

Home Repair Program

PURPOSE

The purpose of the Home Repair Program is to improve, preserve, and increase the City's ownership housing stock, targeting low income homeowners in support of City and the Portland Housing Bureau (PHB) goals.

PRODUCT DESCRIPTION

Funds under this program are available as deferred payment, 0% loans. The loans are recorded liens against the subject property. Eligible work includes correcting code violations, health and safety conditions and critical or incipient repairs, as allowed by the funding source.

The following summary outlines the general product characteristics and more specific product guidelines for the Home Repair Program.

HOME REPAIR GUIDELINES

Loan to Value:	Combined loan to value up to 100% of county assessed value or appraisal – higher limits may be evaluated based on need
Loan Interest Rate:	0% interest
Term:	15 years
Repayment:	Payment deferred until sale, trade, refinance, or no longer owner-occupied
Forgiveness:	Beginning with year ten and subsequently, 20% of the debt will be forgiven each year until the full loan amount is forgiven starting year 15.
Fees:	Per PHB Fee Schedule

Eligible Borrowers

- Total household gross income is at or below 80% Median Family Income (MFI) as established annually by HUD. A percentage of the funds will be reserved for families at or below 60% MFI
- Own and occupy the property as their principal residence at application and throughout the term of the loan
- US citizen or permanent resident

Eligible Properties

- Single family residences
- Located in City of Portland

Eligible Renovations

- Code violations or health and safety conditions only
- Critical or incipient repairs

Maximum loan amount

- Determined by equity available, up to 100% loan-to-value – higher limits may be evaluated based on need – or a maximum \$15,000
- Up to cost of allowable work only
- Loans over \$5,000 trigger lead regulations if Federal funds are used

Assets

- Combined assets not to exceed \$20,000 (does not include subject property, two cars, retirement accounts, or assets producing earnings that represent a significant portion of annual income)

Security

- Deed of Trust in first or subordinate lien position

Property Value Determination

- Real Market Value (RMV) as determined by tax assessor or acceptable appraisal, as needed

Title

- Clear title evidencing ownership, monetary encumbrances, and mortgaged property address.

Property Taxes

- Property taxes must be current or on deferred status

Insurance

- Homeowners insurance must be current
- Flood Hazard insurance required if in a 100-year flood plain

Other

- Not assumable
- Existing mortgage(s) must be current
- Total debt to income ratio should not exceed 60% of total gross household income, unless approved for a deferred payment loan, than debt ratios do not apply

Applicable Federal Regulations, if Federal Funds are the source of funds

- Flood Hazard Determination
- Site Specific Environmental Review
- State Historic Preservation Program
- Lead regulations

Construction Monitoring/Disbursements

- Experience construction advisor assigned to provide advice and assistance throughout the construction process
- Work must be completed within six months of closing
- Incremental disbursements made as work is completed and approved by both PHB and the homeowner with grant eligible projects

DownPayment Assistance Loan

PURPOSE

Portland Housing Bureau's (PHB) DownPayment Assistance Loan (DPAL) is a second mortgage loan that increases buying power and provides funds for future home improvements when required.

PRODUCT DESCRIPTION

DPAL is available to assist eligible first time homebuyers to purchase existing homes in the city of Portland. Borrowers can access this program through participating community organizations and lenders who have executed a lender agreement with PHB. Loans under this program have deferred payment with 0% interest. The loan will be secured by a recorded lien against the subject property. DPAL funds can be used for the purchase of a single-family, owner occupied residence in conjunction with the primary mortgage.

DPAL GUIDELINES

Service Area:	City-wide, subject to availability of funds
Maximum Loan Amount:	Up to twenty five percent (25%) of the purchase price with a maximum purchase price not greater than four times the Median Family Income (MFI) for a family of four published annually by the US Department of Housing and Urban Development (HUD). See further limitations outlined under "Eligible Use of funds" below.
Combined Loan to Value:	Maximum 105% combined loan to value based upon the lesser of (i) purchase price or (ii) "as is" appraised value
Interest Rate:	0.00 percent per annum, deferred payment
Term:	15 years
Repayment:	Deferred until sale, refinance, or no longer owner-occupied
Forgiveness:	After 15 years, beginning with year ten and subsequently, 20% of the debt will be forgiven each year provided the borrower has maintained the property as owner occupied for the life of the loan.

Fees:

Per PHB Fee Schedule

Eligible Use of funds

Funds must finance DownPayment Assistance and/or closing costs associated with the purchase of a home, as well as the establishment of a Home Improvement Fund.

