

First-Time Homebuyer Programs in Portland



PDC's Neighborhood Housing Program
10/2008

PDC's Vision and Mission



Our **Mission** is to bring together resources to achieve Portland's vision of a diverse, sustainable community with healthy neighborhoods, a vibrant central city, a strong regional economy, and quality jobs and housing for all.

Workshop Agenda

Objective: To help you sell more homes!

- Common barriers and local solutions
- Below-market rate home loan programs
- Homebuyer assistance loans
- Federal tax credit programs
- Affordable homes for sale
- Partners/Next Steps/Documents



Why do you need to know this information?



- First-time homebuyers are still buying homes
- You need to stand out in order to land them as clients
- You've got to make a great first impression
- Many changes in lending programs and credit standards
- Increase your client's purchasing power and lower the cash they need to close

Who does PDC help purchase a home?



- First-time homebuyers, existing homeowners & builders
- Owner-occupied residences only
- Home loans in the city of Portland
- Focused on helping those who need our assistance
- Specialize in helping low and moderate income households
- Special assistance in the Urban Renewal Areas

First-Time Homebuyers Common Barriers-Local Solutions



- ***Have credit issues to resolve-***
Financial preparation courses, homebuyer coaching and counseling
- ***Don't know where to start-***
Homebuyer fairs, classes, counseling and workshops
- ***Can't afford a decent home-***
Down Payment Assistance Loan, JumpStart Loan, Limited Tax Exemption Program, non-profit homebuilders and Oregon Bond Loan
- ***Don't have enough cash to close-***
Individual Development Accounts, Down Payment Assistance Loan, low down payments loan options and seller assistance

Homebuyer Assistance Programs



City-Wide Programs

- Oregon Bond Loan
- Mortgage Credit Certificate Program
- PDC Community Renovation Loan
- \$7500 Tax Credit

Urban Renewal Areas Only

- Down Payment Assistance Loan (DPAL)

Meet Charode and Jenny Johnson



- Household of five; one income for the household
- Been renting at New Columbia; ready to buy a home
- Did not have a lot of cash to close; affordable purchase price was less \$200K or less
- Steady income with regular raises
- Good credit score
- Wanted to buy in North or North East Portland

The Johnsons get help to buy their first home!

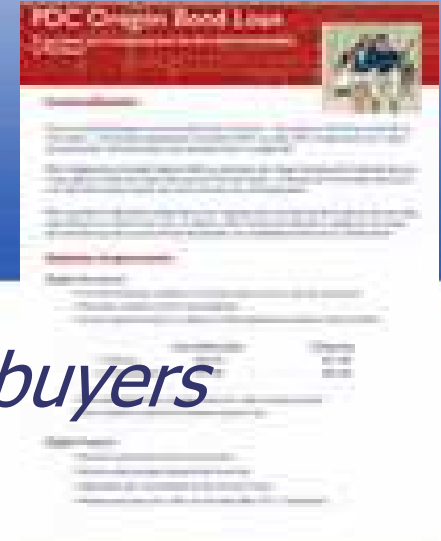


- Homebuyer workshop from African American Alliance for Homeownership (AAAH)
- Oregon Bond Loan-a below market rate (PDC)
- JumpStart Loan-temporary rate buy-down with Future Home Repair Fund (PDC)
- HOST Home-EarthAdvantage Home; \$5,000 grant
- Limited Tax Exemption Program-reduced property taxes



Oregon Bond Loan

A Below-Market Rate Loan Program



Eligible Homebuyers

- First-time homebuyer only or not owned for three years
- Primary residence (owner occupants)
- Income restrictions apply-

	1-2 Persons	3+ persons
Non-Targeted Areas-	\$79,190	\$91,068
Targeted Areas-	\$81,480	\$95,060
- Homebuyer education recommended – AAAH, Portland Housing Center or other HUD-approved program
- 3% down payment requirement; \$500 of own funds, rest can come from gift, grant, employer, etc.



