

Covenant Homeownership Program FAQ

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INFORMATION FOR HOMEBUYERS

If you have deep roots in Washington state (before 1968), you could be eligible for the Covenant Homeownership Program.

Call the Washington State Homeownership Hotline at 1-877-894-4663 to be connected to support, guidance and financial help through the Covenant Homeownership Program – and beyond.

ABOUT THE COVENANT HOMEOWNERSHIP PROGRAM

How does the Covenant Homeownership Program help homebuyers?

The Covenant Homeownership Program provides downpayment and closing cost assistance for first-time homebuyers in the form of a loan, secondary to the primary mortgage loan. The loan has a 0% interest rate. It is paid back on the sale or refinancing of the home. The maximum amount of downpayment assistance is 20% of the cost of the home, or \$150,000, plus closing costs (if paid by the buyer).

How do I apply for the Covenant Homeownership Program?

You can access this program by working with a [Commission-trained lender](#) to prequalify for a mortgage loan and establish your eligibility.

The Washington State Homeownership Hotline at 1-877-894-4663 is also a great way to easily connect to the Covenant Homeownership Program, as well as other free support, guidance and financial help.

The hotline will help you reach the next step based on your situation, goals and preferences. If you are not quite ready for a mortgage, the hotline will connect you with free support and guidance to get on the path to your goal, no matter where you are today.

What is the Homeownership Hotline?

The hotline is a free service of the nonprofit [Washington Homeownership Resource Center \(WHRC\)](#). Hotline staff can connect you to the Covenant Homeownership Program through the free, professional support of a housing counselor. The hotline can also share a wide range of other information and resources tailored to your location, income, and specific needs.

Who is eligible for this program?

Based on the mandates of the Covenant Homeownership Act and the recommendations of the Covenant Homeownership Program Study, the following eligibility criteria apply:

- Household income at or below 100% of the Area Median Income (AMI).
- First-time homebuyer.
- The homebuyer or a parent/grandparent/great-grandparent lived in Washington state before April 1968.
- The person who lived in Washington before April 1968 is Black, Hispanic, Native American/Alaska Native, Native Hawaiian or other Pacific Islander*, Korean or Asian Indian. **Following the U.S. Census definitions, "Pacific Islander" includes individuals with origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands, including, for example, Samoan, Chamorro, Tongan, Fijian, and Marshallese.*

Why must the homebuyer/family member have lived in Washington before April 1968?

In April 1968, the passage of the Fair Housing Act made racial discrimination in housing illegal. Discrimination persisted despite the new law; however, the state no longer had an official or legal role in enforcing and upholding it.

What is 100% of Area Median Income (AMI)?

Area Median Income (AMI) is set by county. This program uses the AMI for the county in which you are buying the home. (Further income restrictions may apply depending on the first-mortgage program.) **See county chart below:**

<u>County</u>	<u>AMI</u>	<u>County</u>	<u>AMI</u>	<u>County</u>	<u>AMI</u>
Adams	\$ 72,700	Island	\$102,000	San Juan	\$104,700
Asotin	\$ 84,300	Jefferson	\$ 88,300	Skagit	\$102,800
Benton	\$ 99,900	King	\$147,400	Skamania	\$116,900
Chelan	\$100,300	Kitsap	\$119,700	Snohomish	\$147,400
Clallam	\$ 93,900	Kittitas	\$ 99,800	Spokane	\$100,100
Clark	\$116,900	Klickitat	\$ 84,900	Stevens	\$ 82,800
Columbia	\$101,300	Lewis	\$ 89,000	Thurston	\$116,700
Cowlitz	\$ 86,400	Lincoln	\$ 83,800	Wahkiakum	\$ 72,600
Douglas	\$100,300	Mason	\$ 99,000	Walla Walla	\$ 90,200
Ferry	\$ 75,500	Okanogan	\$ 72,800	Whatcom	\$106,300
Franklin	\$ 99,900	Pacific	\$ 82,400	Whitman	\$ 93,400
Garfield	\$ 79,500	Pend Oreille	\$ 80,300	Yakima	\$ 78,600
Grant	\$ 81,800	Pierce	\$112,300		
Grays Harbor	\$ 80,800				

Why are some racial groups eligible and not others?

The Covenant program’s initial eligibility criteria are intentionally narrowly tailored. While many racial, ethnic and religious groups in Washington were subject to unjust and egregious housing discrimination, the Covenant program considers not only this history but also its current impacts.

