

Down Payment & Closing Cost Assistance Program (DPA) Guidelines



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Down Payment & Closing Assistance Program

Introduction

"For many potential homebuyers, the biggest barrier to homeownership is the down payment and closing costs. While they may have a steady income that would allow them to make monthly payments, they do not have the means to save for the upfront costs of purchasing a home. In these cases, HOME funds can be provided." HUD –Building HOME- Chapter 5

The **HOME**ownership Down Payment & Closing Cost Assistance Program, hereinafter identified as **DPA**, operates through local partnerships with governmental entities and non-profit housing service providers across the Commonwealth. The DPA program provides down payment and closing cost assistance to homebuyers with incomes at or below 80% of the Area Median Income (AMI) as established by the U.S. Department of Housing and Urban Development (HUD).

The program structure must promote equitable access to HOME funds by both entitlement and non-entitlement communities throughout the Commonwealth.

Program Goal: Homeownership Assistance

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. 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.

Program Description

DPA is a deferred loan program that provides opportunities for first-time homebuyers to obtain homes that are safe, decent, and affordable. 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 DPA program is funded through the HUD HOME program. Virginia currently receives an annual allocation each new fiscal year. These funds will be announced upon receipt of the HUD notice and contract.

Beginning in Fiscal year 2024, the performance pool will **no longer** be utilized. Providers will be given a budget within their contract, based on prior performance.

- Should the Provider expend the initial allocation, a request for additional funds must be submitted in writing
 - A budget amendment to the contract must be ratified by both parties
 - An approval of additional funds will be subject to availability
- Should the Provider not expend the initial allocation during the current contract, the budget will be reduced the following fiscal year

- If a Provider has not expended 50% of the current year's budget by the ninth (9th) month of the contract, DHCD reserves the right to reallocate the remaining funds to a performing Provider

Leveraged Funding/Other Funding Sources

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

- VIDA (Virginia Individual Development Account)
- ARS (Acquire, Renovate, Sell)
- Virginia Housing 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.*

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

Program Limitations

The DPA Program specifically requires:

- Access to 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 80 percent of the area median income
- Supportive services including pre-qualification screening, homeownership education and housing counseling services
- Assisted housing and associated costs cannot exceed 95 percent of the area median home sales price, which are established by HUD on an annual basis
- The DPA program can provide assistance up to 10% (up to 15% in High Cost/ Economically Depressed Areas) of the sales price
 - The **maximum DPA direct assistance (including closing costs) is \$40,000** within the Commonwealth.
 - The minimum DPA assistance is \$1,000.

Applied Formulas for All HOME-Assisted Units

Administrative requirements for the HOMEownership Down Payment & Closing Cost Assistance Program will follow the established guidelines specified in the HOME Final Rule. The maximum amount of direct assistance to the homebuyer cannot exceed 10% 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%)

- Homebuyers in localities of the state that have been designated as "high-cost areas" or "chronically economically depressed" (see below) may go "**up to**" **15%** of the sales price as the **need** demands.

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

The maximum DPA provided to the homebuyer is **\$40,000.00** to include Down Payment and closing cost assistance.

Table 1: High Cost/Chronically Economically Depressed Localities

Albemarle	Floyd	Prince William
Alexandria	Frederick	Pulaski
Allegany	Fredericksburg	Rockingham
Annandale	Giles	Russell
Arlington	Grayson	Salem
Bath	Herndon	Scott
Bland	Highland	Shenandoah
Buchanan	King George	Smyth
Carroll	Lee	Spotsylvania
Charlottesville	Loudon	Stafford
Clark	Madison	Tazewell
Craig	Manassas	Warren
Culpepper	McLean	Winchester
Dickenson	Montgomery	Wise
Fairfax	Nelson	Wythe
Falls Church	Orange	
Fauquier	Page	

Program Fees Paid to DPA Provider

Table 2: Program Fees

Homebuyer Counseling Fee.... \$400.00

Lead/Visual Inspection Fee.... \$350.00

Program Deliverable Fee (Admin).... \$1,500.00

Homeowner Eligibility

Participation in the program is limited to credit-eligible homebuyers at or below 80 percent 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 80 percent AMI are not eligible for this assistance.

