



Loudoun County, Virginia

loudoun.gov/housing



Office of Housing

P.O. Box 7000, Leesburg, Virginia 20177

(703) 737-8323 • Fax: (703) 771-5454

DOWN PAYMENT/CLOSING COST ASSISTANCE PROGRAM APPLICATION PACKET

Thank you for your interest in Loudoun County's Down Payment/Closing Cost Assistance (DPCC) Program. This packet will help you to understand how the program works and what to expect throughout the application process.

In addition to completing your application online, you will need to submit some additional documents which are listed on the program checklist found in this packet. Once your full application packet is submitted and we have received the additional documents which we will request from your lender, you will be contacted within approximately 3-5 business days. Please note that this timeframe may be longer if there are any documents missing from your application packet.

If you have questions about program requirements as you prepare your application, please feel free to contact Hannah Choi, Housing Finance Specialist, at hannah.choi@loudoun.gov or by phone at 571-258-3814.

Congratulations on the purchase of your new home!

WHAT TO DO NEXT:

- Complete the DPCC Pre-Screening Questionnaire to ensure your eligibility to apply
- Submit your program application online: www.loudoun.gov/dpcc
- Make photocopies of the requested documents on the Program Checklist and provide your signatures on the forms in this packet
- Print your application and submit with all supporting documentation either in person or by mail to:

Loudoun County Office of Housing

Attn: Housing Finance Specialist

P.O. Box 7000

Leesburg, VA 20177-7000



DOWN PAYMENT/CLOSING COST ASSISTANCE PROGRAM

PRE-SCREEN QUESTIONNAIRE

This questionnaire is a guide to help you determine whether you are eligible to apply for the Down Payment/Closing Cost Assistance (DPCC) Program. Please note that eligibility based on this form alone does not guarantee approval.

- 1. **Have you owned any property in or outside the U.S. within the last 3 years?*** Yes No
- 2. **Is your annual gross household income between \$38,700 and \$90,300?** Yes No
- 3. **Have you worked or resided in Loudoun County for the past 6 months?** Yes No
- 4. **Do you have a minimum of \$1,000 to contribute toward your purchase?** Yes No
- 5. **Do you have a minimum mid-range credit score of 620?** Yes No
- 6. **Do you have a contract to purchase a home at the time of application?***** Yes No

**If your answer is 'yes' to this question, you may still be eligible to apply if you have been divorced or widowed, the property is no longer in your name, and you have no monetary interest in the property. Please contact us to help you determine your eligibility.*

*** If your answer is 'no' to this question, you may still be eligible to apply if you have purchase contract to build within 60 days from this application date or case by case. Please contact us to help you determine your eligibility.*

If you have not owned real estate in the last 3 years (or you qualify for the exception) and you have answered 'yes' to questions 2 through 6, you are eligible to apply for DPCC. Please sign below and proceed with your application.

APPLICANT ACKNOWLEDGMENT

I/We hereby certify I/we have answered the above questions and are eligible to apply for the DPCC Program. I/we understand this is the first step in the application process and does not guarantee approval or reserve funding.

Applicant Signature

Date

Applicant Signature

Date



DOWN PAYMENT/CLOSING COST ASSISTANCE PROGRAM CHECKLIST

You may use the checklist below to make sure you have everything you need to submit with your application. Please note that only complete applications will be considered for approval and missing documentation will delay the review process. Please submit the following:

DOCUMENTS WHICH REQUIRE YOUR SIGNATURE(S):*

- Pre-Screen Questionnaire
- DPCC Program Application (complete online, print and include with your application packet)
- Program Information Form
- Equal Credit Opportunity (ECOA) Notice
- Acknowledgment of Privacy Act
- Authorization to Release Information
- IRS Form 4506-T (Please submit this even if tax returns are provided at the time of application. This form is available on the IRS website at <https://www.irs.gov/forms-instructions>.)

OTHER REQUIRED SUPPORTING DOCUMENTS:**

- Photo ID (Valid State Driver's License or State-issued ID Card, School ID, U.S. Military ID)
- Proof of Citizenship or Permanent Residency Status is required (i.e. U.S. Passport/ID Card, copy of official birth certificate, Permanent Resident Card, Certificate of Naturalization)
- Proof of Income
 - Proof of income must be provided for all persons 18 years of age and older who will reside in the household (even if they will not appear on the mortgage application). Full time students will be exempt from this requirement (proof of enrollment required).
 - Individuals over 18 who do not receive income must provide a notarized statement or complete a Zero Income Certification form (provided upon request)



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Proof of income documentation may include:

