

Seven Reclaimed Portland Homes Available For Ownership At PDC'S Homestead Open House

Seven homes in Portland neighborhoods will be offered to lower-income residents at the upcoming Homestead Open House on Sunday, May 5, 1991, from 1:00 to 4:00 p.m. The Portland Development Commission (PDC) administers the Portland and Urban Homestead Programs, which provide home ownership opportunities to those who otherwise might not be able to afford their own home. The programs provide a significant tool to help the city reclaim vacant and abandoned housing, while encouraging neighborhood revitalization and stability.

Through the homestead programs, PDC acquires vacant homes in need of repair and transfers them to qualified Homesteaders. In turn, Homesteaders agree to make necessary repairs before moving in, accept a low-interest PDC home repair loan and live in the house for a minimum number of years. There

is no down payment involved in becoming a Homesteader. Homesteaders pay a one-time charge for taxes and insurance of \$500. Monthly payments on the home repair and acquisition loans average \$350, including taxes and insurance.

The Portland and Urban Homestead programs are almost identical. One of the differences is the residency requirement which is five years under the Urban Homestead Program and three years under the Portland Program.

Each of the seven homes to be offered May 5 will be open between 1:00 and 4:00 p.m. Potential Homesteaders must visit each home in which they are interested to be considered for ownership. PDC will hold a random drawing for each home and will notify those whose names are selected. PDC advisors will be at each home and will notify those whose names are selected.

PDC advisors will be at each home to answer questions during the open house. The addresses of the homes being offered are:

- * 716 N. Webster, 2 bedroom
- * 3921 N. Borthwick, 2 bedroom
- * 4135 N. Mallory, 2 bedroom*
- * 8515 N. Curtis, 2 bedroom
- * 4538 N.E. 6th, 3 bedroom
- * 4911 N.E. 11th, 2 bedroom*
- * 1433 N.E. Portland Blvd.,
- * Urban Homestead homes requiring residency of five years

Individuals interested in being added to the mailing list for Homestead Program offerings should call PDC's eastside Office at 823-3422 between 8:00 and 5:00 p.m., Monday through Friday.

Portland Development Commission is the City's agency for urban renewal, housing, and economic development.

Billions Available For Home Repair Grants And Subsidized Loans

Most homeowners are unaware that regardless of their income there are Federal, state and local programs that will help them repair and remodel their homes.

Government at all levels recognizes that neighborhoods are the basis of life in our country. When a neighborhood deteriorates, many things happen both physically and socially. Homes that are shabby seem to make a neighborhood more attractive to crime and criminals. An area in decline is like a spreading cancer. As homes become rundown and in need of maintenance, the residents lose their desire to keep up the neighborhood. Streets become receptacles for trash, schools lower their standards and very quickly the selling price of homes in the area drops sharply. This accelerates the cycle of degeneration.

In order to keep and maintain the nation's housing and neighborhoods, government at all levels have programs to give homeowners money (that does not have to be repaid) for repairs or to lend them money at below market levels or at no interest. In many areas utility companies will do energy conservation work free or at low cost and in other places will lend homeowners money at no interest to pay the contractor of

their choice for the necessary work. In addition there are tax incentives to promote efficient energy use.

These programs are not restricted to low-income people, slum areas or urban neighborhoods. Owners of single or multi-family dwellings are eligible for some programs regardless of income. Most of the loans offer long terms and low payments.

Some of the other home improvements covered under these programs are: attic and wall insulation, new windows, outerwall siding, security doors and locks, window guards, sidewalks and masonry work, bathrooms and kitchens, electrical and plumbing work, new roofs, gutters or down spouts.

Consumer Education Research Center, a national non-profit consumer group, had just published CONSUMER GUIDE TO HOME REPAIR GRANTS AND SUBSIDIZED LOANS, a 208-page book which lists over 8,500 sources of loan and grant programs offered by all levels of government, utility companies and others, typical programs offered and eligibility requirements. Form letters for inquiries to these loan and grant sources are included as well as detailed instructions on determining your debt-to-income ratio for eligibility. The

book can be obtained for \$10.95 plus \$2 shipping and handling from CERC GRANTS, 350 Scotland Road, Orange, NJ 07050 or by calling 1-800-USA-0121 for credit card order.