HOME down payment and closing cost assistance 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.

HUD updates the income tables and maximum area sales price charts on an annual basis. DHCD will post the charts on our website as they are updated. This usually occurs in June/July.

Intake

A DPA client can be referred to a 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/dpa>.

The initial goal during intake:

- Assess current financial status of client to determine mortgage readiness.

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 can be located here:

https://apps.hud.gov/offices/hsg/sfh/hcc/hcs_print.cfm?weblistaction=search&searchstate=va

Introduce the potential homebuyer to 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 DPA eligibility guidelines.

- ❖ Recommended: The DPA Provider should maintain a contact list of intake clients not under contract for future potential clientele.

Under Contract

Homebuyer- Eligibility

Homebuyers must meet all eligibility requirements:

- Qualify as a first-time Homebuyer as defined by one of the following:
 - have never owned a home before; or
 - have not held primary ownership in a principal residence within the most recent three-year period.
 - Unusual Circumstances:
 - Mobile Home: The 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.
 - Investment property/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.
- Receive homeownership counseling from a HUD-certified agency and HUD certified Housing Counselor.
 - Complete a HUD-certified Homebuyer Education Course through a Virginia Housing, Neighborworks®, or HUD-certified agency approved course which can be monitored and audited by 3rd party entities; just 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.
- Possess a signed purchase offer sales contract.
 - ***NOTE: For Sale by Owner transactions are eligible under the following circumstances Only.***
 - A landlord offers to sell the home to the current tenant. DHCD will review these requests on a case-by-case basis.
 - Demonstrate the household income does not exceed 80 percent 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 DPA funds.**
 - Meet DPA credit criteria (see [Credit & Liabilities](#))
 - FICO median score of 620
 - Contribute **one percent** of the sales price of the home from their personal funds if the income is between **50%-80%** of the AMI, and if the income is less than **50%** of the AMI, they 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, 3rd party inspection fees, credit report, and closing costs. Provide receipts as proof of the one percent contribution.
 - Homebuyers with cash assets of 10 percent 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.
 - 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 HOME 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 HOME 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 HOME 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 following property types are eligible:

- Single family property (one unit)

- Duplex, Triplex and Fourplex are permitted as long as the unit receiving HOME 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.
 - Townhome
 - a. Condominium
 - b. Modular home
 - c. Manufactured home
 - i. 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.
 - ii. The manufactured home must be constructed after June 15, 1976.
1. A full appraisal must meet the Uniform Standards of Professional Appraisal Practice (USPAP) on all HOME-assisted properties.
 2. Home values may not exceed 95 percent of the area median sales prices (203B limits established by HUD).
 - a. **All repairs noted on the appraisal must be completed prior to closing with a re-inspection by the appraiser or home inspector.**
 3. 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 DPA units to ensure the UPSC has been met.
 4. 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.
 5. 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 80 percent AMI. Purchasers can receive **up to** 10 percent or **up to** 15 percent (within the established approved areas by DHCD) of the sales price as **needs** demand. The maximum direct assistance per homebuyer is **\$40,000.00**, to include closing costs.

Loan packages submitted for funding consideration

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

The DPA program requires all potential homebuyers assisted through 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 preferred
- Online is acceptable

DTI: 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

Income Determination:

For all families, the Provider shall determine annual income by examining the source documents detailing annual income (e.g., wage statement, interest statement, Retirement, SS/ SSI, Child Support, Alimony, and any unemployment compensation statement) 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 DPA calculation.

When determining whether a household or family is income eligible, the Provider shall use the following definition of "annual income" for the HOMEownership Down Payment & Closing Cost Assistance Program.

