

Moderate Income Purchase Assistance Program (MIPAP)



MIPAP Program and Loan Structure

- MIPAP provides assistance to qualified first-time homebuyers of up to 25% of the purchase price towards the purchase of a home in Arlington. MIPAP assistance comes in the form of a deferred payment*, no interest rate second trust loan.
- When a homeowner chooses to sell or refinance the property, the owner must repay the principal of the original MIPAP loan, plus a proportionate share (up to 25%) of the difference between the original purchase price and the new sales price.

MIPAP Eligibility Guidelines

660 minimum credit score
\$112,500 max loan amount (25% of max purchase price)
\$500,000 max purchase price
Loan origination by County (Housing Division staff and loan evaluation committee)
Local preference policy
Minimum 1% down payment

MIPAP Applicant Household Demographics FY18



African American 65 (41%)

White 39 (25%)

Asian 23 (15%)

Hispanic 21 (13%)

Other 9 (6%)

Total Applications 157

- Female Head of Household 59 (38%)
- Arlington Residents 124 (80%)
- Majority of Households include children

FY18 MIPAP Borrower Profile

- Lives and works in Arlington
- F/T Administrative Assistant
- P/T Nanny
- P/T Student
- Single Parent
- Saved \$4,000 toward condo purchase



MIPAP (Moderate Income Purchase Assistance Program)

Proposed Policy Changes FY19

FY19

Previous Guideline

Application Process

Borrower Eligibility Criteria

Ratio of Housing Expenses to Income (Front-End ratio) must not exceed 32%.

No Housing Expense ratio guideline. In lieu of minimum income requirements, this guideline aligns with other regional program parameters (~31%) and establishes how much of a MIPAP borrower's gross income should go towards housing costs.

Household liquid asset maximum \$15,000 or less (401K and pensions not included in this calculation).

No Asset Limit. MIPAP resources are targeted to moderate income households who need help amassing enough funds for a down payment. Access to substantial liquid assets reduces the measurable need for MIPAP assistance.

Potential borrowers must complete an application for MIPAP pre-approval. The pre-approval amount is determined by the Loan Evaluation Committee (LEC) and is the maximum allowable loan amount. The maximum amount is based upon household debts, expenses and income reserves.

No MIPAP pre-approval process. Potential borrowers submitted a ratified purchase contract to the Housing Division requesting the maximum MIPAP loan amount (25% of purchase price).

Applicants must attend Financial Counseling and complete a Household Spending Plan.

No prior requirement. First time homebuyers who obtain one-on-one financial counseling to develop a working budget, and set realistic expectations are more likely to be successful throughout homeownership.

Combined Program Resources

MIPAP funds will not be available for purchases of Affordable Dwelling Units (ADUs).

No guideline on MIPAP/ADU usage. To maximize homeownership program impact, MIPAP funds will not be combined with ADU purchase opportunities.

Residency Restrictions

Deed of Trust and Promissory Note will reflect a penalty on borrowers who cease to occupy the property as primary residence while indebted under MIPAP.

No current specified penalty. Deed and Promissory Note both reflect residency restrictions. A specified penalty will enhance the County's residency enforcement capabilities.