



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Santa Ana Homeownership Center
34 Civic Center Plaza
Santa Ana, CA 92701-4003
www.hud.gov

**Chelan and Douglas County,
Washington**

November 30, 2010

Ms. Marty Stierlen
Executive Director
Columbia Valley Housing Association
1555 S. Methow Street
Wenatchee, WA 98801-9417

Dear Ms. Stierlen:

The Santa Ana Homeownership Center is pleased to advise you that Columbia Valley Housing Association (CVHA) has been approved as a nonprofit organization to perform the following activity:

- Provider of Down Payment or Closing Cost Assistance with a Secondary Lien.

We have reviewed your application for participation in HUD programs as an agency providing secondary financing assistance. Columbia Valley Housing Association as described meets HUD guidelines. Columbia Valley Housing Association may provide secondary financing assistance in conjunction with an FHA mortgage provided the following guidelines are met:

1. The borrower must have an investment of at least 3.5% of the cost to acquire the property from a source acceptable to HUD (this source does not include a nonprofit which establishes a lien for this funded amount). For all FHA Case numbers issued as of January 1, 2009, per Mortgagee Letter 2008-23, the mortgagor "shall have paid, in cash or its equivalent...an amount equal to not less than 3.5 percent of the appraised value of the property..."
2. The FHA insured first mortgage when combined with a second mortgage, as well as any other mortgages, grants, etc. may not result in cash back to the borrower. The sum of all financing may not exceed 100 percent of the cost to acquire the property plus any normal prepaid expenses (except 203K mortgages where the sum of all financing may not exceed 110 percent of the after-improved value).

3. The required monthly payment under both the insured mortgages and the second mortgage or lien, plus other housing expenses and all recurring charges, cannot exceed the borrower's reasonability ability to pay.
4. The source, amount and repayment terms must be disclosed in the mortgage application and the borrower must acknowledge that he or she understands and agrees to the terms.
5. If the funds are to be used in conjunction with the rehabilitation of the property, the subsequent lien must meet all of the criteria in 1-5 above.

Please provide a copy of this letter to any lender providing FHA financing for properties included in the approved homeownership program. This approval is limited to the geographic area listed above. Should you wish to expand into other areas please contact the individual listed below for expansion requirements. Your nonprofit approval will expire two years from the date of this letter. Please submit a request for recertification at least 30 days prior to the end of the approved period.

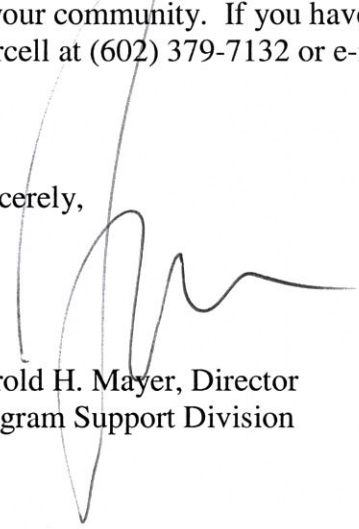
It is the nonprofit organization's responsibility to be aware of guidelines and procedures relative to nonprofit participation in FHA programs and to maintain knowledge of any updates which relate to these guidelines and procedures. All Mortgagee Letters and handbooks are made available on the HUD Internet site located at:

http://www.hud.gov/offices/hsg/sfh/np/np_home.cfm

Those organizations that do not adhere to Departmental guidelines and procedures are subject to possible suspension and/or removal from the approved nonprofit listing.

We appreciate your interest in the Department's programs and your assistance to low and moderate-income homebuyers. Columbia Valley Housing Association's program will provide an excellent opportunity for affordable housing in your community. If you have any questions concerning your approval, please call Susan Marcell at (602) 379-7132 or e-mail her at: Susan.S.Marcell@hud.gov

Sincerely,



Jerrold H. Mayer, Director
Program Support Division