



Tri-Cities
HOME Consortium
2017
Downpayment Assistance
Underwriting Guidelines

TRI-CITIES HOME CONSORTIUM DOWNPAYMENT ASSISTANCE (DPA) HOME FUNDS UNDERWRITING GUIDELINES

TABLE OF CONTENTS

PROGRAM PURPOSE AND DESCRIPTION.....	1
GOVERNING LAWS AND REGULATIONS	1
UNIFORM RELOCATION ACT (URA).....	2
FIRST TIME HOMEBUYER.....	2
HOMEOWNERSHIP	2
TITLE INSURANCE.....	2
APPROVED LENDERS.....	3
BASIC CRITERIA	3
ELIGIBLE APPLICANTS	3
INCOME DETERMINATION.....	3
SUITABLE BORROWER (LOAN UNDERWRITING)	5
ASSET LIMIT	5
APPROVED HOMEBUYER TRAINING CLASS	5
DPA LOAN AMOUNT, TERMS AND CONDITIONS.....	7
COMPATIBILITY WITH PRIMARY LOAN AND OTHER FUNDS	7
ELIGIBLE PROJECT COSTS	8
INELIGIBLE PROJECT COSTS	8
DPA LOAN FEES	8
AVAILABILITY OF FUNDS	8
ELIGIBLE PROPERTIES.....	9
INELIGIBLE PROPERTIES	9
PROPERTY INSPECTIONS PRIOR TO CLOSING	10
NOTIFICATION AND DISCLOSURE	10
ADDENDUMS TO THE PURCHASE AND SALES AGREEMENT	10
CLOSING AND DPA DOCUMENTS	10
LOAN REQUIREMENTS AFTER CLOSING.....	10
MONITORING	10

**TRI-CITIES HOME CONSORTIUM DOWNPAYMENT ASSISTANCE (DPA)
HOME FUNDS UNDERWRITING GUIDELINES**

PERIOD OF AFFORDABILITY AND RECAPTURE 9

SUBORDINATION..... 11

CONFLICT OF INTEREST..... 11

OUTREACH 11

FAIR HOUSING 12

ATTACHMENT A – ACCEPTABLE SOURCES OF APPLICANT DOCUMENT VERIFICATION

ATTACHMENT B – INCOME GUIDELINES

ATTACHMENT C– LIST OF TRI-CITIES HOME CONSORTIUM FORMS

ATTACHMENT D– I CAN CHOOSE WHERE I LIVE

PROGRAM PURPOSE AND DESCRIPTION

The Cities of Kennewick, Pasco and Richland make up the Tri-Cities HOME Consortium. Each City will run their homeownership program and determine the necessary amount of funding to make a project affordable. City staff will work with lenders to offer Downpayment Assistance (DPA). DPA makes ownership of existing single family housing in the Tri-Cities more affordable for qualified low to moderate-income first-time homebuyers, with household incomes at or below 80% of median, by reducing the cash needed to purchase the home and by reducing monthly mortgage payments.

GOVERNING LAWS AND REGULATIONS

The Consortium receives HOME federal funds from the U.S. Department of Housing and Urban Development (HUD). HOME is governed by the rules and regulations set forth at 24 CFR Part 92.

The DPA must comply with Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which provides that only United States citizens, United States non-citizen nationals and “qualified aliens” are eligible for public benefits. All household members six (6) years of age or older are required to have a valid social security number in order for borrower(s) to be eligible for DPA assistance. To ensure compliance, the Tri-Cities HOME Consortium Downpayment Assistance program follows the guidance provided by the United States Department of Justice and the U. S. Department of Housing and Urban Development.

Reconciliation Act of 1996, a “qualified alien” is defined as:

Qualified Alien - for purposes of this title, the term “qualified alien” means an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is--

- (1) an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act,
- (2) an alien who is granted asylum under section 208 of such Act,
- (3) a refugee who is admitted to the United States under section 207 of such Act,
- (4) an alien who is paroled into the United States under section 212(d)(5) of such Act for a period of at least 1 year,
- (5) an alien whose deportation is being withheld under section 243(h) of such Act, or
- (6) an alien who is granted conditional entry pursuant to section 203(a)(7) of such Act as in effect prior to April 1, 1980.

Non-citizen US Nationals- all U.S. citizens are U.S. nationals, but only a relatively small number of persons acquire U.S. nationality without becoming U.S. citizens. Section 101(a)(21) of the Immigration and Nationality Act (INA) defines the term “national” as “a person owing permanent allegiance to a state.” Section 101(a)(22) of the INA provides that the term “national of the United States” includes all U.S. citizens as well as persons who, though not citizens of the United States, owe permanent allegiance to the United States (non-citizen nationals). One owes personal allegiance to the United States if that person has taken an oath of naturalization. Naturalization occurs when an alien applies for citizenship. They must prove a series of eligibility requirements in order for the Bureau of Citizenship and Immigration Services to certify the naturalization request.

