



## Make Isle of Wight HOME

### DOWNPAYMENT ASSISTANCE PROGRAM REQUIREMENTS FOR BUYER/BORROWER & REAL ESTATE AGENTS

The Hampton Roads Loan Fund Partnership (HRLFP) administers HOME funds in partnership with the County of Isle of Wight/Smithfield. This information is a guide for buyers and agents.

#### Buyer Eligibility

- ***The buyer/borrower will automatically be ineligible for the DPA Program if the buyer/borrower has ratified a contract/standard purchase agreement to purchase a property prior to being determined income and asset eligible for the program, receiving a DPA certification letter, the Homebuyer Agreement and return of this form signed by buyer/borrower and real estate agent.***
- The DPA certification letter is not a commitment to provide DPA funds. It only means that the household meets the income and asset requirements of the DPA program and can begin the home search.
- The purchase price outlined in the DPA certification letter has been set to adhere to the HRLFP and HUD guidelines. Condo and Homeowner Association fees and flood insurance payments must also be considered in ensuring the buyer does not exceed the program's criteria. ***Any increases in this amount must be approved by the program, not the loan officer.*** Exceeding the approved purchase price may result in the buyer losing their grant funding.
- The buyer/borrower must qualify for an approved first mortgage that includes; Virginia Housing loan products, USDA, VA, and FHA loan products.
- Buyer must have sufficient cash on hand to cover the minimum required 1% of the sales price contribution to the home purchase for the DPA program.
- Properly documented buyer-paid expenses such as appraisals, credit reports, Earnest Money Deposits, and home inspections may count toward the buyer's minimal 1% contribution.

#### Property Eligibility

- The transaction must adhere to the FHA property flipping guidelines.
- Existing housing units **must meet** HUD Housing Quality Standards (HQS) Inspection. Properties built before 1978 must pass a Visual Lead Inspection. (ordered by the HRLFP program)
- Condominium or manufactured units are subject to Virginia Housing restrictions (see VH's website for condominium guidelines).
- Properties located in a flood zone must be covered by flood insurance. The buyer must provide proof of flood insurance (copy of declaration) yearly to the program.
- As it relates to property conditions, "AS IS" properties are not eligible for the program where the seller/owner will not address repairs, damages, etc.

### **Additional Information for Standard Purchase Agreement/Contract of Sale**

- A legible copy of the ratified contract must be submitted to program administration within three (3) business days.
- If there was a lease/rental agreement on the property, a lease termination letter must be provided and indicate that tenant terminated the lease. (If the owner terminated the lease, the property must have remained vacant for over 90 days prior to ratifying the contract or the property is ineligible).
- The Standard Purchase Agreement/Contract of Sale must contain under, "Other Contingencies" the following:

***"Sale is contingent upon the property passing all codes and safety requirements outline by HUD's basic HQS inspection and compliance with the Isle of Wight County HOME Visual Lead-Based Paint Procedures for loan approval of secondary grant financing. The estimated delivery deadline for the HQS inspection is approximately 10 business days from the date the ratified contract has been provided. An itemized list of required repairs will then be submitted to the Buyer/Selling agent. Seller agrees to repair/remedy all items identified as unacceptable/failed on such report."***

- The seller has the option to add to the above clause the following additional clause. "The Seller shall be responsible for the cost of repairs referenced on the HQS inspection report in a total amount not to exceed \_\_\_\_\_% of the Purchase Price or \$\_\_\_\_\_ ("the Cap"). If the total estimated cost of repairs exceeds the cap, then this agreement shall be terminated, all parties shall execute a release 332 agreement, and the Deposit shall be refunded in full to the Buyer.
- Repairs identified in the above-mentioned "HQS Inspection must be added to the buyer's PICRA. Submit a copy of the Property Inspection Contingency Addendum (if applicable) signed by all parties.
- The delivery deadline date for the Buyer's Independent Home Inspection should also be performed within the appropriate time so that the seller will have knowledge of all requested and required repairs simultaneously.
- Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards initialed and completely signed and dated by all parties (only applicable if the property was built prior to 1978).

I/We hereby acknowledge and represent that I/we have read and understand the foregoing HRLFP Down payment Assistance Program Requirements for Buyer/Borrower and Real Estate Agents.

\_\_\_\_\_  
Name:  
Signature of Buyer(s)/Borrower(s):

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Name:  
Signature of Buyer/Borrower's Real Estate Agent

\_\_\_\_\_  
Date: