation. This bill provides Program funds to assist approximately 2,400 first-time homebuyers to purchase a newly constructed but not yet inhabited home. Up to $20,000 in Program funds can be borrowed for the home. Purchase Price not to exceed $450,000.

The following matrix explains the process of reserving and obtaining grant funds for eligible borrowers.

For questions:
E-mail: grantprograms@uthc.org
Call: 801-902-8200 (ask for Mortgage Banking)

The matrix is organized by general category:

These forms are updated as needed. Lenders are required to use the applicable form with the most recent revision date when processing and closing Utah Housing Loans.

Matrix and Instructions for Reserving and Funding FTHB Assistance Program	
Program Objective and Source of Funds.	The First-Time Homebuyer Assistance Program objectives are to assist first-time homebuyers and incentivize builders to produce affordable housing units throughout the state of Utah. The funds are appropriated from the Utah Legislature Senate Bill 240 2023.
Utah Housing's Role	UHC's role is to administer the FTHB Program, verify eligibility as set by the Utah Legislature, and provide support to a first-time homebuyer for the purchase of qualifying residential units.
Compliance	Lenders should consult with their compliance management regarding how to disclose funds and the potential effect of points and fees. In the UHC Participating Agreement, the lender agrees to comply with all applicable local, state, and Federal laws relating to financing the purchase of homes.
Fees	Lender and title fees cannot be charged to the borrower for the processing of the Program except: • If the lender authorizes the Title Company may collect a maximum $75.00 fee charged to the Recipients of the Program. Must meet lender and compliance and disclosure requirements. This fee includes an estimate of the recording fee, wire receipt cost, and cost to deliver the Program Note and Deed.
Loan Terms	The Program is a 0% interest, no monthly payment loan, secured by a recorded Deed of Trust and evidenced by a Subordinate Note. Repayment is based on Home Equity at the time of sale or refinance. • If the Recipient does not transfer, sell, or refinance the residence before the end of the term (30 years), repayment will not be required.
Review Time	Reserving, extensions, and funding have a turn-around time of 3-4 business days. Utah Housing cannot approve a Reservation or Funding the same day as received.
Contact Information	
Homebuyer Contact:	A Utah Housing-approved Participating Lender.
Lender Contacts:	Utah Housing Corporation, Mortgage Banking E-mail GrantPrograms@uthc.org Call: 801-902-8200 (ask for Mortgage Banking)
Title Company Contacts:	Title Company contacts the originating lender for instructions and required funding forms for funding. The approved Participating Lender should provide funding instructions to the Title Company (Escrow Agent) at least five days before closing.
Eligibility	
Additional Down Payment Programs (DPA)	The FTHB Program may be used with UHC's Second Mortgage DPA Program. If a UHC Second is not used a rate reduction based on then-prevailing market conditions may be applied at the time of interest rate lock if a Reservation has been approved by Utah Housing. The FTHB cannot be combined with other programs UHC is administering:

	• i.e. Law Enforcement and Veteran Grant Other DPA Programs not Administered by UHC: • UHC does not have restrictions on other DPA programs. Programs administered by UHC must be recorded in priority lien positions. Lenders must comply with the agency and the requirements of the program.
Eligibility	All Recipients, co-borrowers/co-signers must meet the eligibility requirements for: • A Qualifying Residential unit • A Qualified Mortgage Loan, • A First-time homebuyer, • Residential qualification (must have lived in Utah consecutively for 12 months before closing), and be • Credit Qualified Before requesting the Reservation of funds.
Eligible Lenders	A UHC Participating Lender or a Participating Lender TPO must be used to obtain a qualifying mortgage loan. Lenders who are not approved to originate and close a UHC loan are ineligible.
Eligible Loan Programs	Any first mortgage loan program offered by UHC may be used in conjunction with the Program. Only UHC loans are permitted. • Lenders must follow agency guidelines regarding ratios and maximum total loan-to-value.
First Time Homebuyer	1. "First-time homebuyer" is an individual who satisfies the three-year, non-ownership requirement described in the Internal Revenue Code Section 143(d) and 2. includes a single parent. A single parent is defined as someone 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. 3. Loss of spouse and party no longer occupies nor has an ownership interest in a previously owned home.
Income Limits	The income limits are determined by UHC's First Mortgage loan program under which the qualifying mortgage loan is reserved and closed.
Lender Qualification Certification (Credit Qualified)	The lender underwriter must certify Recipient qualifies for a UHC first mortgage before a request to reserve or extend Program funds can be approved. They must review and determine homebuyer meets UHC and applicable agency requirements and certify eligibility ratios and maximum total loan-to-value.
The maximum amount of Program Funds	The maximum amount of Program Funds that a first-time homebuyer (Recipient) may receive under the program is $20,000. A Recipient may use Program funds to pay for a combination of down payment, rate reduction or closing costs.
Non-Borrowing Occupant	A non-borrowing occupant, who will be living in the home and is not on the loan is not an eligible Recipient of funds. • Any non-borrowing occupant listed on the purchase agreement or REPC must be disclosed on the Borrower Request to Reserve Funds (Form 602) in the Non-Recipient box on Page 2.

