BELLINGHAM DOWN PAYMENT ASSISTANCE PROGRAM

Please see** Section 13 **(Down payment Programs) of the Home Advantage manual for all other terms and conditions that also apply to this Down payment Assistance program.

PROGRAM DESCRIPTION

Bellingham DPA is a down payment assistance program for use with the Home Advantage and House Key first mortgage programs. Bellingham DPA was created from a partnership between the Commission and the City of Bellingham's Planning and Community Development Program.

Listed below are additional requirements for the Bellingham Down payment Assistance Program:

- ☐ Disclosure of HOME Program Requirements (PDF) (HUD FORM 1)
  - Must be signed and dated ON or BEFORE the date of mutual acceptance of the Purchase & Sale Agreement

- ☐ Initial Estimated Fair Market Value Notice (PDF) (HUD FORM 2.1)
  - Must be signed and dated ON or BEFORE the date of mutual acceptance of the Purchase & Sale Agreement

- ☐ Final Estimated Fair Market Value Notice (PDF) (HUD FORM 2.2)

- ☐ Bellingham's HOME Investments Partnership Program Local Housing Standards Checklist

- ☐ For homes built prior to 1978, Lead Paint Disclosure signed by borrower (s). This can be found in most Purchase and Sale Agreements.

- ☐ Bellingham Recapture Agreement signed at closing

- ☐ One-on-One Homebuyer counseling prior to closing by an approved agency and Commission sponsored homebuyer education seminar.

- ☐ Borrower(s) signed receipt of appraisal

- Two month's bank statements from all borrowers to check deposits for undisclosed income

- If using a Home Advantage 1st mortgage, the Home Advantage Specialty DPA Affidavit

PROGRAM ELIGIBILITY

1) The Borrower(s) must be a first-time homebuyer (not owned and occupied within the most recent 3 years), or a single parent or displaced home maker.
2) The property must be located within the Bellingham city limits.
3) The Borrower must attend a Commission sponsored homebuyer education seminar and one-on-one pre-purchase counseling. Bellingham DPA program loans may not be combined with any other of the Commission's down payment assistance funds or with other down payment assistance that includes HOME funds.
4) The Borrower's Household Income must be no greater than 80% of the Whatcom County area median income, adjusted for household size.

MORTGAGE DETAILS

(Updated 12/20/18)

Interest Rate – 3.00% simple interest, payment deferred
Loan Term – 30 years
Repayment – Due at the time of sale, transfer, refinance, or when it ceases to be borrower's primary residence, or when the primary loan is paid in full.
Assumptions – Bellingham DPA loans are NOT assumable
Front-End DTI - Must be between 25% and 50%.

Source of Funds –Bellingham Levy funds. **HOME** funds may be used again in the future

Eligible households may qualify for a maximum loan amount of up to $40,000 towards down payment and closing costs.

Lenders to determine need using the Needs Assessment Form.

This down payment assistance program uses Compliance Income for the Bellingham DPA 2nd mortgage. Please see House Key manual for further details.

BORROWER'S CASH TO CLOSE

Borrower Minimum Contribution

The Borrower's down payment requirement is 1% of the purchase price or $2,500, whichever is greater. Gifts are allowable up to 25% of the Borrower's portion of the required down payment.

No Cash Back Ever

The borrower may not receive ANY cash back at closing, even their own earnest money or funds paid in. As per HOME fund rules, excess funds must be used to pay down the DPA loan. The Final CD must show no cash back. If an error is made, the Lender must obtain the funds back from the borrower and have it applied as a principal reduction towards this loan. Loans not meeting this requirement will not be purchased.

MAXIMUM INCOME LIMITS

(Revised 06/01/2026)

The City of Bellingham requires households earning 80% or less of the Whatcom County area median income, adjusted for household size, may qualify for a maximum loan amount of up to $40,000. To be eligible for the Program, an applicant's Annualized Gross Household Income (as of the date of signing the Purchase & Sale Agreement, in the case of new home being constructed, or as of the date of purchase, in the case of an existing home) must not exceed:

Household Size	1	2	3	4	5	6	7	8
Household Income Limit	$66,720	$76,300	$85,840	$95,350	103,000	$110,640	$118,250	$125,850

Income limits are reviewed annually.

PROPERTY

PURCHASE COST LIMIT

(Effective 08/18/2025)

The Purchase Price may not exceed $667,850 for non-condominium, single family homes. For condominiums the purchase price may not exceed $375,250. This figure is based on 95% of the median property value, and is reviewed annually.