Some of the groups discriminated against continue to show much lower homeownership rates compared with the general white population. These are named in the initial eligibility criteria. However, for other groups (such as Jewish residents), the data is limited when it comes to documenting the lasting impacts of historical discrimination. Please see [page 93 of the Covenant Homeownership Study](#) for further information.

Will other groups be eligible in the future?

As the study recommends, we are currently exploring how to expand eligibility. We intend to open a second phase of the program later this year as we uncover more data and information. This Phase II could allow participation by applicants outside the currently approved racial groups who are able to show past and ongoing impact by state-supported discrimination, as documented in Chapters 1 and 2 of the study.

People would still have to meet the program's statutory requirements, including being a first-time homebuyer, earning no more than 100% of Area Median Income, and being either a pre-1968 resident of Washington state or a descendant of one.

Who qualifies as a first-time homebuyer?

The Covenant Homeownership Act defines "first-time homebuyer" broadly. You may be eligible if:

- You have not owned a home within the past three years
- You are a single parent who has only owned a home while married to a former spouse.
- You are a displaced homemaker and have only owned a home with a spouse.
- You have only owned a residence that had no permanent foundation (such as a manufactured home)
- You only owned a property that was determined to be uninhabitable.

What is required of homebuyers using the Covenant program?

As with all Commission home loans, homebuyers must meet lender underwriting requirements, i.e. qualify for a home loan from a lending institution. You must also take a free homebuyer education class, either virtually or in person. Dozens of classes are taught each week by lenders and real-estate professionals across the state. [Find one here.](#)

Further, Covenant homebuyers must provide documentation of the residency and race/ethnicity of the person (whether the homebuyer themselves or their parent/grandparent/great-grandparent) who lived in Washington state before April 1968. Housing counselors, lenders, Commission staff and other program partners are committed to helping homebuyers gather this documentation.

What kind of documentation of residency and race/ethnicity do I need?

The Commission intends to be as flexible as possible in accepting documentation of race and pre-1968 residency in Washington. Again, the homebuyer must submit this documentation for the person who lived in Washington before 1968—whether that person is the homebuyer themselves or their parent/grandparent/great-grandparent.

Some examples of acceptable documents include:

<ul style="list-style-type: none"> • Birth & Death certificates • School records • Death certificates • Church records • Probate Records • Newspaper clippings • Marriage certificates • Employer records • Military records 	<ul style="list-style-type: none"> • Genealogical records from reliable sources • Tribal membership records • Draft card • Social Security Claims & Applications • WA State Concealed Weapon License • Census data • Obituaries • Historical Societies
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Where can I find this documentation?

Your lender and/or housing counselor will help you gather the documents. Some good sources include the following. The Commission will continue to add resources to this section.

- [Vital Records Department](#) of the state Department of Health
- [Legacy Washington](#)
- [FamilySearch.org](#): Create a free account to search family records.
- [Ancestry.com](#): This is a paid service, but you can often access Ancestry.com for free from your local library.
- Public libraries:
 - [Find your local library here.](#)
 - [Seattle Public Library](#)
 - [King County Library Research](#)
 - [Tacoma Public Library](#)
 - [Spokane Public Library Research](#)
- [Newspapers.com](#)
- [MyHeritage.com](#)

What if I might be eligible for the program, but I'm not mortgage-ready?

If you are not quite ready for a mortgage, you can start on the path to homeownership with free, individual guidance from a housing counselor. Get connected through the Washington State Homeownership Hotline by calling 1-877-894-4663 or visiting www.homeownership-wa.org.

Is there help for me if I'm not eligible for the Covenant program?

Yes! Downpayment assistance and other supports are available to low- and moderate-income homebuyers throughout the state. Call the Washington State Homeownership Hotline at 1-877-894-4663 or visit www.homeownership-wa.org for information and resources tailored to your location, income, and specific needs.

Most homebuyers who earn under \$180,000 a year can access financial assistance through the Housing Finance Commission's range of [downpayment assistance programs](#). You can also find a [free homebuyer education class here](#) to start on your homebuying journey.

Where does the Covenant Homeownership Program funding come from?

Starting in January 2024, the state collects a \$100 document recording assessment for real-estate transactions. The fee is projected to generate between \$75 million and \$100 million each year to be used for the Covenant Homeownership Program.

Who is responsible for the Covenant Homeownership Program?

The Washington State Housing Finance Commission will design, develop, implement, and evaluate the Covenant Homeownership Program. The Commission was also responsible for overseeing the Covenant Homeownership Program Study that determined the details of the program.

Who will hold the Commission accountable?

