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DPA Program Requirements

An overview of our Down Payment Assistance Program serving Chelan and Douglas counties in rural eastern Washington.

- HUD-Certified Provider of Down Payment/Closing Cost Assistance with Secondary Lien
 - NCHEC-Certified Provider of Homeownership Counseling
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Columbia Valley Affordable Homeownership (CVHA) is a local non-profit organization that promotes affordable homeownership. CVHA provides pre-purchase homeownership counseling and financial assistance to families earning 80% or lower of the area median income levels. Our goal is to build self-sufficiency and family assets through the stability and security of owning a home. CVHA's down payment assistance program provides a secondary loan for closing costs, down payment, or simply to make up the difference between what lower-income homebuyers may qualify for through a lender and the actual cost of a safe and suitable home. This program assists families who might not otherwise be able to buy a home, keeps mortgage payments more affordable, and then retains that affordability for future families by restricting resale of these homes in the community.

Funding for assistance is available on a first-come-first-served basis depending on a personal interview, verification of the homebuyer's income, and their ability to qualify for a primary mortgage through a bank, credit union, mortgage broker, or other financial institution such as USDA Rural Housing. Potential homebuyers must have acceptable credit, reliable work history or fixed income and successfully complete a certified First-Time Homebuyer Education course.

Additional requirements for participation in DPA program include:

1. Total household income may not exceed 80% of the area median income (AMI) or lower according to annual HUD income limits for the Chelan-Douglas county area.
2. Typical down payment assistance amounts range from \$5000 - \$30,000, depending on funding available and funder restrictions. This assistance can be used as needed by the borrower for closing costs, mortgage insurance, down payment, and/or principal reduction.
3. Financial assistance is structured as a 25 year, 3% simple interest, deferred-payment loan usually in second or third position to the primary lender. DPA funding is provided at closing as a cashier's check to the title company listed on the Purchase and Sale Agreement.

4. Repayment of this loan is automatically deferred for the first five years to give new homeowners time to stabilize and build up savings. Personal one-on-one income verification interviews with our staff are required every 5 years to maintain deferred payment status. If homeowner income increases significantly after five years, DPA loan repayment begins in affordable monthly amounts as low as \$25. If homeowner is on disability, other low fixed income, or income does not increase significantly, repayment will continue to be deferred every five years for up to 25 years. If the DPA loan is deferred for the full 25-year life of the loan, it may be completely forgiven including all accrued interest. Homeowners may voluntarily begin making payments at any time without penalties.
5. Loan is legally secured with a Deed of Trust and Note. CVHA attorney will invoice title company a flat fee of \$500 to be paid by homebuyer as part of closing costs for documents.
6. Initial loan terms for the primary mortgage must be for a 30-year fixed interest rate, with total mortgage payments (PITI) no more than 35% of gross monthly income. Exceptions can be made in special circumstances for ratio up to 40%. DPA funding from CVHA can be used as required 3.5% down payment for FHA-insured mortgages.
7. Potential homebuyers must have enough cash available and are responsible to pay for a full inspection by a licensed home inspector before purchasing the home (typically \$300-\$800) as well as the deposit (earnest money) paid to the seller upon acceptance of their offer and signing of the Purchase and Sale Agreement (typically \$500-\$2000).
8. Homeowners must live in the home themselves (owner occupied). None of CVHA's assistance programs fund rental properties or other income properties.
9. Lender must provide copies of the following documents to Columbia Valley Housing before DPA funding can be deposited into escrow with title for closing:
 - a. Loan Estimate
 - b. Signed Purchase and Sale Agreement with proof of earnest money paid
 - c. Inspection Report
 - d. Lender's Appraisal
10. Restrictions and Conditions:
 - a. Full repayment of CVHA loan is due upon sale of the property or refinancing of the primary mortgage. CVHA loan can be resubordinated if refinance pays no cash out.
 - b. Deed restrictions are attached to the property for 25 years requiring that homeowner sells to another low-income family at 80% AMI or lower, or shares a small percentage of net profit upon sale. This restriction is void once the DPA loan is paid in full.



Columbia Valley Housing Association does not discriminate on the basis of race, color, national origin, sex, religion, sexual orientation, age, political beliefs, disability, mental or familial status, or any other legally protected status.