Oregon Bond Loan

A Below-Market Rate Loan Program

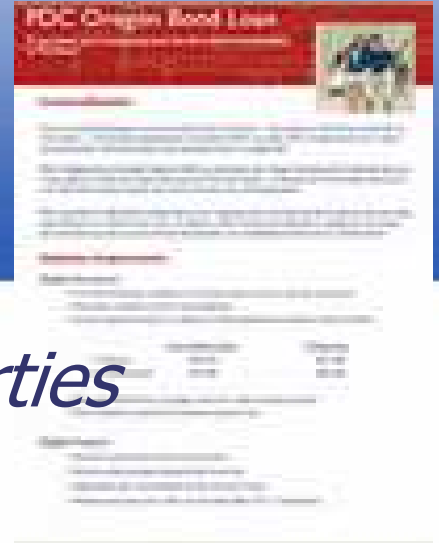


*Current Rates and
Terms as of 10/15/08*

- *RateAdvantage Home Loan* 5.75%
- *CashAdvantage Home Loan* option has been suspended
- 30 year loan term with fixed rates
- No prepayment penalty
- IRS Recapture tax may apply

Oregon Bond Loan

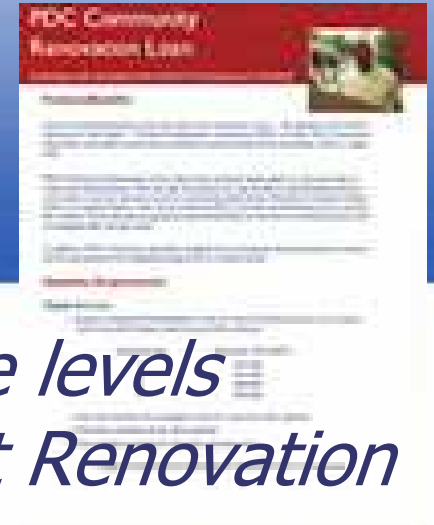
A Below-Market Rate Loan Program



Eligible Properties

- Single-family (1 unit properties) including condos & town homes
- Must be located in City of Portland (for PDC to be the lender)
- Purchase Price Limits-Non-Targeted Areas- \$361-125
 Targeted Areas- \$411,375
- PDC can finance fixer-uppers (purchase and renovation) with a minimum of \$5,000 in renovations
- Portland Community Land Trust homes are eligible for financing from PDC

PDC Community Renovation Loan



*For all income levels
with or without Renovation*

- Income restrictions, unless purchase is in an eligible FannieNeighbors area
- Maximum loan amount, \$417,000, single-family property
- Higher loan limits and down payment requirements for 2-4 units; one unit must be owner-occupied
- 3% minimum down payment
- Minimum renovation requirement, \$5,000
- LTV - 97% of the purchase cost or the "after-improved" appraisal, whichever is lower
- Homebuyer education required – PHC, AAAH or online class

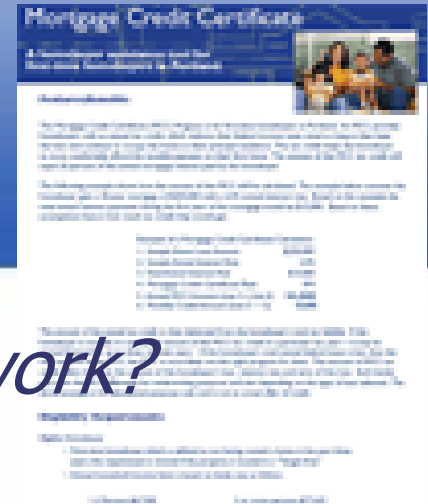
PDC has Construction Specialists to help!



The PDC Construction Specialist...

- Helps prepare a scope of work for the renovation project
- Advises your client about selecting a contractor
- Inspects the work in progress
- Processes progress payments to contractors
- Helps keep the project moving with clear communication between owner and contractors
- Conducts final inspection before last payment

Mortgage Credit Certificate Program



How does it work?

- Federal tax credit to reduce your federal tax obligation
- Tax credit is 20% of the annual mortgage interest for as long as you have the loan and occupy the home.
- Here is an example of how it works...

Loan Amount of \$200,000 at a 6.00% rate

\$12,000 interest paid in a year

x .20 (20%)

=\$2,400 annual tax credit

=\$200 per month

Mortgage Credit Certificate Program



Eligible Homebuyers

- First-time homebuyer (may not have owned a home in the past three years)
- Primary residence (must occupy the property)
- Income restrictions apply-

1-2 Persons	3+ persons
\$67,500	\$77,625
- Maximum purchase price is \$361,125
- Funding to help 100-125 homebuyers!



