

WAC 468-100-401 Replacement housing payment for one hundred eighty-day homeowner-occupants. (1) **Eligibility:** A displaced person is eligible for the replacement housing payment for a one hundred eighty-day homeowner-occupant if the person:

(a) Has actually owned and occupied the displacement dwelling for not less than the one hundred eighty days immediately prior to the initiation of negotiations; and

(b) Purchases and occupies a DSS replacement dwelling within one year after the later of the following dates (except that the agency may extend such one-year period for good cause):

(i) The date the displaced person receives final payment for the displacement dwelling or, in the case of condemnation, the date the full amount is deposited in the court; or

(ii) The date the person moves from the displacement dwelling; or

(iii) The date the displacing agency's obligation under WAC 468-100-204 is met.

(2) **Amount of payment:** The replacement housing payment for an eligible one hundred eighty-day homeowner-occupant may not exceed twenty-two thousand five hundred dollars (see also WAC 468-100-404). The payment under this section is limited to the amount necessary to relocate to a comparable replacement dwelling within one year from the date the displaced homeowner-occupant is paid for the displacement dwelling, or the date such person is initially offered a comparable replacement dwelling, whichever is later. The payment shall be the sum of:

(a) The amount by which the cost of a replacement dwelling exceeds the acquisition cost of the displacement dwelling (price differential), as determined in accordance with subsection (3) of this section; and

(b) The increased interest costs and other debt service costs to be incurred in connection with the mortgage(s) on the replacement dwelling (increased mortgage interest cost), as determined in accordance with subsection (4) of this section; and

(c) The necessary and reasonable expenses incidental to the purchase of the replacement dwelling (incidental purchase expense), as determined in accordance with subsection (5) of this section.

(3) **Price differential:**

(a) **Basic computation:** The price differential to be paid under subsection (2)(a) of this section is the amount which must be added to the acquisition cost of the displacement dwelling and site (see WAC 468-100-002(11)) to provide a total amount equal to the lesser of:

(i) The reasonable cost of a comparable replacement dwelling as determined in accordance with WAC 468-100-403(1); or

(ii) The purchase price of the DSS replacement dwelling actually purchased and occupied by the displaced person.

(b) **Owner retention/salvage of displacement dwelling:** If the owner retains ownership of, or obtains salvage rights to, the person's dwelling, moves it from the displacement site, and reoccupies it on a replacement site, the purchase price of the replacement dwelling shall be the sum of:

(i) The cost of moving and restoring the dwelling to a condition comparable to that prior to the move; and

(ii) The cost of making the unit a DSS replacement dwelling (defined in WAC 468-100-002(8)); and

(iii) The current market value for residential use of the replacement dwelling site (based on any reasonable evaluation method determined by the agency), unless the claimant rented the displacement

site and there is a reasonable opportunity for the claimant to rent a suitable replacement site; and

(iv) The retention/salvage value of the displacement dwelling, if such retention value is reflected in the "acquisition cost" used when computing the replacement housing payment.

(c) **Owner constructs replacement dwelling:** If the owner obtains a DSS replacement dwelling by contracting for or otherwise obtaining new construction, the purchase price of the replacement dwelling shall be the sum of:

(i) The cost necessary to construct a dwelling that is comparable to the displacement dwelling; and

(ii) The current fair market value for residential use of the replacement site (based on any reasonable evaluation method determined by the agency), unless the claimant rented the displacement site and there is a reasonable opportunity for the claimant to rent a suitable replacement site.

(4) **Increased mortgage interest costs:**

(a) The displacing agency shall determine the factors to be used in computing the amount to be paid to a displaced person under subsection (2)(b) of this section. The payment for increased mortgage interest costs shall be the amount which will reduce the mortgage balance on a new mortgage to an amount which could be amortized with the same monthly payment for principal and interest as that for the mortgage(s) on the displacement dwelling. In addition, payments shall include other debt service costs, if not paid as incidental costs, and shall be based only on bona fide mortgages that were valid liens on the displacement dwelling for at least one hundred eighty days prior to the initiation of negotiations. (b) through (f) of this subsection shall apply to the computation of the increased mortgage interest costs payment, which payment shall be contingent upon a mortgage being placed on the replacement dwelling.

