NORTH CENTRAL OREGON
ATTAINABLE HOUSING DEVELOPMENT FUND
POLICIES & PROCEDURES
Updated June 2026

INTRODUCTION

The Housing Development fund is designed to provide loan resources to address a shortage of quality housing stock at price ranges and rental levels which are commensurate with the financial capabilities of workers and households in the region. The purpose of the fund is to provide funding for gap lending to aid in addressing the North Central Oregon regional attainable housing challenge. Uses are intended to include pre-construction, rehabilitation and loan guarantees. Goals for the fund include development of tangible assets through housing development, providing opportunities for those in the region to live where they work and supporting from 0% up to 120% median family income ("MFI").

The purpose of the fund is to provide gap financing and will partner with a lender to leverage the Attainable Housing Development Fund resources. Mid-Columbia Economic Development District (MCEDD), hereinafter referred to as the Attainable Housing Fund Manager, or "Fund Manager" will manage the Attainable Housing Development Fund. A lender is defined as any federally insured bank or credit union ("Lender"). Lenders will be free to exercise complete autonomy over underwriting and credit approval and will provide the Fund Manager with copies of all documentation used in making the credit decision.

SECTION 1: APPLICANT ELIGIBILITY

In order to be eligible for an Attainable Housing Development Fund (AHDF) loan, an applicant must meet all of the following requirements:

1:1 Applicant: The applicant must pre-qualify with a Lender to finance a loan to support the regional attainable housing objectives as described above.

1:2 Property Location: The property must be located within Gilliam, Hood River, Sherman and/or Wasco County.

1.3 Project Characteristics: The project to be financed is subject to competitive review and must meet at least one of the additional program goals established in the North Central Oregon Attainable Housing Development Fund Checklist.

SECTION 2: LOAN REQUIREMENTS

All loans will be made in partnership with a Lender and will provide financing for the gap between the Lender's loan and the total project cost. The AHDF will be in a subordinate position behind the Lender's financing.

Loan Interest Rate Policy:

Interest rates will be fixed at the time of disbursement. The fund will use a risk rated interest loan rates tied to the US Treasury Rate for all non-government loans, with a minimum rate of 4.0%.

Risk Rating	**Margin**	**Index** – US Treasury based on term of loan*	**AHDF Interest Rate***
Excellent	0	3.25	3.25
Good	..25	3.25	3.5
Average	.5	3.25	3.75
Below Average	.75	3.25	4.0
Poor	1.0	3.25	4.25

*The US Treasury Rate is subject to change. When the US Treasury rates changes, so do AHDF interest rates.

Criteria:

The main risk criteria analyzed (as applicable) is personal credit scores, collateral percentage of loan or loan-to value, debt coverage service ratio, personal financial strength of individual owners of the business and type of collateral. Lending staff determines performance of the applicant in each of these categories when assigning an interest rate.

For loans to governmental entities, a fixed interest rate of 1% is available. The Loan Committee may approve a lower rate for projects of exceptional value to the region if the rate still allows the project to meet administrative obligations.

2:1 Loan Committee, MCEDD Board, and Staff Responsibilities:

Loan Committee will consist of a minimum of five and a maximum of seven members. Five of the members shall be county commissioners or a designated representative thereof currently serving on the MCEDD Board. At the MCEDD Board's discretion, the Loan Administration Board, a Board whose membership is to be chosen by the MCEDD, subject to the requirements herein, may include persons who are not members of the MCEDD Board and who can contribute expertise to the loan review process. Loan Administration Board membership shall include at least one member with commercial lending or financing experience.

It is not the intent of the program to compete with traditional lenders, but rather partner with them. Therefore, the Loan Committee will rely on the participating Lender's expertise and experience to determine the amount of funding needed to fill "the gap". Proof of a long-term commitment must be supplied by the Lender at time of application or before closing of the loan. A letter of interest from a Lender is sufficient to include in an application under this fund. Equity amounts will be required and determined by the Lender.

Similar to other MCEDD loan funds, the MCEDD Board adopts policies and procedures for the administration of the AHDF with input from the Loan Administration Board. This includes updates to the Checklist and this document. Updates will ensure projects are in-line with goals listed in the introduction.

It is MCEDD staff's responsibility to review projects to determine the degree to which they do or do not meet metrics defined in the Checklist and to provide all financial analysis related to the project's fit with

the program's objectives. These will be presented to the Loan Administration Board for decisions on loans, terms and conditions.

2:3 Loan Amounts:

a. Loan Size

1. Minimum loan size is $250,000. Multiple smaller projects in a single jurisdiction may be pooled (e.g. multiple rehabilitation loan requests) to meet the minimum loan size.

2. Maximum loan through this fund is $1,000,000. Note: Loans of $750,000 or higher are subject to the Prevailing Wage Rate (PWR) law of the Bureau of Labor and Industries (BOLI).

b. Maximum loan amounts will not exceed 40% of the project total; including all fees. Therefore, loan applications will need to include a project budget from the Lender which includes the amount of fees and interest being charged by the Lender during financing. *In low population counties (5,000 residents or less), this 40% maximum loan amount is waived when the applicant is a domain specific not-for-profit or government entity.*

c. Each loan requires a borrower contribution and loans. At least 20% of the ultimate loan will require private or outside resource contributions. The applicant's equity in the project can be cash or the value of the land in which the project will be located. Value of the land will be equal to the purchase price of land if acquired less than 3 years from the application date. If the land purchase was greater than 3 years from the application date; then land value will be based on the county assessed value or an appraised value required by the Lender.