PDC's Homebuyer Assistance Loan Programs

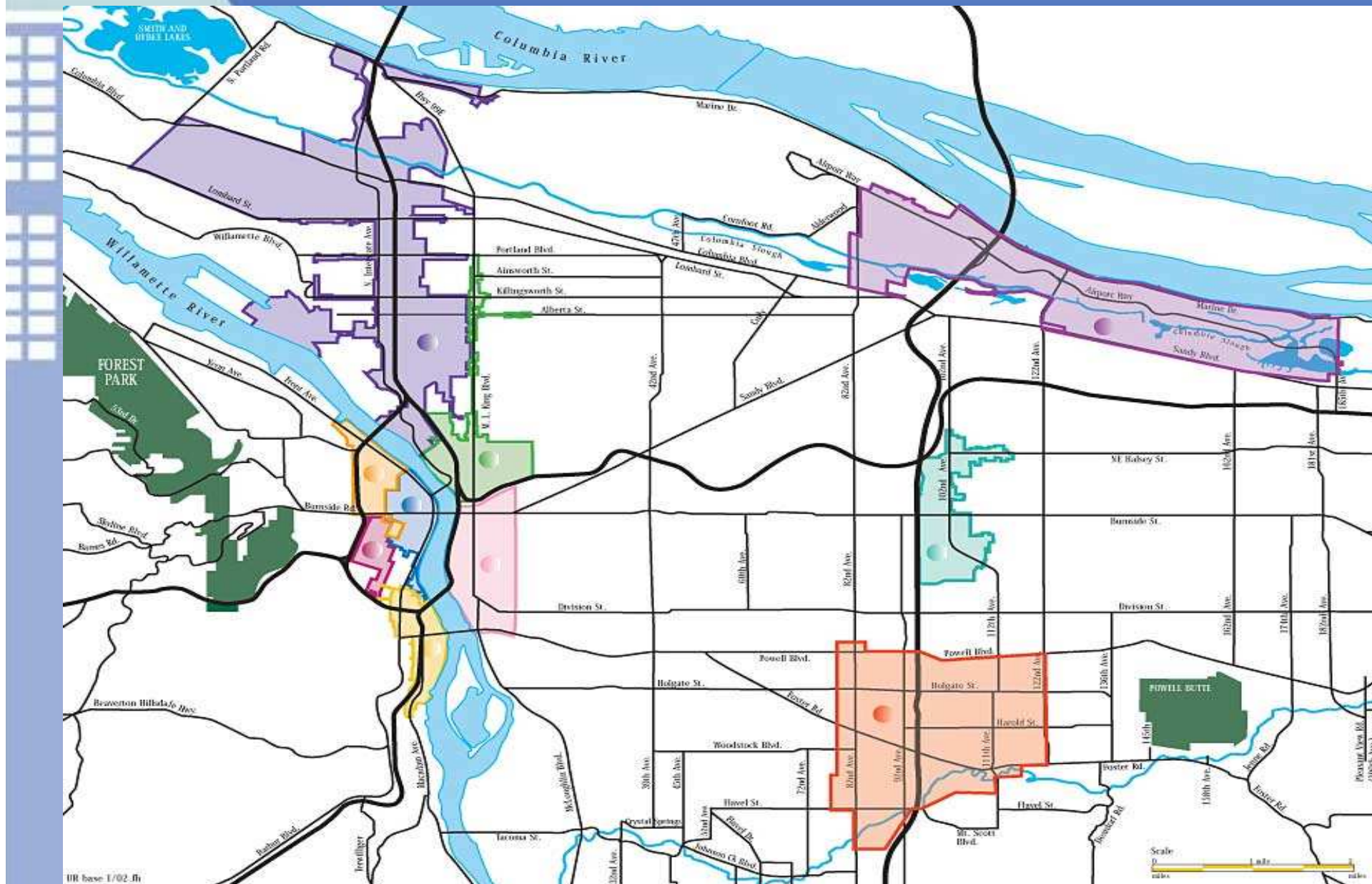
*Available only in five
Urban Renewal Areas*