- a) **DownPayment Assistance** – A maximum of 20% of the purchase price can be used by the borrower for the purchase of an existing single family detached home, including town homes and condominiums. These funds can be used for downpayment and/or closing costs as long as the borrower has met minimum downpayment mortgage requirements established by the approved lender.
- b) **Home Improvement Fund** – A minimum of 20 percent of the DPAL must be used to establish a Home Improvement Fund. These funds must be placed in a PHB controlled Home Improvement Fund to pay for eligible home improvements after purchase. The Home Improvement Fund must be fully disbursed within 6 months of closing.

Eligible Borrowers

- Total household gross income, including any non-occupying co-owners, cannot exceed 80% of the HUD MFI adjusted for size.
- Owner must occupy the subject property as their primary principal residence for the entire term of the loan.
- US citizen or legal resident.
- Must be a first-time homebuyer, defined as not having owned a home within the past three years.
- Borrower must attend a homebuyer education workshop provided by a HUD Certified Home Buyer Counseling Program.
- Must obtain a first mortgage from an approved PHB Lender.
- Must meet PHB's minimum credit standards and policies.

Eligible Properties

- Established single-family one-unit properties, including town homes and condominiums.
- New condominiums do not qualify

Down Payment

- As required by first mortgage

Borrower's Assets

- Homebuyer's combined liquid assets (cash and equivalent, stocks, bonds and bank deposit; excludes retirement accounts) after closing cannot exceed \$10,000.

Security

- Deed of Trust in second lien position

Property Value Determination

- Lender to order, review, and approve the appraisal per mortgage product requirements

Future Subordination:

- PHB may subordinate to future refinancing and equity loans so long as the outstanding balance on PHB's loan does not exceed 100 percent loan to value. Current value to be determined by using the current Tax Assessor's Fair Market Value or an appraisal acceptable to PHB.

Assumption:

- DPAL may be assumed by a qualified homebuyer who meets current qualification criteria. The loan term will reset to 15 years and follow the same recapture and forgiveness clauses as the original loan.

Title

- Clear title with ability to obtain ALTA title insurance protection against loss connected with ownership, encumbrances, and improvements of the property

Property Taxes

- Property taxes must be current at closing and first mortgage must include an escrow account to collect and pay property taxes.

Insurance

- Homeowners insurance must be paid for one year in advance and first mortgage must include an escrow account to collect and pay insurance premiums.
- Flood Hazard insurance required if in a 100-year flood plain

Participating Lender Guidelines

- First mortgage loan must be originated by PHB Participating Lender.
- First mortgage products to be used in conjunction with DPAL must have received prior approval from PHB.

Homebuyer Education

- Borrower must attend a homebuyer education workshop provided by a US Department of Housing and Urban Development (HUD) Certified Home Buyer Counseling Program. PHB will provide a list of resources that may be used to satisfy this requirement.

Guidelines for use of the Home Improvement Fund

- Funds for renovation must be placed in a PHB controlled Home Improvement Fund account to pay for eligible home improvements after purchase.
- Home Improvement Funds must be completely disbursed within 6 months of closing.
- Homeowner must contact PHB prior to beginning home improvements and provide a list of the proposed improvements.
- PHB will assign an experienced construction advisor to provide guidance throughout the renovation.
- PHB will make incremental disbursements as work is completed and approved by both PHB and the homeowner

Lead Hazard Control Grant

PURPOSE

The purpose of the Lead Hazard Control Grant is to decrease the risk of lead-paint poisoning in children by identifying and reducing lead-paint hazards in a home.

1. The program provides grant assistance to reduce lead-based paint hazards in properties for qualified low and moderate income homeowners.
2. The program provides a comprehensive package of services to assist in the process of lead hazard reduction.

It is the goal of the program to ensure that the homeowner receive safe and effective lead-paint reduction services, combined with an educational component in order to achieve lead-safe housing.

PRODUCT DESCRIPTION

The program focuses on resources to make housing lead-safe by identify and the reducing lead-based paint hazards. Grant financial assistance is provided to have the property tested for the presence of lead-based paint hazards. Positive presence of lead-based paint hazards are addressed and reduced with grant assistance until the property achieves Clearance and determined to be lead-safe.

LEAD HAZARD CONTROL GRANT GUIDELINES

Grant Limit

- Based on HUD Contract Guidelines

Eligible Borrowers

- Home is an owner-occupied residential property
- A child under age six occupies the home at least 60 hours a year OR a pregnant women lives in the home
- Total household income is at or below 80% of Median Family Income (MFI) adjusted for size

Eligible Properties

- Single family residences
- Structure was built before 1978
- Home was built before 1978 and is located in the cities of Gresham, Beaverton, or Portland, or within the counties of Multnomah, Clackamas or Washington.
- Property is not located in a flood plain

- Homeowners insurance must be current and in force

Eligible Renovations

- Specifically related to the remediation of lead-based paint hazards

Maximum loan amount

- Submit the Regional Lead Grant Rental Program application

Assets

- Total household assets do not exceed \$20,000; not including the primary residence, two automobiles, retirement accounts and personal property

Insurance

- Homeowners insurance must be current
- Flood Hazard insurance required if in a 100-year flood plain

Applicable Federal Regulations

- Flood Hazard Determination
- Environmental Review
- State Historic
- Lead Safe Home Regulations

Construction Monitoring/Disbursements

- Experience construction advisor assigned to provide advice and assistance throughout the construction process
- Work must be completed within six months of closing
- Incremental disbursements made as work is completed and approved by both PHB and the homeowner with grant eligible projects

Lead Hazard Control Program for Rental Properties

PURPOSE

PDC administers the Lead Hazard Control Program for the Portland Regional Lead Hazard Control Program, a partnership between the Cities of Beaverton, Gresham and Portland and the Counties of, Clackamas, Multnomah and Washington. The purpose of the Lead Hazard Control Program is to decrease the risk of lead poisoning in children by reducing lead-based paint hazards in homes. Financial assistance in the form of a Forgivable no interest loan which is available to reduce lead-based paint hazards in:

1. Qualified properties currently rented or with a recent history of rental to low income tenants with a child under the age of six. Details below.

PRODUCT DESCRIPTION

Funds under this program are available to pay for a risk assessment, lead hazard reduction and clearance. Any project funded under this program will be required to address all of the hazards identified by the risk assessment in order to achieve a clearance. Clearance is achieved after the lead reduction work is complete, and after a certified Risk Assessor has performed a visual inspection of the property, has taken and analyzed dust wipe and soil samples, and has declared the property lead safe. Funds may be incorporated into a larger rehabilitation scope, but are specifically related to the remediation of lead-based paint hazards.

The Regional Lead Grant for Rental Properties Program (RLG) provides financial assistance to qualifying landlords to reduce any lead hazards through the following:

- A free evaluation of the rental property to identify any lead-based paint and lead-based paint hazards
- A report describing options for reducing and controlling any hazards identified
- Funding for lead hazard reduction performed by a State of Oregon certified contractor

LEAD HAZARD CONTROL PROGRAM FOR RENTAL PROPERTIES GUIDELINES

Maximum Amount:	\$10,000 per unit for single family 1-4 unit properties \$4,000 for multifamily properties (properties with 5 or more units)
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Loan to Value	N/A
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Interest Rate:	0% interest
Term:	36 months
Monthly Payments:	This is a Forgivable Loan so long as the applicant leases the unit(s) to an income-eligible tenant at an affordable rent level (see below) for a three year period following closing.
Repayment:	<ol style="list-style-type: none"> 1. Upon sale of the property within three years of closing the Forgivable Loan is due and payable 2. Upon leasing agreed upon unit(s) to an ineligible tenant or at an amount no greater than designated rent level within three years of closing, the Forgivable Loan is due and payable
Fees:	Per PHB Fee Schedule

PRODUCT SPECIFIC GUIDELINES

Eligible Applicants

- Title must be held in the name of the applicant as an individual(s), partnership, corporation or LLC.
- Applicant agrees to give rental preference to low income tenant with children for the succeeding three-year period after closing

Eligible Properties: The property must be:

- Built before 1978 and located within Multnomah, Clackamas, Washington or Clark counties
- Property is currently occupied by low income tenant 50% or below MFI for the household size for 51% of the units and all additional units must be rented to household with a total income less than 80% of MFI
- Property meets HUD minimum property standards or will, once lead hazard reduction work is performed
- A child under age six occupies or regularly visits the home
- Outside a 100-year flood plain

Eligible Renovations

- Specifically related to the remediation of lead-based paint hazards

How to Apply

- Submit the Regional Lead Grant Rental Program application
- Submit the Landlord Questionnaire

Affordability Agreement

Applicants must agree enter into an Affordability Agreement with PDC. The Affordability Agreement outlines the terms under which unit(s) assisted under this section must be leased to maintain the deferment. At a minimum this Agreement will require:

- Current rents must be affordable to the low income tenants and cannot increase more than 5% per year; and
- That the household income for the tenant (including income from all occupants of the unit(s)) does not exceed 50% Median Family Income (MFI) for the household size for 51% of the units and all additional units must be rented to household with a total income less than 80% of MFI; and
- In all cases the landlord shall give priority in renting units assisted under this section, for not less than three years following the completion of lead abatement activities, to families with a child under the age of six years with incomes under 50% MFI; and
- Applicant agrees to affirmatively market units to low income households and not to discriminate against applicants based upon family size, race, creed, color, religion, national origin or sexual orientation.

This affordability agreement is applicable for the term of the Forgivable Loan Agreement.

Number of units	Household MFI requirement
1	50% MFI or less
2+	51%units at 50% MFI or less remaining unit at 80% MFI or less

Annual Certification Requirement

- It is the applicants responsibility to verify tenant's income for income eligibility qualifications and to maintain rent limits within program requirements (for updated income and rent guidelines, Applicants can visit www.portlandonline.com/phb/mfi.)
- Acceptable forms of income verification include but are not limited to:
 - Paystubs
 - W-2s
 - Personal Tax Returns
 - Retirement, disability, other
- Applicant must maintain a record of tenant's income eligibility during the term of the Condition Lead Grant Agreement subject to random PDC audits during the three year compliance period
- It is the Applicant's responsibility to provide PDC with the name and contact information of the individual/property management company designated to submit annual reports. The Applicant will notify PDC when/if there is a change in such designation

- For the duration of the Forgivable Loan Agreement, on an annual basis, Applicant or designee must file an annual report ending June 30. This report is due to PDC by September 1. The report must include:
 - Electronic Tenant Survey (ETS) – Compliance to affordability agreement
 - Proof of property taxes paid
 - Proof of property insurance coverage with appropriate endorsements

Security

- Forgivable Loan Agreement secured by Deed of Trust

Recapture/Retention

- Upon sale/transfer of the unit, the loan principal is due and payable
- Upon renting/leasing the unit to an ineligible tenant or at an amount higher than the designated 5% increase in the rent, the Forgivable Loan is due and payable

Property Taxes

- Must be current at origination and during the term of the loan.

Insurance

- Hazard and Liability Insurance sufficient to cover current indebtedness.
- Flood Hazard insurance required if in a 100-year flood plain

Applicable Federal Regulations

- Flood Hazard Determination
- Environmental Review
- State Historic
- Lead Safe Home Regulations

Process/Disbursements

- Upon receipt and processing of the application, a letter letting the applicant know whether the application was approved will be sent.
- Landlord must provide proof that the tenant has received the EPA booklet "Protect Your Family from Lead in Your Home" copies will be sent with application and approval letter.
- A PDC construction advisor is assigned to provide assistance throughout the assessment process
- A free risk assessment and paint inspection is scheduled with the applicant, the assessment will determine if there are lead hazards.

- If lead hazards are found, the applicant must pay \$500 processing fee, and money is used to hire a certified contractor to address the hazards. Forgivable loans are currently a maximum of \$10,000 per unit and \$4,000 per unit for multifamily properties. If the lead reduction costs exceed this limit, the Applicant must contribute the difference between the grant amount and the total cost of the lead reduction.
- Once the work is completed, PDC will conduct a clearance test to ensure that the hazard has been addressed and pays the contractor for the work.

Tenant Displacement and Relocation

Projects must comply with PDC's Tenant Displacement (Relocation) policies. PDC does not intend to permanently displace any tenants as a result of this Program, though there may be instances where tenants are required to move temporarily as part of the remediation. Tenants who are temporarily moved as a result of remediation under this program will receive relocation compensation of \$100 per day for a maximum of five days.

Generally, PDC policy requires that:

1. Rehabilitation work be scheduled and conducted in a manner that minimizes displacement of current residents, and
2. If the structure is occupied at the time of application for a Lead Hazard Control Loan, the Applicant must:
 - a. Inform each tenant, in writing, of the Applicant's intent to apply for PDC financing to rehabilitate the tenant's unit, and that the Applicant has no intention of permanently displacing the tenant or raise rents above HUD affordability guidelines such that the tenant can no longer afford the unit. This letter will also state that if the PDC loan is approved, the tenant has rights under the PDC Relocation Program
 - b. Provide an "initial" tenant rent schedule
 - c. Once the scope or work is determined and tenant relocation is deemed necessary the tenant will complete a W-9 form for PDC construction staff