



## Housing Assistance Payment (HAP) Contract Preservation With Loan Prepayment

### HAP Contract Preservation with Loan Prepayment

The Oregon Housing and Community Services (OHCS) Section 8 Loan Portfolio began over 30 years ago and consisted of permanent loans for 122 multi-unit projects in Oregon, which included 4,085 units under Housing Assistance Payment (HAP) Contracts. OHCS places high priority on preservation of these units and continuation of the HAP Contracts beyond the original 30-year term. To assist purchasers committed to preservation of these projects, OHCS may allow prepayment of the OHCS Section 8 loan.

### Qualified Sale/Financing for Preservation

OHCS is amicable to written prepayment requests for projects with OHCS Section 8 financing if the project is sold with the intent that the purchaser will seek an extended HAP Contract for up to 20 years to preserve affordable housing and are seeking funding from approved sources. Charges for prepayment and transfer of ownership will apply. There are several financial options available to purchasers that may be feasible for preservation prepayment including:

- OHCS Conduit funding; Pass-Through Revenue Bonds; or
- OHCS/HUD Risk Sharing Loan; or
- NOAH funding sources; or
- CFC/NOFA (LIHTC, OAHTC, HOME, HDGP)

### Written Prepayment Request

A written request to prepay from the Borrower is required. If a request to prepay is received from the purchaser, an approval would be contingent upon written request from the Borrower. The request shall include: (1) estimated date of prepayment; and (2) identify purchaser's funding source(s). The written request shall be submitted to:

Caleb Yant, Chief Financial Officer  
Oregon Housing and Community Services  
725 Summer St., NE, Suite B  
Salem, OR 97301-1266

(Note: Send a copy to Dee Vance, Portfolio Specialist, Asset Management)

### Prepayment Request Review

Upon receipt of a complete written prepayment request, the CFO will consider the request and provide a written response. If the request meets OHCS preservation goals, the CFO will request a calculation of the prepayment charge for the Section 8 loan based on the estimated date of prepayment.

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**Approval Letter for Prepayment**

If approved, the CFO will provide a response letter detailing the allowed prepayment date, prepayment charge, transfer of ownership charge, and conditions of approval such as pursuing an extended HAP Contract or successful lender commitment or loan reservation.