



Arizona
Department
of Housing

**State Housing Trust Funds
FY2024 Down Payment Assistance
Notice of Funding Availability
Released February 13, 2024**

Tiebreakers & Clarifications

Date Issued: February 13, 2024

1110 West Washington Street, Suite 280 | Phoenix, AZ 85007
Telephone: (602) 771-1000 | Facsimile: (602) 771-1002 | TTY: (602) 771-1001



I. Introduction

The Department reserves the right to make changes and clarifications to the FY2024 Down Payment Assistance Notice of Funding Availability for State Housing Trust Funds released February 5, 2024 under NOFA Clarifications of the NOFA.

The following changes and clarifications will be incorporated herein.

II. Clarifications

Questions received from Potential Applicants as of February 12, 2024

****Please note some questions have been partially redacted to pull out the specific ask of the ADOH related to a clarification with respect to this NOFA.**

The NOFA states that up to 10% of the total award may be utilized for awardee administrative costs and/or indirect expenses. **Administrative costs and/or indirect expenses are based on each applicant(s) total awarded funding allocation.**

The NOFA states that eligible applicants must be HUD-certified Housing Counseling Agencies (HCA) with mortgage and lending capabilities. Can organizations collaborate with HUD HCAs if the applicant is not a HUD Approved Housing Counseling Agency? **If an applicant is awarded funding and is not a HUD approved HCA that offers Homebuyer Education course certificates, it has been determined that they can apply for this NOFA as long as they collaborate with HUD approved HCAs to provide housing counseling services and that they compensate HUD approved HCA collaborating agency for services rendered. Additional funding for this collaboration will not be provided outside of the designated 10% of the total award administrative costs and/or indirect expenses named in the NOFA.**

The NOFA states that the Arizona Department of Housing is seeking proposals from non-profit and for profit qualified mortgage and lending Housing Counseling Agencies that meet or exceed the minimum standards required by the United States Department of Housing and Urban Development (“HUD”) and have offices in the State of Arizona to administer and implement Governor Hobbs’ ‘Arizona is Home’ First Time Homebuyer DPA/IRR Program. **Internal lending would not be required. The HUD approved HCA and/or its related licensed lending entity should be able to broker the mortgages externally with lending sources but be able to service the DPA/IRR loan internally.**

The NOFA states that Applicants must have experience layering homeownership products to economize the level of subsidy while also ensuring sustainable homeownership success. **To allow layering homeownership products and in an effort to economize the level of subsidy while also ensuring substantial homeowner success ADOH has recognized that other programs consistently use a housing ratio maximum of 35% while debt ratio maximum is 45%.**

The NOFA states that it is anticipated that the applicant would be able to execute the program statewide. Does that mean that each applicant must have a statewide reach? **No, however ADOH anticipates that the chosen applicant(s) will have a statewide reach, combined. The Department will prioritize statewide programmatic impact while expending the full \$8,500,000 to up to three applicant awards, to ensure statewide coverage.**

The NOFA states that the selected agency(ies) will be responsible for providing a comprehensive Homeownership Counseling Program in addition to processing the loan funds for income-eligible clients. The Homeownership Counseling Program prepares the homebuyers for sustainable homeownership, including the following tasks: 1. Marketing and Outreach 2. Application Intake 3. Education 4. Loan Prequalification 5. Down Payment Assistance 6. Underwriting 7. Loan Origination 8. Property Inspection 9. Loan Closing Process 10. Reporting/Monitoring. The NOFA does not state anything about a due-on-sale clause in the loan closing process. Can you elaborate on that? **A due-on-sale clause would allow the applicant to demand full repayment of the DPA/IRR loan if the borrower sells the collateral that is used to secure their loan. Customarily this type of clause is used in home mortgages and prevents the homeowner from selling their home before paying off their debt. This would have to be incorporated into the applicants program guidelines and documents and narrative associated with the DPA/IRR programs closing documents that the awarded agency would be implementing.**