

# Virginia Down Payment Assistance Pilot

## Program Guidelines



**Virginia Department of Housing and Community Development**

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## Contents

Introduction .....	2
Program Description .....	2
Applied Formulas for All VA DPA Units.....	3
Program Fees Paid to VA DPA Provider.....	4
Application Process .....	4
Program Schedule .....	5
Homeowner Eligibility.....	5
Intake .....	6
Starting the Homebuying Process .....	6
Under Contract.....	6
Homebuyer- Eligibility .....	6
Property Eligibility .....	9
Underwriting Criteria .....	10
Homebuyer.....	10
Income Determination .....	10
Assets.....	12
Credits & Liabilities .....	13
Virginia Downpayment Assistance Process.....	15
First Trust Lender .....	15
Recapture.....	16
Subordination .....	16
Compliance.....	16
CAMS Process.....	19
Electronic Data Interchange (EDI) .....	22
 Table 1: Program Fees .....	 4
Table 2: Pay Determination & Calculation.....	12

# Introduction

The **Virginia Down Payment Assistance Pilot Program**, hereinafter identified as VA DPA, operates through local partnerships with non-profit housing service providers (501c3) across the Commonwealth. The VA DPA program provides down payment and closing cost assistance to homebuyers with incomes up to 60% of the Area Median Income (AMI) as established by the U.S. Department of Housing and Urban Development (HUD).

The VADPA is a new program that is intended to complement, not replace, existing down payment assistance programs already available from state, federal, local and other sources.

## Program Description

The VA DPA is a deferred loan program that provides opportunities for first-time homebuyers to obtain homes that are safe, decent, and affordable. The long-term goal is sustainable housing and growth in personal wealth and equity for low-income Virginians. VA DPA Providers must have a program of assistance outlined that would qualify eligible homebuyers based on actual financial need, on a first come, first serve basis.

### Funding Availability

The VA DPA program is funded through the Commonwealth of Virginia. The VA DPA pilot program received an annual allocation for Fiscal Year 2025.

### Leveraged Funding/Other Funding Sources

It is acceptable for the VA DPA program to be used with other leveraged sources to include:

- VIDA (Virginia Individual Development Account)
- ARS (Acquire, Renovate, Sell)
- Virginia Housing Virginia DPA
- Virginia Housing SPARC
- FHLB (Federal Home Loan Bank) Programs
- USDA assistance programs
- Freddie Mac & Fannie Mae Assistance Programs
- Other programs offered by Lenders/ Employers/ Housing Authorities/ Etc.

Ineligible sources of leverage funding include:

- Affordable and Special Needs Housing (ASNH)
- DHCD HOME DPA (federal)
- CDBG

Please contact DHCD with any questions related to other leveraged sources.

**Type and Level of Assistance:**

Program assistance is in the form of down payment assistance up to \$50,000. This includes all sources of down payment assistance. This assistance is in the form of a forgivable second mortgage that will be secured by a deed or covenant on the property for a period of 15 years. The assistance can be fully forgiven if a resident retains the housing unit as their principal residence for 15 years from the date of closing. If the household that received assistance under this program moves out of the property or sells the property prior to the end of the affordability period, the program participant will be required to pay back a prorated portion of the assistance, which is forgiven 1/15 annually at the end of each full year past the closing date. Upon sale of the property, the first mortgage must be satisfied prior to paying back the prorated down payment assistance.

**Program Limitations:**

The VA DPA Program specifically requires:

- Access to VA DPA program funds must be offered on a first come, first serve basis
- Down payment and closing costs where **total** family household income does not exceed up to 60% of the area median income
- Supportive services including pre-qualification screening, homeownership education and housing counseling services
- The **maximum VA DPA direct assistance (including closing costs) is \$50,000.**
- The minimum VA DPA assistance is \$20,000

**Applied Formulas for All VA DPA Units**

Administrative requirements for the VA DPA will follow the established protocol specified in this guideline manual. The maximum amount of direct assistance to the homebuyer cannot exceed 30% of the sales price and should be determined by a debt-to-income ratio analysis. DHCD will utilize the current ratios of **38%** for the housing ratio and **45%** for the debt-to-income ratio. DHCD will make exceptions to the debt-to-income ratio to mirror Virginia Housing's underwriting criteria (currently- not to exceed 50%)

In addition, the VA DPA Provider can provide up to an additional \$2,500 in VA DPA direct assistance to cover eligible closing costs not adequately paid by the seller.

The maximum VA DPA provided to the homebuyer is **\$50,000.00** to include Down Payment and closing cost assistance.

## Program Fees Paid to VA DPA Provider

Below is a table that indicates the program fees paid to VA DPA providers.

