



MANUFACTURED HOME REPLACEMENT LOAN PROGRAM—WILDFIRE RECOVERY

In 2019, the Oregon Legislature approved funding to help manufactured homeowners replace older, inefficient manufactured homes. In response, Oregon Housing and Community Services (OHCS) has developed a subordinate loan program to help qualified homeowners affordably replace their homes. Forgivable loans are intended to supplement other available manufactured home purchase resources.

In response to the September 2020 wildfires, OHCS expanded the replacement loan program to assist manufactured homeowners impacted by the wildfires. This wildfire-specific program will be run as a pilot in advance of launching a broader manufactured housing recovery program for wildfire survivors. Maximum loan amounts are an 'up to' amount and actual loan amounts will be based on determined need after financial counseling is complete and other recovery resources have been applied.

If you have questions or need additional information, please see the Frequently Asked Questions below or contact Chelsea.Catto@hcs.oregon.gov

Product:	Manufactured Home Subordinate Replacement Loan
Term:	10-year term. Forgivable. If the manufactured dwelling is sold before the 10-year homeowner occupancy period expires, the outstanding balance of the program loan shall be repaid upon sale of the manufactured dwelling unless: (a) the program loan is assumed by an eligible buyer who meets the minimum income restrictions with prior approval by OHCS, or (b) the remaining balance of the program loan is forgiven early by OHCS due to hardship at the sole discretion of OHCS.
Loan Purpose/Type:	Subordinate chattel loan for a new or used manufactured home purchase. If new, the home must meet energy efficiency standards. If used, the home must be 1995 or newer, meet minimum energy efficiency standards and undergo inspections required by OHCS
Interest Rate:	0%
Principal Payments:	No regular principal payments required
Loan Forgiveness:	The program loan balance at closing will be reduced incrementally by 1/120th each month and forgiven completely after 10 years of homeowner occupancy from the loan origination date.

Limits:

Maximum loan amount is \$50,000 for a single-wide and \$75,000 for a double-wide, unless a waiver to increase that amount is issued. Amount loaned will be based on the funding gap and applicants should apply for the actual amount needed for replacement.

Homebuyer Education:

All borrowers and co-borrowers are required to complete OHCS-approved homebuyer or financial counseling delivered through one of Oregon's homeownership centers or another organization prior to the closing date. Homebuyer education certificates are valid for twelve (12) months. Borrowers must be under contract prior to the expiration of the homebuyer education certificate. OHCS will help you locate an approved counselor.

Borrower Contribution:

There is no required minimum financial contribution. If the borrower obtains primary home financing to supplement the subordinate loan, the primary lender must be a Community Development Financial Institution or regulated financial institution, unless otherwise approved by OHCS. Primary loans must meet the following requirements:

- APR is no higher than 5 percentage points higher than the average prime offer rate.
- Borrower paid points in fees associated with the cost of the loan should not exceed 3 percent of the loan amount, whether financed or paid out of pocket.
- No prepayment penalties and no balloon payments.

Property:

New manufactured home that meets or exceeds the minimum standards of the Northwest Energy Efficient Manufactured Home Program (NEEM), including NEEM 1.1 and NEEM 2.0 specifications, or the equivalent. Used manufactured home 1995 or newer that meets or exceeds minimum energy efficiency standards (e.g. Super Good Cents manufactured homes). Used homes may be required to undergo an inspection prior to purchase and upon siting.

The home may be placed on land owned or purchased under a land sale contract by the individual borrower, or in a manufactured dwelling park that is registered with Oregon Housing and Community Services (OHCS) and has entered into a regulatory agreement with OHCS. For manufactured homeowners impacted by a natural disaster, the home may be placed in a privately-owned manufactured dwelling park, provided the borrower requests and receives a regulatory agreement waiver from OHCS. If the home will be placed in a park, you must demonstrate that you've received approval from the park owner to move in.

Borrower Eligibility:	Borrower must have owned a manufactured home that is being replaced. <u>The manufactured home must be the borrower's primary residence throughout the term of the loan.</u>
Income Eligibility:	Household income shall not exceed the greater of 100 percent of the statewide or local area median income adjusted for household size at the time the loan is approved. An income calculation will be based on the gross annual income shown on the most recent year's tax return or equivalent documentation. Incomes will be verified using HUD income limits, which can be found at this link: https://www.huduser.gov/portal/datasets/il/il2021/select_Geography.odn Choose either state or county calculations for Oregon under Individual Income Limits.
Security:	The loan will be secured by a recorded or filed security interest which can be subordinated.
How to Apply:	Please reach out to Chelsea.Catto@hcs.oregon.gov for an application. Please <u>do not send</u> sensitive personal information, such as a social security number, with the application.

Frequently Asked Questions

- Q:** If I'm approved for a forgivable loan, will I receive the money directly?
A: Funding will be paid directly to the seller of the home or contractor responsible for installation.
- Q:** If approved, how soon will the funds be available?
A: If your application is approved, you will receive a Commitment Letter which outlines the final conditions that must be met before funds are released. Funds will be reserved for you for 12 months (extensions will be granted on a case-by-case basis), giving you time to meet all of the required conditions. Funding won't be released until you have secured the remaining funds to purchase your replacement home.
- Q:** Is there a credit check or minimum source of income required?
A: Because this is a forgivable loan with no payments required, there is no credit check and no minimum income required. However, you will be expected to enter into a loan agreement with OHCS and there will be a lien placed on the home until your loan has been completely forgiven. Other lenders you may use might require a credit check.
- Q:** How do I know if my annual income is too high to qualify?
A: Once you submit your application, we will use the link above to verify that your household income is not over the limit. Before a commitment letter is issued, we will request income documentation (you do not have to submit documentation until requested).
- Q:** Do my savings or retirement funds have to be used before I qualify?
A: Retirement funds or savings that you had prior to the natural disaster are not considered recovery-specific resources and wouldn't have to be used before qualifying (unless you choose to). Insurance payouts, FEMA funds, SBA loans and disaster-specific grants/donations would be considered recovery-specific resources.