

Features/Benefits

The Down Payment Assistance Loan (DPAL) is a homebuyer assistance tool designed exclusively for first-time homebuyers that are purchasing a home in Portland’s Interstate Corridor or Lents Town Center Urban Renewal Areas. DPAL is a second mortgage loan funded by the Portland Housing Bureau (PHB). It is used in conjunction with a first mortgage loan from a participating lender. PHB has partnered with the Minority Homeownership Assistance Collaborative (MHAC) to identify and select eligible households for the program. MHAC is a partnership comprised of the African American Alliance for Homeownership, Hacienda Community Development Corporation, Native American Youth and Family Center, and Portland Community Reinvestment Initiatives, Inc. To qualify, a homebuyer must be actively working with and be selected by one of the MHAC partners to participate in the program.



Eligible Homebuyer

- To qualify, the homebuyer must be selected by MHAC for the program.
- First-time homebuyer (defined as not having owned a home in the past three years).
- Owner-occupied residences only.
- Annual household income at or below 80% of Portland’s Median Family Income (MFI), adjusted for family size as follows:

<u>Household Size</u>	<u>80% MFI (2011) *</u>
1	\$40,350
2	\$46,100
3	\$51,850
4	\$57,600

* Higher household income limits apply for households of five or more persons

- Must meet first mortgage lender’s financing requirements.
- Combined liquid assets (cash and equivalent, stocks, bonds and bank account balances, excluding retirement accounts) cannot exceed \$10,000 at closing.
- Must be a US citizen or legal resident.
- Must complete a homebuyer education workshop provided by a US Department of Housing and Urban Development (HUD) Certified Housing Counseling Agency.
- There are no ongoing income limits or annual income certifications for the program.
- Minimum borrower investment must be no less than \$1,000.

Eligible Property

- Residential properties located in the Interstate Corridor or the Lents Town Center Urban Renewal Areas (URA) subject to available funding; for maps of these areas visit www.portlandonline.com/phb/dpal.
- Single-family units only, including existing condos and town homes; new condos are not eligible.

Loan Terms

- Max. loan amount: \$32,000 plus an additional grant of 25% for a Home Improvement Grant (\$8,000 max.)
- 15-year loan term.
- 0.00% interest per year with an Annual Percentage Rate (APR) of 0.012%.
- At the end of the 11th year, 20% is forgiven annually; after the 15th year, the loan is completely forgiven.
- Payments are deferred until the sale of unit, refinance of the first mortgage, or when no longer occupied as primary residence; at such time, the entire principal is due.
- Must be used with a first mortgage loan from a participating lender.
- \$500 Underwriting Fee plus other third party closing costs apply.

Home Improvement Grant Fund

- An additional 25% of the loan amount will be granted* to the homebuyer and will be deposited into a Home Improvement Grant Fund managed by the PHB. (* Subject to PHB/City Approval).
- Grant funds must be spent on eligible improvements within six months of loan closing.
- Once the home improvement grant fund has been disbursed and closed there are no more property inspections required for the program.

Process

- After the homebuyer is selected for the program, their first mortgage lender prepares and submits a DPAL application and supporting documents to PHB.
- PHB reviews application and supporting documents within five business days of receiving a complete application packet.
- If necessary, PHB obtains any additional documentation from the lender.
- PHB issues a conditional reservation of DPAL funds (or denies the DPAL application and the process ends).
- As soon as the homebuyer has an accepted offer to purchase an eligible property, PHB must be provided a signed copy of the accepted offer a minimum of 30 days prior to closing.
- The first mortgage lender provides PHB with a copy of the appraisal to review and approve.
- At least seven business days prior to closing, and after all of the DPAL and first mortgage lender's conditions have been met, the first mortgage lender notifies PHB of the closing date.
- PHB prepares and delivers DPAL documents to the applicable title and escrow company.
- At loan closing, the homebuyer signs all necessary DPAL documents.
- PHB funds the DPAL and the DPAL Deed of Trust is recorded with the County.
- As soon after loan closing as possible, the homebuyer begins working with a PHB Construction Coordinator to identify eligible improvements and must expend the full amount of their Home Improvement Grant Fund within six months of loan closing.

www.portlandonline.com/phb/dpal
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