UNIFORM RELOCATION ACT (URA)

The Uniform Act, passed by Congress in 1970 set forth at 49 CFR Part 24, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

The purchase and sale agreement must establish that the acquisition is a voluntary acquisition under the URA. The City's URA Addendum must be completed prior to the fully executed purchase and sales agreement. An owner-occupant who voluntarily sells a property to a first-time homebuyer is not eligible for relocation assistance under URA provided that, prior to sale, the seller is informed in writing:

- Of the fair market value of the property, and
- That the buyer does not have the power of eminent domain and therefore will not acquire the property if negotiations fail to result in an amicable sale agreement.
- The fair market value of the home will be determined by a Washington State licensed and certified appraiser.

FIRST TIME HOMEBUYER

The term "first-time homebuyer" (FTHB); "displaced homemaker" and "single parent" are defined below and are defined at 24 CFR 92.2:

- A first-time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to purchase of a home with DPA assistance.
- A displaced homemaker is an individual who: is an adult; has not worked full-time full-year in the labor force for a number of years but has, during such years worked primarily without compensation to care for the home and family; and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.
- A single parent is an individual who: is unmarried or legally separated from a spouse; has one or more children of whom the individual has custody or has joint custody where the children reside fifty-one (51) percent of the time in household.

HOMEOWNERSHIP

The term "homeownership" is defined at 24 CFR 92.2. Acceptable forms of homeownership for a Consortium DPA loan include ownership in fee simple title for a one unit dwelling or at least 99-year leasehold interest, or in the case of a manufactured home, must be on a permanent foundation, must be located on land owned by the manufactured home owner and must be connected to permanent utility hook-ups.

TITLE INSURANCE

For Downpayment Assistance, not involving any type of construction or rehabilitation, the City will request a copy of the first lien right lender's title insurance policy.

APPROVED LENDERS

Any lender licensed to do business in Washington State. Mortgage brokers, designated brokers and loan originators must be licensed by the Washington State Department of Financial Institutions Division of Consumer Services.

BASIC CRITERIA

To qualify for a loan through a DPA program:

- The first-time homebuyer must be an "Eligible Applicant";
- The first-time homebuyer must be a "Suitable Borrower"; and
- The house selected must be an "Eligible Property".

ELIGIBLE APPLICANTS & HOUSEHOLD

To qualify for DPA assistance, the application must be completed in its entirety and signed by all applicants. Eligible applicants must also:

- Be a United States citizen, United States non-citizen national or qualified alien (all members of household);
- Be a first-time homebuyer;
- Have household income at or below 80% of median as established annually by HUD; and
- Demonstrate a financial need for DPA assistance

INCOME DETERMINATION

Household income must be at or below 80% of the Area Median Income (AMI) adjusted for household size. Gross annual income for all household members must be reviewed and may affect applicant's eligibility for assistance. Eligibility will be determined using the most current HUD Income Limits, the annual income definition as defined by 24 CFR Part 5, and procedures located in the most current edition of HUD's "*Technical Guide for Determining Income and Allowances.*" To determine eligibility, staff will verify the household size, household size includes all persons who will live in the applicant's household at the time of occupancy and gross annual income of each household member 18 years of age and older that is anticipated to be received during the coming 12-month period and compare it to the most recent AMI limits (Attachment B). HOME funded projects will use HOME limits and effective dates.

Examples of income that will be included but is not limited to:

1. Wages, salaries, overtime, tips, commissions, bonuses, etc;
2. Self-employment income from owned business, including proprietorships and partnerships;
3. Interest, dividends, net rental income, or income from estates or trusts;
4. Social Security or railroad retirement;
5. Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
6. Retirement, survivor, or disability pensions; and
7. Any other source of income received regularly, including Veterans (VA) payments, unemployment compensation, child support and alimony.

For documentation collection, please refer to Attachment A, *Tri-Cities HOME Consortium Downpayment Assistance, Acceptable Sources of Applicant Document Verification*.

The higher of the wages calculated from the source documentation will be used to determine income eligibility.

The participating jurisdiction is not required to re-examine the family's income at the time the HOME assistance is provided, unless more than six months has elapsed since the participating jurisdiction determined that the family qualified as income eligible (24 CFR 92.203 (2)(d)(2)).

SUITABLE BORROWER (LOAN UNDERWRITING)

Each loan application must comply with applicable HUD regulations. The goal of the Homeownership Program is to help eligible income, first-time homebuyers become successful homeowners. To accomplish this goal the following will be used to determine suitability. These "suitability requirements" apply to the borrower and a non borrowing spouse that will occupy the unit. Co-signer(s) are not allowed as part of DPA. City staff will rely on lender provided financial information as well as a copy of the borrower(s) credit report with credit scores.