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 DPA. Page 1/column 1 to page 3/end of page

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:

- o Bank statements in the applicant's name,
- o Cancelled checks from the account the check was written on,
- o A print out from Child Support Enforcement if court ordered,
- o A print out 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 Appendix E (Income Calculation Worksheet) to calculate the income from each eligible household member. The income calculation can be hourly, weekly, bi weekly, bi monthly or monthly depending on the pay periods. Once the income has been determined for all family members the Provider must ensure the income is at or below 80% 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 bi weekly 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 st /15 th or 15 th and 30 th . Take bi monthly 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
- NSF
 - 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 percent 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).

Credit & 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 DPA Provider may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the 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 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 DPA Provider may obtain student loan documentation to verify the actual monthly payment is \$0. The DPA Provider may then qualify the borrower with a \$0 payment.
- For deferred loans or loans in forbearance, the 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

DPA Loan Process

First Trust Lender

The Down Payment Assistance Program does not approve first trust lenders. The first trust lender must be a direct lender licensed to do business in Virginia. Third party brokers are not eligible. **DHCD allows fixed rate loan products only** under the following mortgage first trust loan types:

- Conventional
- VA
- FHA
- USDA
- Habitat Mortgages

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

Affordability Period

The Period of Affordability is based on the **direct** HOME subsidy provided to the homebuyer that enables the homebuyer to purchase the home. All homes assisted will have long term affordability restrictions as outlined in the federal HOME regulations. To ensure affordability over the long term, HOME imposes mortgage and occupancy requirements for DPA homebuyers. The affordability period depends on the amount of deferred loan money invested in the property as down payment assistance.

A direct subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price or otherwise subsidizes the purchase (e.g., down payment or closing cost assistance). It is the responsibility of the program Provider to assure that all HOME funds are included in the calculation of the affordability period.

<i>Amount of Assistance or Subsidy</i>	<i>Affordability Period by Years</i>
\$1,000 – \$14,999	5
\$15,000 - \$40,000	10

Deed of Trust (DOT)

To enforce these and other affordability requirements, aside from the first trust lender prepared note and deed of trust, a 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 HOME assisted unit as his or her principal residence (i.e., unit is rented or vacant) will trigger the *repayment* of the entire outstanding HOME 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 HOME 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 HOME 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 HOME 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 HOME investment from the homebuyer. If there are no net proceeds or the net proceeds are insufficient to repay the HOME 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 (other than HOME funds) 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 HOME loan IS NOT Assumable. If the new homebuyer receives an Assumable 1st lien position primary mortgage, the forgivable HOME 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 HOME investment from the original homebuyer and the property ceases to be a HOME 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.

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

Compliance

Home Inspections

DHCD will inspect a percentage of the homes that will receive DPA. These inspections will occur while the home is under contract and prior to closing. The 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 HOME regulations are being met. This includes an inspection of all project and homebuyer files concerning beneficiaries in HOME-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;
- Home Investment Partnerships 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;
- HOME Project 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.

NOTE: 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 Counselored for Homeownership

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

CAMS Process

Process Outline

1. Complete the ERR maps (refer to ERR instructions under separate notice)
2. Upload the Setup Form
 - a. DHCD will review/approve the Setup Form
 - b. A HUD IDIS number will be issued through DHCD.
3. Down Payment Assistance and Closing Cost may be requested.
 - a. Upload the DHCD DPA invoice for payment.
4. Upload the Completion Form
 - a. DHCD will review/approve the Completion Form
5. Program Fees may be requested
 - a. Upload the DHCD 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. Choose the setup report
4. Attach the required documents to each line item (see [Figure 2: Setup: DPA Setup Report Attachments](#), below)
5. Edit the SETUP Document Name to:
 - i. Street Address-city-borrowers last name-SETUP
 - 1) Example: Main St-Richmond-Washington-SETUP
 - ii. DHCD will add the IDIS number.
 - 1) Continue to use the IDIS number with each additional submission.

