elevation
COMMUNITY LAND TRUST

ECLT DPA 2 – Standard Market Rate Eligibility

Loan type: 0% interest, deferred-payment, non-forgivable subordinate mortgage loan *DPA Amount: up to $25,000*

Income

- Household income must be **≤ 120% AMI**, based on HUD published AMI for the MSA and adjusted for household size.

Homebuyer Status

- **First-time homebuyer**, defined by HUD as:
  - No ownership in a principal residence during the past 3 years.
  - Includes single parents & displaced homemakers who only own a spouse, or
  - Individuals whose prior homes were not permanently affixed or did not meet building codes.
  - The home must be a primary residence.
  - All new homebuyer clients must successfully complete homeownership counseling and present a copy of the course completion certificate to Elevation.
- **First-generation homebuyers** receive priority; borrower must be the first in their family (or first in the U.S.) to purchase a home.

Eligible Property Types

- Single-family homes
- Townhomes, condos, duplexes (single-unit owner occupied)
- Manufactured or modular homes on permanent foundations
- Homes in Community Land Trusts (CLTs)

Use of Funds

- Down payment assistance
- Principal reduction / mortgage write-down
- Closing costs (as needed)
- May be layered with other assistance programs as a silent second.

elevation
COMMUNITY LAND TRUST

ECLT DPA 2 – Standard Market Rate Eligibility

Loan Amount & Terms:
The property must remain the borrower's primary residence throughout the applicable affordability period.

- **Up to**, ~$25,000
- **0% interest**
- **Deferred payment**—due upon:
  - Sale or transfer of the property, **or**
  - Maturity date stated in the note
- **$25 application fee**
- No cash back to the borrower (except standard prorations or escrow adjustments).
- Buyer must contribute a total of **1% of purchase price or $1,000**
- Total indebtedness against the property cannot exceed one-hundred percent (100%) of its value.
- **Other Fees:** Recording Fee and Title Closing Costs

Borrower Requirements

- Must complete ECLT's required **application and documentation package**
- Front-end ratio up to ≤ **35%**, back-end ratio ≤ **43%**
- Minimum of **$2,000** in **post closing reserves**
- **Borrowers must spend down all liquid assets above $50,000.**
  - *For purposes of this requirement, liquid assets are those readily convertible to cash (including but not limited to savings or checking accounts, certificates of deposit, stocks and bonds, etc.). Liquid assets, however, exclude life insurance policies and any savings held in a tax-preferred retirement account (e.g. pension, 401(k), IRA, etc.), college savings plan (e.g. 529 account), or health savings account recognized by the Internal Revenue Service.*
- Borrower income verification must adhere to HUD's **Section 8 Part 5 definition of Income**.

Documents Requirements

- Application
- Proof of Income
- Assets
- Sales Contract
- 1003 Loan Application
- Homeownership counseling certificate

Process Overview

1. Borrower submits **ECLT DPA Application** once under contract.
2. Lender submits the required documents for ECLT review of income, assets, and eligibility.
3. ECLT requires minimum **15 business days** for DPA loan review.
4. Loan commitment typically issued within **48 hours**.
5. ECLT issues closing instructions, funding, and final documents directly to title.

ECLT DPA 2 – Standard Market Rate Eligibility

6. Funds wired **24 hours before closing**.

All household members must be accounted for in the ECLT DPA application. This includes a listing of all household members, and all sources of income and asset information. Those on the title but not living in the household do not need to be included.

Anticipating Income: Annual income is the gross amount of income that is anticipated to be received by all members of the household, even if they are not related to each other, during the twelve months following the effective date of determination. Income includes:

- *Wages for all adults >18 years of age (including reoccurring seasonal jobs)*
- *Earnings on all assets*
- *Public benefits*
- *Alimony*
- *Child support*
- *Pensions and routine payments from retirement accounts*
- *Benefits and unearned income of dependents under the age of 18.*

To determine a household's income, use a "snapshot" of the household's current circumstance to project future income. In general, the lender should assume that today's circumstances will continue for the next 12 months, unless the lender concludes that there is verifiable evidence of the contrary.

Verifying Income and Assets – The lender is responsible for collecting income and asset verification documentation for every wage-earning member of the home for ECLT's internal review and such evidence must be provided to ECLT and retained in each client's file.

Acceptable source documents include but are not limited to the following:

a. *Employment & Income Documents*
   i. Most recent 2 months of pay stubs (W-2 employees)
   ii. Self-employment documentation, including:
      - Year-to-date income statement
      - Anticipated income statement
   iii. Federal tax returns
      - 2 years (W-2 employees)
      - 3 years (self-employed)

b. *Verification Documents*
   i. Verification of Employment
   ii. Signed borrower documents needed for loan review

c. *ECLT DPA (Down Payment Assistance) Doc Requirements*
   i. ECLT DPA Application
   ii. Proof of income
      - Pay stubs
      - Award letters (SSA, disability)
      - Tax returns
      - Bank statements
      - Child support orders
   iii. Proof of assets - (6 months)
   iv. Sales contract
   v. 1003 Loan Application

Income and assets shall be verified by the lenders internal underwriting processes and other such procedures as necessary. E.X. pay stubs, tax returns, employer verification, Social Security Administration, or public assistance agency).