The borrower(s) and any non-borrowing spouse must meet the following debt ratio requirements:

- Front-end ratio (needs assessment). The primary loan's principle, interest, taxes, insurance and mortgage insurance (PITI) compared to income must be at or above 15%. If the front-end ratio is below 15% the DPA loan amount will be adjusted down accordingly.
- Back-end ratio (risk assessment). The PITI plus all other installment and revolving debt compared to income may not exceed 41%. Exception, maximum 43% with a credit score of 660 or better.
- The borrower must have a credit score of 620 or better.

Non-borrowing household member's income shall be used for income qualifying the household only and shall not be included in debt requirements that the borrower(s) must meet to qualify for homeownership assistance.

The borrower(s) and any non-borrowing spouse **must not** have had:

- A foreclosure within the three (3) years immediately prior to loan closing;
- A bankruptcy within the two (2) years immediately prior to loan closing,
- Outstanding/unresolved collections, including medical, judgments or liens,
- No more than 2 thirty-day past due accounts within the most recent 12 month period,
- One or more sixty or ninety-day past due accounts within the last 12 month period.

The borrower must have sufficient income to support the primary debt and must be able to obtain approval from a primary lending institution for the purchase of the home and applicant must show evidence of approved funding from primary lender.

The borrower must successfully complete a HUD approved first time homebuyer education course prior to transaction closing.

The borrower must meet the following personal investment obligation to be eligible for DPA:

The borrower(s) is required to provide a minimum contribution of \$1,000 or 1%, whichever is greater, towards the purchase price of a home. Items paid outside of closing (POC) may count towards the borrower(s) minimum contribution. Gift funds will not be considered towards the borrower(s) minimum contribution. The Consortium member will and the remainder of the closing costs after seller concessions and lender credits. The maximum assistance is \$10,000.

The DPA minimum contribution may include documented purchase-related approved soft costs that the homebuyer paid for out-of-pocket prior to closing that are not listed on the Closing Disclosure, for example, a professional inspection and/or pest inspection. Documentation needed as support; receipt and cancelled check and or bank statement showing the charge cleared their account.

ASSET LIMIT

Liquid Assets: The Asset Limit refers to the applicant's personal (non-business) liquid assets. Liquid assets are defined as cash and assets that can be readily converted to cash. Liquid assets include checking and savings accounts, certificates of deposit, money market accounts, stocks, bonds and profit sharing accounts (if funds can be withdrawn without penalty). Retirement investments, college savings plans, medical savings plans, and other similar vehicles are not considered liquid assets.

- To be eligible for the DPA loan, the borrower must not have liquid assets after closing in excess of ten thousand dollars (\$10,000). Borrowers who have additional liquid assets in excess of \$10,000 must use those prior to utilizing DPA.

Other Assets: The Borrower cannot have any interest in other real estate or in a business other than the borrower(s) source of income.

For documentation collection, please refer to Attachment A, *Tri-Cities HOME Consortium Downpayment Assistance, Acceptable forms of Verification and the Technical Guide for Determining Income and Allowances for the HOME Program, 3rd Edition, Part 5 definition handbook.*

APPROVED HOMEBUYER TRAINING CLASS

An approved homebuyer education class is one that is offered through a housing counseling agency that has been approved through The U.S. Department of Housing and Urban Development, <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary>.

An approved agency may offer in person and online classes. The in person class is the preferred method, but both are acceptable methods to meet the DPA program requirement.

DPA LOAN AMOUNT, TERMS AND CONDITIONS

DPA is a secondary loan that helps pay for downpayment and closing costs. The DPA-eligible costs are defined in the Eligible Costs section of the Guidelines. In order to participate in the DPA the borrower may not receive cash back at closing; any funds in excess must be applied to a principal reduction or returned to the City/Consortium.

Minimum: The minimum amount of DPA funds that must be invested in a project is \$1,000.

Individual Loan Terms: The assistance is in the form of a 0% interest loan, secured with a Promissory Note and Deed of Trust, placed in second position that will be recorded in conjunction with the main lender’s loan closing. The loan will be forgiven on the six anniversary of property closing. Repayment will be triggered if within the six year period of affordability and occupancy any one of the following occurs, sale, refinance, transfer, failure of borrower(s) to occupy as principal place of residence, or non-compliance with the loan agreement. Sale or transfer includes actual or attempted sale by contract, assignment, lease, rental or other conveyance of the property to a person other than the borrower(s), whether by gift or value. Sale or transfer also includes any further voluntary or involuntary encumbrance of the property by the borrower, except an encumbrance by a government agency in the form of an assessment for streets, sidewalks, lighting or sewer, so long as the borrower pays such assessments when due. A surviving borrower, upon the death of another co-borrower, can assume the loan.

In most cases, the DPA loan is subordinate only to the primary mortgage. The only exception is when the DPA is layered with the “HomeChoice” secondary loan product through the Washington State Housing Finance Commission. In this case, the City/Consortium will agree to be in third lien position.

