



Affordable Housing by YouthBuild



Frequently Asked Questions

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This Frequently Asked Questions document (this “FAQ”) answers questions concerning Heart of Oregon Corps, Inc. (“Heart of Oregon”) and its YouthBuild program. It also provides background information regarding Heart of Oregon’s construction and sale of the 1,170 square foot three-bedroom, two-bathroom, single-family affordable home in the community of Prineville, Oregon (the “Home”).

1. What is Heart of Oregon?

Heart of Oregon is an Oregon nonprofit corporation based in Central Oregon. Heart of Oregon provides job skills, education, and leadership training to over 300 local youth (ages 16-24) per year. At Heart of Oregon, youth join crews and complete certain “community” projects, including wildfire fuel reduction, affordable housing construction, recycling and litter collection, and trail-building. Through labor-intensive service, youth earn wages, college scholarships, and work toward educational goals, including graduating high school, earning a GED, or starting college. Heart of Oregon’s sustainable model is centered on contracted “fee-for-service” projects, which allow youth participants to receive job training while helping raise revenue to pay for their programming and wages.

2. What is the YouthBuild program?

YouthBuild is one of Heart of Oregon’s six youth development and workforce training programs. The YouthBuild program offers local young people the opportunity to learn valuable job skills and pursue their GED, high school diploma, and/or college credits, while giving back to their community by building affordable housing. YouthBuild members are primarily from Prineville, Redmond, Sisters, Madras, and Warm Springs.

3. Who is building the Home?

The Home will be built by Central Oregon youth as part of the YouthBuild program. Youth will work under the training and direction of Heart of Oregon’s qualified construction staff. Heart of Oregon is a licensed, bonded, and insured contractor (CCB No.: 188805) and has built or rehabbed 26 single-family homes through its YouthBuild program.

4. Who is purchasing the Home?

The Home purchaser will not be selected until October 2019. As discussed in more detail below, Heart of Oregon will select the purchaser through a nondiscriminatory application and random selection process (i.e., a lottery system). The random selection process is intended to ensure that all eligible applicants have an equal opportunity to purchase the Home. Individuals and families that meet the eligibility requirements discussed below are encouraged to apply to participate in the lottery.

5. What are the eligibility requirements to participate in the lottery for the Home?

An applicant to purchase a home constructed by the YouthBuild program must meet the definition of “low-income” and/or “homeless” as those terms are defined under applicable federal regulations. An applicant’s eligibility will be determined at the time of sale of the Home. A “low-income family” means a family whose income does not exceed 80% of the median income for the area, as determined by the Secretary of Housing and Urban Development. The low-income thresholds for Crook County in 2019 are contained in the following chart:

Crook County, OR								
Income Limit	1-person	2-person	3-person	4-person	5-person	6-person	7-person	8-person
FY2019 Low-Income Limits	\$32,240	\$36,800	\$41,440	\$46,000	\$49,680	\$53,360	\$57,040	\$60,720

**The limits contained in the chart above were last updated in April 2019.*

Also, no applicant may be a member of more than one low-income family submitting an application. Thus, Heart of Oregon will accept only one application from any one low-income family. In addition, Heart of Oregon board members and staff employees are not eligible to apply.

6. What is the Home’s purchase price?

Heart of Oregon intends to sell the Home at the reduced price of \$165,000.00 to facilitate the purchase of the Home by an eligible applicant. The Home has been preliminarily appraised at approximately \$220,000.00 as of May 2019.

7. How will Heart of Oregon select the Home purchaser?

As mentioned above, Heart of Oregon will randomly select the Home purchaser from eligible applicants through a lottery system in October 2019. Heart of Oregon will conduct the lottery by pulling names from a bin, one by one, giving each eligible applicant a numerical rank based on the results of the lottery pull. The Home will then be offered for sale based on rank number. If for any reason the No. 1 ranked applicant fails to timely purchase the Home, the No. 1 ranked applicant’s opportunity to purchase the Home will terminate and the No. 2 ranked applicant will be offered the opportunity to purchase the Home. This process will continue until the Home is purchased by the then-highest ranked applicant.

