



*Building a Better Community*



**HOME/CDBG DPA  
P.O. Box 6108  
210 West 6<sup>th</sup> Avenue  
Kennewick, WA 99336**

**Questions?**

**Please call (509)585-4431**

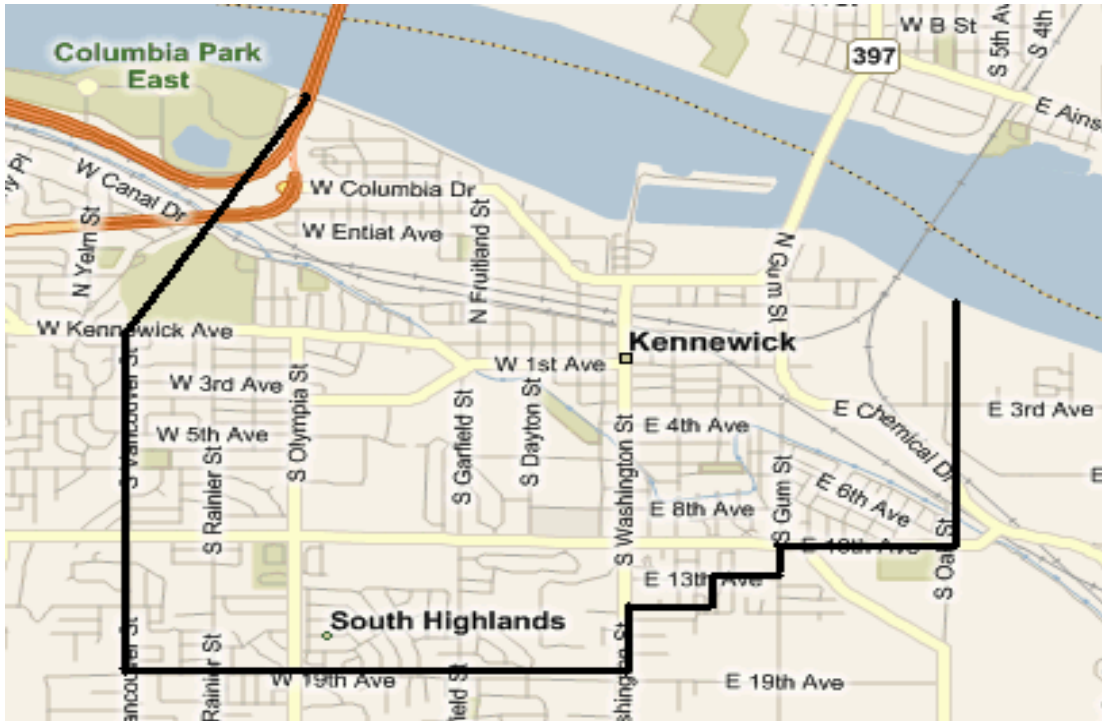
**2009**

**First-Time Homebuyer  
Downpayment Assistance  
&  
GAP Financing  
Program Application**

Financed with Community Development Block Grant (CDBG) and HOME Funds made available to the City of Kennewick through the U.S. Department of Housing and Urban Development (HUD).

## **ELIGIBLE AREA**

Homes must be located east of Vancouver Street, west of Oak Street, and north of 19<sup>th</sup> Avenue. Certain sections of this area are outside of city limits and are not eligible. The lines on this map are approximate. Please call for confirmation that the property you are purchasing is within this area and inside Kennewick city limits.



## **Program Description**

The City of Kennewick has designed a loan program to help low to moderate-income buyers purchase their first home. Funds are available on a first-come, first-served basis. The loan program consists of two parts: 1) a 50/50 “match” portion, based on the out-of-pocket investment by the applicant (\$1,000 minimum/\$5,000 maximum), forgiven 20% each year for 5 years; and 2) a “GAP” financing amount of \$5,000 per property, at 0% interest with repayment required as specified in the loan terms.

The City will only match the applicant’s contribution, which may include monetary gifts from family and/or friends. Seller’s contributions in any form including financial assistance from other non-profit organizations and/or loan application fees do not qualify for matching funds. Bank statements and gift letters will be used to verify applicant’s contribution.

