

3606 DEFERRED PAYMENT LOAN

- 3606.1 DHCD shall make available to each participant a Deferred Payment Loan of up to \$10,000.00 to provide financial assistance for the purchase of a housing unit to be used as the participant's principal place of residence.
- 3606.2 Payment of the principal of the Loan may be deferred until the housing unit is sold, transferred, or ceases to be the participant's principal place of residence.
- 3606.3 Terms of each Loan shall provide, but not be limited to, the following:
- (a) Payment of the principal amount of the loan is deferred until, and unless, the Loan recipient sells or transfers the housing unit;
 - (b) Deleted;
 - (c) Notwithstanding subsection (a) above, if the Employee ceases to use the housing unit as his/her principal place of residence within five (5) years after the date of the Loan closing, the principal loan amount plus interest shall become immediately due and payable. Interest shall be payable from the date the housing unit is no longer used as the Employee's principal place of residence or, in the event that this date cannot be determined, the interest shall be payable from the date of loan disbursement. The rate of interest shall be equal to the then current conventional rate or at the rate of interest on the first mortgage loan, whichever is less, to be determined on the date the principal loan amount with interest becomes immediately due and payable (whenever this provision is triggered)
 - (d) Employee shall maintain the housing unit in compliance with the Housing Code of the District of Columbia, Title 14 of the DCMR;
 - (e) Note, Loan Agreement, Deed of Trust, and all other legal documents evidencing or securing the Loan shall contain such provisions as are usual and customary, except that such provisions shall not conflict with the rules of this chapter or with any other District of Columbia law;
 - (f) DHCD shall enforce any provisions of this chapter and applicable law;
 - (g) Principal amount of the Loan, when combined with all other existing or proposed secured financing on the housing unit, shall not exceed an amount equal to 105% of the appraised value of the property, as determined by an appraisal acceptable to DHCD; and
 - (h) Entire principal shall be repaid to DHCD upon refinancing of any other indebtedness secured on the property if the refinancing shall result in withdrawal of cash or equity value from the property by the Employee.
- 3606.4 Applicants shall provide documentation acceptable to DHCD that the housing unit is in good repair and otherwise conforms with the provisions of the Housing Code of the District of Columbia, Title 14, DCMR, prior to the disbursement of the Downpayment Matching Funds or Loan at settlement. For purposes of this chapter, DHCD may accept, but not be limited to, an inspection report that is approved by the First Mortgage lender.
- 3606.5 Each Loan may be secured by a second deed of trust on the housing unit.
- 3606.6 DHCD shall settle on the Loan at the time of settlement on the First Mortgage Loan.

3606.7 Notwithstanding any other provision of this chapter, any waiver, as provided in subsection 3600.6 herein, of the prompt and full payment of the principal and/or interest on the principal otherwise due to the District of Columbia under the provisions of this chapter shall include a repayment plan for the payment thereof. The repayment plan shall require full payment to the District of Columbia of all monies owed within five (5) years of the date when the repayment would otherwise be due under the provisions of this chapter.

SOURCE: Notice of Final Rulemaking published at 40 DCR 155, 159 (January 8, 1993); as amended by Notice of Final Rulemaking published at 49 DCR 9853(November 1, 2002).