8. How can I apply for the lottery?

First, obtain and review a “Heart of Oregon Corps, Inc. – Project Summary and Lottery Application Packet – Prineville YouthBuild Project.” Then, submit a completed application to Heart of Oregon on or before September 13, 2019 along with all required information and/or documentation, including, without limitation, a mortgage pre-qualification letter. There is no application fee. You will also need to attend at least one project informational session. Tentative times and dates for each session are identified below and will be posted on Heart of Oregon’s website.

9. If I am offered the opportunity to purchase the home, what are the conditions to the sale?

The applicant-purchaser must meet the eligibility requirements described above, including, without limitation, the low-income thresholds for Crook County. To this end, an applicant will be required to submit to Heart of Oregon evidence sufficient to establish the applicant’s eligibility.

Also, the applicant-purchaser must enter into all necessary closing documents, including, without limitation, an affordability covenant, a shared appreciation agreement (discussed below), and a trust deed to secure the homeowner’s compliance with the affordability covenant and a shared appreciation agreement. The applicant-purchaser must also pay Heart of Oregon the earnest money (\$100.00) and timely close the sale in accordance with the sale agreement. Finally, the applicant-purchaser will be required to attend and complete a homeownership educational training program through Housing Works, NeighborImpact, or another Heart of Oregon-selected homeownership training program.

10. Does Heart of Oregon offer financing for the purchase of the Home?

No. Each applicant is required to secure the applicant’s own financing (i.e., a mortgage). Each applicant must be prequalified for financing prior to the lottery. Applicants are free to choose a lender. However, below are three local lenders who have been informed about this project. These lenders may offer loans to qualified buyers (e.g., USDA loans with 0% down payment requirements). However, applicants are responsible for contacting lenders to determine borrower eligibility and any other financing requirements and/or conditions.

Lenders

Mid Oregon Credit Union, Prineville Office (Dina Mason (541) 382-1795)

First Interstate Bank, Prineville Branch (Jen Liels and Lisa Hawes (541) 447-4105)

America One Home Lending, Bend (Maureen Stapp (541) 385-8906, will come to Prineville for appointments)

11. How can I learn more about obtaining a mortgage and/or buying a home?

NeighborImpact provides classes and access to a one-to-one homebuying coach. While the applicant-purchaser must attend and complete a homeownership educational training program (discussed above), Heart of Oregon recommends that all applicants take advantage of all homebuying resources offered by Housing Works and other similar training programs. Please visit www.neighborimpact.org/housing-help/home-buyer-coaching/ for NeighborImpact’s schedule.

12. What are the key steps and deadlines to apply for the lottery to purchase the Home?

The following table provides the anticipated schedule for the lottery and sale of the Home. The left column indicates key steps, milestones, and/or tasks; the middle column identifies applicable deadlines and/or target dates; and the column on the right provides notes regarding the applicable task. Please note that this is not an exhaustive list of the requirements to apply for the lottery for the Home purchase and all dates below are subject to change. Applicants are responsible for frequently checking Heart of Oregon’s website for updates.

Key Tasks, Steps, and Milestones:	Key Deadlines/Target Dates:	Notes:
1. Each applicant attends one project informational session*	Session Dates: June 18, 2019 @ 4:00 p.m. July 31, 2019 @ 10:00 a.m. Sept. 4, 2019 @ 5:30 p.m.	<i>Attendance at one session is REQUIRED</i>
2. Each applicant works with a lender to obtain a mortgage pre-qualification letter	Throughout the application process	<i>Start early</i>
3. Applicants complete and submit applications (including pre-qualification letters)	Application Deadline: September 13, 2019	<i>Submit the application early</i>
4. Heart of Oregon will deliver each applicant written notice of eligibility	After application deadline	<i>Heart of Oregon will notify applicants</i>
5. Heart of Oregon conducts the lottery drawing	October 2019	<i>Exact date TBD</i>
6. Heart of Oregon provides applicants written notice of lottery rank	October 2019	<i>Exact date TBD</i>
7. The top three ranked applicants must submit income documentation to Heart of Oregon	Within approximately 10-15 days of notification of lottery rank	
8. The first-ranked applicant must sign all sales documents and pay \$100 earnest money, or forfeit the opportunity to purchase the Home	Within approximately 30 days of notification of lottery rank	
9. The purchaser-applicant completes a “Homeownership Class”	Before the closing of the purchase of the Home	<i>Complete early! Exact date TBD</i>
10. Continue to work with lender to secure a mortgage	After sales documents are signed	
11. The purchaser-applicant secures a mortgage and completes the timely purchase of Home, or forfeits the opportunity to purchase the Home to next-ranked applicant	Between November 2019 and February 2020	
12. The purchaser moves into the new, energy efficient, affordable home!	February, 2020	

