

# TACOMA DOWNPAYMENT ASSISTANCE PROGRAM



*Please see Section 13 (Downpayment Programs) of the Home Advantage and House Key manual for all other terms and conditions that also apply to this Downpayment Assistance program. Before originating this program, loan officers are HIGHLY recommended to attend training specifically for the specialty DPAs. Sign up [here](#).*

## ***PROGRAM DESCRIPTION***

Tacoma DPA is a down payment assistance program offered with the Commission first mortgage programs. Tacoma DPA was created from a partnership between the Commission and The Tacoma Community Redevelopment Authority.

Listed below are additional requirements for the Tacoma Downpayment Assistance program:

- [Disclosure of HOME Program Requirements](#)
  - Must be signed and dated ON or BEFORE the date of the Purchase & Sale
- [Initial Estimated Fair Market Value Notice](#)
  - Must be signed and dated ON or BEFORE the date of the Purchase & Sale
- [Final Estimated Fair Market Value Notice](#)
- HUD's Housing Choice Voucher Program Inspection Checklist (PDF) (9/00) ([HUD-52580-A](#)). Completed by a WA. State Licensed Home Inspector.
- [Lead Paint Disclosure](#) signed by borrower (s) for homes built before 1978
- HOME Recapture Agreement
- [One-On-One counseling](#) session prior to closing by an approved agency
- Borrower(s) signed receipt of appraisal
- Two month's bank statements from all borrowers to check deposits for undisclosed income
- If using a Home Advantage 1<sup>st</sup> mortgage, the [Home Advantage Specialty DPA Affidavit](#)

## ***PROGRAM ELIGIBILITY***

1. The Borrower must not have **owned** a home at any time in the three years preceding the closing of the Second Mortgage.
2. The property must be within the City limits of Tacoma.
3. The Borrower must attend a Commission-approved homebuyer education class.
4. Tacoma Second Mortgage loans may not be combined with any other of the Commission's downpayment assistance funds, or with other downpayment assistance that includes HOME funds.
5. Prior to closing the loan, the Borrower must attend a [one-on-one pre-purchase counseling](#) session. A post-purchase one-on-one counseling session is also encouraged within 30 days of closing.

## ***MORTGAGE DETAILS***

Interest Rate - 2% simple interest, payment deferred

Loan Term - 30 years

Repayment – Due at the time of sale, transfer, refinance, no longer occupy as primary residence or in 30 years

Assumptions - Tacoma DPA loans are NOT assumable

Loan Amount - Up to \$30,000 towards downpayment and closing costs.

Source of Funds – Federal HOME & Commission PRI Funds

Lenders to determine the loan amount using the [Needs Assessment Form](#).

## ***BORROWER'S CASH TO CLOSE***

The Borrower's minimum down payment requirement is \$1000.

Gift funds are allowed to meet the Borrower's minimum contribution requirement.

## ***MAXIMUM INCOME LIMITS***

*(Effective June 15<sup>th</sup>, 2022)*

To be eligible for the program, an applicant's annual [Compliance Income](#) (as of the date of signing the purchase agreement, in the case of new home being constructed, or as of the date of purchase, in the case of an existing home) must not exceed:

|                        |          |          |          |          |          |          |           |           |
|------------------------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| Household Size         | 1        | 2        | 3        | 4        | 5        | 6        | 7         | 8         |
| Household Income Limit | \$56,850 | \$65,000 | \$73,100 | \$81,200 | \$87,700 | \$94,200 | \$100,700 | \$105,300 |

## ***FRONT DTI MINIMUM***

Borrower's front-end DTI must be at least 25.00%.

## ***PROPERTY***

### **Property Acquisition Limit**

*(Effective August 31<sup>st</sup>, 2022)*

May NOT exceed \$460,750 for existing homes or \$982,300 for new construction.

### **Manufactured Homes**

Manufactured homes are not allowed with this program.

### **Lead-Based Paint**

Mortgage Lenders must provide a copy of HUD's "Lead Paint Safety" Field Guide (6/1999) (HUD #1779-LHC) to appraisers and instruct them to specifically address the condition of the paint and note any areas of deterioration. If the appraiser identifies areas of deteriorated paint, the Mortgage Lender must provide a written letter to the Seller, notifying them that the paint deterioration must be corrected in a lead paint-safe manner. Once the paint condition has been corrected, the appraiser must re-certify the painted surfaces of the home.

A signed Lead Paint Disclosure form is required for homes built before 1978. Please include a copy with the Pre-Closing package submission.

### **Housing Quality Inspectors**

Mortgage Lenders are also required to have a home inspector licensed in the State of Washington complete the [Housing Choice Voucher Inspection Checklist](#) form.