The borrower must occupy the home being purchased as their *principal residence throughout the life of the loan. The borrower cannot rent or lease the property, in its entirety, to other persons, even on a temporary basis. Should the borrower move, sell, lease, or transfer title to the property, the loan must be paid back.

*Principal or primary residence is a single dwelling house or other dwelling unit that is the place of residence at which the borrower(s) that entered into an agreement with the City/Consortium and who constitutes the legal owner(s) of the housing unit will predominantly resides for more than 183 days of each annual year starting January 1st through December 31st. Determination of principal residence may include, but not be limited to the owner’s declared address or other verifiable resources for electoral, taxation, government assistance programs, or any other form of evidence deemed acceptable to the City/Consortium.

A Transfer Event is defined as the occurrence of one or more of the following:

- The transfer or attempted transfer of an interest in a portion or all of the Property, whether by, sale, refinance, contract, assignment or otherwise; or
- The death of the Borrower(s). Where ownership is joint, the loan shall become due and payable immediately upon death of the survivor who had an interest in and resided in the property at the date of the Promissory Note.

A Default Event is defined as the occurrence of one or more of the following:

- A default on any of the terms of the Promissory Note, HOME Homebuyer Agreement, or the First Subordinate Deed of Trust; or a default of the First Promissory Note or the First Deed of Trust;
- The failure of the Borrower to use the Property continuously as the Borrower's principal place of residence; or
- The renting, leasing or subletting of the Property to any third party for any purpose, whether rental income is received or not.

Sale or transfer of the property does not include:

- An encumbrance by a governmental agency in the form of an assessment for streets, sidewalks, lighting or sewer, so long as the borrower pays such assessments when due; or
- The transfer of the property to the surviving borrower upon the death of one borrower provided that the surviving borrower had an interest in and resided in the property at the date of the Promissory Note.

Notwithstanding the above, transfers resulting from marriage, divorce or dissolution of marriage or death of a spouse shall not constitute a Transfer Event, provided that the party acquiring an interest as the result of such event executes an agreement assuming all of the obligations of the transferring party under the terms of the original agreement.

COMPATIBILITY WITH OTHER FUNDS

The Tri-Cities HOME Consortium has designed the DPA program to be compatible with certain Washington State Housing Finance Commission homebuyer program and through the Federal Home Loan Bank Affordable Housing Program (AHP).

A DPA loan may be combined with a fully amortized primary loan with a **fixed** interest rate and the primary loan must be mortgage insurable unless the loan-to-value (LTV) rate is less than 80%. The types of loans that are compatible with DPA include the following:

- FHA insured;
- Conventional;
- VA – check with your lender for compatibility.

The following are not allowed:

- Adjustable rate mortgages;
- Prepayment penalties;
- Private sales contracts.

DPA may be combined with gifts from family members or other down payment assistance programs as long as the suitable borrower contributes the minimum amount of their own funds to participate in a DPA loan. Copy of gift letter(s) must be documented in the City/Consortium file.

ELIGIBLE PROJECT COSTS

The DPA-eligible project costs include the costs of acquiring single family housing and the reasonable and necessary soft costs incurred by the homebuyer or the City/Consortium and associated with the financing of the property.

Necessary soft costs include those items that are incidental to the sale of real estate and may include:

- Processing and settlement costs
- Lender origination fees, max 1.75% of loan amount
- Credit reports
- Fees for title evidence
- Fees for recordation and filing of legal documents
- Legal fees
- Private appraisal fees
- Escrow accounts to pay for up to three months of real estate taxes and one year of hazard insurance (homeowners insurance)
- Professional Home Inspection
- First Time Homebuyer Education Class fee

INELIGIBLE PROJECT COSTS

- Delinquent taxes, fees, and other charges that are the seller's responsibility;
- Property repair or escrow holdback;
- Costs related to new construction of housing; or
- Rental assistance.

DPA LOAN FEES

There are no loan fees associated with a DPA loan. There are recording fees to Benton and Franklin Counties and, when applicable, title fees.

AVAILABILITY OF FUNDS

Funds are available on a first-come, first-eligible served basis. Funds will be reserved for a specific borrower when staff receives the required information and documentation and determines that the applicant is an "Eligible Applicant", a "Suitable Borrower" and that the property is an "Eligible Property". Funding reservations will be held for a maximum of three months with a possible one-month extension.