2:4 Eligible Project Costs/Uses:

Construction
Construction Contingency
Permits/Building Fees
Appraisals
Recording & Loan Fees
Land acquisition (only in special exception circumstances)

2:5 Ineligible Project Costs:

Refinance of existing debt.
Financing of properties used as/ to be used as vacation rentals.
Reimbursement to Borrower for land purchase.
Reimbursement to Borrower for labor.
Delinquent Property Taxes on Subject Property

2:6 Exceptions: The Loan Administration Board may approve loans that include exceptions to the guidelines included in this policies and procedures plan, including exceptions to the loan amount and the eligible uses, in instances with the project impact is of exceptional value to the region. *Overall programmatic exceptions to the fund criteria may be made to allow different term structures to support pooled projects, but the amount available to that function may be limited.*

SECTION 3: FUND MANAGER

The Fund Manager will be responsible for coordinating committee meetings, communicating with the Lender about projects and the overall management of the fund in terms of applications, closings and project management as it relates to the policies & procedures of this fund. Mid-Columbia Economic Development District (MCEDD) will act as the Fund Manager for this fund.

SECTION 4: APPLICATION PROCESS

4:1 Loan Approval: The Fund Manager will receive a loan request from Lenders and prepare an additional loan summary, if necessary, to Loan Committee members. The Lender's loan request will include an appraisal of the project property and appropriate financial analysis, including cash flow of the project property, copies of 2 years tax returns for borrowers, guarantors and any applicable business entities – i.e. corporations, partnerships, LLCs' and others. All loans will require review and approval from the Loan Committee. Applicants approved for a loan will be notified in writing. Applications will be approved in the order they are completed.

4:2 Loan Terms: Loan terms will match the Lender's term on financing, but may include a shorter balloon for a total three to five year term. Extensions will be considered, but a formal request must be submitted to the Fund Manager for review and approval. The request should include the length of extension needed and reason for the delay in completing the project. Fund Manager will have the authority to approve extensions. The fee for the extension will be ½ of 1% with a minimum of $250.

4:3 Loan Documents: All loans will be secured by a recorded trust deed and/or other instruments as stated in the approval letter. The Lender and Fund Manager will prepare loan documents for their respective loan amounts and the loan will be closed at a title company in Wasco, Sherman, Gilliam or Hood River County.

SECTION 5: CONSTRUCTION PERIOD

The Lender will take lead on the project during the construction phase. Funding will first be disbursed from the Lenders portion then from the AHDF portion.

5:1 Disbursement of Loan Proceeds: Loan funds will be disbursed by Lender in accordance with the Lender's standard practices and after construction progress inspections. Projects authorized for pre-construction costs may receive disbursement in advance of any construction activities. Upon full disbursement of the Lender's funds, the Lender will request the AHDF funds be disbursed. The Fund Manager can disburse the full amount directly to the Lender or the Borrower.

5:2 Construction Inspections: The Lender will be responsible for timely construction inspections and will provide copies of these inspections to the Fund Manager.

5:3 Contract Change Orders: Based upon submission of appropriate documentation by the borrower, the Lender is authorized to approve contract change orders that do not exceed an aggregate total of 2% of the contract amount or $3,000.00, whichever is less. Any modification of the Construction Contract for more than the above must be submitted to and approved jointly by the Lender, Loan Committee and the Fund Manager.

5:4 Property Insurance: It will be the responsibility of the Lender to assure that property damage insurance is in place for the full term of the loan.

SECTION 6: CONFLICT OF INTEREST

No employee of Fund Manager, its agents, members and families of the Loan Committee, and other 'covered persons' pursuant to 24 CFR 570.489(h) who exercise any functions or responsibilities in connection with administration of the Attainable Housing Development Fund shall be eligible for an Attainable Housing Development Fund Loan, nor shall such a person have any interest, direct or indirect, in the proceeds of such a loan.

SECTION 7: POLICY EXCEPTIONS

The Loan Committee may waive program policies. The request for the waiver will be submitted by the Fund Manager. Requests for waivers will be evaluated based upon whether the requested waiver is necessary to accomplish the goals of the Attainable Housing Development Fund and will apply only to the application for which a waiver was requested.

SECTION 8: PROGRAM INCOME

Participating Lender will make payment to the Fund Manager in accordance with the loan agreement and promissory note, executed at loan closing and at the time long-term financing is put in place.

8:1 Interest Income: Interest earned on the program will be held by the Fund Manager to cover costs associated with loan servicing and reporting of the fund to owners of the Attainable Housing Development Fund.

8:2 Fund Managers Fee: Borrower will pay a fee in the amount of 1% or $1,000.00 (whichever is more), of the AHDF loan amount will be due and payable at the time of the loan closing. The fee will be paid to the Fund Manager.

8:3 Borrowers Application Fee: Borrower will pay a non-refundable application fee of $250 to the Fund Manager at the time of application. This fee may be waived by the Fund Manager.

8:4 Borrowers Closing Costs: Borrower will pay all closing costs associated with credit reports, recording fees and title insurance and any other costs associated with the loan closing. Fund Manager will coordinate closing with the Lender and a closing statement will be required.

SECTION 9: DEFAULT PROCEDURE: Should the loan default in any way, decisions regarding collection and foreclosure will be made jointly by the Loan Committee, Lender and Fund Manager. The costs associated with all legal collection activities will be the responsibility of the AHDF.