Figure 1: Setup: DPA Setup Report

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

Figure 2: Setup: DPA Setup Report Attachments

Environmental Review Record (ERR) *	Choose File No file chosen
Setup Form (Appendix A) *	Choose File No file chosen
Income & Asset Certification (Appendix B) *	Choose File No file chosen
Financial Information Sheet (Appendix C) *	Choose File No file chosen
Homebuyer Spending Plan *	Choose File No file chosen
Executed Sales Contract *	Choose File No file chosen
Homebuyer Authorization Agreement (Appendix D) *	Choose File No file chosen
Pre-Approval Letter *	Choose File No file chosen
Good Faith / Loan Estimate *	Choose File No file chosen
Income Calculation Worksheet (Appendix E) *	Choose File No file chosen
Subsidy Layering Review Worksheet (Appendix F) *	Choose File No file chosen
Attachment	Choose File No file chosen

Completion

To upload a COMPLETION into CAMS

- a. Select the reports/documents tab
- b. Use the drop-down menu for add report/document (see [Figure 3: Completion: DPA Completion Report](#), below)
- c. Choose the completion report
- d. Attach the required documents to each line item (see [Figure 4: Completion: DPA Completion Report Attachments](#), below)
- e. Edit the COMPLETION Document Name to:
 - i. # IDIS -Street Address-city-borrowers last name-COMPLETION
 - 1) Example: 101-MainSt-Richmond-Washington-COMPLETION

Figure 3: Completion: DPA Completion Report

The screenshot shows the 'Reports & Documents' section of the CAMS interface. A dropdown menu 'Add Document/Report' is open, showing options like Global, Draft Document, Media Document, Correspondence Document, Contract Document, DPA Setup Report, and DPA Completion Report. The 'DPA Completion Report' option is selected. On the right, there's a 'Risk Indicators' section with 'Low' status and edit buttons. Below it is a 'Project Hold' status 'Open For Remittance' with 'Hold Notes'. A 'Date Filter' section allows setting start and end dates. The main table lists documents with columns for Date Due, Status, Date Last Updated, Tags, Approvals, and Comments/Notes. The 'DPA Completion Report' row shows 'Accepted' status, '10/8/2024 DHCD Accepted' last updated, 'DHCD Completed Contract' tags, and '(PM) Nikki Nicholau (10/8/2024)' approvals.

Figure 4: Completion: DPA Completion Report Attachments

This screenshot shows the 'Report/Template Entry' section for the 'DPA Completion Report'. It displays a list of required attachments with their respective file upload fields. The attachments listed are: Recorded Deed of Trust (Appendix G) *, Promissory Note (Appendix H) *, URA Voluntary Sales Notice (Appendix I) *, Maximum HOME Subsidy Worksheet (Appendix J) *, Closing Disclosure (CD) *, Appraisal *, Flood Hazard Determination *, Homebuyer Federal Assistance Certification (Appendix K) *, Homebuyer Education Certificate *, Housing Counseling Certificate *, and Certificate of Occupancy (CO) *. Each attachment has a 'Choose File' button and a 'No file chosen' message.

Electronic Transmission of Funds

Providers must be set up through the Virginia Department of Accounts for electronic transmission of funds. The instructions and forms are located at the following web address: http://www.doa.virginia.gov/General_Accounting/EDI/EDI_Main.cfm

<i>Appendices</i>	
Appendix A	SETUP Form
Appendix B	Income & Asset Provider Certification
Appendix C	Financial Information Sheet
Appendix D	Homebuyer Agreement
Appendix E	Income Calculation Sheet
Appendix F	Funds Subsidy Layering Worksheet
Appendix G	Deed of Trust
Appendix H	Promissory Note
Appendix I	URA Voluntary Sales Notice
Appendix J	Maximum HOME Subsidy Worksheet
Appendix K	Homebuyer Certification
Lead 1	Homebuyer Lead Pamphlet Acknowledgement
Lead 2	Visual Lead Inspection Form