ELIGIBLE PROPERTIES

To qualify for DPA assistance, the property selected by the homebuyer must meet **ALL** of the following criteria. The house must:

- Be located within the appropriate City limits;
- Maximum purchase price is not to exceed 95% of the current median purchase price for the area, approved by HUD 24 CFR 92.254(a)(2)(iii) – **currently that amount is \$181,000 for existing housing in Benton County, \$171,000 for existing housing in Franklin County OR \$228,000 for new construction in either County (May 2, 2016).**
- Meet the definition of single family housing at 24 CFR 92.2;
- Meet the definition of affordable, modest housing contained in 24 CFR 92.254(a) (2);
- Meet Property Standards contained in 24 CFR 92.251(a)(1) or 92.251(2)
- Be free of chipped or peeling paint if the home was built before 1978, per 24 CFR 92.355;
- Be occupied by the seller (owner), the first-time homebuyer or the house is vacant;

- Have clear title – the lender must provide a preliminary title report that is satisfactory to the City/Consortium.
- Satisfactory Appraisal – the lender must provide a copy of the appraisal to the City/Consortium
- Maximum Purchase Price cannot exceed the appraised value of the property.

Only single family housing units qualify for DPA funding. A single family housing unit includes a single unit, a condominium unit, or a combination of manufactured housing and lot.

To qualify for DPA assistance, a manufactured housing unit must:

- Be existing;
- Be located on land that is owned by the first-time homebuyer;
- Be fixed to a permanent foundation;
- Be taxed as real property, i.e. de-titled; and
- Be connected to permanent utility hook-ups.

INELIGIBLE PROPERTIES

Tenant-occupied properties are not eligible under the DPA; or, tenants have been given notice or have been required to vacate in order to sell this property. Verified by City staff.

The house must be vacant or occupied by the seller throughout the sale period and at the time title is transferred. The only exception to this is if the first-time homebuyer is occupying the home as a renter.

An “AS IS” home, in need of repair(s) necessary to meet the HUD HQS Inspection and/or local code does not qualify for the City’s DPA.

PROPERTY INSPECTIONS PRIOR TO CLOSING

- Environmental Review
The Environmental Review requirements of 24 CFR Part 58 must be completed before CDBG or HOME funds are committed to the project. The Environmental Review, for existing homes, includes verification the home is not located in a flood plain, lead-based paint and other hazardous materials.
- Housing Quality Standards 24 CFR 982.401
One of the goals of the Consortium Homeownership programs is to provide “*decent, safe and sanitary housing*”. The property must pass a HQS Inspection, performed by City staff prior to closing. If violations are found, the property is not eligible unless the violations are corrected and a second inspection is performed and passes.
THE HQS INSPECTION DOES NOT SUBSTITUTE A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.
- Lead-Based Paint Hazards
The Lead Safe Housing Rule applies to any housing unit built prior to January 1, 1978 and is assisted with HUD funds. The rule affects the way the City/Consortium implements the homeownership programs as follows:
 1. Visual Assessment. A visual assessment will be conducted at the property. All painted surfaces, interior and exterior, must be free of defective paint (peeling, chipping, chalking or cracking).

2. If defective paint is found, the property is not eligible for purchase.

NOTIFICATION AND DISCLOSURE

1. The seller must disclose known lead-based paint and lead-based paint hazards and provide available reports to the buyers and to the City/Consortium.
2. The sales contracts must include the disclosure of information on lead based paint and or lead based paint hazards.
3. City Addendum 4 – Disclosure to Seller of Fair Market Value, Voluntary Sale - Seller must review and sign, return to City prior to transaction closing. Fair Market Value based of appraised value of property.

ADDENDUMS TO PURCHASE AND SALES AGREEMENT

- City Addendum 2 – URA must be signed by the buyer and the seller and attached to the purchase agreement.
- City Addendum 3 - Housing Quality Standards and Lead Hazard Contingencies must be signed by the buyer and the seller and attached to the purchase agreement.

CLOSING AND DPA DOCUMENTS

DPA documents will be signed alongside the primary lender's documents at the scheduled closing. Married couples, whether the spouse is purchasing the home as his or her separate estate will both be required to sign the City's Deed of Trust, Promissory Note and Homebuyer Agreement prior to disbursement of direct project funds.

All applicable loan forms and documents must be completed and in the borrower(s) file, see Attachment's A and C.

LOAN REQUIREMENTS AFTER CLOSING

- Property purchased with DPA funds must be occupied as the owner's principal residence throughout the life of the loan. The DPA loan must be repaid in full upon title transfer, sale or default or if the family no longer occupies the home as their principal residence during the period of affordability and occupancy.
- Renting a unit in its entirety is not permitted. Deed restrictions will reflect this requirement.
- Real property taxes and hazard insurance must be current at all times.
- Property must be kept in good condition, repair and permit no waste thereof.
- The home may not be used for any activities prohibited by law.

MONITORING

The Consortium will monitor the homebuyer via postal mail or other methods throughout the period of affordability of the DPA loan to ensure compliance with residency requirements.

PERIOD OF AFFORDABILITY AND RECAPTURE

To ensure affordability, the Tri-Cities HOME Consortium adheres to the minimum period of affordability and recapture requirements as set forth in 24 CFR 92.254(a)(4), and 24 CFR 92.254(a)(5)(ii)(A)(1) and (A)(2), and (A)(5).