LEAD-BASED PAINT

Mortgage Lenders must provide a copy of HUD's "Lead Paint Safety" Field Guide (6/1999) (HUD #1779-LHC) to appraisers and instruct them to specifically address the condition of the paint and note any areas of deterioration. If the appraiser identifies areas of deteriorated paint, the Mortgage Lender must provide a written letter to the Seller, notifying them that the paint deterioration must be corrected in a lead paint-safe manner. Once the paint condition has been corrected, the appraiser must re-certify the painted surfaces of the home.

A signed Lead Paint Disclosure form is required for homes built before 1978. Please include a copy with the Pre-Closing package submission.

MINIMUM PROPERTY STANDARDS

In addition to the home inspection completed by a Washington State licensed home inspector, Mortgage Lenders must arrange for an inspector to complete Bellingham's HOME Investments Partnership Program Local Housing Standards Checklist to ensure the property meets Bellingham's Minimum Housing and Property Standards as described in Section 213 of the City's Housing Development Guideline and Procedure Handbook. http://www.cob.org/documents/planning/housing/housing-development-handbook.pdf. The inspection by City staff is initiated by filling out and submitting an FTHB Inspection form.

PROPERTY OCCUPANCY

Properties that are currently occupied by a tenant within the past 90 days, other than the Bellingham DPA Borrower, are generally not eligible properties. The Seller must sign the "Disclosure of HOME Program Requirements" form stating that the property is not tenant occupied (other than by the Program borrower or the owner and their immediate family) and that no displacement of an individual(s) has occurred or shall occur. It must be signed and dated ON or BEFORE the mutual date of acceptance on the Purchase & Sale Agreement.

SELLER NOTICES

(Updated 12/20/2018)

Because federal funds may be used in the Bellingham DPA program, the Seller must be informed that 1) the Borrower does not have the power of eminent domain or condemnation to use to acquire the property if negotiations between the Seller and the Borrower fail to result in an amicable agreement and 2) prior to the closing of the sale, the Mortgage Lender must provide the Seller with a written estimate of the fair market value of the property. The "Disclosure of HOME Program Requirements" form is used to provide notice to the Seller of these requirements.

Prior to signing the Purchase & Sale Agreement, in addition to the Disclosure of HOME Program Requirements, the Buyer and Seller must sign the "Initial Estimated Fair Market Value Notice" form. Once the Mortgage Lender has the appraised value and before the loan closes, the Seller must be notified using the "Final Estimated Fair Market Value Notice" form. If the estimated fair market value of the property is different than the contract price, the Seller may withdraw from the selling agreement.

The Commission now only requires signed/dated copies of these disclosures uploaded with the Pre-Closing Compliance package submission. Mailed Originals are no longer required.

HOME RECAPTURE AGREEMENT

(Updated 12/20/2018)

The originating lender is required to provide the borrower a completed HOME Recapture Agreement (Available via Lender Online) at closing. The original disclosure with notarized wet signatures must be returned to the Commission with the Post-Closing Compliance package submission. The Commission will obtain signatures for Page 5 of the HOME Recapture Agreement.

HOMEBUYER EDUCATION

The Borrowers(s) are required to attend a Commission approved Homebuyer Education Seminar (either in person, or online). All borrowers must complete it before a reservation may be made.

ONE-ON-ONE PRE-PURCHASE COUNSELLING

One-on-one pre-purchase counseling is also required for the Bellingham DPA. A counseling certificate issued by an approved housing counseling agency must be provided in the closing package to Commission. The Borrower(s) must contact the following approved agency to schedule an appointment for counseling, after the Borrower(s) has a signed and accepted a Purchase & Sale Agreement, a reservation for funds, and is fully approved to close. Call Kulshan Community Land Trust in Bellingham to schedule an appointment 360.671.5600

One-on-one *post*-purchase counseling for the Borrower is also encouraged within 30 days of closing, with the same agency that conducted the pre-purchase one-on-one counseling.

The Borrower will be charged up to $260 for the one-on-one counseling session. The fee will include both pre & post-purchase counseling and can be paid for from the proceeds of the second mortgage as an allowable closing cost. **Please instruct escrow to pay the fee directly to the housing counseling agency at closing.**

ELIGIBLE AREAS

Bellingham DPA property must be located within the Bellingham City Limits, per the Whatcom County Assessor.

AFFORDABILITY PERIOD

Some of the documents (the Deed of Trust & Resale Agreement) have an 'Affordability Period' listed in the documents. This period must reflect the source of funds used.

HUD HOME Funds – 10 years and 30 days
Bellingham Housing Levy Funds – 50 years