

Portland Housing Bureau Homeownership Assistance Program Guidelines

PURPOSE

The Portland Housing Bureau (PHB) provides Homeownership Assistance that creates affordable homeownership opportunities for low-income homebuyers.

DESCRIPTION

Homeownership Assistance through PHB is available for the acquisition and rehabilitation or new construction of affordable homeownership units that will be occupied by low-income first time homeowners. PHB awards Homeownership Assistance dollars to community organizations and eligible homebuyers must access these resources through those partners. Homeownership Assistance is intended to support homebuyers in purchasing homes in partnership with first mortgage lenders.

Eligible Use of Funds

Homeownership Assistance must contribute to either the acquisition and rehabilitation or new construction of an affordable homeownership unit that will be occupied by an Eligible Homebuyer.

1. New Construction

Homeownership Assistance may be used for the development of a single family home, including town homes and condominiums that will be occupied by an Eligible Homebuyer.

2. Acquisition and Rehab

Homeownership Assistance may be used for the acquisition of an existing single family home by individual households or partner organizations, including town homes and condominiums. These funds can be used for acquisition or down payment costs. Under this use, for properties utilizing Tax Increment Financing (TIF), a minimum of 20% of total Homeownership Assistance provided must be utilized as a grant for Eligible Home Improvement activities within six (6) months of closing. This requirement does not apply to other funding sources.

Eligible Homebuyer

All Homeownership Assistance must result in a home that is occupied by an Eligible Homebuyer:

- When homeownership assistance is being used for the development or acquisition of a 2 bedroom home, total household gross income, including any non-occupying co-owners, cannot exceed 80% of the HUD MFI adjusted for household size.
- When homeownership assistance is being used for the development or acquisition of a 3 bedroom home, total household gross income, including any non-occupying co-owners, cannot exceed 100% of the HUD MFI adjusted for household size.
- Owner must occupy the subject property as their primary principal residence for the entire term of Homeownership Assistance.

- Must be a first-time homebuyer, defined as not having owned a home within three years.
- Borrower must attend a homebuyer education workshop provided by a HUD Certified Home Buyer Counseling Program.
- Must obtain a first mortgage that conforms to PHB requirements for first mortgage lending.
- Homebuyer's combined liquid assets (cash and equivalent, stocks, bonds and bank deposit; excludes retirement accounts) after closing cannot exceed \$10,000.
- Homebuyer must invest \$500.00 of their own funds at the time of loan closing.
- Must meet PHB's minimum credit standards and policies.

Homeownership Assistance Affordability Requirements

Affordability Requirements can be satisfied in the following two ways:

1. Retention

When Homeownership Assistance is structured to create permanent homeownership affordability for a minimum of 60 years, the long term investment will be provided in the form of a grant to the Eligible Homebuyer. Ongoing affordability will be ensured in the form of an affordable housing covenant that is recorded on title.

2. Recapture

When Homeownership Assistance is not structured to create permanent homeownership affordability, the long term investment will be provided in the form of a loan to the Eligible Homebuyer. The terms of the loan are as follows:

Interest Rate:	0% annual interest, deferred payment
Loan Term:	30 years
Forgiveness:	No forgiveness
Loan Repayment Options	1. Repayment in full 2. Structured Repayment Settlement (full or partial amount) 3. Option to extend Maturity Date
Security Mechanism:	Deed of Trust in second lien position
Fees:	Per PHB Fee Schedule

Property Value Determination

- PHB reviews residential appraisal ordered by 1st mortgage lender
- Maximum 100% combined loan to value based upon the lesser of the a) purchase price or b) appraised value at time of sale.

Assumption and Subordinations:

- With PHB approval, homeownership Assistance may be assumed by an immediate family member in the case of death or transferred an eligible, qualified buyer.
- PHB may subordinate to future refinancing and equity loans so long as the outstanding balance on PHB's loan does not exceed 100% loan to value. Current value to be determined by using the current Tax Assessor's Fair Market Value or an appraisal acceptable to PHB.

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.
- Homeowners insurance must list the City of Portland as second mortgagee.
- Flood Hazard insurance required if in a 100-year flood plain

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.

Eligible Home Improvement Guidelines

- Home Repair funds must be completely disbursed within six (6) months of closing or entire amount of Homebuyer Assistance must be repaid to PHB.
- A PHB construction coordinator will be assigned to approve proposed scope of work, track any required permit work, and approve disbursement requests for home repair expenses.

Portland Housing Bureau Home Repair Loan Program

PURPOSE

The purpose of the Home Repair Loan Program is to stabilize current homeowners by addressing home repairs that would impact their health, safety, and ability to retain their homes long term.

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, addressing health and safety conditions and providing critical or incipient repairs, as allowed by the funding source. The terms of the loan as follows:

HOME REPAIR LOAN TERMS

The terms of the loan as follows:

Interest Rate:	0% annual interest
Loan Term:	15 years
Forgiveness:	Forgiven after the 15 th year of the loan
Loan Repayment	Payment is deferred until sale, trade, refinance, or no longer owner-occupied
Loan Repayment Options	1. Repayment in full 2. Structured Repayment Settlement (full or partial amount)
Security Mechanism:	Deed of Trust in second lien position
Fees:	Per PHB Fee Schedule
Loan to Value:	

Eligible Borrowers

- Total household gross income is at or below 80% Median Family Income (MFI) as established annually by HUD
- Own and occupy the property as their principal residence at application and throughout the term of the loan

Eligible Properties

- Single family residences
- Located in City of Portland

Eligible Renovations

- Code violations or health and safety conditions
- Critical or insipient repairs
- Energy efficiency upgrades
- Other repairs as approved by PHB necessary to support retention of the home

Maximum loan amount

- Determined by equity available, combined loan to value up to 100%. Higher limits may be evaluated based on need and approved by the PHB Neighborhood Housing Program Manager
- Value to be calculated based on county assessed value or appraisal
- Up to cost of allowable work only

Assets

- Combined assets not to exceed \$20,000 (does not include subject property, two cars, retirement accounts, or assets producing earning 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

- Assumable by qualified, eligible heirs
- 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-based paint regulations

Construction Monitoring/Disbursements

- PHB will assign a construction coordinator 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