

Down Payment Assistance Procedures for Lenders

There is no special application prepared by the borrower; however, the **lender will need to fill out the Down Payment Assistance Reservation Loan Application** (below) for our files. After the applicant has been pre-approved or your underwriter has approved a purchase loan, submit copies of the following documents.

- Evidence of actual loan approval (not just DU approval) from lender providing first mortgage financing; **loan approval to confirm loan type, loan amount, interest rate and term.**
- Certificate of completion of homebuyer education for ALL borrowers.
- Initial 1003 signed by borrower as well as fully completed typed 1003: Uniform Residential Loan Application **with government monitoring completed** (marital status and vesting as well as ethnicity and race required to be provided).
- Credit Report and any explanation of derogatory credit.
- Verification of employment and income for ALL adults who will occupy the home. Income verification must provide year-to-date or most recent 3 months' earnings for wage earners. "Award letter" required for Social Security, pension, retirement, disability type of earnings.
- Verification of funds to close, including gift letter, if applicable.
- Good faith estimate of funds needed to close.
- Purchase and Sales Agreement including all addenda.
- Appraisal and pictures of subject property (copy is acceptable).
- Preliminary Title Report.

The City of Lakewood will review for compliance with our guidelines regarding credit history, and income ratio guidelines.

Items reviewed:

- Is the property a single-family home within the City of Lakewood?
- Is the property zoned single-family residential, mixed residential, multi-family high density, neighborhood business district, central business district or air corridor?
- Is the **household income** within HUD guidelines up to 80% of the median income?
- Are the combined purchase loan and Down Payment Assistance within 105% of the appraised value? Is the property value within the FHA 203(b) single family mortgage limit?
- Has the borrower met the minimum participation requirement of half the required down payment?
- Have all borrowers taken a certified homebuyer education class?

- Verify that a renter does not occupy the home. The buyer must be able to occupy the home at the time of closing.
- Does the home meet Housing Quality Standards? There must be no deteriorated paint on the interior or exterior of the home and all bedrooms and common hallway must have a smoke detector.

Upon approval, a letter of commitment is forwarded to you. This commitment letter is usually prepared within three (3) business days of receipt of your **complete** application. After all conditions are met, the closing date is confirmed, the loan documents are prepared and forwarded to escrow for simultaneous closing with the first mortgage.

City Of Lakewood

Down Payment Assistance Reservation Loan Application

Date: _____

Community Development Department- CDBG/Home Programs
6000 Main Street SW
Lakewood, WA. 98499-5027
Attention: Housing Specialist

_____	_____
<i>Borrower Name</i>	<i>Co-Borrower Name</i>

<i>Property Address</i>	<i>Lakewood, WA 984</i> _____

Loan Amount Including MI if applicable\$ _____

Loan Terms:

- Interest Rate _____
- Term of Loan _____
- Fixed Rate _____
- ARM _____
- Other _____

First Time Homebuyer: ___ Yes (*Not owned a home in last two years*) ___ No

Funds needed from the Down Payment Assistance Program (**Maximum is \$7,000**)

Down Payment	\$ _____	(Sales price minus base loan amount)
Closing Costs	\$+ _____	
Discount Points	\$+ _____	
Less one half down payment	\$- _____	(Borrower required to pay)
Less Seller Contributions	\$- _____	(As stated on P&S agreement)
 Down Payment Assistance Requested	 \$= _____	 (Maximum DPA allowed = \$7,000)

The above figures are computed based on an anticipated closing date of _____.
Should an adjustment need to be made, we will forward this information to you.
Escrow agency for this transaction will be:

_____.

Borrower must contribute at least one half the required down payment.

Signature: _____

Name: _____

Title: _____

Note: This letter is to be prepared on your letterhead. Please make sure your address, telephone and fax numbers are included and that the letter is signed.