The applicant and property must meet all qualifications, guidelines, rules and regulations as set forth in this application, the down payment underwriting guidelines and the HUD Handbook

41551.1 Rev. 5, to be eligible to participate in this program. The City of Kennewick reserves the right to refuse applicant(s) based upon failure to meet any or all program guidelines and/or if the applicant is getting financed through a high-risk loan product.

### **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.

"GAP" loan financing is not forgivable and must be repaid. Repayment shall be deferred until 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.

"Match" loan financing is eligible to receive a 20% reduction annually. City staff will conduct an annual exterior inspection to coincide with the anniversary date of the loan. If acceptable, an annual notice of compliance will be issued providing a 20% reduction of the "match" loan amount. Should the property fail to meet minimum standards, a notice of failure to comply will be issued providing 30 days for correction. A second failure to comply will result in the outstanding balance of the loan being declared in default and immediately due and payable. If City regulations are met, the "match" portion of the loan will be completely forgiven after a five-year period. City staff will provide a copy of the property standards requirements during the application interview.

### **Program Criteria**

**"The City of Kennewick determines applicant eligibility based in whole or in part on FHA underwriting guidelines, HUD Handbook 4155.1, Rev. 5 and Fannie Mae's "Underwriting the Borrower".**

- The program is open to U.S. Citizens and Permanent Resident Aliens. Evidence of legal residency may be obtained from the Bureau of Citizenship Immigration Services (BCIS).
- The applicant must be a first-time homebuyer. A first-time homebuyer is defined as an individual and his/her spouse who have not owned a home during the three-year period before the purchase of a home with assistance under this program. A single parent will not be

excluded as a first-time homebuyer if that the individual, while married, owned or resided in a home with their spouse. The applicant(s) cannot own nor have an interest in any real estate at the time of purchase. Co-signers are not allowed.

- The loan applicant agrees to occupy property as primary/principal residence for the life of the loan. Primary/Principal residence is defined as a single dwelling house or other dwelling unit that is the place of residence, at which at least one natural person who constitutes the legal owner(s) of the housing unit, predominantly resides for more than 183 days each year.
- The applicant must have a signed purchase agreement with the seller of the property. Purchase agreement should be contingent on Downpayment Assistance Program financing and HQS property qualification.
- Income level of the applicant and all household members 18 years and over must be equal to or less than 80% of the median income established by HUD for the Kennewick/Pasco/Richland MSA. **All persons residing in the household are included in household size, regardless of age.**

**2009 Maximum Income Limit Guidelines**

<b>HOUSE-HOLD SIZE</b>	<b>MAXIMUM INCOME</b>		<b>HOUSE-HOLD SIZE</b>	<b>MAXIMUM INCOME</b>
<b>1 Person</b>	<b>\$36,300</b>		<b>5 People</b>	<b>\$56,000</b>
<b>2 People</b>	<b>\$41,500</b>		<b>6 People</b>	<b>\$60,150</b>
<b>3 People</b>	<b>\$46,650</b>		<b>7 People</b>	<b>\$64,300</b>
<b>4 People</b>	<b>\$51,850</b>		<b>8 People</b>	<b>\$68,450</b>

- The monthly payment of principal, interest, taxes and insurance (PITI) and utilities, must be no greater than 30% of gross monthly income, or total debt to income ratio no more than 41%. A credit report will be used to verify these figures.
- Income/Employment requirement; minimum of six months documented and verifiable source of steady income.
- The applicant must meet all qualifications of their lender and will be responsible for all costs above and beyond the amount of the down payment assistance and GAP financing.

**\*CREDIT CRITERIA**

- Credit history that provides evidence of responsible borrowing and repayment. Credit history may include items on credit report, twelve-month rental and utility payment history.

## DPA Program Description

- No bankruptcy in prior two-year period of application and a clean credit history since that time.
- Clean credit history. No more than two thirty-day past due accounts within the past year. No sixty-day or ninety-day past due accounts.
- No unresolved collections, judgments, garnishments or liens.

