ADDENDUM DPA – DOWN PAYMENT ASSISTANCE CONTINGENCY 2023

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March 23, 2023

Overview

- Developed by the Affordable Housing Equal Opportunities Committee of the REALTORS Association of South Central Wisconsin together with the Wisconsin REALTORS Association.
- Provides a tool for documenting when an Offer is contingent upon the Buyer obtaining Down Payment Assistance (DPA).
- Addendum DPA is available on Transactions (zipForm Edition) and in the WRA PDF forms subscription.

Offer Contingent on DPA Approval

- The offer is made contingent upon Buyer obtaining down payment assistance (DPA) approval from one or more DPA programs named on the first blank line by the deadline in the Financing Commitment Contingency in the Offer.
- Buyer may stack DPA programs and combine more than one program or source to achieve the down payment needed.
- Total minimum dollar amount of DPA Buyer needs is written in the next blank line.

ADDENDUM DPA, LINES 1-6

ADDENDUM DPA – Down Payments Assistance Contingency

This Offer is contingent upon Buyer obtaining written approval of down payment assistance (DPA) funding from _____ [name program(s) or source(s)] by the deadline stated in the Financing Commitment Contingency of this Offer. Total DPA shall be in an amount of not less than $_____. If the purchase price under this Offer is modified, the DPA total amount, unless otherwise provided, shall be adjusted to the same percentage of the purchase price as in this contingency.

Offer Contingent on DPA Approval

- Buyer agrees to promptly apply for DPA.
- If DPA is approved, DPA programs notify Buyer's lender.
- If DPA denied, Buyer's lender will likely deny the loan because there will not be enough down payment.

ADDENDUM DPA, LINES 7-10

■ BUYER'S DPA APPROVAL(S): Buyer agrees to promptly apply for DPA and to provide evidence of application promptly upon request of Seller. If Buyer qualifies for the DPA described above at lines 1 – 4, or other DPA acceptable to Buyer, the DPA provider(s) shall deliver to Buyer's lender the written approval of the DPA program(s) no later than the deadline in the Financing Commitment Contingency of this Offer.

DPA Inspections

- DPA programs have different inspection standards than the Offer and may require an LBP inspection.
- Piggy-back DPA program inspections on Inspection Contingency in Offer: Buyer gives home inspection reports to DPA provider(s) by stated deadline; DPA provider has qualified third parties conduct inspections treated as follow-up inspections.
- "Defects" definition supplemented with DPA program property condition standards and requirements. Attach a copy.
- Buyer can provide notice of defects based on DPA inspection.

ADDENDUM DPA, LINES 11-17

■ DPA INSPECTION RIGHTS: Buyer shall provide each DPA provider requiring an inspection of the Property, at least ___ days before the Inspection Contingency deadline in this Offer, with a copy of all inspection reports generated pursuant to the Inspection Contingency and any other inspection provisions in this Offer. If a DPA provider requires additional inspection of the Property, the DPA provider shall be permitted to engage a qualified third-party inspector to inspect the Property as a follow-up inspection pursuant to the provisions of the Inspection Contingency in this Offer. "Defects" shall be defined as stated in this Offer but shall additionally include any deficiencies relating to the property condition requirements of the DPA program(s) named at line 2.

DPA Inspections

- Critical to provide ample time to layer in any needed DPA program inspections. Allow time for the home inspection in the Offer and any DPA inspections done as follow up inspections, all before the deadline for giving a notice of defects in the Offer.
- Include Addendum S or other Lead-Based Paint addendum/inspection contingency.

ADDENDUM DPA, LINES 18-21

CAUTION: BUYER SHOULD PROVIDE SUFFICIENT TIME IN THE INSPECTION CONTINGENCY TO ACCOMMODATE THE DPA INSPECTION PROCESS, PROVIDE THE RIGHT TO CURE FOR THE SELLER, AND INCLUDE CONTINGENCIES OR ADDENDA IN THIS OFFER AUTHORIZING A LEAD-BASED PAINT ASSESSMENT AND/OR OTHER INSPECTIONS THE DPA PROVIDERS REQUIRE.

DPA Testing

- Include the Radon Testing Contingency in the Offer so it is available if needed.
- Include a general testing contingency in the Offer in case testing will be needed, for example, asbestos testing. And use same pattern as with inspections: Buyer gives testing reports to DPA provider by stated deadline; DPA provider conducts any needed testing by the deadline in the testing contingencies. “Defects” definition is supplemented with DPA program property condition standards; and Buyer can provide notice of defects based on DPA testing.

ADDENDUM DPA, LINES 22-28

■ DPA TESTING RIGHTS: Buyer shall provide each DPA provider requiring testing of the Property, at least ___days before the testing contingency deadline(s) in this Offer, with a copy of all testing reports generated pursuant to any testing provisions in this Offer. In the event a DPA provider requires additional testing of the Property, the DPA provider shall be permitted to engage a qualified independent expert to conduct additional testing of the Property as long as additional testing is completed by the applicable testing contingency deadline. In that event, the protocols and standards for testing described in the testing contingency shall additionally include any standards of the DPA program(s) named at line 2.

Addendum S – Lead Based Paint

- The federal lead-based paint (LBP) disclosure law requirements for target housing are mandatory. If the housing was built before January 1, 1978, the property is considered target housing. Buyer must be given the required federal law disclosures and the opportunity for an LBP inspection or risk assessment.
- WRA Addendum S or some other disclosure document with the federally required content may be used.
- DPA providers may require LBP inspection even if housing was built after January 1, 1978.

Wisconsin REALTORS® Association

Information exchanged today via this program should be considered a statement of applicable legal principles. Given this program's format, it is impossible to fully analyze all the relevant facts in any particular situation. A determination of one's legal rights can only be obtained after complete analysis of the law and its applicability to one's particular fact situation. Therefore, today's program does not constitute legal advice, does not create an attorney-client relationship and should not be relied upon as legal advice in litigation, arbitration or ethics matters. Private legal counsel should be consulted if legal advice is needed or if the individual is involved in litigation, arbitration or ethics matters.

Thank You!

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