Downtown Waterfront, Interstate Corridor, Lents
Town Center, Oregon Convention Center & River
District URA's

- Down Payment Assistance Loan (DPAL)


www.portlandmaps.com

PDC Urban Renewal Areas




Down Payment Assistance Loan

Overview of Eligibility and Terms

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- An illustration on the left side of the slide depicts a stylized landscape. It features a light blue mountain peak in the background, a green hillside in the middle ground, and two houses with dark blue roofs and light blue walls. To the left of the houses is a vertical blue bar with a white grid pattern, resembling a fence or a building facade.
- Must be located in one of the five PDC Urban Renewal Areas
 - Borrower must be occupy the home
 - 4% simple interest with no monthly payments
 - Second mortgage loans which are forgiven once term expires
 - Household Income Limits: 80% Median Family Income (MFI) ; 80-100% MFI must buy 3 or more bedroom homes
 - Renovation Required; may be either immediate or future renovations

Renovation Options

Two Renovation Options

An illustration in the top left corner shows a stylized landscape. It includes a green mountain peak, a blue sky, and two houses with dark blue roofs and light blue walls. To the left of the houses is a vertical blue bar with a white grid pattern.

#1 Immediate Renovations –Repair funds placed in escrow account to pay for improvements to be made within six months of closing; appraisal based on “after-improved” value

#2 Future Home Improvements –Repair funds placed in escrow account to pay for improvements identified after purchase and made within 24 months of closing; can borrow up to 105% CLTV; appraisal based on ‘as-is’ value



Down Payment Assistance Loan (DPAL)

A Homebuyer Assistance Loan Program

Gap financing & home repair funds

- Lowers the first mortgage loan to a more affordable amount – provides long-term affordability
- DPAL amount up to 20% of the sales price for gap financing; can eliminate the cost of mortgage insurance
- Gap assistance - difference between what income supports and total acquisition cost of property
- DPAL includes funds for immediate or future renovations (5% of the purchase price)





Down Payment Assistance Loan (DPAL)

A Homebuyer Assistance Loan Program

DPAL helps you increase your buying power!

Sales price of the Home	\$200,000
Down Payment Assistance Loan (20%)	-\$ 40,000
PDC First Mortgage Loan (only)	-\$160,000
Down Payment	\$0
DPAL-Home Repair Funds (5%)	\$10,000
Total Down Payment Assistance Loan	\$50,000

Down Payment Assistance Loan (DPAL)

Homebuyer Assistance Loan Program



- Second mortgage loan often used with Oregon Bond Loan
- 30-year term; forgiven after 30 years
- Maximum purchase price - \$418,750 (temporary, until 12/31/08)
- DPAL can be subordinated and assumed by qualified buyers
- Immediate or future home repair funds of at least 5% of purchase price



Other First-Time Homebuyer Programs

*Valuable Services
& Resources*

- New Single-Family Construction Limited Tax Exemption program
- Portland Housing Center-Mortgage Assistance Program (MAP 100)



Without
DPAL

vs. With
DPAL

\$200K Purchase Price
@ 5.75% Fixed Rate

■ 1 st Mortgage	\$194,000	\$160,000
■ DPAL	\$0	\$50,000
■ Monthly Payment	\$1,421	\$1,124
■ Payment difference	N/A	-\$297
■ Cash to close	\$10,611	\$3,837
■ Monthly Income (30%)	\$4737	\$3747
■ Annual Income	\$56,844	\$44,960

New Single-Family Construction

Limited Tax Exemption



- Designed to promote the construction of new single-family housing units in designated ***Home Buyer Opportunity Areas*** of Portland
- Exempts the value of a newly-constructed, single-family housing unit from property taxes for ten years
- Property owners are still obligated to pay property taxes on the assessed value of the land and any appreciation to the value of the land and the newly constructed unit
- Property taxes will be approximately 1/2 or 1/3 of their full amount for up to 10 years!