A Covenant Homeownership Program Oversight Committee, formed by the [Department of Financial Institutions \(DFI\)](#), will oversee and review the Commission's activities and performance related to the Covenant Homeownership Program Study and the Covenant Homeownership Program. The oversight committee may also make recommendations to the legislature regarding the program.

How will you evaluate the effectiveness of the Covenant Program?

The Housing Finance Commission will submit an annual report to the legislature on the progress of the Covenant Homeownership Program by December 31, 2025, and by each following December 31. The Commission will complete an update to the Covenant Homeownership Program Study at least every five years to evaluate the program's effectiveness and recommend Covenant Homeownership Program improvements.

ABOUT THE COVENANT HOMEOWNERSHIP STUDY

In March 2024, the National Fair Housing Alliance released the Covenant Homeownership Program Study. This study was required by the Covenant Homeownership Act in order to establish the framework for the Covenant Homeownership Program.

- [Executive Summary \(7 pages\)](#)
- [Full Study \(197 pages\)](#)
- [Watch the webinar:](#) (YouTube Link) NFHA researchers discussed the study and answered questions in a recorded webinar on April 2, 2024.

What is the Covenant Homeownership Study?

The study is the first, crucial step in the development of Covenant Homeownership Act assistance programs. This evidence-based research study investigates housing discrimination against marginalized communities in Washington State, what role government institutions have had in the discrimination, the impacts of the discrimination, and what specific assistance would be likely to remedy these impacts.

Who conducted the Covenant Homeownership Study?

As the result of a competitive process, National Fair Housing Alliance (NFHA) was selected to conduct the study, overseen by the Washington State Housing Finance Commission (Commission).

- The [National Fair Housing Alliance](#), the lead consultant, has a 33-year history of documenting historical and current discrimination to identify, eliminate and remedy the harms that have resulted. They also bring significant expertise with special-purpose credit programs.
- [Abt Associates](#), the key research partner in the study, is a mission-driven research and consulting firm with deep expertise in publicly administered homeownership programs, data analysis, and fair housing.
- NFHA and Abt will also be joined by two Washington state groups with years of knowledge and expertise in fighting housing discrimination in our state. The [Northwest Fair Housing Alliance \(NWFHA\)](#), serving central and eastern Washington, and the [Fair Housing Center of Washington \(FHCW\)](#), based in western Washington, will subcontract with NFHA to assist in documenting specific historical discrimination against marginalized groups in Washington.

How was this contractor selected?

National Fair Housing Alliance and its research partners were chosen through a competitive Request for Proposals process in 2023.

How were community members and stakeholders involved in the study?

NFHA and its local fair housing partners incorporated numerous points of active community engagement with stakeholders, from webinars and presentations to key informant interviews, focus groups, and surveys. Many Washington residents shared their personal and family experiences with housing discrimination. Summaries of these stories can be found in Chapters 1 and 2 of the study and in the appendices for these chapters.

What are the key findings of the study?

First of all, the study confirms that state institutions played both active and passive roles in perpetuating housing discrimination against a range of marginalized groups. Secondly, it finds that impacts of that discrimination are still felt today in the lower homeownership rates and net worth of many of those groups. Third, the research shows that without specifically aiming to help these groups that were excluded for so long, a program would be ineffective in remedying the disparities.

What are the study's recommendations?

The study recommends a Special Purpose Credit Program with a customized approach to downpayment assistance that allows people who have been impacted by discrimination to buy a home in their county.

Such a program has the flexibility to support homeownership in a way that a normal downpayment assistance program would not, in two ways. First, it could offer a large enough loan to make a home attainable in the county where they live for anyone who qualifies; and second, it would be exclusively available to groups who both suffered housing discrimination by state institutions in the past and continue to show the effects in disparities today. (The Covenant Homeownership Act includes additional specific eligibility requirements for individuals.)

ABOUT THE COVENANT HOMEOWNERSHIP ACT

In 2023, the [Covenant Homeownership Act](#) was passed with bipartisan support by the Washington State Legislature, thanks to the advocacy and leadership of the [Housing Development Consortium](#), the [Black Home Initiative](#), Rep. Jamila Taylor, Sen. John Lovick, and Rep. Frank Chopp. This landmark legislation makes Washington one of the first states to face and address the role of government institutions in housing-related discrimination and racism.