### **Property Qualification**

- The property being purchased must be a single-family residential dwelling. A duplex may be considered provided the owner will occupy one side and no tenants are displaced. Rental income (based on fair market rents) will be included in projected annual income.
- The sales price cannot exceed the FHA 203(b) mortgage limit (\$200,160 for 2008).
- During the period the property is offered for sale and at the time of sale, the dwelling must be vacant, occupied by the buyer, or occupied by the seller. In no case shall a tenant be displaced by the sale. This must be confirmed in writing by the seller of the property prior to receipt of the down payment assistance. The City will provide the form.
- The property must be located within the boundaries of Vancouver Street on the west, Oak Street on the east, and 19<sup>th</sup> Avenue on the south, and be within Kennewick city limits.
- An inspection will be conducted by City staff to ensure the property meets minimum Housing Quality Standards. **THE HQS INSPECTION DOES NOT SUBSTITUTE FOR A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.** Refer to attachment A.
- The property must pass the Lead Based Paint visual inspection (if home built prior to 1978) and the Housing Quality Standards inspection. Any cracking, peeling, chipping or chalking paint on any interior or exterior structures (i.e. home, garages, sheds & fences) will disqualify the home; unless an EPA-certified lead-based paint inspector provides a report stating the home is free of lead based paint hazards at the borrower(s)/seller(s) expense.
- The City reserves the right to disqualify a property that does not pass minimum property requirements without further consideration for down payment assistance. Additional HQS inspections may be required if city staff allows for minor repairs and modifications of property (as required to pass the HQS inspection), to ensure property meets required property standards.
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- Lead-based paint clearance tests, minor repairs and/or modifications are done at the buyer/seller's expense.

## **Procedure**

1. Applicants are required to complete a **first-time homebuyer education class** to qualify for assistance. Funds will not be released until certificate of completion is presented to the Housing Specialist. Consumer Credit Counseling offers these classes each month in Kennewick. Their phone number is 737-1973.
2. Visit a local bank, credit union or mortgage broker to find out how much money you are qualified to borrow **and can comfortably afford**. There is no commitment by the lender at this point to lend to you.
3. Select a home inside the eligible area and within your pre-qualified loan amount. Sign a Purchase & Sales Agreement with the seller, **contingent** on City of Kennewick HQS property qualification and Downpayment Assistance Program financing. It is suggested a Realtor be used to help with this process, but you may deal directly with the owner.
4. Return to the lender to begin mortgage approval. Request a "Good Faith Estimate" showing the property address, sales price, interest rate, any seller contribution, your personal contribution (at least \$1,000) and the City's match (maximum of \$5,000) plus \$5,000 GAP financing.
5. **COMPLETE City application prior to appointment with the Housing Specialist; applicants will be turned away at the appointment if documents and applications are incomplete.** Call the City (585-4431) for an appointment to begin the review of your eligibility and to ensure availability of funds. The City requires co-applicants/spouses to be named on Downpayment documents; therefore, all applicants **and** their spouses (even if they will not be named on the first mortgage) must meet with City staff to verify eligibility. Two years previous tax returns, one month of current pay stubs, three months of current bank statements, copy of the Purchase & Sales Agreement, Good Faith Estimate, and proof of legal residency (for non-US citizens) must be brought to this meeting. If you have already attended the first-time homebuyer education class, please bring your certificate.
6. City staff will inspect the property to ensure it meets minimum Housing Quality Standards. Failure to meet minimum standards may disqualify the property from receiving City funds.
7. Upon meeting or failure to meet program criteria, including applicant and property requirements, a letter of denial or preliminary approval will be mailed to the applicant and lender.
8. Upon approval, the lender will provide a copy of the preliminary title report, appraisal, and an insurance binder listing the City of Kennewick as a loss payee prior to release of City funds.
9. An appointment will be set at City Hall to sign the Promissory Note and Deed of Trust for the Downpayment Assistance Loan. The check and copies of the loan documents will then be made available to the Closing Agent.

**For more information or Requests for Accommodations:**

Please contact Darlene Mendoza at (509) 585-4431 or [darlene.mendoza@ci.kennewick.wa.us](mailto:darlene.mendoza@ci.kennewick.wa.us)

Accommodations will be provided, to the maximum extent feasible, to meet the needs of non-English speaking, deaf and hearing impaired and visually impaired persons. HUD will make arrangements to provide an interpreter, a signer or a reader upon request, if such a request is made at least 72 hours prior. If you need additional accommodations, please call or e-mail 72 hours in advance at the contact information listed below.