- Paystubs for the last 60 days
 - Other income documentation/award letter (Social Security, Retirement, Pension, Disability, Public Assistance, etc.)
 - Alimony/child support orders and a bank statement reflecting the deposits
- Verification of Employment (VOE) Form (Sign and provide to your employer for completion OR you may submit the VOE obtained by your lender)
- Federal Income Taxes – last 3 years, signed. If self-employed, please provide business tax returns and financial statements
- W-2s – last 3 years
- Checking/Savings and Investment account statements – last 3 months
- Current FICO or Tri-Merge credit report and scores (less than 90 days old)
- Verification of Rent Form OR a copy of your current lease
- Pre-qualification/Pre-approval Letter provided by your selected mortgage lender
- Virginia Housing Homeownership Education Certification of Completion***

**Applications may either be mailed or hand delivered to the Department of Family Services. Please bring to the reception desk to the left of the elevators at the front entrance.*

***Please submit the original copy of all documents which require your signature. Only submit **photocopies** of your personal documents such as birth certificates, proof of residency, pay stubs, statements, etc. as they will be shredded.*

****Classes are offered statewide or may be completed online at no cost to you. Visit www.vhda.com for more information.*



DOWN PAYMENT/CLOSING COST ASSISTANCE (DPCC) PROGRAM GUIDELINES

This document provides important information and should be read in its entirety. Once you have reviewed all program guidelines, please provide your signature in the space provided and include in your application packet. It is recommended that you keep a copy for your records as well.

Eligibility Requirements

- The DPCC program is for eligible first-time homebuyers (applicants who have not had ownership interest in a home or other residential property within the last three (3) years anywhere within or outside the United States). Ownership interest includes but may not be limited to: ownership of a home or land; co-signatory on a mortgage loan; inherited home or land etc., regardless if applicant(s) did or did not live on the premises.
- Gross annual household income from all sources must be between **\$38,700** and **\$90,300**. (This income range is subject to change based on annual HUD calculations).
- Applicants must have resided or worked in Loudoun County for the last 6 months.
- The required minimum credit score is 620.
- Homebuyers must contribute a minimum of \$1,000 of their own funds towards the purchase.
- Applications are also reviewed with consideration of the applicant's demonstrated need for funding. Applicants who have liquid assets exceeding the equivalency of six (6) months of the proposed first mortgage payments may be required to contribute an amount greater than \$1,000 prior to use of DPCC funds. (Retirement, life insurance, college savings plans and personal property are excluded).
- It is in the best interest of both the applicants and the County to avoid causing undue financial burden for homeowners as a result of the acceptance of a DPCC loan. Therefore, the County will consider the applicant's existing debt along with the new mortgage payment by reviewing debt-to-income (DTI) ratios at the time of application.
- Debt-to-income ratios exceeding 32/42 may not be eligible for DPCC financing. Exceptions may be considered for ratios up to 33/43 with a minimum of three (3) Compensating Factors. Ratios exceeding 33/43 are ineligible for consideration. You may contact your lender or the Housing Finance Specialist for more information about DTI ratios.
- DPCC loans may be used in conjunction with Conventional, FHA, VA, or VHDA first trust mortgage products. Other mortgage types are subject to program approval.
Note: Subprime or ARM first trust loans are ineligible for use with the DPCC program.



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Application Procedures

- Applicants should notify their mortgage lender if they wish to use DPCC funds. Mortgage lenders and real estate agents may be referred to the Housing Finance Specialist or the County website for program information: www.loudoun.gov/dpcc.
- The entire application process will generally take 45-60 days once a complete application is received. Failure to submit requested documentation may delay the review and approval process.
- Applicants must submit an online application. After submission, applicants are required to submit the complete application package along with all required documents. County Staff will determine eligibility and notify the applicant and lender of the decision in writing. Pre-approval does not constitute a reservation of DPCC funds.

Application Approval

- Loan requests are submitted to the Loan Committee for final review and approval. Incomplete applications will not be submitted.
- DPCC loan funds are limited and are available on a first come – first served basis. If DPCC funds are depleted, applicants may opt to be placed on a waiting list. Placement on the waiting list does not guarantee funds will be available when needed. However, if funds become available prior to loan closing, both the applicant and lender will be notified.
- If the loan is approved and program funding is available, both applicant and lender will receive a *Confirmation of Reservation of Funds*. This will serve as the final commitment letter. Reservations are valid for 90 days. If settlement is greater than 90 days after final approval, applicants will be asked to submit updated financial information.
- Applicants are required to sign an authorization form to request a check for the total approved loan amount.
- Lenders are required to submit a request for reservation form in order to obtain final approval.
- If your DPCC application is denied, you may re-apply after a period of 1 year. There is no appeal process, as all Loan Committee decisions are final.