*Table 1: Program Fees*

Homebuyer Counseling Fee	\$400
Lead/Visual Inspection Fees	\$350
Program Operation (Administrative)	\$1,500

## Application Process

Applications for funding will be received through DHCD's Centralized Application and Management System (CAMS) due June 19<sup>th</sup>, 2025. DHCD anticipates awarding one or more contracts totaling \$4,750,000. Contracts will be issued for a one-year grant term. All complete applications received in CAMS by the due date will be reviewed and scored based on the following factors:

- Capacity (40%)
- Need (20%)
- Approach (40%)

Applicants must score at least 60 points to be awarded VA DPA funds. Funding amounts are based on requests, total available funds, scores, and proposed service areas.

### Record Keeping

All DHCD grantees must adhere to standard accounting and record keeping practices. In addition, grantees must have in place the following:

- Conflict of Interest policy
- Fair Housing policy
- Affirmative Marketing policy
- Equal Employment policy
- Non-discrimination policy
- Drug-free Workplace policy

Applicants must be in compliance with DHCD's audit policy. All grants are subject to programmatic and financial monitoring.

## Program Schedule

The VA DPA shall become effective at the same time that the Commonwealth's amended 2025 sessions budget becomes effective. The VA DPA program rollout shall be as follows:

Table 2: VA DPA Program Schedule

May 5, 2025	VA DPA Guidelines Published
May 5, 2025	FY2025 Full Application opens in CAMS
June 19, 2025	FY2025 Full Application closes in CAMS

## Homeowner Eligibility

Participation in the program is limited to credit-eligible homebuyers up to 60% of the area median income (AMI) as defined by HUD based on household size and geographic location of the assisted property. Homebuyers with total household incomes in excess of 60% AMI are not eligible for this assistance.

The VA DPA program is not an entitlement, but a limited public resource to be used to further first-time home ownership for those who without this assistance would not be able to move forward with a home purchase. Use the following links to review income table:

[HUD Exchange HOME Income Limits](#) and [HOME Homeownership Value Limits](#)

In addition, households must:

- Receive homeownership counseling from a HUD-certified agency and HUD-certified Housing Counselor;
- Possess a signed purchase offer for a property (turnkey at the time of settlement); **NOTE: For Sale by Owner transactions are ineligible.**
- Demonstrate that their income is less than 60% of the AMI;
- Contribute **one percent** of the sales price of the home from their personal funds if the income is between **50%-59%** of the AMI, and if the income is less than **50%** of the AMI, they can contribute \$500 towards the purchase of the home;
  - NOTE: Applicants **must provide receipts as proof of the one percent contribution.**
- Be pre-qualified with FHA approved lender

Homebuyers with cash assets of ten percent or more of the sales price **will not** be eligible.

## Intake

The goal during intake is to assess current financial status of client to determine mortgage readiness. A Virginia DPA client can be referred to a VA DPA Provider organization through a variety of channels to include Realtor and Lender referrals, direct calls, emails and word of mouth. DHCD markets the program on the website: [https://www.dhcd.virginia.gov/Virginia DPA](https://www.dhcd.virginia.gov/Virginia%20DPA).

## Starting the Homebuying Process

Should a potential homebuyer be taking the first step towards homeownership, DHCD recommends a referral to a HUD approved Housing Counselor. The counselor can determine if the need for guidance on credit, savings, income, or budgeting may be needed. The Virginia list of HUD approved Housing Counselors is located:

[https://apps.hud.gov/offices/hsg/sfh/hcc/hcs\\_print.cfm?weblistaction=search&searchstate=va](https://apps.hud.gov/offices/hsg/sfh/hcc/hcs_print.cfm?weblistaction=search&searchstate=va)

Introduce the potential homebuyer to VA DPA and the guidelines of the program. However, the funds cannot be reserved until the homebuyer is pre-approved by a lender and meets the VA DPA eligibility guidelines.

DHCD recommends the VA DPA Provider maintain a contact list of intake clients not under contract for future potential clientele.

## Under Contract

### Homebuyer- Eligibility

Homebuyers must meet all eligibility requirements. Eligibility requirements include (1) Qualify as a first-time Homebuyer, as defined by either (a) have never owned a home before; or (b) have not held primary ownership in a principal residence within the most recent three-year period.

However, several unusual circumstances may also apply:

- Mobile Home: The VA DPA Provider must perform due diligence to determine if the home was treated as real estate or titled as personal property with DMV. If the home was titled as personal property, the homebuyer will be considered a first-time homebuyer.
- For Investment/Inherited property, if the homebuyer has not lived in the home as their principal residence within the most recent three-year period, the homebuyer will be considered a first-time homebuyer.

