



PIERCE COUNTY DOWNPAYMENT ASSISTANCE PROGRAM

Please see [Section 13 \(Downpayment Programs\)](#) of the *Home Advantage or House Key* manual for all other terms and conditions that also apply to this Downpayment Assistance program.

PROGRAM DESCRIPTION

(Revised 9/14/2017)

Pierce County DPA is a down payment assistance program offered with the Commission first mortgage programs. Pierce County DPA was created from a partnership between the Commission and The Pierce County Community Development Corporation.

Listed below are additional requirements for the Pierce County Downpayment Assistance program:

- [Disclosure of HOME Program Requirements](#) (HUD FORM 1)
 - *Must be signed and dated ON or BEFORE the date of the Purchase & Sale Agreement*
- [Initial Estimated Fair Market Value Notice](#) (HUD FORM 2.1.)
 - *Must be signed and dated ON or BEFORE the date of the Purchase & Sale Agreement*
- [Final Estimated Fair Market Value Notice](#) (HUD FORM 2.2.)
- [HUD's Housing Choice Voucher Program Inspection Checklist](#) (HUD-52580-A).
- Lead Paint Disclosure signed by borrower (s) – most MLS Sales agreements contain this
- [HOME Recapture Agreement](#)
- One-On-One counseling session prior to closing by an approved agency
- Two month's bank statements from all adult household members. Statements are reviewed for additional sources of income not otherwise disclosed
- If using a Home Advantage 1st mortgage, the [Home Advantage Specialty DPA Affidavit](#)

PROGRAM FUNDING

This program uses a combination of WSHFC funds and Federal [HOME Dollars](#).

PROGRAM ELIGIBILITY

(Revised 12/27/2018)

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 located in Pierce County outside Tacoma, Lakewood, Bonney Lake, Auburn and Pacific City limits. The Borrower(s) must attend Commission approved homebuyer education class.
3. Pierce County's 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.
4. 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

(Revised 7/29/16)

Interest Rate - 4% 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 - Pierce County DPA loans are NOT assumable

Eligible households may qualify for a maximum loan amount of up to \$24,900 towards downpayment and closing costs.

Lenders to determine need using [Needs Assessment Form](#).

BORROWER'S CASH TO CLOSE

(Revised 8/11/17)

The Borrower's minimum down payment requirement is \$1,000. Gift funds are allowed to meet the Borrower's minimum contribution requirement.

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.

DEBT TO INCOME RATIOS

(Revised 7/29/16)

The total front-end ratio must be between 25% and 40%. The back-end ratio may not exceed 45%.

MAXIMUM INCOME LIMITS

(Revised 6/1/2018)

Households earning 80% or less of the area median income as reported annually by HUD, adjusted for household size, may qualify for a maximum loan amount of up to \$24,900. To be eligible for the program, an applicant's Annualized Gross Household Income (as of the date of signing the Purchase & Sale 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:

<u>1 Person</u>	<u>2 Person</u>	<u>3 Person</u>	<u>4 Person</u>
\$41,800	\$47,800	\$53,750	\$59,700
<u>5 Person</u>	<u>6 Person</u>	<u>7 Person</u>	<u>8 Person</u>
\$64,500	\$69,300	\$74,050	\$78,850

This down payment assistance program uses [Compliance Income](#) for the Pierce County 2nd mortgage.

PROPERTY

Property Cost Limit

(Revised 8/22/18)

May NOT exceed \$313,500 for existing homes or \$417,995 for new construction.

Lead-Based Paint and Housing Quality Standards

(Revised 7/29/16)

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 inspector 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 HUD approved lead paint-safe manner. Once the paint condition has been corrected, a state licensed lead hazard clearance inspector must complete a clearance test to verify that no lead hazards remain.

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 Checklist

(Revised 7/25/18)

This is *in addition to* a regular home inspection required by our Home Advantage and House Key 1st mortgage products. The Commission recommends using the same person for both when possible to minimize costs and time.

The inspection is to be done by a trained HQS Inspector (list below) or licensed home inspector in the State of Washington.

The Washington State home inspector must sign the form and note their license number. An electronic signature is also acceptable.

We do not recommend HQS inspectors. The following inspectors are provided for information purposes only, as they have previously completed this form. Any certified HQS inspector may be used to do the inspection and complete the [HUD Form 52580-A](#). The inspection form must contain the inspectors name and contact information and must be signed on the final page of the inspection.

Merrell Inspection Services
Phone: 253-841-3667
Cell: 253-318-2725
mis.llc@comcast.net

Ara Putz
Phone: 253-226-2294
HouseInspector@Rocketmail.com

Vanessa Parker
Phone: 253-318-8004
Vanessaparker.agent@gmail.com

Heath Davis
Phone: 253-302-2425
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

(Updated 12/27/2018)

Because federal funds are used in the Pierce County 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

(Updated 5/15/2018)

In addition to a Commission sponsored 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 approved agencies to schedule an appointment for counseling, *after* the Borrower(s) has a signed and accepted a purchase & sale agreement and reserved funds:

South Sound Outreach Services Tacoma 253-593-2111
Parkview Services, Marnie Claywell, 206-745-1034 or Maya Ramp 206-542-6644 Ext 118
PC2 Homeownership 253-564-0707 x105

ENVIRONMENTAL REVIEW

(Updated 7/25/2018)

Because of the use of Federal HOME dollars to fund the transaction, an Environmental Review will be conducted by the County 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 Pierce County DPA are provided through [Lender Online](#).

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.

LE/CD

If needed, sample forms are provided for the Pierce County 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.