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Loan Terms and Conditions

- Loans may be approved up to 10% of the home purchase price or a maximum of \$25,000, whichever is less.
- The loan term is 30 years with a fixed interest rate of 5.00% and recorded as a subordinate lien (second mortgage). There is no pre-payment penalty.
- Borrowers may not be reimbursed with DPCC funding for any costs or fees paid prior to settlement.
- DPCC funds must be used for down payment and/or usual and customary closing costs only. Cost eligibility is subject to Loan Committee final approval. **Please note:** *Country Club initiation fees, Capital Contributions, maintenance charges or other fees in relation to mandatory Country Club membership are not covered under the DPCC program.*

Settlement Requirements

- **\$200 servicing fee:** This fee is due at settlement and may not be financed. Borrowers may bring a personal check, money order or cashier's check payable to *County of Loudoun*.
- **Virginia Housing Homebuyer Education** Certificate of Completion is required for all applicants prior to settlement.
- **HomeCents Seminar:** All borrowers are required to take the County's HomeCents Seminar within 6 months of settlement. HomeCents is provided in the form of an online webinar and classroom sessions are scheduled throughout the year. HomeCents provides valuable information that will help make a smart transition into homeownership. DPCC Program participants must complete the survey at the end of the webinar to verify completion. Learn more and register at www.loudoun.gov/homecents.
- **Timing of Settlement:** Following Loan Committee approval, settlement may not take place for a minimum of 15 business days. The County must be notified immediately of any changes in the scheduled settlement date.
- **Borrowers may not receive cash back at settlement:** Loan funds will be for the exact amount needed for down payment and closing costs. Borrowers may not be refunded for earnest money deposits (EMD) exceeding the DPCC program required minimum contribution of \$1,000. In some cases, you may be required to bring cash to settlement in order to avoid cash out.
- **Title Insurance and Recording Fees:** The title company will include the cost of the title policy as well as document recording charges on the settlement statement which will be provided to borrowers prior to settlement.
- **Hazard Insurance:** Hazard insurance is required to be maintained on the property. Loudoun County must be listed as a 2nd mortgagee on your homeowner's policy. The County will request proof of coverage from your lender on or before settlement on your home.



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After Settlement:

- Borrowers will receive a letter that will include contact information for an Account Specialist in case there are future questions about the loan. Payments will generally begin within 30-45 days after settlement.
- Payments are due on the 1st of the month. If not received by the 15th, a late fee of 5% of the monthly payment will be charged. Please see closing documents for additional details.

NOTE: Refinance of your first trust loan may require payoff of the DPCC loan. The County will not subordinate the DPCC loan if cash is received from the refinance or if a Home Equity Loan, Home Equity Line of Credit or similar loan product is obtained. In these cases, the DPCC loan must be paid in full with the loan proceeds. Additionally, a DPCC loan in a default status will not be subordinated and must be paid in full with the loan proceeds. The County will consider subordination for refinance to lower the 1st mortgage interest rate if no cash will be received from the transaction. Please refer to settlement documents for all loan terms and conditions.

DPCC PROGRAM GUIDELINES ACKNOWLEDGMENT

I/We hereby certify I/we have read the Program Information document in its entirety. I/We understand that the program guidelines are mandatory and in order to ensure consistency and fairness among all borrowers, no exceptions can be made. I/We also understand that final approval is based on availability of funds and that changes in financial standing, false statements or omission of information may result in disqualification for the program.

PENALTY FOR FALSE STATEMENTS - Any person willfully making a false statement in applying for a loan with Loudoun County government may be denied participation in all finance programs and may be charged with a misdemeanor and penalized in accordance with the law.

Applicant Signature

Date

Applicant Signature

Date

The County of Loudoun does business in accordance with the Federal Fair Housing Act, which prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions based on race, color, national origin, religion, sex, familial status and disability. The County of Loudoun fully supports the principals of Equal Opportunity and makes every possible effort to comply with all applicable law.



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REQUEST FOR VERIFICATION OF EMPLOYMENT

You may submit the verification of employment obtained by your lender in lieu of this form.

Part I - Request				
To: Name & Address of Your Employer			From: Loudoun County Office of Housing Down Payment/Closing Cost Assistance Program P.O. BOX 7000 Leesburg VA 20177	
Requestor Housing & Community Development	Title Housing Finance Specialist		Date	
<p>_____ I have applied for a forgivable mortgage loan and stated that I am employed by you.</p> <p>_____ I am recertifying my employment with you as required under the parameters of my forgivable mortgage loan with the County. My signature authorizes verification of this information.</p>				
Name/Employee ID #		Signature of Employee		Date
Part II – Verification of Present Employment				
Date of Employment		Date of Termination	Present Position	Probability of Continued Employment
Current Gross Base Pay ___ Annual ___ Hourly ___ Monthly ___ Other ___ Weekly (Specify) \$ _____		Average # of hours per week	Overtime/bonus likely to continue? (y/n)	Projected Overtime
Gross Earnings			Projected Commissions	Date of next pay increase
Type	Year to Date	Last Year		Remarks (If employee was off work for any length of time, please indicate time period and reason)
Base Pay	Thru \$ _____	\$ _____		
Overtime	\$ _____	\$ _____		
Commissions	\$ _____	\$ _____		
Bonus	\$ _____	\$ _____		
Total	\$ _____	\$ _____		
Part III – Authorized Signature				
Signature of Employer		Title		Date
Print or Type Name		Phone Number		Fax Number