2. Receive homeownership counseling from a HUD-certified agency and HUD certified Housing Counselor.

The homebuyer must Complete a HUD-certified Homebuyer Education Course through a Virginia Housing, Neighborworks®, or HUD-certified agency approved course. The certification can be monitored and audited by 3<sup>rd</sup> party entities, as long as a completion certificate can be generated with the completion date and expiration date. Course can also be online, but a completion certificate must be generated with the completion date and expiration date.

The homebuyer possesses a signed purchase offer sales contract. NOTE: For Sale by Owner transactions are eligible if a landlord offers to sell the home to the current tenant. DHCD will review these requests on a case-by-case basis.

3. Demonstrate the household income does not exceed up to 60% of the AMI.

Homebuyers must meet the usual and customary mortgage underwriting criteria that demonstrate creditworthiness sufficient to obtain a mortgage loan commitment and **must possess a minimum 90-day work history before application of VA DPA funds.**

4. Meet VA DPA credit criteria

The homebuyer should meet a FICO median score of 620. If the score falls below 620, the Provider can request an exception if the following conditions are met. The mortgage product is an FHA loan fixed rate product OR the Provider is offering in house financing with a fixed rate product, monthly payments, and recorded deed. The Provider can document alternative credit OR the client can demonstrate meeting FHA guidelines with a median FICO score of 580 or above

Additionally, the homebuyer must contribute **one percent** of the sales price of the home from their personal funds if the income is between **50%-up to 60%** of the AMI, and if the income is less than **50%** of the AMI, the homebuyer can contribute \$500 towards the purchase of the home. The one percent can be a combination of costs paid by the homebuyer to include appraisal, insurance, 3<sup>rd</sup> party inspection fees, credit report, and closing costs. Provide receipts as proof of the one percent contribution.

For Homebuyers with cash assets of 10% or more of the sales price **will not** be eligible for down payment and closing cost assistance (i.e., assets which cannot be liquidated without the applicant incurring a penalty- written verification will be required).

The Provider's homebuyer application must clearly disclose all program requirements and fees to the homebuyer. Finally, the purchaser must sign a homebuyer agreement form with the Provider for the down payment and/or closing assistance.

**Homeowner Eligibility: Additional Notes**

If purchaser puts down more than the required amount of cash to purchase a home, the additional cash will go towards the purchase of the home. If it is determined the purchaser will receive funds back at closing, then the VA DPA funds must be reduced by that amount. No FUNDS will be *RETURNED* or *REIMBURSED* (regardless of the source) to the purchaser at closing/settlement when VA DPA funds are awarded for down payment and/or closing cost assistance.

The Provider is responsible for reviewing the final Closing Disclosure prior to closing. If it is determined that the purchaser is receiving cash back at closing, then the VA DPA funds “MUST” be reduced by that amount. If the purchaser is required to pay any costs up front that would have an effect on settlement, the Provider must make appropriate adjustments to prevent cash back at closing.

# Property Eligibility

The eligible property types are typically the following property types and construction types are eligible:

Single family property (one unit) is considered attached single-family homes (duplex, triplex, townhome and condominium) are permitted as long as the unit receiving VA DPA assistance is individually sold and deeded, will be the primary residence of the homebuyer, and the homebuyer will not own any other units as rentals in that building.

Construction eligibility includes stick build, modular homes, and manufactured homes. If using a manufactured home, the manufactured home must be connected to permanent utility hookups. The manufactured home must be located on land that is owned by the manufactured housing unit owner, or on land for which the manufactured housing unit owner has a lease for a period at least equal to the applicable period of affordability. Additionally, the manufactured home must be constructed after June 15, 1976.

All new construction homes must be certified under either Earth Craft or Energy Star energy efficiency standards or their equivalent. This requirement does not apply to existing homes that were previously occupied.

1. A full appraisal must meet the Uniform Standards of Professional Appraisal Practice (USPAP) on all VA DPA-assisted properties.
  - a. **All repairs noted on the appraisal must be completed prior to closing with a re-inspection by the appraiser or home inspector.**
2. All units of housing must meet the applicable Uniform Physical Condition Standards as established by HUD pursuant to 24 CFR 5.703 prior to final settlement or closing.
  - a. DHCD may choose to inspect some or all of the VA DPA units to ensure the UPCS has been met.
3. The home inspection must be conducted by a certified home inspector with separation of duties. Any required repairs (structural, health, safety) notated on the inspection report will have to be repaired prior to closing and a **re-inspection** must be done to determine that all repairs were completed prior to closing and included in each client file.
4. Lead-safe provisions apply to all assisted home properties purchased, where the home was built prior to 1978. This includes a notice of lead hazard, visual assessment for lead base paint form, remedy of any lead problems, and re-inspection if applicable. All assessments must be conducted by a third party HUD Certified, VA Lead Inspector or VA Risk Assessor. Use the following link to access the HUD Lead Based Paint Visual Assessment Training Course: <http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm>

# Underwriting Criteria

Funding is limited to down payment and closing cost assistance for purchasers at or below up to 60% AMI. Purchasers can receive **up to** 25%. The maximum direct assistance per homebuyer is **\$50,000** to include closing costs.