**Heart of Oregon reserves the right to schedule and host additional informational sessions as Heart of Oregon deems necessary or appropriate.*

13. If I purchase the Home, can I sell the Home in the future?

Yes, with certain limitations. For the first five years after completion of the Home, the United States Department of Labor, which partially funds YouthBuild, requires that the Home be sold to another low-income family. Thus, the applicant-purchaser will be required to enter into certain documentation to ensure the Home remains affordable during this five-year period, including, without limitation, the affordability covenant.

After the five-year period expires, the applicant-purchaser may sell the Home to any person. However, as discussed below in Question 14, Heart of Oregon is entitled to a portion of the proceeds from any transfer (sale) pursuant to the shared appreciation agreement.

14. Is the applicant-purchaser required to repay Heart of Oregon the difference between the market value of the home and the reduced purchase price?

Maybe. The answer depends on whether the applicant-purchaser subsequently sells the Home, for how much, and when. As mentioned above, at the time of closing, the applicant-purchaser will be required to enter into a shared appreciation agreement. This agreement provides, in part, that Heart of Oregon will recover the full appraised value of the Home despite the reduced sale price to the applicant-purchaser. To this end, for a period of fifty years after the closing, Heart of Oregon will be entitled to recover from the proceeds of any sale of the Home the “initial equity.” The initial equity equals the difference between the appraised value at the time of sale (approximately \$220,000.00) minus the sale price to the applicant-purchaser (\$165,000.00). In addition, Heart of Oregon will be entitled to recover twenty-five percent (25%) of any appreciation in value that occurs at the time of future sales. Heart of Oregon will recover the initial equity and shared appreciation only if the sale price (plus standard closing costs) exceeds \$165,000.00 or if the Home-purchaser obtains a home equity line of credit.

In furtherance of Heart of Oregon’s goal of providing affordable housing in Central Oregon, Heart of Oregon is selling the Home below market value so that an applicant making 80% or less of median area income may afford the Home. This is in addition to Heart of Oregon’s goal of providing construction training skills to local youth. The shared appreciation arrangement is typical of YouthBuild programs across the country. Moreover, the arrangement is a win-win for the community as it supports (a) a low-income family buying an affordable home and building assets over time, and (b) Heart of Oregon’s efforts to maintain a sustainable model while providing youth programming.

Please be advised that there are additional terms and conditions contained in the shared appreciation agreement that determine when and how much Heart of Oregon will recover in the event of any subsequent sale. Prospective applicants may contact Heart of Oregon for more information concerning this agreement and repayment terms.

15. Where can I obtain more information about this YouthBuild project and/or Heart of Oregon?

If you have any additional questions, please visit us at www.heartoforegon.org/PRNhouse or call 541-633-7834 (TTY 711) for up to date information. Also, general and project information about Heart of Oregon may be found at www.heartoforegon.org.

This FAQ document is not a substitute for legal advice and is not an exhaustive discussion of the Heart of Oregon YouthBuild program and/or the lottery for the purchase of the Home. Prospective applicants are responsible for confirming eligibility and any YouthBuild, Heart of Oregon, and/or other program requirements.

Heart of Oregon is an equal opportunity employer/program; auxiliary aids and services are available upon request to individuals with disabilities. As a recipient of Federal financial assistance, Heart of Oregon Corps, Inc. is prohibited from discriminating on the grounds of race, color, religion, gender, national origin, age, disability, political affiliation or belief, and against any beneficiary of programs on the basis of the beneficiary's citizenship/status as a lawfully admitted immigrant authorized to work in the United States. Esta aplicacion esta disponible en Español si lo desea. If other languages are desired, please contact Heart of Oregon for assistance at 541-633-7834/TTY 711. YouthBuild is partially funded by a grant awarded under the YouthBuild Grant Initiative, as implemented by the U.S. Department of Labor's Employment & Training Administration.