**City of Kennewick Corporate & Community Services**

**P.O. Box 6108**

**210 West 6<sup>th</sup> Avenue**

**Kennewick, WA 99336-0108**

**(509) 585-4431 (Phone)**

**(509) 585-4445 (Fax)**

**(509) 585-4425 (TDD)**

**Washington State Relay # 1-800-877-8399**

**[www.ci.kennewick.wa.us](http://www.ci.kennewick.wa.us)**

**[darlene.mendoza@ci.kennewick.wa.us](mailto:darlene.mendoza@ci.kennewick.wa.us)**



The Fair Housing Act prohibits discrimination in housing because of race or color, national origin, religion, sex, familial status and handicap (disability). In addition, it is illegal to threaten, coerce, intimidate or interfere with anyone exercising a fair housing right. If you feel you have been discriminated against, contact the City of Kennewick Equal Opportunity Officer at (509) 585-4431 or the nearest HUD field office location at the Fair Housing Enforcement Center in Seattle, Washington, (206) 220-5170, 1-800-877-0246, or TTY (206) 220-5185.

The Department of Housing and Urban Development (HUD) regulations set forth basic Housing Quality Standards (HQS), which all homes must meet before federal assistance can be provided. **THE HQS INSPECTION DOES NOT SUBSTITUTE FOR A PROFESSIONAL HOME INSPECTION NOR DOES THIS INSPECTION GUARANTEE THE CONDITION OF THE HOME.** The HQS Inspection includes the following, but is not limited to:

**All Rooms:**

- No peeling, chipping, flaking or chalking paint on the inside or outside of the home nor on any detached structures;
- No mold;
- No holes or cracks (of any size) that result in drafts, severe buckling, or deterioration in walls, ceilings or floors;
- No broken windows;
- All windows must have locks if they are below 6' from the ground or can in some way be reached from the outside of the home;
- All electrical outlets must have faceplates;
- No broken, frayed or exposed wiring;
- No roaches or mice; and
- Space heaters must be vented or have manufacturers label affixed to the heater.

**Living Room, Bedrooms (must have):**

- At least one window that opens, basement bedroom windows must be to code; and
- At least one (1) light and one (1) electrical outlet or two (2) electrical outlets.

**Kitchen (must have):**

- At least one (1) permanent light fixture, one (1) electrical outlet and enough room and space to prepare food;
- Sink with hot and cold running water (separate from the bathroom sink).

**Bathroom (must have):**

- A window that opens or a working ventilation unit;
- One (1) permanent light fixture;
- A working flushable toilet;
- Tub or shower unit with hot and cold running water; and
- Sink with hot and cold running water (separate from the kitchen sink).

**Miscellaneous (must have):**

- Smoke detectors in each bedroom and each hallway;
- Roof and foundation that does not leak;
- Handrails if the porch is over 30'' high or has four (4) or more steps to enter the home;
- Approvable water and sewer services;
- Plumbing that does not leak;
- Hot water heater with downward pipe on the pressure relief valve, at least 3'' to 6'' from the floor;
- Water heater must be enclosed if it is located in a living area of the home; and
- At least two (2) exits from the home in case of fire and a private entrance.

**Instructions: Please read and answer each question completely. The information provided will be used in determining eligibility for this program.**

**Applicant Information**

<b>Applicant</b>		
Name (include Jr. or Sr. if applicable)		
DOB(mm/dd/yyyy)	Social Security Number	Legal Status: <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident
Dependents (not listed by Co-borrower)		
No.      Ages:		
Present Address (street, city, state, zip)		
Home Phone No. (include area code)  (      )	Alternate No. (include area code)  (      )	
Total No. of Household Members residing in the home:	Will anyone else over 18 yrs. of age be residing in the home? <input type="radio"/> Yes <input type="radio"/> No	

<b>Co-Applicant</b>		
Name (include Jr. or Sr. if applicable)		
DOB(mm/dd/yyyy)	Social Security Number	Legal Status: <input type="radio"/> U.S. Citizen <input type="radio"/> Permanent Resident
Dependents (not listed by Borrower)		
No.      Ages:		
Present Address (street, city, state, zip)		
Home Phone No. (include area code)  (      )	Alternate No. (include area code)  (      )	
Total No. of Household Members residing in the home:	Will anyone else over 18 yrs. of age be residing in the home? <input type="radio"/> Yes <input type="radio"/> No	



### Liabilities

Liabilities are debt, individually or jointly owed – these include credit cards, auto loans, medical, student loans, etc.