Loan packages submitted for funding consideration

- The loan to value (LTV) cannot exceed 96.5% or a cumulative CLTV of 108% including any other sources of subsidies.
- The total loan origination charges **cannot exceed 2.5% of the loan amount.**

The VA DPA program requires all potential homebuyers assisted through VA DPA attend and complete Homebuyer Education classes from a HUD certified agency and HUD approved Housing Counselor. Classes can be located at the Virginia Housing Website:

<https://www.virginiahousing.com/homebuyers/homebuyer-education>. In-person attendance is preferred, taking the Homebuyer Education class online is acceptable.

Debt-To-Income: DHCD will utilize the current ratios of **38%** for the housing ratio and **45%** for the debt-to-income ratio. DHCD will make exceptions, based on compensating factors, to the debt-to-income ratio to mirror Virginia Housing's underwriting criteria (currently- not to exceed **50%**)

## Homebuyer

This section aims to assist the Provider with homebuyer qualification by describing methods of income determination, asset calculation, and detailing credits and liabilities.

### Income Determination

For all families, the Provider shall determine annual income by examining the source documents detailing annual income for the household or family. The Provider must take into account all income from the household for those over the age of 18. Should a child (18+) be enrolled in higher education (college/trade school) full time their income will not be included for the VA DPA calculation.

When determining whether a household or family is income eligible, the Provider shall use the following definition of "annual income" for the VA DPA Program.

For the VA DPA program DHCD will use the Annual Income as reported under the HUD HOME Program Guidelines, Chapter 5- definition of income. DHCD requires the use of the **Section 8** definition for income documentation. Found here:

<https://www.hud.gov/sites/documents/CALCULATINGATTACHMENT.PDF>

HUD and federal income exemption **updates as of 1/31/2024** for HOME programs using Section 8 income definitions and receiving HOME Virginia DPA. Found here:

<https://www.govinfo.gov/content/pkg/FR-2024-01-31/pdf/2024-01873.pdf>

1. Total household income includes all of the following:
  - a. Wages, salaries, tips, etc.
  - b. Business Income;
  - c. Interest & Dividend Income;
  - d. Retirement, Insurance and Social Security Income;
  - e. Unemployment and Disability Income;
  - f. Welfare Assistance; Alimony, Child Support, and Gift Income; and
  - g. Armed Forces Income
2. Qualifying Income includes all of the following:
  - a. Wages, salaries, tips, etc.;
  - b. Business Income;
  - c. Interest & Dividend Income;
  - d. Retirement, Insurance and Social Security Income;
  - e. Alimony, Child Support, and Gift Income; and
  - f. Armed Forces Income
  - g. Disability Income (if considered 100% disabled)

If child support and/or alimony income is being used to qualify the applicant for the program, DHCD will need to have documentation showing proof that the applicant has been receiving this income for a minimum of 6 months and continue for at least 3 years from the date of closing.

Child Support/Alimony acceptable documentation:

- Bank statements in the applicant's name,
- Cancelled checks from the account the check was written on,
- A printout from Child Support Enforcement if court ordered,
- A printout from the institution that provides the direct deposit of the income on a Debit card.

If the child support and/or alimony income has been received for **less than 6 months and continue for at least 3 years from the date of closing**, it cannot be counted in the qualifying ratios.

The Provider must complete Income Calculation Worksheet to calculate the income from each eligible household member. The income calculation can be hourly, weekly, biweekly, monthly or bimonthly depending on the pay periods. Once the income has been determined for all family members the Provider must ensure the income is up to 60% AMI for the county/city and family size based on HUD's most recent AMI charts.

- For new construction the income eligibility is determined at contract signing date.
- For resale homes the income eligibility is determined by purchase date. The documents are good for 90 days, if 90 days has elapsed and the file has not yet closed, the income eligibility must be recalculated with updated documents.

Table 3: Pay Determination & Calculation

Pay determination	How to calculate	Example
Hourly	hourly rate and multiply by average number of hours worked weekly (H) x 52 (weeks) divided by 12 = gross monthly income	Hourly rate \$24.00/hr. 24 x 40 hrs. =960 960 x 52 = \$49,920 49,920 / 12 = \$4,160 gross per month
Weekly- if income is same pay period to pay period	weekly pay x 52 weeks divided by 12 = gross monthly income	\$800 weekly rate gross 800 x 52 = \$41,600 41,600 / 12 = \$3,466.67 gross per month
Bi-Weekly- if income is same pay period to pay period	Pay date is every other week: usually Monday or Friday. Take biweekly pay and times by 26 weeks and divide by 12 = gross monthly income	\$1,400 x 26 weeks = \$36,400 \$36,400 / 12 = \$3,033.34 gross per month
Bi-Monthly- if income is same pay period to pay period	Pay date is twice a month, usually 1 <sup>st</sup> /15 <sup>th</sup> or 15 <sup>th</sup> and 30 <sup>th</sup> . Take bimonthly pay and times by 24 pay periods and divide by 12 = gross monthly income	\$1,500 x 24 weeks = \$36,000 \$36,000 / 12 = \$3,000.00 Gross per month
Monthly- if income is same pay period to pay period	Pay date is once per month. Take monthly income gross per paycheck stub	Monthly income is shown on paystub. Can be used as gross monthly income without additional calculation
Year to Date/Last year	If income fluctuates pay stub to paystub, use gross year to date and divide by number of months in current year. Add W2 from last year into calculation divide by 12 months (last year) + number of months in this year	July 25, 2024, pay stub YTD gross \$23,770.00 2023 W2- \$42,680.00 23770+42680 = \$66,450.00 / 19 months = \$3,497.37 gross per month. (in this example- the calculation is higher \$\$ per month than YTD alone)

The files of the Provider must include a written completed calculation of income for each homebuyer compared to applicable limits of the program. Any changes to the calculation of income up until closing must be properly documented in writing and signed by the client and included in the file.

### Assets

The homebuyer will provide three (3) months of bank statements on all open accounts, to include checking, savings, CD, money market and retirement accounts. The Provider will review each statement to ensure:

- All large deposits that are not from employment, disability, retirement are explained in detail in writing from the homebuyer
- Non-Sufficient Funds
  - Should 1 occur during the past 90 days a written explanation from the homebuyer is sufficient.
  - Should 2+ occur during the past 90 days a discussion with the housing counselor will be necessary and the Provider will contact the DHCD specialist for additional guidance.
- Homebuyers with cash assets of 10% or more of the sales price **will not** be eligible for down payment and closing cost assistance (not including assets which cannot be liquidated without the applicant incurring a penalty- written verification will be required).

### Credits & Liabilities

- Applicant must have a good credit history with at least 3 trade lines open and current and must have a median **credit score of 620 or higher**.
  - Alternative credit can be considered with a minimum of 3 trades (rent, utilities, retail store). Contact your DHCD specialist for additional guidance.
- Bankruptcy
  - Chapter 7 – Minimum 3 years from discharge date.
  - Chapter 13
    - Written approval from Chapter 13 court/judge to enter into sales contract,
    - 12 Month payment history from court
- Foreclosure and/or Deed-in Lieu of foreclosure must not have been within the last 3 years, and the applicant must have established a good credit history since the foreclosure and/or bankruptcy.
- Collection accounts totaling \$1,000 or more **must be paid in full prior to closing**, and evidence must be provided as proof of payment.
- **All judgments must be paid in full regardless of amount prior to closing**, and evidence must be provided as proof of payment
- Any delinquent federal debt such as student loan, tax liens, etc. will not be eligible for down payment assistance

### Student Loan requirements

#### Fannie Mae

If a monthly student loan payment is provided on the credit report, the VA DPA Provider may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the VA DPA Provider may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.

Should the credit report not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the VA DPA Provider must determine the qualifying monthly payment using one of the options below.

If the borrower is on an income-driven payment plan, the VA DPA Provider may obtain student loan documentation to verify the actual monthly payment is \$0. The VA DPA Provider may then qualify the borrower with a \$0 payment.

For deferred loans or loans in forbearance, the VA DPA Provider may calculate:

- a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or
- a fully amortizing payment using the documented loan repayment terms.

### **Freddie Mac**

Monthly student loan payment as listed on credit report or student loan statement; if deferred or in forbearance, 0.5% of the balance.

### **FHA**

Monthly student loan payment as listed on credit report or student loan statement; if deferred or in forbearance, either 0.5% of the balance or one monthly payment. If on an IBRP (Income Based Repayment Plan) and actively making payments, the program can use the income-based payment. If not actively making payments, the program can use 0.5% of the balance.

### **VA**

Monthly student loan payment as listed on credit report or student loan statement or 0.5% of the balance divided by 12 months, whichever is higher; if deferred, not included in underwriting.

### **USDA**

Monthly student loan payment as listed on credit report or student loan statement; if deferred, in forbearance or on IBRP (Income Based Repayment Plan), either 0.5% of balance or one monthly payment.

