

Down Payment Assistance Loan

A homebuyer assistance tool for first-time buyers in many of Portland's Urban Renewal Areas.



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 one of Portland's Urban Renewal Areas. It is a second mortgage loan used in conjunction with a first mortgage loan from the Portland Development Commission (PDC). DPAL helps homebuyers:

- Avoid the cost of mortgage insurance!
- Increase their purchasing power!
- Enjoy lower monthly house payments!
- Obtain funding for immediate or future repairs and improvements!

Essentially, DPAL is gap-financing that makes up the difference between what a borrower's income will support and the higher sales price of a property.

Eligibility Requirements

Eligible Homebuyer

- 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% or 100% of Portland's Median Family Income (MFI), adjusted for family size depending on the number of bedrooms in the home as follows:

<u>Household Size</u>	<u>Two or less Bedrooms</u>	<u>Three or more Bedrooms</u>
	<u>80% MFI (2009) *</u>	<u>100% MFI (2009) *</u>
1	\$39,200	\$49,000
2	\$44,800	\$56,000
3	\$50,400	\$63,000
4	\$56,000	\$70,000

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

- Must meet standard first mortgage criteria for credit and down payment
- Combined liquid assets (cash and equivalent, stocks, bonds and bank deposit, excluding retirement accounts) cannot exceed six months of PITIMI payments 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 Home Buyer Counseling Program

Eligible Property

- Residential properties located in a PDC Urban Renewal Areas (URA) subject to available funding; for maps of these areas visit www.pdc.us/nhp-ura
- Single-family units only, including condos and town homes
- Maximum purchase price not greater than the Federal Housing Authority (FHA) maximum loan amount, currently \$418,750

Loan Terms

- 4.00% simple interest per year with an Annual Percentage Rate of 4.08% (assumes a loan amount of \$50,000)
- 30-year loan forgiven once the term expires provided the borrower has maintained the property as owner-occupied for the life of the loan
- Maximum loan amount, 25% of the purchase price, including 5% of the purchase price (20% of DPAL) must be used for “immediate renovations” or to fund a “Home Improvement Fund”
- 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 plus accrued interest is due and payable
- Must be used in with a PDC-approved first mortgage loan
- \$350 loan origination fee; \$350 construction management fee; other third party fees apply

Home Improvement

To complete the required renovation borrower must choose between:

Immediate Renovations – A minimum 20% of DPAL and a maximum 50% of the after-improved value must be deposited in a PDC-controlled account to pay for improvements made within six months of loan closing; appraisal is based on an “after-improved” value; maximum Combined Loan-To-Value is 100%

Or

Home Improvement Fund - A minimum 20% of DPAL must be deposited in a PDC-controlled Home Improvement Fund; home improvement funds must be spent within 24 months of loan closing; appraisal is based on an “as is” value; maximum Combined Loan-To Value is 105%

**For more information call 503-823-3400,
e-mail nhp@pdc.us or visit www.pdc.us/nhp**



Your partner for home purchase, repair & renovation

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