

Own Your Own Program

Selection Process

November 6, 2009

The Portland Development Commission will be administering Neighborhood Stabilization Program (NSP) funds in the Own Your Own Program on behalf of the City's Portland Housing Bureau and Multnomah County. Based on the large volume of calls that PDC has received, the demand for the program easily exceeds the available funding. For that reason, PDC will use a weighted lottery system to randomly select the OYO homebuyers from all entries received.

PDC will accept OYO Entry Packets between the hours of 9:00 a.m. and 5:00 p.m. beginning Monday, **November 9 at 9:00 a.m.** until Monday, **November 30 at 5:00 p.m.** Once the process is closed no further packets will be accepted unless the pool is insufficient to allocate the funds budgeted for the program. In which case, PDC may elect (in its sole discretion) to extend or reopen the entry period, but this is unlikely.

To be considered for the OYO Program, a complete entry packet must be delivered to the Portland Development Commission (PDC) at 222 NW 5th Avenue in Portland by the above deadline. If the packet is mailed, regardless of when it is postmarked, it must still be stamped as received by PDC prior to the deadline. A complete submission packet must include all of the following documents:

1. A fully completed and signed OYO Questionnaire (which will be posted at <http://www.pdc.us/oyo>, November 9, 2009 by 9 a.m.)
2. Proof of current income for all adults in the household, such as one month of current pay stubs, 2008 W2's or award letters for all income earners in the household. If self-employed, provide copies of 2007 and 2008 federal tax returns and a current profit and loss statement for 2009.
3. A credit approval letter from a first mortgage lender for a 30-year fixed rate loan. The approval letter must demonstrate that the application has been fully underwritten including a credit approval, credit scores and the underwriter's signature.
4. Certification from the first mortgage lender that they can close a first mortgage loan with a second OYO loan and that the OYO loan meets their programmatic requirements.
5. A copy of the signed Uniform Loan Application (1003) that was submitted to the first mortgage lender.
6. A copy of the Good Faith Estimate and Truth in Lending Disclosure provided by the first mortgage lender.
7. Proof that the borrower has at least 1% of the purchase price in their own funds to purchase the home. Appropriate documents include bank statements (checking and savings account) and/or a gift letter from a family member.

FIRST MORTGAGE FINANCING TERM LIMITATIONS:

- To obtain the approval letter, applicants select a lender of their choice. The loan **MUST** be a 30 year fixed rate conventional, FHA, HUD 184, or VA loan.
- The interest Rate cannot significantly exceed the current market interest rate as determined by PDC.
- Loan fees cannot exceed a 1% loan origination fee, a 1% yield spread premium (if applicable) and cannot exceed \$1,000 in other direct lender or broker fees.

- Lenders need to confirm that their first mortgage underwriting guidelines will permit a Community Second up to 105% combined loan-to-value, or other limits imposed by the loan type they have selected.
- The total Debt-to-Income Ratio must be under 45% and the proposed house payment (PITI) must be no less than 30% of the household's gross monthly income.

When PDC receives a OYO Entry Packet it will be date stamped by the PDC receptionist or security guard to prove the package was received by the deadline, **5:00 p.m. on November 30**. The applicant will be provided a receipt documenting it met the submission deadline. **PDC will NOT accept electronic submissions of an entry packet by fax or e-mail.**

Prior to the first drawing, all the entries will be reviewed by PDC staff to determine which entry pool they fit into. The two types of entry pools are:

1. Low-income (80 percent of Median Family Income as adjusted for size) first time homebuyers (applicants who have not owned and occupied a home in the past three years); or
2. All other eligible entries.

All eligible entries will be sorted into these two different types and then assigned a sequential number.

When conducting the lottery PDC will:

1. Input the total number of packets for the two different types into [www.random.org's](http://www.random.org) Integer Generator and then the computer program will randomly generate a one column list establishing the order in which the numbered entries are to be offered OYO Funding in each of the two pool types.
2. Offer funding to the first six households on the list of randomly generated numbers for the pool of low-income first-time homebuyers (reading the numbers from top to bottom);
3. Then offer funding to the first two from the list of randomly assigned numbers for the pool of all other eligible entries in the same manner;
4. Repeat steps #2 and #3 three more times until a total of 32 entries have been selected to be offered OYO funding according to the schedule below. (This means there will be a total of 24 low-income first-time homebuyers and 8 other types of homebuyers selected by this process and ranked in the order they will be offered funding.)

The drawing will be held at 10:00 a.m. on Thursday, December 3 at the office of the Portland Housing Bureau located at 421 SW 6th Avenue Suite 500 in Portland. PDC and PHB reserve the right to conduct additional drawings in the event that the original 32 entries are not sufficient to fully allocate the amount of available funding. The selected OYO entries will be offered funding according to the following schedule:

80% Pool #	Other Pool #	May Submit an Offer to Purchase on or after
1-6	1-2	December 4, 2009
7-12	3-4	January 1, 2009
13-18	5-6	February 1, 2009
19-24	7-8	To be determined and subject to available funding

All households, other than the 32 selected entries, will be notified that they have **not** been selected for funding. Selection by this process does not guarantee the applicant is eligible or will receive an OYO loan. Any applicant who is found to have knowingly submitted inaccurate or fraudulent information will be immediately disqualified from the program.

The drawing shall be observed by a minimum of two staff persons from the Portland Housing Bureau (PHB) to observe PDC staff when conducting the drawing and to ensure it is done in a random and fair manner according to this established process. Interested persons and the general public may also attend the drawing to observe the process as well.

PDC will evaluate each entry selected by the lottery to confirm compliance with the OYO Program Guidelines and credit worthiness, and then will notify them that they have been offered the program funding. OYO Funding is subject to the following conditions:

- a. Submission of any additional documentation PDC may require to complete the OYO application package.
- b. Entering into an accepted purchase and sale agreement to purchase an eligible home within 45 days of the OYO award notification letter.
- c. Closing the first mortgage and OYO loan within 60 days of their accepted offer.
- d. Completing all required repairs within 90 days of loan funding.

This selection process will be conducted in accordance with federal, state and local fair housing laws and is an equal opportunity housing event. For more information about the selection process please contact Jon Gail at 503-823-3292 or by e-mail at gailj@pdc.us.

