



BELLINGHAM RESALE RESTRICTED HOMES

DOWNPAYMENT ASSISTANCE PROGRAM

Please see [Section 13](#) (*Downpayment Programs*) of the *Home Advantage or House Key manual* for all other terms and conditions that also apply to this Downpayment Assistance program.

PROGRAM DESCRIPTION

Overview

Bellingham Resale Restricted DPA is a downpayment assistance program for use with one of the Commission's first mortgage programs. Bellingham Resale Restricted DPA was created from a partnership between the Commission and the City of Bellingham's Planning and Community Development Program.

Documents Needed

Listed below are additional requirements for the Bellingham Resale Restricted Downpayment Assistance Program:

- ✓ Disclosure of HOME Program Requirements (PDF) (10/06/2014) ([HUD FORM 1](#))
 - Must be signed and dated ON or BEFORE the date of mutual acceptance of the Purchase & Sale Agreement. No exceptions
- ✓ Initial Estimated Fair Market Value Notice (PDF) (10/06/2014) ([HUD FORM 2.1](#))
 - Must be signed and dated ON or BEFORE the date of mutual acceptance of the Purchase & Sale Agreement. No exceptions.
- ✓ Final Estimated Fair Market Value Notice (PDF) (01/10/2011) ([HUD FORM 2.2](#))
- ✓ [Bellingham'sc HOME Investments Partnership Program Local Housing Standards Checklist](#)
- ✓ For homes built prior to 1978, Lead Paint Disclosure signed by borrower (s). This is commonly found in most Purchase and Sale Agreements.

- ✓ One-On-One counseling session prior to closing by Kulshan Community Land Trust and Commission approved homebuyer education seminar.
- ✓ Copy of the Appraisal
- ✓ 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](#)
- ✓ Copy of Home Buyer Education Certificate for all parties who are on both the Note and Deed of Trust
- ✓ Bellingham Buyer Resale Agreement (Post Closing)
- ✓ Bellingham Low-Income Homebuyer Resale Restricted Covenant (Post Closing)

PROGRAM ELIGIBILITY

(Revised 6/9/2020)

- ✓ 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.
- ✓ The property must be located within the Bellingham city limits.
- ✓ Bellingham DPA program loans may not be combined with other downpayment assistance that includes HOME funds.
- ✓ The Bellingham Resale Restricted DPA program loans may be combined with one other of the Commission's downpayment assistance programs, and in this case, the Bellingham Resale Restricted DPA will be in third position. May not be combined with the Bellingham *Unrestricted* DPA.
- ✓ Compliance Income must be below the maximum (see Maximum Income Limits below)
- ✓ Freddie Mac 1st mortgages may NOT be used with this program.

MORTGAGE DETAILS

(Updated 1/1/2025)

Loan Terms

Loan Amount – Up to \$75,000. Lenders to determine need using [Needs Assessment Form](#).

Interest Rate - 0% 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 30 years. City of Bellingham *may* allow subordination at time of refinance.

Assumptions - Bellingham Resale Restricted DPA loans are NOT assumable

Front-End DTI – Must be between 25% and 50%

Source of Funds – Bellingham Levy funds or HUD HOME funds.

This downpayment assistance program uses Compliance Income for the Bellingham DPA 2nd mortgage. Please see [House Key manual](#) for further details.

Borrower Minimum Contribution

Eligible buyers must provide a minimum of \$2,500 or 1% of the purchase price, whichever is greater, of their own funds toward the home purchase as a condition to any homebuyer assistance loan. Homebuyers may receive gifts of funds towards their portion of the downpayment; however, gifts must not exceed 25% of the homebuyer's total downpayment requirement.

Alternative for those under 60% Area Median Income

Borrowers with incomes 60% of median income or less may provide a lower contribution as follows: (1) for eligible buyers participating in Whatcom Habitat or Kulshan Community Land Trust sweat equity housing program that requires significant participation by the homebuyer, the homebuyer’s contribution of volunteer time may be accepted in lieu of the minimum cash contribution; and (2) for eligible buyers who have a long-term disability and whose household income includes SSI or similar public income support, gifts may constitute up to 75% of the homebuyer’s total downpayment requirement. **A letter from Kulshan CLT will suffice to document this point.**

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 06/01/2025)

The City of Bellingham requires households earning 80% or less of the Whatcom County area median income (Per HUD’s Annual HOME Funds report). 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	\$60,700	\$69,400	\$78,050	\$86,700	\$93,650	\$100,600	\$107,550	\$114,450

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](#). 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.

RESALE AGREEMENT

The originating lender is required to provide the borrower a completed *Resale Agreement* at closing. The **original** disclosure with notarized wet signatures must be returned to the Commission with the Post-Closing Compliance package submission.

LOW INCOME HOMEBUYER COVENANT

The originating lender is required to provide the borrower a completed *Low-Income Homebuyer Covenant* at closing. After recording, the original will be returned to the City of Bellingham with appropriate notarized wet signatures.

HOMEBUYER EDUCATION

(Updated 12/20/2018)

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 Kulshan Community Land Trust 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.

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