Robert L. Berko of CERC, tells us, "Some of these programs have no income ceiling and others allow income of as much as \$100,000 per year. There are even programs for which tenants are eligible and many allow loans or give grants to poor credit risks. One of the authors of this book received a \$5,000 N.J. grant plus a \$4,000 interest free loan from his utility company. In many areas, people with disabilities can receive grants to pay for needed repairs such as access ramps and widening of doorways."

Since it is important that the work be done properly, the book describes in detail how to pick a reputable contractor, negotiate a contract and insure that work is done properly and for a fair price.

For more information about CONSUMERS GUIDE TO HOME REPAIR GRANTS AND SUBSIDIZED LOANS Contact Robert L. Berko, CERC, 350 Scotland Road, Orange, N.J. 07050 (201) 676-6663 or outside N.J. 800-872-0121.

Real Estate Today Examines Assumability Of FHA Mortgages

Changes in the assumability of single-family mortgages insured by the Federal Housing Administration (FHA) must be understood by both sellers and buyers, to avoid unwelcome surprises before a home sale is closed, according to an article in the March issue of Real Estate Today, published by the National Association of Realtors.

The U.S. Department of Housing and Urban Development (HUD), which operates FHA, has made assumability very complex, according to "FHA Assumptions: Unraveling the Rules." Through 1986, assumption of FHA-insured loans was relatively hassle-free, leaving sellers with virtually no further obligations for the loans they were passing on, and requiring no qualification for the buyers assuming them. However, since then, HUD has tightened the assumption process, including liability for sellers and credit scrutiny for assumers.

"The rules have caused confusion and consternation," says John R. Krause, author of the article. A thorough understanding of the changes is just as important for sellers as it is for the people who will be assuming the sellers' FHA mortgages, he notes. Although it is harder to assume FHA-insured loans now than in years past, assumability can be an attractive feature, since most conventional loans are not assumable.

HUD divides its treatment of FHA assumptions into three categories separated by different factors—loans closed before Dec. 1, 1986, loans closed between that date and Dec. 14, 1989 (this group contains two subgroups, one containing loans with property appraisals before Feb. 5, 1988 and, loans originated on or after Dec. 15, 1989, for which either a property appraisal or a conditional HUD commitment has been made.

Loans closed before Dec. 1, 1986

are fully assumable without qualification by owner-occupants or investors. Although sellers in this category technically remain liable for loan repayment after the loans are assumed, HUD as yet has not taken action against sellers in the event of loan default by the assumer.

For the time period between Dec. 1, 1986 and Dec. 14, 1989, assumer qualification is required if the loan being assumed was initially originated for an investor within the previous 24 months. Under this requirement buyer qualification expires Dec. 14, 1991. Buyer qualification for loans initially originated for owner-occupants is no longer required. It expired on Dec. 14, 1990.

In cases involving assumptions by non-owner-occupants, a minimum amount of equity, usually in the form of a down payment, is required to release the seller from liability for the loan. For investor assumptions dated before Feb. 5, 1988, equity totaling 15 percent is required. For those dated on or after

Feb. 5, 1988, 25 percent equity is required. If the property will be used as a secondary residence rather than for investment purposes, assumers must have 15 percent equity in the property.

One way for sellers to be released from loan liability is to obtain an agreement from the buyer for novation, which involves the buyer taking over sole obligation for repayment of the debt, the article notes. Sellers in the December 1986-December 1989, are limited to owner occupants who are qualified; no investor assumptions are permitted. Unless the buyer agrees to novate, the seller shares loan liability with the buyer for the life of the loan.