### **Fixed term liability payments with less than 9 months to pay:**

DHCD will make exceptions to the debt-to-income ratio **not to exceed 45%** if the monthly payments on the following debts are documented in the file with 9 months or less left to pay:

- Auto loans
- Student Loans
- Personal Loans
- Child Support
- Alimony
- Federal/State Tax Lien Repayment Schedules

# Virginia Downpayment Assistance Process

## First Trust Lender

The Down Payment Assistance Program does not approve first trust lenders. The first trust lender must be a direct lender, third party brokers are not eligible, licensed to do business in Virginia.

**DHCD allows fixed rate loan products only** under the following mortgage first trust loan types:

- Conventional
- Veterans Affairs (VA)
- Fair Housing Act (FHA)
- United States Department of Agriculture (USDA)
- Habitat Mortgages

ARM, Interest Only, Balloon, and FHA 203K are ineligible mortgage products for this program.

## Affordability Period

The Period of Affordability will be 15 (FIFTEEN) years regardless of VA DPA provided. To ensure affordability over the long term, VA DPA imposes mortgage and occupancy requirements for VA DPA homebuyers.

## Deed of Trust (DOT)

To enforce these and other affordability requirements, aside from the first trust lender prepared note and deed of trust, a VA DPA silent second or deferred loan will be filed on the property at closing. DHCD provides a template for the DOT. The DOT is required to clearly provide the subsidy amount, period of affordability, recapture restrictions, primary occupancy requirements, and the DOT requires no payment, and no interest accrues during the affordability period. Once the affordability period has expired the DOT can be released and the full amount of subsidy is forgiven.

The homebuyer shall at all times maintain the home as his or her principal place of residence during the Period of Affordability. At no time shall the owner lease or rent the home to any person or persons. Failure of the homebuyer to occupy the VA DPA assisted unit as his or her principal residence (i.e., unit is rented or vacant) will trigger the *repayment* of the entire outstanding VA DPA investment.

- DHCD will attempt to bring the property back into compliance by having the homebuyer re-occupy the property. If re-occupancy fails, the homebuyer must repay the entire VA DPA investment back to the state of Virginia.

Homebuyers must understand that there will be a lien placed on the property during the affordability period.

The homebuyer(s) may prepay the whole unpaid balance of this indebtedness at any time without penalty. However, the provisions of the VA DPA homebuyer agreement will not be released during the affordability period.

## Recapture

Homebuyers are subject to recapture restrictions to ensure That the home remains affordable consistent with the applicable period of affordability. DHCD's program design incorporates the recapture provision consistent with the standards in the [HUD HOME Investment Partnerships Program Final Rule 24 CFR 92.254](#).

If the homebuyer sells or transfers title of the VA DPA assisted property, either voluntarily or involuntarily, during the Period of Affordability, the state will recapture, from the available net proceeds, the entire amount of the VA DPA investment from the homebuyer. If there are no net proceeds or the net proceeds are insufficient to repay the VA DPA investment due, the state can only recapture the amount of the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment and any closing costs.

The recapture provision applies to all properties that receive down payment or closing cost assistance through this program, even loans that are assumable. If a homebuyer assisted through this program allows the property to be assumed by, another party prior to the end of the affordability period, the total amount of assistance will be recaptured and returned to DHCD.

The forgivable VA DPA loan IS NOT Assumable. If the new homebuyer receives an Assumable 1<sup>st</sup> lien position primary mortgage, the forgivable VA DPA loan MAY NOT be assumed, and the recapture provision is triggered. The state will recapture, from the available net proceeds, the entire amount of the VA DPA investment from the original homebuyer and the property ceases to be a VA DPA assisted unit.

## Subordination

The program may consider a subordination agreement in the case of a foreclosure and/or in certain extenuating circumstances where a loan modification will allow the house to remain affordable and assist the buyer in maintaining the property as their primary residence. In no case shall the program consider cash out or equity refinancing. All requests must be submitted to DHCD in writing.

*Reminder:* ARM, Interest Only, Balloon, and FHA 203K are ineligible mortgage products for this program.

## Compliance

### VA DPA Inspections

DHCD will inspect a percentage of the homes that will receive VA DPA. These inspections will occur while the home is under contract and prior to closing. The VA DPA Provider will be notified of the inspection and will coordinate with the Realtor/Seller for DHCD access.

## Monitoring Visits

Providers are subject to annual site visits by DHCD staff, or their designees and contractors, to monitor activities and determine that all applicable VA DPA regulations are being met. This includes an inspection of all project and homebuyer files concerning beneficiaries in VA DPA-assisted units such as the following:

- Evidence of Housing Counseling;
- Checklist should be in every file (All appendices)
- Provider's application for assistance;
- Certifications of income and assets;
- Appraisals;
- Whole House Inspection Report and a Re-Inspection Report, if needed;
- Lead-Safe Provisions Form and Visual Assessment for Lead Base Paint Form
- VA DPA Program Deed of Trust (Copy) **with whole dollar amounts and no cents.**
- Title Insurance Policy;
- Closing Cost Worksheet; which replaces the HUD1
- Good Faith Estimate
- Promissory Note and DOT;
- Hazard and Liability Insurance Policies; **must be listed as a lien holder**
- Termite Inspection and evidence of treatment, if necessary;
- VA DPA Set Up and Completion Reports; etc.

Providers must disclose the following policies and related procedures at any time during the period of the written Agreement:

- Conflict of Interest policy;
- Fair Housing policy;
- Affirmative Marketing policy;
- Equal Employment policy;
- Non-discrimination policy; and
- Drug-free workplace policy.

Nonprofit organizations will be required to provide written records of the following documentation with any contract that is negotiated:

- Internal Revenue Service 501 (c) 3 designation;
- Articles of Incorporation; State Corporation Certificate;
- Agency By-laws; and
- List of current Board Members.

*Reminder: All files/ documentation must be maintained for 5 years after project closeout. The Deeds must be maintained until the period of affordability has expired.*

## Providers' Financial Audits

Providers shall be responsible for submitting an annual, independent, organization-wide audit for each fiscal year in which the organization receives funding from DHCD. Organizations expending

more than \$500,000 in federal funds, from all sources, during their fiscal year are required to follow the federal requirements of OMB Circular A-133 for that audit.

**Reporting Characteristics and Outcomes of Those Counseled for Homeownership**

DHCD will collect data pertinent to those potential homebuyers who were unable to access and receive the benefit of VA DPA program funds as well as those who received the benefit.

# CAMS Process

This section outlines the process to submit an application in DHCD's Centralized Application Management System (CAMS).

## Process Outline

1. Upload the Setup Form
  - DHCD will review/approve the Setup Form
  - A HUD IDIS number will be issued through DHCD.
2. Down Payment Assistance and Closing Cost may be requested.
  - a. Request the DHCD VA DPA Remittance
    - i. Attach the following documents to the remittance request.
      1. VA DPA remittance invoice
      2. Attach Appendix A -Setup Form
3. Upload the Completion Form
  - a. DHCD will review/approve the Completion Form
4. Program Fees may be requested
  - a. Upload the DHCD VA DPA invoice for payment.
    - i. Program Operational Fee
    - ii. Housing Counseling Fee
    - iii. Lead/Visual Inspection (if needed)

## Setup

To upload a SETUP into CAMS:

1. Select the "Reports & Documents" tab
2. Use the drop-down menu for add report/document (see [Figure 1: Setup: DPA Setup Report](#), below)
3. Figure 2: Setup: DPA Setup Report, below)
4. Choose the setup report!
5. Attach the required documents to each line item (see: [Figure 2: Setup: DPA Setup Report Attachments](#), below)
6. **Edit the SETUP Document Name to:**
  - i. Street Address-city-borrowers last name-SETUP
  - ii. *Example:* MainSt-Richmond-Washington-SETUP

Project Information

Reporting Details

Organization

Budget

Remittances

Admin Notes

Staff Roles

Report Assignment

**Reports & Documents**

### Reports & Documents

Only scheduled reports due within the next 60 days are displayed on this page. If additional details for a report assigned to this project are required, see the Report Assignment tab.

Reports and documents may be sorted by clicking any underlined column header. Overdue reports will show both the Date Due and the Status in red indicating that the report is late. A report submitted by a grantee and denied by DHCD will show its Status as Incomplete until it is updated by the grantee.

[Portal View](#)

**Risk Indicator:** Low [Edit?](#)  
**Project Hold:** Open For Remittance [Hold Notes](#)  
**No Reports After This Date:**

Add Document/Report:



- Global
- Draft Document
- Media Document
- Correspondence Document
- Contract Document

Download Selected Delete

All Project Documents

<input type="checkbox"/>	Display Name <u>Report Name</u>	Date Due	Status	Date Last Updated	Tags	Approvals	Comments/Notes
<input type="checkbox"/>	DPA Setup Report						
<input type="checkbox"/>	Fully Executed Contract Document						
<input type="checkbox"/>	Loan Commitment						
<input type="checkbox"/>	Miscellaneous						
<input type="checkbox"/>	Compliance Document						

Tag Filter

Date Filter (Due Date or Date Last Updated)

Reset

Start Date:

End Date:

