



## FTHB BULLETIN #1 (FY 2013-2014)

TO: Participating FTHB Lenders  
FROM: Kari H'Orvath - EDA - Housing  
DATE: October 10, 2013  
SUBJECT: **HOME Program Final Rule**

---

On July 24, 2013, changes to the HOME Investment Partnership Program (HOME) regulations were published in a federal register final rule. The purpose of this alert is to highlight significant changes to the First Time Home Buyer program (FTHB) that take effect immediately.

- The HOME affordable homeownership limits are provided by HUD for new and existing homes. The 2013-2014 FTHB maximum purchase prices are \$183,000 for existing homes and \$278,000 for new homes. In lieu of the limits provided by HUD, EDA has submitted a Substantial Amendment revising the maximum purchase prices based on current housing market data. The limits provided above will remain in effect until further notice.
- Income of ALL persons residing in the HOME-assisted housing must be included when determining the income of the family including nonrelated individuals. A list of exclusions is provided in Appendix C of the 2013 FTHB Lender's Manual.
- The following income has been added to the list of exclusions:
  - Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household or spouse)
  - Adoption assistance payments in excess of \$480 per adopted child
- EDA must examine at least 2 months of income source documents (e.g., wage statement, interest statement, unemployment statement). When requesting for reservation of funds, lender must include a copy of income source documents for the last 2 months.

- Family assets, excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase, shall not exceed three times the household's monthly gross income as determined by using HUD income guidelines for the HOME program. The homebuyer shall expend any amount that exceeds 3 times the household's monthly gross income for down payment or closing costs towards purchase of the home.
- FTHB requires no minimum buyer down payment out of pocket and the maximum buyer down payment must not exceed the assistance amount requested.
- The maximum debt-to-income (DTI) ratio shall be no more than 43% of the borrower's gross monthly income. Co-signed, deferred and secured loans shall be included in the determination of the debt-to-income ratio unless paid or refinanced by a joint responsible party prior to/or at close of escrow.
  - Lender to provide additional documentation verifying applicant's DTI does not exceed the 43% limit.
- Beginning in 2014, EDA will establish standards to ensure housing does not contain deficiencies based on HUD-prescribed Uniform Physical Condition Standards (UPCS). The UPCS inspection protocol was developed by HUD to ensure that housing is decent, safe, sanitary and in good repair. Currently, housing must meet applicable state and local codes. EDA will issue more guidance as it becomes available.
- The FTHB lender manual, application, and forms are being updated to reflect changes to the program policies and procedures, and will be posted on our website soon.

**For more information:** If you have any questions or would like more information, contact the EDA Housing staff at (951) 343-5469 or [www.rchomelink.com](http://www.rchomelink.com).

Kari H'Orvath      [khovath@rivcoeda.org](mailto:khovath@rivcoeda.org)  
Bernadette Cruz      [bacruz@rivcoeda.org](mailto:bacruz@rivcoeda.org)