

“Welcome Home Beaverton”

Down Payment Assistance Program Guidelines

Interest Rate:

The “Welcome Home Beaverton” interest rate is 0%

Allowable Transaction Types:

Purchase of existing home (with or without property renovation). First mortgage minimum loan term is 15 years, and the maximum loan term is 30 years, fixed rate mortgages only

Eligible Borrowers:

- ✓ First Time Homebuyers. Must not own or have an interest in a real estate within the last 3 years prior to closing
- ✓ Borrower must be a current resident of the city of Beaverton prior to loan application
- ✓ Ineligible Borrowers: Investors are not allowed

Note: Employees of Portland Housing Center and their immediate family are not eligible for Welcome Home Beaverton. Public officials of the city of Beaverton and their relatives are not eligible for Welcome Home Beaverton mortgage assistance if participation in the program would constitute a violation of the Oregon Government Ethics law (ORS Chapter 244).

Occupancy Types:

- ✓ Owner occupied principal residence only
- ✓ No second/vacation homes
- ✓ No investment property

Previous Ownership Restrictions:

Cannot have an ownership interest in another residential property at the time of settlement on the new purchase. Vacant land parcels or lots are excluded from this restriction. Evidence of transfer of ownership is required, if applicable

Property Types:

Eligible: Single family (attached or detached), 2-4-unit, Condominium, Townhome, Co-Op, Land Trust

Allowable First Mortgage Types:

Eligible:

- Fannie Mae / Freddie Mac fixed rate financing – including renovation
- FHA – including 203(k)
- VA – 15 to 30-year fixed rate mortgages

- USDA Rural Development (RD) fixed rate financing
- Portfolio/State HFA fixed rate financing
- Conventional Portfolio or other Community Reinvestment Act (CRA) affordable lending fixed rate products

Ineligible

- Adjustable rate mortgages
- Negative amortization
- Terms exceeding 30 years
- No buy-downs

Maximum LTV/CLTV

Standard as per first mortgage product guidelines.

Note: Conventional Portfolio products or other CRA affordable lending programs combined loan-to-value ratio (CLTV) cannot exceed 105% for all products/programs. The total of all financing cannot result in cash back to the borrower. See the Cash Allowances section for exceptions.

Ratios:

- 45% back end ratio, higher ratios may be allowed on a case by case basis and if approved by primary lender.
- Residual income will be looked at on a case-by-case basis.

Income Restrictions:

Up to **100%** of Area Median Income (AMI) adjusted for household size for all transactions including: Conventional, VA, FHA, State HFA, Portfolio

Note: First mortgage portfolio loans and/or other down payment assistance programs may impose borrower or household income limits that are more restrictive than “Welcome Home Beaverton” limits, such as 80% AMI or 100% AMI.

Allowable Geographic Area:

[City of Beaverton based on city limits map](#)

Lien Position:

- “Welcome Home Beaverton” funds may be in any lien position on purchase transactions.
- “Welcome Home Beaverton” financing will only subordinate to new first mortgages in connection with eligible refinance transactions. See Allowable Transaction Types section.

Loan Term:

Fifteen-year, 0% interest loan with debt forgiveness to commence after the tenth year at a rate of 20% annually until 100% of the loan amount is forgiven. The prorated balance due is payable if the property is sold, refinanced, transfer of title or foreclosure within the first 15 years.

Note: The only exception is the refinance of the first mortgage to a lower interest rate or refinance due to death/divorce where one of the original borrowers remains in the property. No cash out to the borrower allowed. Funds that are “recaptured” will be returned to the pool of funds and made available for assistance to other qualified borrowers of the Welcome Home Beaverton down payment assistance program.

“Welcome Home Beaverton” Allowable Lender Fees:

\$35 Doc Prep fee*

Actual recording fee (based on loan) *

\$350 Settlement fee*

\$35 Wire fee*

3% Origination fee (3% of the “Welcome Home Beaverton” loan amount or a minimum of \$500; whichever is greater) *

\$50 payment set up fee*

\$50 loan set up fee*

\$280 reconveyance fee

*Only PHC fees may be financed. No other mortgage fees may be financed.

Homebuyer Education Requirements:

Buyers must complete through Portland Housing Center:

- A minimum of one pre-purchase counseling session prior to loan application;
- An 8-hour pre-purchase education; and
- Participation must be evidenced by an acceptable completion certificate.

Education may be completed in person, online or a combination.

Down Payment:

A minimum down payment of \$500 and must have 2 months’ PITI reserves

Assets:

May not exceed \$15,000 in liquid assets after closing (excluding retirement accounts). Exceptions considered on a case-by-case basis.