Go

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	<a href="#">DPA Setup Report</a> <a href="#">Edit?</a>	
<b>Organization:</b> Appalachian Community Action		<b>Project:</b> AppCAA DPA 2023-2024 <b>Contract #:</b> 24-DPA-15
Environmental Review Record (ERR) *	<input type="button" value="Choose File"/>	No file chosen
Setup Form (Appendix A) *	<input type="button" value="Choose File"/>	No file chosen
Income & Asset Certification (Appendix B) *	<input type="button" value="Choose File"/>	No file chosen
Financial Information Sheet (Appendix C) *	<input type="button" value="Choose File"/>	No file chosen
Homebuyer Spending Plan *	<input type="button" value="Choose File"/>	No file chosen
Executed Sales Contract *	<input type="button" value="Choose File"/>	No file chosen
Homebuyer Authorization Agreement (Appendix D) *	<input type="button" value="Choose File"/>	No file chosen
Pre-Approval Letter *	<input type="button" value="Choose File"/>	No file chosen
Good Faith / Loan Estimate *	<input type="button" value="Choose File"/>	No file chosen
Income Calculation Worksheet (Appendix E) *	<input type="button" value="Choose File"/>	No file chosen
Subsidy Layering Review Worksheet (Appendix F) *	<input type="button" value="Choose File"/>	No file chosen
Attachment	<input type="button" value="Choose File"/>	No file chosen

## Completion

To upload a COMPLETION into CAMS

1. Select the “Reports & Documents” tab
2. Use the drop-down menu for add report/document (see [Figure 3: Completion: DPA Completion Report](#), below)
3. Choose the completion report!
4. Attach the required documents to each line item (see [Figure 4: Completion: DPA Completion Report Attachments](#), below)
5. **Edit the COMPLETION Document Name to:**
  - iii. Street Address-city-borrowers last name-COMPLETION
  - iv. *Example:* MainSt-Richmond-Washington-COMPLETION

Project Information

Reporting Details

Organization

Budget

Remittances

Admin Notes

Staff Roles

Report Assignment

Reports & Documents

Reports & Documents

Portal View

Risk Indicator: Low [Edit?](#)

Project Hold: Open For Remittance [Hold Notes](#)

No Reports After This Date:

Only scheduled reports due within the next 60 days are displayed on this page. If additional details for a report assigned to this project are required, see the Report Assignment tab.

Reports and documents may be sorted by clicking any underlined column header. Overdue reports will show both the Date Due and the Status in red indicating that the report is late. A report submitted by a grantee and denied by DHCD will show its Status as Incomplete until it is updated by the grantee.

Add Document/Report:

DPA Completion Report

Add

Download Selected

Delete

All Project Documents

☐ [Display Name](#)  
☐ [Report Name](#)

☐ Fully Executed Contract  
☐ [Contract Document](#)

Global

Draft Document

Media Document

Correspondence Document

Contract Document

DPA Setup Report

DPA Completion Report

Loan Commitment

Miscellaneous

Compliance Document

Tag Filter

Date Filter (Due Date or Date Last Updated)

Start Date:

End Date:

Date Due	Status	Date Last Updated	Tags	Approvals	Comments/Notes
	Accepted	10/8/2024 DHCD Accepted	DHCD Completed Contract	(PM) Nikki Nicholau (10/8/2024) <span>✓</span>	

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**Report / Template Entry**

[Back to Dashboard](#)
[Back to Project](#)

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DPA Completion Report    [Edit?](#)

**Organization:** Appalachian Community Action      
 **Project:** AppCAA DPA 2023-2024  
**Contract #:** 24-DPA-15

Recorded Deed of Trust (Appendix G) *	<input type="button" value="Choose File"/> No file chosen
Promissory Note (Appendix H) *	<input type="button" value="Choose File"/> No file chosen
URA Voluntary Sales Notice (Appendix I) *	<input type="button" value="Choose File"/> No file chosen
Maximum HOME Subsidy Worksheet (Appendix J) *	<input type="button" value="Choose File"/> No file chosen
Closing Disclosure (CD) *	<input type="button" value="Choose File"/> No file chosen
Appraisal *	<input type="button" value="Choose File"/> No file chosen
Flood Hazard Determination *	<input type="button" value="Choose File"/> No file chosen
Homebuyer Federal Assistance Certification (Appendix K) *	<input type="button" value="Choose File"/> No file chosen
Homebuyer Education Certificate *	<input type="button" value="Choose File"/> No file chosen
Housing Counseling Certificate *	<input type="button" value="Choose File"/> No file chosen
Certificate of Occupancy (CO) *	<input type="button" value="Choose File"/> No file chosen
Attachment	<input type="button" value="Choose File"/> No file chosen