



**CLACKAMAS COUNTY DEVELOPMENT AGENCY  
NORTH CLACKAMAS REVITALIZATION AREA (NCRA)  
OWNER-OCCUPIED HOUSING REHABILITATION PROGRAM  
REHAB PROCESS**

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*This information is designed to guide you through the rehabilitation process and give you an idea of what to expect. Please read all the information. It would be impossible to list all of the program rules and regulations here so please call 503-655-8591 or 503-742-4324 if you have any questions or concerns.*

1. **APPLICATION:** We will use the information on the loan application and other requested information to determine if you qualify for a loan. *Please complete and sign all forms! Include loan and account numbers, addresses, and all other information requested.*
2. **PRELIMINARY ELIGIBILITY:** It will take approximately 4-6 weeks to determine your preliminary eligibility for this program. We will notify you in writing. If eligible, the letter will state the maximum loan amount and the name of the Rehab Advisor who will assist you with the construction process.
3. **GETTING READY FOR YOUR INSPECTION:** When you receive the preliminary eligibility letter, call your Rehab Advisor to arrange for the initial property inspection. Suggestion: make a list of questions you may have and the repairs you would like to have done to discuss with your Rehab Advisor. The Community Development Division provides Rehab Advisor services to the NCRA Housing Rehab Program through an agreement with the Development Agency.
4. **PROPERTY INSPECTION:** Your Rehab Advisor will talk with you about the program and will conduct an inspection of your property to determine if the proposed rehabilitation is economically feasible for the property. Homes built prior to 1978 may need to have a lead paint hazard evaluation.
5. **WORKLIST CONFERENCE:** Your Rehab Advisor will prepare the specifications and bid packets for the work, then meet with you to go over the proposed work.
6. **CONTRACTOR SELECTION:** We ask that you choose at least three contractors to bid on your job. Contractors must be licensed, bonded and registered with the Oregon Construction Contractor's Board. The Community Development Division maintains a list of contractors who have expressed an interest in working with the program. This list is for your convenience only and does not represent a recommendation or an endorsement by the County or Development Agency.
7. **BID CONFERENCE:** Your Rehab Advisor will meet with you and the contractors you have chosen to discuss the proposed work and review the bidding procedure. Study each bid you receive for completeness, accuracy and cost. Choose the contractor you feel will deliver the best quality of work for the money. We strongly advise you to check references. The chosen bid must be within 10% of the County's estimate.
8. **LOAN APPROVAL:** After satisfactory bids are received and your financial data has been updated, if necessary, your loan will be submitted for final loan approval. This will take approximately two weeks.
9. **LOAN CLOSING:** Loan closing papers will be signed after final loan approval. We will call you to schedule an appointment. Your loan documents must be signed, recorded and the insurance binder received prior to construction starting.
10. **PRECONSTRUCTION CONFERENCE:** Your Rehab Advisor will meet with you and the contractor at your home to finalize all construction details. You and the contractor must sign a construction contract and then work may begin.
11. **CONSTRUCTION:** As the homeowner you are expected to monitor the construction. Your Rehab Advisor will also monitor the work on a regular basis. **All changes to the specifications must be in writing and pre-approved by the Rehab Advisor and the Development Agency.**
12. **PAYMENTS FOR CONSTRUCTION:** Progress payments are made after your Rehab Advisor has inspected and approved the work. Checks are made payable to you and your contractor.
13. **FINAL INSPECTION:** Your Rehab Advisor will conduct a final inspection to make sure all of the work is completed according to the contract. Your contractor will give you inspection certificates, lien waivers, and material and labor warranties.

(OVER)

## OTHER IMPORTANT INFORMATION

**CREDIT REPORT:** To qualify for this program you must have good credit. Your signature on the Loan Application gives us permission to obtain a credit report and to review your credit history as part of the loan approval process. Unpaid judgments, liens or collections must be paid prior to loan approval or we must have proof that you are making regular payments under a payment plan. There can be no late payments on your mortgage within the last 12 months or bankruptcies within 3 years. You may send a written explanation with your application regarding any credit history flaws.

**EQUITY:** The maximum loan-to-value ratio is 90%. You must have sufficient equity to cover the amount of our lien plus any other liens against the property. If the County Assessor's Real Market Value does not indicate sufficient equity for a loan, you have the option to obtain a **Full Residential Real Estate Appraisal by an Oregon Licensed Appraiser**. If you decide to obtain an appraisal, you will need to pay for it up front. If your loan is approved and you provide a paid receipt, we can include this cost in your loan. We would reimburse you after final loan approval.

**NOTE: Equity requirements do not apply to Single Purpose loans for a health or safety item.**

**FIRE INSURANCE:** You must submit proof of fire insurance on the property when you submit your application. After loan approval, your agent will need to provide evidence that the Clackamas County Development Agency has been added to your policy as a "loss payee or mortgagee". We have a form for this purpose.

**INCOME:** Gross income from all sources for every household member 18 years of age or older, except for full-time students ages 18-25, is counted, verified and documented. Proof of full-time student status may be required. You must have sufficient income to support your mortgage payment and all house-related debt. There are no exceptions to the income limits.

**LOAN FEES:** Loan fees, typically in the amount of \$250-300, will be added to your loan for a title report / policy. There are no out of pocket expenses or other charges unless you need an appraisal.

**LOAN TERMS:** For owner-occupied housing rehabilitation loans you must reside in the property as your principal residence. Current rates are zero- (0%) or three- (3%) percent interest depending on your income. Loans are due upon sale, death, transfer of title, change of use/occupancy, or refinance.

**PROPERTY TAXES:** Property taxes must be current *before* loan approval. Deferred property taxes are considered current. Installment payments in thirds are acceptable if the taxes are paid when due. You may submit your application to have your preliminary eligibility determined prior to paying any past-due property taxes.

**SECURITY:** Loans are secured by a Development Agency Home Repair Lien or Deed of Trust.

**ASSET LIMIT:** There is no asset limit; however, all income from assets is counted as income.

**ASSUMPTION or SUBORDINATION:** The Development Agency will not subordinate unless all criteria are met. Loans are not assumable.

### **MORTGAGES & LAND CONTRACTS:**

- **BALLOON PAYMENTS or PRE-PAYMENT PENALTIES:** Mortgages or contracts with balloon payments or pre-payment penalties will not be considered for Clackamas County Development Agency loans.
- **LAND SALE CONTRACTS:** If you are buying your property on a contract you must obtain the consent of the contract seller. The contract seller must have legal title. We have a consent to lien form.
- **REVERSE or INTEREST ONLY MORTGAGES:** Properties financed with reverse or interest-only mortgages are generally not eligible.

**FUNDING SOURCE:** Urban renewal funds (primarily tax increment finances for the North Clackamas Revitalization Area) are the primary source for Development Agency loans.

*Note: The Development Agency may modify criteria to more effectively meet the urban renewal goals of the North Clackamas Revitalization Area Plan.*

*Our goal is to process your application as quickly and efficiently as possible.  
Your cooperation and participation will help.*

***If you have any questions, please call us at 503-655-8591 or 503-742-4324.***