The minimum period of affordability for HOME funded homeownership assistance loans is outlined as follows and is further identified in the Homebuyer Agreement:

Homeownership Assistance HOME amount per unit	Minimum Period of Affordability In Years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

The Tri-Cities HOME Consortium will impose a six (6) year period of affordability and occupancy requirement.

In accordance with 24 CFR 92.254(a)(5), should the property be sold or title transferred, or should the owner no longer use the property as the principal residence during the period of affordability, the entire amount of HOME funds invested in the project will be recaptured. If there are no net proceeds from the sale of the property, or the net proceeds are insufficient to repay the entire HOME investment due, the amount of HOME funds recaptured will be based on the net proceeds available from the sale, if any. The net proceeds are defined as the remainder of the final sale price of the property minus any superior non-HOME loan repayment, closing costs and capital improvements.

SUBORDINATION

Subordination is not allowed.

CONFLICT OF INTEREST

No person who is an employee, agent, consultant, officer or elected official or appointed official of the PJ who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities may obtain a financial interest or financial benefit from a HOME-assisted activity, either for themselves or those with whom they have business or immediate family ties. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including a stepparent) child (including stepchild), brother, sister (including stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

OUTREACH

- Have informational flyers describing the DPA available at various locations at City/Community facilities.
- Send informational flyers describing DPA to large employers, or employers that employ minority or lower income people.
- Advertise DPA at City Hall.
- Web Site. The web site appropriate for each City will describe DPA and encourage participation by low or moderate income residents and offer links to additional educational resources regarding purchasing a home.

FAIR HOUSING

Fair Housing Act - A number of laws have been written in support of fair housing, including but not limited to Title VI of the Civil Rights Act of 1964; Title VIII – The Fair Housing Act of 1968, and as amended; and the Rehabilitation Act of 1973 (Section 504). The Tri-Cities HOME Consortium supports the core principles of fairness and anti-discrimination to housing choice for all citizens. No qualified persons shall be denied the benefits of, the participation in, or be subjected to discrimination under any program or activity funded on the basis of race, color, national origin, gender identity, age, sexual orientation, religion, disability, or familial status. Consortium members shall also affirmatively further Fair Housing and take appropriate actions to overcome the effects of any impediments identified, including but not limited to language barriers, architectural barriers in housing structures, housing for older persons, etc.

- 13-Fair Housing, Equal Opportunity for All Notification Pamphlet
- U.S. Department of Housing and Urban Development Fair Housing websites:
<http://www.hud.gov/offices/fheo> <http://www.hud.gov/complaints/housediscrim.cfm>



For more information on Tri-Cities HOME Consortium Downpayment Assistance (DPA) contact:

City of Richland
Michelle Burden
840 Northgate Drive, Richland, WA 99352
509-942-7580 [F] 509-942-7764
MBurden@CI.RICHLAND.WA.US

City of Kennewick
Carol Hughs Evans
210 W. 6th Avenue, Kennewick, WA 99336
509-585-4432 [F] 509-585-4445
carol.evans@ci.kennewick.wa.us

City of Pasco
Angie Pitman
525 N. Third Avenue, Pasco, WA 99301
509-543-5739 [F] 509-545-3499
PITMANA@pasco-wa.gov

Tri-Cities HOME Consortium Downpayment Assistance - Acceptable Sources of Applicant Document Verification

Reference material: Technical Guide for Determining Income and Allowances for the HOME Program, 3rd Edition, Part 5 definition

NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
Employment Income including tips, gratuities, overtime	VOE – lender or City request Employment Security Department 4506-T if no tax returns available.	2 years tax returns with W2s and all schedules, including 1099's 2 months current paystubs with YTD for full-time and part-time regular employment 12 months paystubs for seasonal or sporadic income		Always verify: frequency of gross pay (i.e., hourly, biweekly, monthly, bimonthly): anticipated increases in pay and effective dates; overtime. Do Not use check without YTD stub
Income maintenance payments, benefits, income other than wages (i.e., welfare, social security (SS) supplemental security income (SSI), Disability Income, Pensions	Current award or benefit notification letters prepared by authorizing agency	Current award or benefit notification letters or computer printout from public agency 1099 Form Most recent quarterly pension account statement		
Unemployment Compensation	Employment Security Department	Benefit notification letter signed by authorizing agency		Frequency of payment and expected length of benefit term must be verified
Self-Employment, tips, gratuities, etc.	None available	Current two years 1040/1040A showing amount earned and employment period Use of current 6 months bank statements		
Net Income for a business	Current certified profit and	2 years Current 1040 with all schedules		

Tri-Cities HOME Consortium Downpayment Assistance - Acceptable Sources of Applicant Document Verification

Reference material: Technical Guide for Determining Income and Allowances for the HOME Program, 3rd Edition, Part 5 definition

