PCRG, community leaders, and financial institutions have been working together through the Community Bankers Collaborative Council (CBCC) to collectively identify issues in the community development system and address these problems with creative solutions. One creative solution is to bring back an affordable and standardized purchase-rehabilitation mortgage loan. This purchase-rehabilitation mortgage product, also known as the Community Acquisition and Rehabilitation Loan (CARL), will provide the market with the ability to access capital and catalyze revitalization in communities that need the most help.

CARL is a single loan product that simplifies the financing process for the purchase and rehabilitation of a property by reducing the cost, time, and complexity of obtaining multiple loans. Our communities seek to benefit from the renovations in terms of increased property values, job creation, and a more robust tax base for the local economy. This strategy creates opportunity for homeownership while simultaneously allowing individuals and families to affordably make modern, energy-efficient repairs to create the home of their dreams.

PCRG’s partners at the Urban Redevelopment Authority (URA) committed $1M to guarantee CARL during its pilot phase. Additionally, Councilman Corey O’Connor committed $100,000 of his district funds to help us move the pilot forward. “We wanted to find a way to help first time home buyers buy property in the city, and this pilot program will do that,” said Councilman O’Connor. “I’m hopeful we’ll eventually be able to offer this option to buyers in additional neighborhoods.”

The following is a summary of the underwriting criteria for borrower, the property, and the contractor when considering the use of CARL:

- **Loan-To-Value**: 95% or the lesser of the total cost or post rehab value (with up to 6% of seller’s assist applied to closing costs and downpayment).
- **Minimum credit score**: 620 (with more review if necessary).
- **Counseling for first time homebuyers and buyers with credit scores below 700 are required by a HUD approved agency, at the discretion of the lender.**
- **Debt to income ratio**: 31/43.
- **The interest rate is based on a Fannie Mae 30-year mortgage with a 60 day commit rate plus 1%. The rate can be found bit.ly/30yr60day.**
- **Soft second mortgages and downpayment assistance are allowed, but the Buyer must have at least 1.5% invested in the project.**
- **Home inspection and pest inspection will be required.**
- **Complete, approved renovation plans and specifications are required, which must address and correct all code violations.**
- **All financed construction work must be done by a licensed contractor who is preapproved to a standard, established by PCRG, and is acceptable to the bank, and must: provide proof of insurance and all required licenses; have enough money to finance work up to the first draw (minimum $7,500 credit line available, with all credit current, not later than 45 days).**