

City of Pasco Down Payment Assistance Program (DPA) Lender Process Flowchart

1. The Home Buyer (HB) completes an approved homebuyer training class.
2. HB chooses a local lender and gets pre-qualified.
3. City of Pasco provides a complete packet of Down Payment Assistance (DPA) Program forms to interested lenders upon request.

DPA Form Packet: emailed in PDF format or found on our website under List of Lenders Documents:

- DPA Loan Application Packet
 - Form 02 - Notice of Voluntary Arm's Length Transaction. (Signed by Buyer & Seller)
 - Form 03(a) Built post 1978 - Housing Quality Standard. (Signed by Buyer & Seller)
 - Form 03(b) Built pre 1978 - Housing Quality Standard and Lead Hazard Contingencies. (Signed by Buyer & Seller)
 - Form 04 - HQS Inspection Request
 - Form 05 - Disclosure to Seller of Fair Market Value Voluntary Sale (Pending Appraisal)
4. Lender and HB fill out an application for DPA funds. Lender and borrower certify that HB meets all DPA borrower requirements, per guidelines.
 5. HB shops for home within price-range and selects potential house.
 6. Lender and HB provides to City of Pasco the following DPA forms and supporting documentation to establish eligibility for DPA funding:

DPA Forms (completed and fully executed):

- Lender's document (Part A plus attachments)
- DPA Loan Application Completed with Documentation (Part B-F)
- Purchase & Sale Agreement
- DPA Addenda
 - Form 02 - Notice of Voluntary Arm's Length Transaction. (Signed by Buyer & Seller)
 - Form 03(a) Built post 1978 - Housing Quality Standard. (Signed by Buyer & Seller)
 - Form 03(b) Built pre 1978 - Housing Quality Standard and Lead Hazard Contingencies. (Signed by Buyer & Seller)
 - Form 04 - HQS Inspection Request
 - Form 05 - Disclosure to Seller of Fair Market Value Voluntary Sale (Pending Appraisal)

Supporting Documentation (copies):

- Certificate of completion of an approved homebuyer training class.
- Fully executed Purchase & Sale Agreement and addenda (DPA Form 02 and 03 must be attached.)
- Earnest Money Receipt, receipts for other items POC

Supporting Documentation (copies) Cont.:

- Lender's Pre-approval Letter
- Lender's Loan Estimate with Closing Cost Estimates
- Lender's Uniform Residential Loan Application (1003)
- Credit Report
- Verification of total household income from every source of income including:
 - a. Wages salaries, tips, commissions for every person age 18 or over;
 - b. Certification of No Income for every person claiming zero income.
 - c. Self-employment income;
 - d. Interest, dividends, net rental income, or income from estates or trusts;
 - e. Social Security, Supplemental Security Income, public assistance;
 - f. Retirement, survivor, or disability pensions; and
 - g. Any other source of income received regularly, including child support, alimony, L & I, Veterans' (VA) payments and unemployment compensation.

Documentation needed to verify household income includes:

- i. Income Tax Return for Previous Years with schedules and W-2's*
 - ii. Current Month Income Verification Documents (verification forms, pay stubs from last three months, assistance statements, etc.) Required by HUD.*
 - iii. Employment Verification Form from employer(s)*
 - iv. Three Months of Bank statement(s) from all accounts – must be recent and complete (all pages)*
- Verification of discharge of bankruptcy (if within 2 years) and foreclosure (if within 5 years). (If applicable.)
 - Name and address of closing Escrow Company including the name of contact, phone and email.

7. Schedule an intake meeting to submit the application. Upon receipt of the DPA application, City of Pasco will:

- City of Pasco will provide information regarding Lead Based Paint (LBP), Fair Housing, to the applicant.
- Within 5 working days –review application and supporting documentation for compliance. Verifies income and establishes eligibility for DPA funds. If Lender's Verification of Employment (VOE) information is current, complete and acceptable, DPA will use VOE from Lender. If City of Pasco has to verify income then allow approximately **ten (10) working days**. If not eligible, City of Pasco will notify the applicant.

8. Within 7 working days of receipt of 04-HQS Inspection Request:

- City of Pasco conducts a Housing Quality Standards (HQS) inspection. If the house passes HQS, the purchase process continues. If the house fails:
 - o HB shops for a different house; or
 - o Seller corrects the defects and the house is re-inspected (and passes) prior to closing.
- Lead-Based Paint Visual Assessment: If the home was built before 1978, City of Pasco also conducts a visual assessment. **If deteriorated paint is found (such as peeling,**

chipping, chalking or cracking interior or exterior paint) the property is not eligible for purchase; unless an EPA-certified lead-based paint inspector provides a report stating the home is free of lead based paint hazards at the seller(s) expense. If the house passes the visual assessment, the purchase process can continue. If the house fails:

- HB shops for a different house
9. If applicant is eligible and home passes initial review/inspection, City of Pasco reserves funds and notifies Buyer and Lender.
- Applicant schedules a meeting to sign DPA Loan Commitment letter (email to lender), Homebuyer agreement Initial Loan Disclosures.
10. Lender notifies City of Pasco of loan closing date and provides lenders preliminary Closing Disclosure (CD).
- 06-Closing Notification
11. Lender submits the following documents to City of Pasco prior to closing:

DPA Forms (completed and signed):

- If applicable because of changes: a current and accurate 1003 and GFE
- If applicable Seller's disclosure of Lead Based Paint repairs
- Copy of preliminary title report (*identify contact person from title company: name, address, phone number and email*)
- Appraisal Report
- If applicable: Professional Inspection Report.
- Insurance Binder naming the City of Pasco, 525 North Third Ave, Pasco, WA 99301 as a "Loss Payee."
- If applicable: Clearance Report and Lead Hazard Reduction Notice from Risk Assessor.

12. One day before closing:

- Escrow Company emails to City of Pasco an Estimated CD Settlement Statement for review and approval
- Wiring Instructions

13. At closing:

City of Pasco sends the following documents to the Escrow Company:

- Closing Instructions to Title Company
- Correction Agreement (to be signed at closing)
- DPA Final Disclosures (TIL, RESPA & Equal Credit Opportunity Act)
- Deed of Trust (to be signed at closing)
- Promissory Note (to be signed at closing)
- Original Homebuyer Agreement (to be recorded with Deed of Trust)

City of Pasco provides the DPA funds in the form of a wire transfer. CASH BACK TO THE BORROWER IS PROHIBITED. Any excess funds after closing must returned to the Primary or Secondary lender for principle reduction of the loan.

14. After closing:

Escrow Company sends to City of Pasco:

- Check for excess funds at closing (if any) made out to City of Pasco and returned to the attention of the Community & Economic Development Director
- The Final CD Settlement Statement (Signed)
- Recorded Deed of Trust (and Homebuyer Agreement)

The Escrow Company must not disburse City funds until the original documents listed above and the CD from the Escrow Company are fully executed, returned to and approved by City of Pasco. For recorded documents (Lender's and City's), fully executed certified copies are acceptable.

15. Annual monitoring. City of Pasco will obtain certification of primary residence from the homeowner each year throughout the life of the loan.