New Single-Family Construction

Limited Tax Exemption



- Household income no greater than 100% MFI for a household size up to four; adjusted upward for households of more than four, currently \$67,500
- Property located within a ***Home Buyer Opportunity Areas***
- Single-family dwelling unit must have its own tax account number
- Sales price not to exceed \$275,000
- Owner-occupied units only, condos allowed
- Homeowner must submit an application, pay \$500 application fee
- See the list of homes in your packet

Portland Housing Center MAP 80 or MAP 100



- Household income no greater than 80% MFI for any homes located in Multnomah or Washington County
- 80/20 combo offers 100% financing
- Loans up to \$50,000
- \$500 minimum down payment
- May be used with condos
- PDC is a participating lender with Portland Housing Center

Affordable Homes For Sale



- Host Development-Raymond Park, Crystal Springs and Helensview subdivisions
- Rose Community Development-Woodmere condos
- See full list of limited tax exemption properties
- See list of homes in Urban Renewal Areas

Upcoming Homebuyer Fairs



African American Homebuying Fair

Saturday, October 25; 10 am 2:30 pm;

Emanuel Hospital Medical Atrium; 501 North Graham

2008 Workshop Schedule



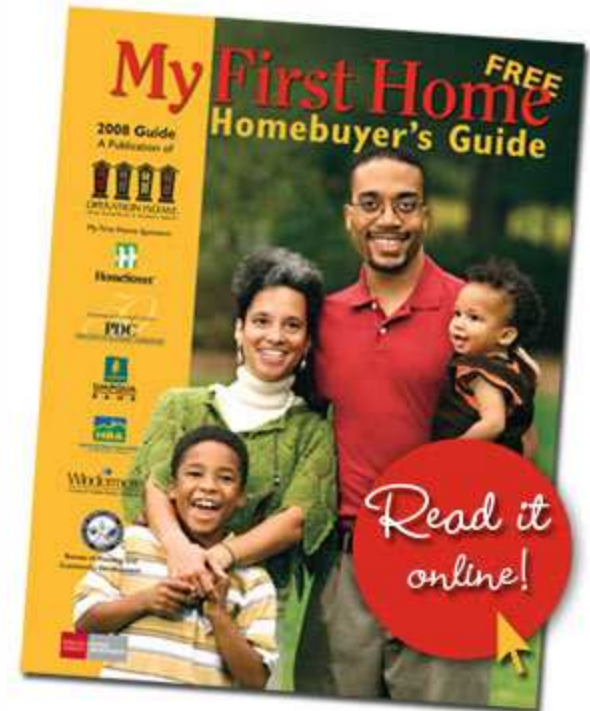
Lents Baptist Church 5981 SE 88th Ave, Portland
Thursday, November 13; 6 p.m. – 7:30 p.m.

Realtors are welcome to attend!

My First Home Magazine



- A brand new magazine to reach buyers and help them get mortgage ready
- Feel free to personalize it by attaching your business card or a letter
- Send it to your prospect list to as a way of keeping in touch with them
- Add a link on your web site www.myfirsthomepdx.com
- Use it to engage with customers at an open house or other events
- Call or e-mail me for more copies (gailj@pdc.us 503-823-3292)




What your clients will need to apply for a loan



Save these documents!

- Proof of all current forms of income, including 30 days of recent pay stubs
- 3 years of tax returns ('05-'07) with 2-years' W-2's ('06-'07)
- Checking and Savings Bank Statements– most recent month
- Most recent statements verifying all assets (stocks, bonds, IRA and 401K)
- Completed and signed loan application (1003)
- Signed copy of the earnest money and sale agreement with a copy of earnest money deposit

So here is what PDC can do for you!

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- An illustration in the background shows a stylized mountain range in shades of blue and green. In the foreground, there are several houses with dark blue roofs and light blue or white walls. To the left of the houses is a vertical blue bar with a white grid pattern.
- PDC's programs help your clients afford to buy a nicer home and increase their purchasing power
 - Help you sell fixers to first-time homebuyers
 - Finance necessary repairs the seller won't do
 - Help lower income clients who otherwise can't buy their first home
 - Help your clients tap all the available resources
 - Help you be a first-time homebuyer expert

PDC loan specialists are ready to help your clients.



For more information about PDC loan programs:

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Heidi Martin 503.865.2525 martinh@pdc.us

www.pdc.us/nhp





Thank You!

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