(b) The payment shall be based on the unpaid mortgage balance(s) on the displacement dwelling; however, in the event the person obtains a smaller mortgage than the mortgage balance(s) computed in the buy-down determination the payment will be prorated and reduced accordingly.

In the case of a home equity loan the unpaid balance shall be that balance which existed one hundred eighty days prior to the initiation of negotiations or the balance on the date of acquisition, whichever is less.

(c) The payment shall be based on the remaining term of the mortgage(s) on the displacement dwelling or the term of the new mortgage, whichever is shorter.

(d) The interest rate on the new mortgage used in determining the amount of the payment shall not exceed the prevailing fixed interest rate for conventional mortgages currently charged by mortgage lending institutions in the area in which the replacement dwelling is located.

(e) Purchaser's points and loan origination or assumption fees, but not seller's points, shall be paid to the extent:

(i) They are not paid as incidental expenses;

(ii) They do not exceed rates normal to similar real estate transactions in the area;

(iii) The agency determines them to be necessary; and

(iv) The computation of such points and fees shall be based on the unpaid mortgage balance on the displacement dwelling, less the amount determined for the reduction of such mortgage balance under this section.

(f) The displaced person shall be advised of the approximate amount of this payment and the conditions that must be met to receive the payment as soon as the facts relative to the person's current mortgage(s) are known and the payment shall be made available at or near the time of closing on the replacement dwelling in order to reduce the new mortgage as intended.

(5) **Incidental purchase expenses:** The incidental purchase expenses to be paid for a one hundred eighty-day homeowner-occupant (under subsection (2)(c) of this section) or for downpayment assistance (under WAC 468-100-402 (3)(a)) are those necessary and reasonable costs actually incurred by the displaced person incident to the purchase of a replacement dwelling, and customarily paid by the buyer, including and are limited by such costs based on the cost of a comparable replacement dwelling pursuant to WAC 468-100-403(1):

(a) Legal, closing, and related costs, including those for title search, preparing conveyance instruments, notary fees, preparing surveys and plats, and recording fees.

(b) Lender, FHA, or VA application and appraisal fees.

(c) Loan origination or assumption fees that do not represent prepaid interest.

(d) Professional home inspection, certification of structural soundness and termite inspection.

(e) Credit report.

(f) Owner's and mortgagee's evidence of title, e.g., title insurance, not to exceed the costs for a comparable replacement dwelling.

(g) Escrow agent's fee.

(h) State revenue or documentary stamps, sales or transfer taxes (not to exceed the costs for a comparable replacement dwelling).

(i) Such other costs as the agency determines to be incidental to the purchase.

(6) **Rental assistance payment for one hundred eighty-day homeowner:** A one hundred eighty-day homeowner-occupant who could be eligible for a replacement housing payment under subsection (1) of this section but elects to rent a replacement dwelling, is eligible for a rental assistance payment. The amount of the rental assistance payment is based on a determination of market rent for the acquired dwelling compared to a comparable rental dwelling available on the market. The difference, if any, is computed in accordance with WAC 468-100-402 (2)(a), except that the limit of five thousand two hundred fifty dollars does not apply, and disbursed in accordance with WAC 468-100-402 (2)(c). Under no circumstances would the rental assistance payment exceed the amount that could have been received under WAC 468-100-401 (2)(a) had the one hundred eighty-day homeowner elected to purchase and occupy a comparable replacement dwelling.

[Statutory Authority: Chapter 8.26 RCW. WSR 06-02-068, § 468-100-401, filed 1/3/06, effective 2/3/06; WSR 89-17-048 (Order 121), § 468-100-401, filed 8/14/89, effective 9/14/89.]