RENTAL VERIFICATION FORM

The following person has applied for assistance through one of Loudoun County’s homeownership programs. Please complete Section 2 verifying statements provided by the tenant(s). Please detail incomplete or incorrect statements.

Section 1 (To be completed by Tenant) You may submit a copy of your current lease in lieu of this form.

Name: _____

Address: _____

Landlord/Management Company: _____

Contact Name/Ph#: _____

Section 2 (To be completed by Landlord/Management Company)

Current monthly rent: _____ Number in household: _____

Have there been increases in rent during the current tenancy?

Please specify: _____

Initial rental/lease date: _____

Lease expiration date: _____

Month to month (yes or no): _____

Are payments generally made in a timely manner? If not, please explain:

Cost to tenant to terminate lease (if any): _____

Landlord/Property Manager Signature

Date

Thank you for your assistance.

Sincerely,
Hannah Choi, Housing Finance Specialist



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ACKNOWLEDGMENT OF RECEIPT OF EQUAL CREDIT OPPORTUNITY ACT (ECOA) NOTICE AND DISCLOSURES

I (We) acknowledge receipt of the notices and warnings contained herein:

- Notice:** The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, age (provided that the applicant has the capacity to enter into a binding contract), sex or marital status, the fact that all or part of the applicant's income is derived from a public assistance program, or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency which administers compliance with this law concerning this housing finance agency is the Federal Trade Commission, Equal Credit Opportunity, Gelman Building, 2120 L Street, N.W., Washington, D.C. 20037
- Warning:** No person may be required to designate a courtesy title, such as Mr., Ms., Mrs., or Miss.
- Notice:** When applying for a loan, you may use your birth-given name, first and surname or a birth-given first name and a combined surname.
- Notice:** The federal government has requested that information regarding race, national origin, sex, marital status and age of applicants for home loans be gathered in order to monitor compliance with federal antidiscrimination statutes which prohibit creditors from discriminating against applicants on the bases. The law provides that a lender may neither discriminate on the basis of this information nor on whether or not it is furnished. Furnishing this information is optional.
- Notice:** The Federal Equal Credit Opportunity Act allows the creation of special purpose credit programs for economically disadvantaged persons. If all of the participants must share one or more characteristics that are protected classifications, then information as to that characteristic may be requested.

Applicant Signature

Date

Applicant Signature

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THE VIRGINIA PRIVACY PROTECTION ACT OF 1976

Information supplied to Loudoun County \ = for homeownership programs will be used for the purpose of determining program eligibility and compliance with the applicable program regulations and providing Federal, State and Local program reports as required. No personal information will be given out for any other purpose unless expressly approved in writing by the applicant. Information furnished to the DPCC Program will be disseminated and maintained in accordance with the Privacy Protection Act, Code of Virginia, Title 2.1, Chapter 26

The disclosure of social security number is voluntary unless required by state or federal law or unless previously disclosed or furnished. It is used for positive identification purposes only or to associate or disassociate your record with that of your spouse's, according to your request. However, staff may not be able to determine your eligibility for its programs without a social security number and may therefore be unable to render the desired assistance.

Individuals may review their files for the purpose of making corrections, challenging information or for an explanation of contents by filing a written request to the Department of Family Services.

Applicant Signature

Date

Applicant Signature

Date



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AUTHORIZATION TO RELEASE INFORMATION

I/We have applied for Down Payment/Closing Cost Assistance from Loudoun County Office of Housing (lender). As part of the application process, I/WE AUTHORIZE you to provide and release any and all information and documentation requested by Lender for the purpose of verifying information contained in my/our loan application and in other documents required in connection with the loan, either before the loan is closed or as part of its quality control program. Such information includes, but is not limited to, employment history and income; bank, money market and similar account balances; credit history; and copies of income tax returns.

I/WE AUTHORIZE Lender to share with any applicable office of housing, any and all information contained in my/our loan application. This information shall be shared solely for the purpose of facilitating the processing of my/our loan application.

I/WE UNDERSTAND that the Lender will rely on the information I/we provide and may address this authorization to any party named in the loan application.

A copy of this authorization may be accepted as an original.

Applicant Signature

Last 4 Social Security #

Date

Applicant Signature

Last 4 Social Security #

Date