NOTE: All households that receive HOME assistance must be income eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
	loss statement if available	including C, E, or F, and 1099's Current 6 months of bank statements to corroborate business and expenses. Financial Statement(s) if available, of the business (audited or unaudited) including an accountants calculation of straight-line depreciation expense if accelerated depreciation was used on the tax return or financial statement		
Alimony or Child Support	Copy separation or divorce filed decree, type of support, amount, and payment schedule.	Copy of most recent check. Recent original letter from Division of Child Support Enforcement Two Year statement from Division of Child Support Enforcement	Affidavit of non-support, where no support is evident	
Current net family assets, including dividend income, interest income, Cash value of stocks, bonds, individual retirement, pension funds, etc. Refer to Page 30, Exhibit 3.8 Inclusions/Exclusions		6 months current checking and savings account statements, Certificates of deposit Property appraisals or current tax assessment Stock/bond documents	Notarized statement or signed affidavit stating cash value of assets or verifying cash held at applicant's home or in safe deposit box, etc.	

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Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
		e-financial statements completed by financial institutions Financial average balance declaration Copy of county real estate assessment to use approximate market value, if appraisal was not conducted Certifications from attorneys, stockbrokers, bankers and real estate agents that verify penalties and reasonable costs incurred to convert asset to cash		
Assets disposed of for less than fair market value	None Required		Certification on application signed by applicant/household member that no member of household has disposed of assets for less than fair market value during preceding two years.	
Citizenship		Copy of Social Security Card for all household members six (6) years of age and older	Application – Citizen must sign declaration certifying; U.S.	

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Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
		Copy of Driver's License or ID card to identify applicant(s). Copy of Permanent Resident Card (Green Card)	Citizenship, U.S. Non-Citizen National or Qualified Alien	
Family Composition	None Require	None Required	Self-declared on application form, including live in-aide status	
Family type (disabled and/or elderly) Information Only	None Required	None Required	Self-declared on application form Non mandatory	
Full-time college student status (of family member 18 or older, excluding head, spouse or foster children)	Verification from Admissions or Registrar's Office or dean, counselor, advisor, etc., or from VA Office.	School records, such as paid fee statements that show a sufficient number of credits to be considered a full-time student by the educational institution attended.	Self-declaration form for non-borrowers	
Recurring contributions and gifts	Notarized statement or affidavit signed by the person providing the assistance giving the purpose, dates, and value of gifts	Not applicable		Sporadic contributions and gifts are not counted as income
Social Security Number	None Required	Copy original Social Security card or Certified Birth Certificate		
United States lawful		A United States Permanent Resident Card		The identification card

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Acceptable Sources				
Factor to be Verified	Third Party Written	Documents Required by Applicant	Self-Declaration	Verification Tips
permanent residency		(USCIS Form I-551), formerly Alien Registration Card or Alien Registration Receipt Card (INS Form I-151)		attesting to the permanent resident status of an alien who is authorized to live and work in the United States.
Zero Income	Employment Security Department	Not applicable	Self-certification co-borrower and all other household members 18 years and older.	
Uniform Relocation Act (URA)		Applicant & Seller signed City Addendum 2 – Notice of Voluntary Arm’s Length Transaction		City Utility Billing System: Snap shot of current owner
Uniform Relocation Act (URA)		Seller signed City Addendum 4 – Disclosure to Seller of Fair Market Value, Voluntary Sale		Appraisal
Lead-Based Paint (LBP) Pre 1978		LBP Addendum Purchase Agreement		Copy of LBP Addendum to PSA
Lead-Based Paint (LBP) Pre 1978		Disclosure/Pamphlet – Signed by Applicant – Signed by Applicant(s)		County Tax Record for year built or Appraisal
Lead-Based Paint (LBP) Pre 1978		Notice of Lead Hazard Presumption – Signed by Applicant(s)		

2016 Income Guidelines
For Kennewick, Pasco & Richland, WA
HOME - Effective June 6, 2016

1 Person		2 Person		3 Person	
30%	14,050	30%	16,050	30%	18,050
50%	23,400	50%	26,750	50%	30,100
80%	37,450	80%	42,800	80%	48,150
100%	46,800	100%	53,500	100%	60,200
4 Person		5 Person		6 Person	
30%	20,050	30%	21,700	30%	23,300
50%	33,400	50%	36,100	50%	38,750
80%	53,450	80%	57,750	80%	62,050
100%	66,800	100%	72,200	100%	77,500
7 Person		8 Person			
30%	24,900	30%	26,500		
50%	41,450	50%	44,100		
80%	66,300	80%	70,600		
100%	82,900	100%	88,200		

To qualify for assistance, gross annual income from all household members aged 18 or over must be 80% or below median income, based on the number of people residing in the household.

PER HUD: Family sizes in excess of 8 persons are calculated by adding 8% of the four-person income limit for each additional family member. That is, a 9-person limit should be 140% of the 4-person limit; the 10-person limit should be 148%.

TRI-CITIES HOME CONSORTIUM
DOWNPAYMENT ASSISTANCE (DPA)

CURRENT PROGRAM DOCUMENTS CAN BE FOUND AT:
[ECONDEVOFFICE\(\\CORDATA\)\(S:\)MB/1PROGRAM DOCUMENTS](ECONDEVOFFICE(\\CORDATA)(S:)MB/1PROGRAM DOCUMENTS)

TO BE USED FOR HOME DOWNPAYMENT ASSISTANCE FUNDED PROJECTS	
FORM #	FORM NAME:
01	Borrower(s) Application 01a-Non Borrower Certification of Income 01b- Borrower/Applicant Release of Information
02	Addendum to Sales Agreement – URA Contingency/Disclosure of Fair Market Value
03	Addendum to Sales Agreement 3a-HQS Inspection and Visual LBP Inspection (Pre-1978) 3b-HQS Inspection – (Post-1978)
04	Seller Disclosure Fair Market Value
05	Needs & Subsidy Layering Assessment
06	Financial Records Disclosure
07	Employment Security Department. Self-Request for Records
08	Verification of Employment (VOE)
09	4506-T Request for Transcript of Tax Return
10	Initial Disclosures/Final Disclosures
11	Initial Disclosure Letter
12	Protect Your Family From Lead In Your Home Notification Pamphlet (EPA)
13	Fair Housing – Equal Opportunity for All Notification Pamphlet
14	For Your Protection: Get a Home Inspection
15	Homebuyer Agreement
16	Neighborhood Market Conditions Form
17	HOME Activity Funding Certification
18a	Commitment Letter
18b	Denial Letter
19	Visual Inspection Form
20	HQS Inspection Form
21	Lead Safe Housing Requirements Screening Worksheet
22	Escrow Closing Instructions
23	Correction Agreement
24	Deed of Trust
25	Promissory Note
26	Individual Loan Data Form
27	Subsidy Layering Review



I CAN CHOOSE WHERE I LIVE
WHAT YOU SHOULD KNOW ABOUT YOUR HOUSING RIGHTS

Fair Housing Information brought to you by the Tri-Cities HOME Consortium

The U.S. Department of Housing and Urban Development (HUD) enforces the Fair Housing Act, which protects you against violations of your housing rights. The Fair Housing Act prohibits discrimination in housing because of race, color, religion, sex, handicap, familial status, or national origin. The Fair Housing Act covers most housing with very few exceptions. It prohibits discrimination in the sale and rental of housing, and in mortgage lending.

What is Prohibited?

No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

<ul style="list-style-type: none"> • Refuse to rent or sell housing. 	<ul style="list-style-type: none"> • Impose different terms or conditions on a loan.
<ul style="list-style-type: none"> • Refuse to negotiate for housing. 	<ul style="list-style-type: none"> • Discriminate in appraising property.
<ul style="list-style-type: none"> • Deny a dwelling. 	<ul style="list-style-type: none"> • Refuse to purchase a loan.
<ul style="list-style-type: none"> • Set different terms, conditions, or privileges for sale or rental of a dwelling. 	<ul style="list-style-type: none"> • Set different terms of conditions for purchasing a loan.
<ul style="list-style-type: none"> • Provide different housing services or facilities. 	<ul style="list-style-type: none"> • Refuse to let you make reasonable modifications to your dwelling or common areas, at your expense, if necessary for a person with a disability to use the housing. (Where reasonable, the landlord may permit changes only if you agree to restore the property to its original condition when you move).
<ul style="list-style-type: none"> • Falsely deny that housing is available for inspection, sale or rental. 	<ul style="list-style-type: none"> • Refuse to make reasonable accommodations in rules, policies practices, or services if necessary for a person with a disability to use the housing.
<ul style="list-style-type: none"> • For profit, persuade owners to sell or rent (Blockbusting). 	<ul style="list-style-type: none"> • Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.
<ul style="list-style-type: none"> • Refuse to make a mortgage loan. 	<ul style="list-style-type: none"> • Refuse to provide information regarding loans.

If you think your rights have been violated

HUD is ready to help with any problem of housing discrimination. If you think your rights have been violated, you may fill out a Housing Discrimination Complaint form, write HUD a letter, or telephone the HUD Discrimination Hotline at 1-800-669-9777 (voice) or 1-800-927-9275 (TTY).

For further information

Fair Housing – Equal Opportunity for All provides an overview of the Fair Housing Act, explains what happens when you file a complaint, and contains a Housing Discrimination Complaint Form. To obtain a copy, contact your closest Tri-Cities HOME Consortium staff member, or the HUD office nearest you. You may also call the Customer Service Center 1-800-767-7468; deaf or hard of hearing persons may access this telephone number via TTY through the Federal Relay Service @ 1-800-877-8339, or visit HUD's website at www.hud.gov/fairhousing.