The law has two important parts:

1. **A research study** to investigate housing discrimination against marginalized communities in Washington State, what role government institutions have had in the discrimination, the impacts of the discrimination, and potential remedies for the impacts. These findings helped determine who will be eligible for assistance and established the framework for creation of a Special Purpose Credit Program under the Equal Credit Opportunity Act.
2. **A new source of funding** for homebuyer assistance from a new \$100 document recording assessment on every real-estate transaction, starting January 1, 2024. These fees are deposited into the Covenant Homeownership Account and fund the Special Purpose Credit Program.

What is a racially restrictive covenant?

Covenants are clauses that prevent, prohibit, restrict, or limit the actions of a person or entity named in a contract. As part of home deeds and required neighborhood agreements (like HOAs), covenants were commonly used between the 1920's and 1960's throughout Washington state to restrict housing based on race, religion, and ethnicity. A typical covenant required the signer to agree they would never allow a non-white or non-Christian person to buy or live in their home.

Black people were excluded in every racially restrictive covenant. Asian American Pacific Islanders, Latino/a/x, Jewish people, and other marginalized groups were also excluded. To date, nearly 50,000 racially restrictive covenants have been documented throughout Washington state by the Racial Restrictive Covenants Project of the University of Washington and Eastern Washington University. Learn more and read these covenants at the [project website](#).

How are the Covenant Homeownership Act, Program, Program Study, and Account related?

The Covenant Homeownership Act is a state law passed in the spring of 2023 to support homeownership for those affected by generations of systematic discriminatory housing policies and practices by Washington State. The act establishes an assistance program (Covenant Homeownership Program) based on an evidence-based study (Covenant Homeownership Program Study). A newly created account in the state treasury (Covenant Homeownership Account), funded by document recording assessments, is used for the purposes of the program and study.

How did the Covenant Homeownership Act come to pass?

The Covenant Homeownership Act is unique because it began with an extensive stakeholder and community engagement process. In September 2022 the Housing Development Consortium of Seattle-King County (HDC) convened more than 50 stakeholders across multiple sectors who worked together to examine barriers to homeownership as well as policy options that could address these barriers. These comprehensive conversations with possible bill sponsors and champions resulted in a set of suggestions for the legislation. In addition to shaping the legislation, the stakeholder and community engagement process ensured strong and effective advocacy that led to the bill's passage with bipartisan support.

Why is the Covenant Homeownership Act needed?

Homeownership is the cornerstone of the American dream. It is the primary way households build wealth, stability, and community and pass wealth down to future generations.

Yet in Washington, only 49% of BIPOC households in Washington are homeowners, compared with 68% of non-Hispanic white households. As is common where disparities exist, Black households fare even worse than other households of color: the homeownership rate for Black households is only 31%. Despite the Fair Housing Act and the end of "legal" discrimination, the national homeownership rate for Black households has not improved since 1960.

Research shows that these inequities did not arise by chance or because of individual choices. They are the result of policies and practices that favored white Washingtonians. Previous research has also shown that existing state and federal programs and other race-neutral approaches are insufficient to remedy this discrimination and its impacts. That is why the Covenant Homeownership Act proposes the first-in-the-nation use of a Special Purpose Credit Program by a government agency.

What is a Special Purpose Credit Program?

Special Purpose Credit Programs were made available by the Equal Credit Opportunity Act of 1974 to benefit a specific class of persons who share common characteristics (for example, race, national origin, or sex). They are an important tool in expanding fair access to credit, particularly for consumers and communities impacted by discrimination.

Why create a Special Purpose Credit Program?

The racial homeownership gap will persist without specific intervention that goes beyond “colorblind” or “race-neutral” assistance. A Special Purpose Credit Program can be race-conscious, allowing our state to directly remedy the harm caused by its discriminatory policies and practices.

Until now, only private businesses have utilized Special Purpose Credit Programs to remedy harm caused by their actions. To our knowledge, the Covenant Homeownership Act is the first programmatic use by a government agency to remove persistent structural barriers to homeownership.

Why require a Covenant Homeownership Program Study?

The Covenant Homeownership Program Study provides the foundation for a Special Purpose Credit Program that can benefit homebuyers affected by racial discrimination.

Why does the Covenant Homeownership Act enact a \$100 document recording fee?

For many years, Washington state mandated that county auditors record racially restrictive real-estate covenants. Legislators found it fitting that this same document-recording process should help remedy the harm created by these actions.

Is the Covenant Homeownership Act reparations?

The Covenant Homeownership Act is one small effort to remedy past and ongoing discrimination and its impacts on access to credit and homeownership for BIPOC and other historically marginalized communities in Washington state. It does not represent a formal reparations effort. The United Nations has defined reparations as including five conditions, [outlined here](#).