We do not recommend inspectors. The following inspectors are provided for information purposes only, as they have previously completed this form. Any certified inspector/appraiser may be used to do the inspection and complete the form. The inspection form must contain the inspectors name and contact information and must be signed on the final page of the inspection with their license number. An electronic signature is also acceptable.

Merrell Inspection Services

Phone: 253-841-3667

Cell: 253-318-2725

[mis.llc@comcast.net](mailto:mis.llc@comcast.net)

Vanessa Parker

Phone: 253-318-8004

[Vanessaparker.agent@gmail.com](mailto:Vanessaparker.agent@gmail.com)

Ara Putz

Phone: 253-226-2294

[HouseInspector@Rocketmail.com](mailto:HouseInspector@Rocketmail.com)

Heath Davis

Phone: 253-302-2425

[HDD21476@gmail.com](mailto:HDD21476@gmail.com)

## *DISCLOSURES, ADDITIONAL*

### **Property Occupancy**

Properties have been occupied by a tenant within the past 90 days, are **NOT** eligible properties. The only exceptions to this being: The owner and their immediate family or if the homebuyer is the renter and thus is not being displaced.

The Seller must sign the “Disclosure of HOME Program Requirements” form stating that the property is not tenant occupied and that no displacement of an individual(s) has occurred or shall occur.

### **Initial and Final Fair Market Value**

Because federal HOME funds are used in the Tacoma DPA program, the Seller must be informed that 1) the Borrower does not have the power of eminent domain or condemnation to use to acquire the property if negotiations between the Seller and the Borrower fail to result in an amicable agreement and 2) prior to the closing of the sale, the Mortgage Lender must provide the Seller with a written estimate of the fair market value of the property. The “Disclosure of HOME Program Requirements” form is used to provide notice to the Seller of these requirements.

**Prior to signing the purchase and sale agreement**, in addition to the [Disclosure of HOME Program Requirements](#), the Buyer and Seller must sign the “[Initial Estimated Fair Market Value Notice](#)” form. Once the Mortgage Lender has the appraised value and before the loan closes, the Seller must be notified using the “[Final Estimated Fair Market Value Notice](#)” form. If the estimated fair market value of the property is in excess of the contract price, the Seller may withdraw from the selling agreement.

**The Commission now only requires signed/dated copies of these disclosures uploaded with the Pre-Closing Compliance package submission. Mailed Originals are no longer required.**

## *HOMEBUYER EDUCATION AND COUNSELING*

In addition to a Commission approved Homebuyer Education Seminar, all borrowers must also attend one-on-one pre-purchase counseling. A counseling certificate issued by an approved housing counseling agency must be provided in the closing package to Commission. One-on-one post-purchase counseling for the Borrower is also encouraged within 30 days of closing, with the same agency that conducted the pre-purchase one-on-one counseling. The Borrower will be charged up to \$260 for the one-on-one counseling session. The fee will include both pre & post-purchase counseling and can be paid for from the proceeds of the second mortgage as an

allowable closing cost. **Please instruct escrow to pay the fee directly to the housing counseling agency at closing.**

The Borrower must contact one of the following HUD-Approved Housing Counselling agencies to schedule an appointment with a HUD certified counsellor for counseling, *after* the Borrower(s) has a signed and accepted a purchase & sale agreement and reserved funds:

[Housing Counselor List](#)

## ***ENVIRONMENTAL REVIEW***

Because of the use of Federal HOME dollars to fund the transaction, an Environmental Review will be conducted by the City of Tacoma to ensure the property meets Federal standards. The property will be desk-reviewed for major hazards and nuisances. WSHFC may request the review be conducted once the initial file review has been completed by the Commission.

## ***CLOSING***

### **Note and Deed of Trust**

The Note and Deed of Trust for the Tacoma DPA are provided here through Lender Online. [Instructions to access them are here.](#)

### **HOME Recapture Agreement**

The originating lender is required to provide the borrower a completed HOME Recapture Agreement at closing. The **original** disclosure with notarized wet signatures must be returned to the Commission with the Post-Closing Compliance package submission. The Commission will handle obtaining signatures for Page 5 of the HOME recapture agreement. [Instructions to access them are here.](#)

### **LE/CD**

If needed, sample forms are provided for the Tacoma DPA on this page: <http://wshfc.org/sf/LE.CD.TIL.html>

### **Cash Back**

Borrowers may not receive *any* cash back at closing, even if it's a refund of earnest money or pre-pays. Excess cash that would normally go back to borrower must be used to pay down principal on the 2nd.