In situation involving loans dated before buyer qualifications became a requirement, the seller should attempt to have the buyer qualified anyway, the article notes. If the buyer does not or

will not qualify, the seller may still permit, it the assumption to take place, but should consider action to cut his risk of liability, the article says. One way is for the seller to loan the buyer part of the purchase price (called a seller "carryback"). Payments on both the carryback and the loan assumed by the buyer should be made at the same time. The key to a carryback is a provision stating that if the buyer defaults on the assumed mortgage, he would also be considered in default on the carryback. "The carryback, structured in this manner, enables sellers to know as soon as the FHA loan is in default and to initiate prompt action to maintain control," Krause says.

If buyer qualification does not occur and a carry back is not offered, the seller may elect to examine the buyer's credit before the assumption takes place. However, credit reports may be dated or incomplete, omitting such information as previous seller-financed mortgages or utility payments. It is wise for the sellers to have the buyers fill out a formal credit application, thus initiating a credit update by the reporting agency, the article notes.

Like FHA, the Department of Veterans Affairs has also changed the assumability of home loans it guarantees, the article notes. DVA requires qualifications for assumers of loans originated on or after March 1, 1988. No qualification is required for those assuming mortgages originated before that date.

Real Estate Today is published monthly, except in February and December.

The National Association of Realtors, the nation's largest trade association, is the voice for real estate, representing more than 800,000 members involved in all aspects of the real estate industry.

City Of Portland Energy Office And Pacific Power Team Up To Weatherize North Portland Apartment Complex

A new cash rebate for weatherization offered through the City of Portland Energy Office by Pacific Power is making it possible for the City to assist in extensive weatherization of a North Portland apartment complex. Long known for its drug and crime related problems, the apartment complex once called Kerby and Borthwick Square, at 4061-69 N. Kerby and 4004-68 N. Borthwick has new owners, a new name; Colonial Park Apartments, and new hope.

Pacific Renaissance Inc., began work last month to rehabilitate and weatherize its newly acquired 48 unit, colonial style apartment complex. "I'm excited that the energy Office is working in partnership with Pacific Power to make a significant impact on the revitalization of our north and northeast Portland neighborhoods", says Mike Lindberg, Commissioner-in-Charge of the Portland Energy Office. In March, 1987 the City's Bureau of Buildings boarded up the complex on recommendation from police and fire authorities. Half the units are now occupied and the others still vacant with boards over the windows and doors.

The new owners do not hesitate to say it's financial incentives offered by Pacific Power, through the Portland Energy Office, that are making the extensive weatherization of Colonial Park possible. The Portland Energy Office offers comprehensive weatherization assistance to owners of multi-family buildings. Assistance includes consultation on financial incentives: cash re-

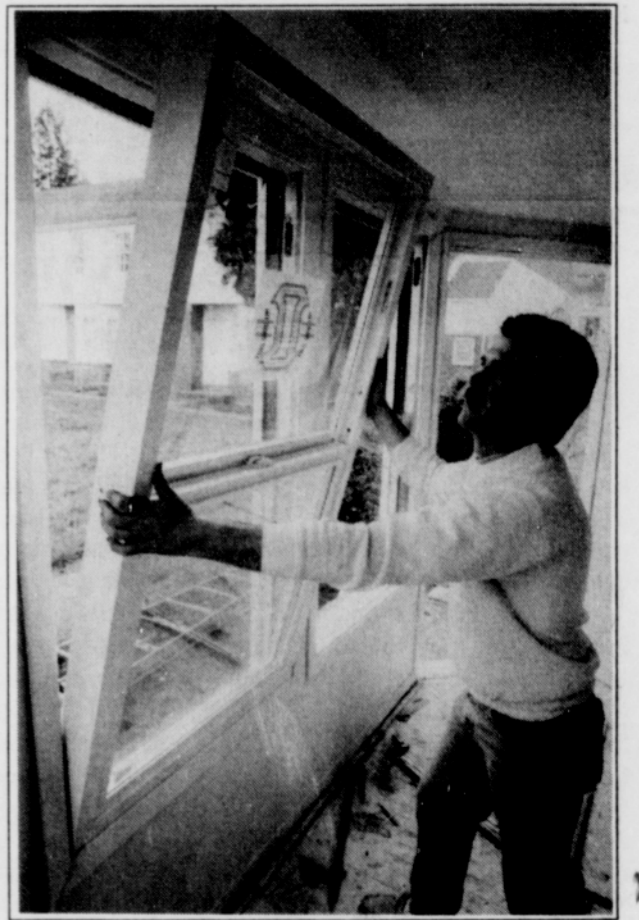
bates, loans and tax credits, available to owners from utilities, local banks and the State of Oregon.