Name of Company	Monthly Payment	Unpaid Balance
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
<b>Total</b>	\$	\$

Have you declared bankruptcy within the last 2 years? Applicant: Yes / No Co-Applicant: Yes / No

Please Explain:

### Property Information

Property Address	Year Built	Purchase Price \$
Property is currently: <input type="checkbox"/> Vacant <input type="checkbox"/> Owner Occupied <input type="checkbox"/> Occupied by Applicant(s)		
<b>A RENTAL PROPERTY OCCUPIED BY TENANTS IS NOT ELIGIBLE FOR ASSISTANCE</b>		
Applicant Contribution \$	<b>(City to match minimum of \$1,000; maximum of \$5,000)</b>	
Seller's Name	Address	Phone No.
Realtor:	Phone No.	Fax No.
Lender Name & Contact:	Phone No.	Fax No.
Closing Agent & Contact:	Phone No.	Fax No.

DPA Application

I/We certify that:

- o I am a first-time homebuyer;
- o It has been at least 3 years since I have owned a home;
- o I owned a home with my now ex-spouse and have no current ownership of real estate;

Furthermore, I/We intend to occupy the home being purchased as our primary residence. I understand that failure to comply with City regulations will result in repayment in part or in full of down payment assistance and GAP funds.

Applicant Signature	Date
Co-Applicant Signature	Date

I/We hereby authorize the release of information documenting my/our eligibility for the City of Kennewick Down Payment Assistance Program. I authorize the City of Kennewick to contact various Federal, State, municipal and private entities to investigate my legal residency status, credit history, sources of income and current employment history. I declare under penalty of law that the information given by me is true, correct and complete to the best of my knowledge and realize that willful falsification by me may subject me to penalties as provided in Washington State Law RCW 74.08.0005. I understand that willful misrepresentation of any information may disqualify me from program participation.

Applicant Signature	Date
Co-Applicant Signature	Date

**ALL APPLICANTS AND SPOUSE MUST COME TO THE APPOINTMENT.**

Please bring copies of the following to the appointment: **Applicants will be turned away at the appointment if application and required documentation is missing or incomplete.**

- o Completed Application. Complete prior to appointment, applicants will be turned away if incomplete.
- o One month of current pay stubs & other source income documentation (for all working household members age 18 years and older).
- o Three months of current bank statements.
- o Last two years Income Tax Returns & W-2's. If self-employed, attach Schedule C and Profit & Loss statements from your accountant.
- o Signed Purchase & Sales Agreement with contingency clause (refer to program procedure section of application packet).
- o Good Faith Estimate from lender.

**Information for HUD Monitoring**

The following information is requested by the Federal Government for certain types of loans related to housing, in order to monitor the Lender’s compliance with the Equal Credit Opportunity, Fair Housing and Home Mortgage Disclosure Laws. You are encouraged, but not required, to provide this information. The law provides that a Lender may neither discriminate on

**Applicant**

I do not wish to furnish this information \_\_\_\_\_(initials)

**Ethnicity (select one):**

- Not Hispanic or Latino     Hispanic or Latino

**Race (choose one or more):**

- White                       American Indian/Alaskan Native  
 Asian                         Black/African American  
 Native Hawaiian/Other Pacific Islander  
 Other Multi-racial (Please specify \_\_\_\_\_)

**Co-Applicant**

I do not wish to furnish this information \_\_\_\_\_(initials)

**Ethnicity (select one):**

- Not Hispanic or Latino     Hispanic or Latino

**Race (choose one or more):**

- White                       American Indian/Alaskan Native  
 Asian                         Black/African American  
 Native Hawaiian/Other Pacific Islander  
 Other Multi-racial (Please specify \_\_\_\_\_)

<p><b>FOR HOUSING USE ONLY</b></p> <p>Date of Appointment _____</p> <p><input type="checkbox"/> Approved    <input type="radio"/> Declined</p> <p>Comments:</p>	<p><input type="checkbox"/> Completed App.</p> <p><input type="checkbox"/> ID/Residency Docs (ID, Res.A card, SS card)</p> <p><input type="checkbox"/> Pay stubs</p> <p><input type="checkbox"/> Income Tax &amp; W-2's</p> <p><input type="checkbox"/> Bank Statements</p>	<ul style="list-style-type: none"> <li>• Purchase &amp; Sales Agrmt.</li> <li>• GFE</li> <li>• Credit Report</li> <li>• Income Verification</li> <li>• Gift Letter</li> </ul>
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