

Phillips County Economic Development Down Payment Assistance Program

Summary as of July 28th, 2025

Concept:

To provide a source of down payment assistance in the form of a forgivable loan to prospective homeowners/developers/builders to help address increasing housing costs and appraisal gaps that challenge the ability of families and individuals to enjoy the opportunity of homeownership. The goal is to assist families in gaining financial independence and help incentivize the construction of new homes within Phillips County, by providing a percentage of the total project cost.

Governance:

Phillips County Economic Development (PCED) has established a county-wide Down Payment Assistance Program. PCED has established a committee to review all funding applications on a case-by-case basis.

Eligibility:

Eligibility for this loan program will be determined based on the following factors:

- This program is for new construction only.
- The newly constructed house must be located within Phillips County, Kansas
- Occupants must be U. S. citizens or persons with legal residency in the U. S.
- New construction of single-family homes of at least 1,200 square feet and no more than 3,000 square feet of finished living area; and newly constructed duplexes of at least 1,000 square feet per unit and no more than 1,600 square feet per unit. All square-foot calculations will exclude garages, basements, and porches. Up to 3 residential style garages are acceptable.
- The single-family home must be the primary residence of the owner and be occupied as such for five consecutive years for the loan to be fully forgiven. In the event of non-compliance, the loan may be partially forgiven.
- Limitations on refinancing, change of property utilization, or other variances of the intended use.
- Land financed with the development of the home or duplex must be 5 acres or less.
- State minimum building standards and local codes will be followed concerning energy efficiency and accessibility.
- This program will not be limited to first-time homeowners.

Program Funding:

The financial characteristics of the Program are as follows:

- A total of six (6) loans will be available annually.
- The total loan amount will not exceed \$10,000.00, and will be based on a sliding scale based upon the purchase price or cost to build the home as follows:

\$200,000 or more:	\$10,000
\$190,000 to 199,999:	\$8,000
\$170,000 to \$189,999:	\$5,000
\$150,000 to \$169,999:	\$3,000
- Construction must start within 1 year of approval of the Down Payment Loan application and completed within 2 years.
- No interest will be charged for use of the loan funds. However, the owner must contribute at least 2.5% equity.
- The developer/builder may use the funds for a cost buy-down, down payment assistance, or both.
- The loan funds provided will be secured by a recorded first or second mortgage to maintain occupied residency.
- Loan funds will be made available at the construction loan closing or the permanent loan closing.
- The borrower(s) will be required to sign a Loan Agreement, Promissory Note and Mortgage at the construction loan closing or the permanent loan closing. Married couples must both sign the mortgage per Kansas law.
- The terms of the Promissory Note will be on a form provided by PCED but will provide that the principal note balance will draw Interest at the rate of zero percent (0%) per annum, with annual principal payments. The note term shall be four (4) equal annual payments beginning on year two (2) from the closing date and continuing on the same day of each year until year five (5) from the closing date.

Program Parameters:

- There may be income limits for homeownership or rental housing developments as may be imposed by other subsidy sources.
- The single-family homes must be the primary residency of the program participants
- The applicant must sign a loan agreement where they will be liable for the repayment of the loan funds should the funds not be appropriately spent.
- The applicant will provide progress summaries of the development quarterly as well as a final accounting of the expenditure of the loan funds. The developer may substitute a progress summary provided to other stakeholders if applicable.
- PCED reserves the right to require additional information or impose additional program requirements.

Eligible Use of Funds:

- Eligible use of the loan funds includes any on-site construction directly related to the specific development.
- Reasonable developer/builder profit is an eligible expense.
- "Shomes," "Barndominiums" and similar mixed-use structures do not qualify. Prefabricated homes must be of a similar style and quality to stick-built homes.
- Prefabricated homes are acceptable if the build quality and finishes are essentially the same as stick-built homes. This will include, at a minimum, 4/12 pitch roofs and 12-inch overhangs.
- Homeowners are not allowed to be the general contractor or subcontractor unless they are a general contractor or subcontractor by trade, possess the needed licenses and/or certifications, and can provide proof of insurance. An acceptable resume and/or verified references will also allow a general contractor or subcontractor to be eligible.
- No Down Payment Assistance will be allowed on a home that is partially constructed or substantially complete.
- All closings will be conducted by a licensed title company or a commercial bank/credit union.
- A lender's policy of title insurance must be provided to PCED for all closings.
- Loan funds will go to the first mortgage lender or to the developer/builder. No funds will go directly to the homeowner.

Project Application:

- The PCED Down Payment Assistance Program applications will be funded on a first-come, first-serve basis.
- A completed and fully executed two-page application form must be submitted to PCED. Upon conceptual approval, the developer/builder will be asked to provide the following:
 - Proof of eligibility for financing.
 - Verification that what is being proposed meets or exceeds any ordinance requirements, if any.
 - Proof of site ownership or control.
 - Proposed plans, site-plan, plat, and specifications as available (for new construction).
 - Brief narrative of how the funds will be used.
 - Proof of ability to fund the entire development including debt and other forms of equity (Bank letter).
 - Brief description of the proposed development including a timeline for development.
 - A list of any pending approvals by the local government (permits if required).
 - Resume of developer's/builder's experience and background.

Post Funding Requirements:

- PCED will have the right to inspect or require proof that there have been no violations of the requirements.
- This program may not be used in conjunction with other PCED Funding Programs.