	• The non-borrowing occupant cannot sign the FTHB New Construction Assistance Program Note or Deed.
Non-Occupant Co-Borrower(s)/Signer(s)	A non-occupant co-borrower/co-signer whose purpose is assisting the borrower in qualifying for the loan, but will not be occupying the property, is not considered a Recipient of FTHB funds and can only be on the following FTHB New Construction Assistance Program documentation: • Non-Occupant Co-Borrower(s)/Signer(s) can be included on the purchase agreement or REPC and they must be disclosed on the Non-Occupant Borrower Request to Reserve Funds (Form 602N).
Occupancy	The Recipient must occupy the residence upon purchase
Purchase Price Limit	Refer to Qualifying Residential unit.
Qualifying Mortgage Loan	"Qualifying mortgage loan" means a mortgage loan that: • is purchased by Utah Housing Corporation; and • is subject to a subordinate deed of trust document that is recorded in the office of the county recorder of the county in which the residential unit is located. UHC will prepare the Deed of Trust.
Qualifying Residential Unit	" Qualifying residential unit" means a residential unit that: • is located in the state of Utah; • 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; and • is purchased for an amount that does not exceed $450,000. The builder or developer of a qualifying residential unit may not increase or decrease the price of the qualifying residential unit based on seller contributions and/or program funds being used towards the purchase of that qualifying residential unit.
Residential Unit	"Residential unit" means a house, condominium, townhome, or similar residential structure that serves as a one-unit dwelling, or part of a two-unit dwelling as long as one unit is owner-occupied. "Residential unit" includes a manufactured home or modular home that is attached to a permanent foundation.
Repayment of Program Funds	
Home Equity	"Home Equity" means the difference between the bona fide sale price or refinance, less the unpaid principal balance of the qualifying mortgage loan(s). If the Recipient completes a sale or refinance, the Recipient shall repay an amount equal to the **lesser** of: • the amount of Program funds 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 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. If the Recipient does not transfer, sell, or refinance the unit before the end of the term (30 years), repayment will not be required.
May Be Taxable	Recipients should be encouraged to consult their tax advisor to determine if any forgiven loan amount is subject to income tax.
Requesting a Reservation of Funds, and Extending	
When a Reservation of Funds can be Requesting	Reservation of funds can be requested before construction begins and before a Purchase Contract has been signed. The Recipient must be qualified for a UHC first mortgage loan. • When there are more than two Recipients a 2nd form may be used. • For a non-occupant co-borrower/signer use the Non-Occupant Co-Borrower/Signer form.
Purchase Agreement	An executed Purchase Agreement is required within 90 days of the Reservation of funds or the Reservation will be canceled and the homebuyer will only be able to reapply if funds are still available on the day and in the order, the Reservation is requested. • All individuals, co-borrowers/signers on the Real Estate Purchase Agreement, and application documents are considered Recipients and must meet Qualified Eligibility requirements. • The non-occupant co-borrower/signer may be listed on the purchase agreement. They will not be considered a Recipient if they have been disclosed on the Borrower Request to Reserve Funds as a non-occupant co-borrower/signer.
Reservations transfer to another lender	A FTHB Reservation may not be transferred to another lender. In instances where an FTHB Reservation has been issued and the borrower will be closing with a different lender • Refer to Lender Extension and Transfer Checklist (UHC Form 614) for instructions on how the borrower can cancel a Reservation and request a new Reservation from another lender
Extending Reservation Agreement	A Lender Extension and Transfer Checklist (UHC Form 614) with instructions and the forms required for each process is available. A form for Requesting a Lender Extension and Transfer Checklist (UHC Form 614) may be requested from Utah Housing.
Closing and Funding	
Cash To Borrower	No cash proceeds of a Loan may be disbursed to the Borrower or any other person for the benefit of the Borrower. No cash proceeds of a Loan may be disbursed to the Borrower for any reimbursement or value of land owned by the Borrower before Closing and secured by the Loan. Reimbursement of Earnest Money deposits, excess cash deposits, or cash down payments paid by the Borrower before Closing

	does not constitute cash proceeds and is permitted. If there are any excess funds at closing lender may apply the funds a first mortgage principal reduction on the Closing Disclosure.
Lender Instructions	Program funds will only be disbursed to a title company licensed to do business in Utah. The lender must inform the title closing agent of an upcoming closing with the FTHB Program and send the required documents and instructions to the Title Company.
Requesting Funds to be wired	The title company (Closing Agent) must request the funds from Utah Housing at least three business days before funding the loan. • Utah Housing two to three business days to confirm receipt of documents and issue reservations.
Time to Fund	To avoid delays in funding, Utah Housing must have wire instructions, a current W-9 specific to the transaction, and the Title Company Request to Fund Funding (wire) Request Certification (UHC Form 608) at least 3 business days before the close. • Utah Housing cannot wire the funds the same day we receive a request to wire.
Wiring Funds, Preparing the Note and Deed, Returning Documents to UHC	
Wiring Funds	Upon approval of the documents provided UHC will distribute (wire) funds to the title company for the closing of the long-term first mortgage. Escrow bank takes one full business day to wire funds.
Note and Deed	UHC will prepare and send the Program Note and Deed to the Title Company to have signed, recorded, and returned to UHC upon approval of funding.
Returning Documents	The title company must return the Note and Recorded Deed to Utah Housing. • Lenders needing a copy of the signed Note and Deed must obtain them from the title company.