Assumable:

Not allowed

Prepayment Penalty:

Not Applicable; may be a requirement of the first mortgage loan program.

Deed Restrictions:

Not applicable; may be a requirement of the first mortgage loan program.

Mortgage Insurance Requirements (PMI/MIP):

Not applicable; may be a requirement of the first mortgage loan program

Minimum and Maximum Loan Amounts:

\$10,000 to \$50,000, depending on housing ratios (can be exceeded by financed 2nd mortgage closing costs.)

CLTV:

Maximum is 105%

Property Insurance Requirements:

Portland Housing Center must be named as a subordinate loss payee in the homeowner's insurance policy during the entire 15-year term of the "Welcome Home Beaverton" lien.

Note: This requirement does not apply to condos, co-ops or other properties where a single Master Policy covers multiple dwelling units in a development.

Flood Insurance Requirements:

Portland Housing Center must be named as a subordinate loss payee on the homeowner's flood insurance policy during the "Welcome Home Beaverton" lien.

Title Insurance Requirements:

The "Welcome Home Beaverton" lien does not require a lender's title insurance policy.

Property Rehab Standards:

Not determined by "Welcome Home Beaverton." May be a requirement of the first mortgage loan program, such as FHA 203(k).

Documentation Standards:

Full, substitute or alternative documentation for employment, income and assets only. Income documents are valid for up to 90 days.

Note: New income documents that are received prior to loan closing will be reviewed and evaluated for continued program compliance.

Minimum FICO Standards:

Based on first mortgage

Appraisal Standards:

A full appraisal is NOT required by the “Welcome Home Beaverton” lender (PHC). Lender (PHC) will request and review the following property valuation sections of the applicable appraisal to ensure that the property meets “Welcome Home Beaverton” program guidelines and that funds are not being inappropriately used to cover appraisal value gaps.

- Fannie Form 1004 - Uniform Residential Appraisal Report (Pages 1-3)
- Fannie Form 1073 - Individual Condominium Unit Appraisal Report (Pages 1-3)
- Fannie Form 1025 - Small Residential Income Property Appraisal Report (Pages 1-4)

Note: Fannie Mae HomePath or Freddie Mac HomeSteps transactions may not require an appraisal. The first mortgage lender is responsible for determining if an appraisal is required and for notifying the lender (PHC) if the transaction does not require one.

Household Income Limitations Analysis:

“Welcome Home Beaverton” funds are available only to eligible borrowers whose household income is equal to or less than **100%** of Area Median income (AMI) depending on the type of first mortgage loan program.

The lender (PHC) is required to collect and analyze household income documents in connection with “Welcome Home Beaverton” loan income documentation standards.

Note: The first mortgage lender is responsible for determining that its first mortgage loan program complies with any programmatic Area Median Income limit thresholds. Lender (PHC) is only responsible for income limit compliance with the “Welcome Home Beaverton” loan.

Procedures:

1. Loan Originator register customer for Portland Housing Center HomeBuying 101 Class. Online www.portlandhousingcenter.org. or Frameworks:
2. Customer must complete required PHC counseling and courses PRIOR TO DOCS.

Underwriting:

Executive Director or authorized signatory, has signing authority for all “Welcome Home Beaverton” loan approvals

Portland Housing Center

- Process loan applications within 72 hours of completed reservation form and application documents
- Update loan origination software (LOS) system to reflect lender submitted information.

- Prepare Real Estate Settlement Procedures Act (RESPA) documentation (Loan Estimate and Intent to Proceed, Loan Commitment, Mortgage Servicing Disclosure) for borrower.
- Email or meet with borrower within three (3) business days of preparation of RESPA documentation.
- Provide first mortgage lender with Approved Reservation within three (3) business days of down payment assistance approval.
- Await receipt of requested information or documentation from borrower as identified in the loan status commitment.
- Upon receipt of all requested information or documentation, prepare Closing Disclosure, request loan funds, prepare note, deed and final disclosures. Prepare escrow officer instructions and include request for HUD 1 Settlement Statement and return of legal documents with a verbal re-check (County Recorder's number for 2ND Trust Deed). Forward loan packet to title company with check for loan proceeds.

Prohibition Against Discrimination:

In accordance with provisions of the Equal Credit Opportunity Act, there shall be no discrimination on the basis of sex, marital status, age, race, color, religion, national origin, receipt of public assistance benefits, or the applicant's exercise of any of his or her rights under the Consumer Credit Protection Act. This applies to all aspects of the credit process, including application forms and procedures, standards of creditworthiness, record keeping and collection procedures.