The new "Low Income Weatherization Rebate" program, offers property owners up to \$1,000 for each low income apartment unit they fully weatherize. An additional cash rebate of 28.87% is offered by Pacific Power as a pass-through of the State of Oregon's Business Energy Tax Credit. The financial incentives will save Pacific Renaissance Inc., up to 68% of its weatherization costs.

The weatherization work at Colonial Park will include replacing 44 old single pane windows with energy efficient insulated windows, insulating the attics, walls and floors, and wrapping the hot and cold water pipes.

Tenants of the newly renovated Colonial Park will be the ultimate beneficiaries which are comfortable and energy efficient.

The Portland Development Commission is participating in the project by offering a \$120,000 Investor Rehabilitation Loan. The 3% loan will pay



for a portion of the \$270,000 rehabilitation package and will be matched with private funding. Rehabilitation plans include a new roof and gutters, new interior and exterior paint, new doors, installation of new heating and electrical systems, interior improvements such as carpet and tile, and removal of abandoned oil tanks, along with landscaping and security lighting.

First Interstate Bank's Community Lending Center

Making the dream of home ownership reality.

Whether you're just dreaming of owning a home or you're ready to buy, First Interstate Bank's Community Lending Center is here to help.

At the Community Lending Center, we place a special emphasis on first-time home buyers and the programs available to them. And we offer a step-by-step approach to home ownership.

First, we'll help you evaluate your personal finances and counsel you on how to prepare to buy a

house. When you're ready to buy, we'll help you find the loan that best meets your needs. And we'll continue to offer support and education even after your home loan closes.

So if you're dreaming of buying a home, come to the Community Lending Center. Where we'll help you make your dream reality.

Community Lending Center
5730 NE Martin Luther King Jr. Blvd.
Portland, Oregon 97211 • 225-3751



The Community Lending Center helps every step of the way.

The loan you want—the service you deserve.

First Interstate Bank



\$1000 CASH BACK PER APARTMENT UNIT



Weatherize, increase resale values and save money doing it! The Portland Energy Office and Pacific Power & Light have a new weatherization rebate program for apartment owners with low income tenants. Rebates for installing storm windows, insulation, caulking and other energy saving measures can exceed \$1000 per unit. For more information on the Low Income Weatherization Program or other apartment weatherization rebate programs, call Nancy Wood in the Energy Office, 796-7033.

Helping Oregonians Stay Warm

Customer and employee donations to Portland General Electric's (PGE) 1990-91 Project HELP campaign are up 10 percent over last year.

As of March 15, some 12,393 employees and customers have contributed \$284,098 to Project HELP, an emergency fuel assistance fund created in 1982 to help needy families pay their winter fuel bills. PGE shareholders contributed an additional \$40,000 to kick off the campaign in November.

So far this year, Project HELP has helped some 1,953 low-income families stay warm. Last year, the fund assisted 3,037 Oregonians. Project HELP funds are available to qualifying customers regardless of fuel source. Payments are made directly to the customer's fuel supplier.

Anyone wishing to contribute to the fund can send their tax deductible contribution directly to The Salvation Army, P.O. Box 5080, Portland, 97208.

Contact: Roxanne Bailey, Public Information Representative 464-8466.