



Program Details

Up to 125% loan-to-value home improvement loans will be available for 1 to 4 family owner-occupied properties. The property must be located within a City of Des Moines Designated Neighborhood or NFC's expanded lending area. The loan must be consistent with the city's neighborhood revitalization plan. **FORGIVEABLE LOANS:** For households at or below 50% of median income, 50% of the amount needed for home improvement will be in the form of a forgivable loan. For households with income greater than 50% but below 80% of the area median income, 33% of the amount needed for home improvement will be in the form of a forgivable loan. For households above 80% of the area median income, 25% of the amount needed for home improvement will be in the form of a forgivable loan. The forgivable loan cannot exceed 20% of the appraisal value or \$10,000, whichever is less. All forgivable loans are in the form of a second mortgage that is forgiven over a five-year period of owner-occupancy. Forgiveness of the debt may be taxable income. **LOAN AMOUNT:** No maximum or minimum loan amount. **Interest Rate:** Call NFC at 246-0010 for today's rate. **Mortgage Terms:** \$7,000 and less - up to 5 years (NFC can increase the maximum term to 10 years for families on fixed income); \$7,001 to \$10,000 - up to 15 years; \$10,001 to \$15,000 - up to 20 years; more than \$15,000 - up to 30 years. Fixed rate only. **Processing Fee:** A \$100 processing fee is charged at the time of the loan application. Part of the processing fee may be refunded if the loan does not close. If the loan closes, the borrower receives a credit for the processing fee at closing. Additional costs of appraisals, abstracting, title opinion, flood certification, etc., will be charged to the borrower. A full appraisal may be waived at the discretion of NFC. All loan costs can be funded as part of the loan.

Application Fee, Guidelines & Existing Mortgages

If the loan is less than \$5,000, no fee will be charged. If the loan is more than \$5,000, a fee of \$400.00 will be charged at closing. If a loan exceeds \$25,000, an origination fee of \$500 or 1% of the loan amount, whichever is greater, is charged. **Loan-to-Value Ratios:** The loan-to-value ratio of all mortgages combined cannot exceed 125% of the after rehabilitated appraised value of the property. Individual customer loan-to-value will be determined by the customer's credit history and approved by Loan Committee. Lower loan-to-values may also be required for properties in areas influenced by commercial development or for properties that have incurable functional depreciation. **Underwriting Ratios:** The borrower's first and second mortgage payments cannot exceed 35% of gross monthly income and their total debt cannot exceed 43% of gross monthly income. This is a guideline. **Credit Guidelines:** Fannie Mae low-to moderate-income underwriting

guidelines are used unless otherwise indicated. A minimum of one year of continuous employment is required. Borrowers must be 18 years old to legally enforce the mortgage note. All mortgages will be made to lawful residents of the United States. Property Guidelines: Properties must be located within a City of Des Moines Designated Neighborhood or NFC's expanded lending area (see map). NFC's mission is to facilitate revitalization; therefore, the rehabilitation subsidy is used to address common appraisal and property problems. There are no property condition requirements for properties located in Designated Neighborhoods. Two or more major repairs are required for properties located in NFC's expanded lending area. Major repairs include roof, foundation, furnace and air conditioner, plumbing, wiring, windows, and siding. Health, safety, and deferred maintenance items are given priority. Other repairs or improvements will be approved on a case-by-case basis. Appraisers will be encouraged to report all property deficiencies and a fair estimate of market value. Refinance of Contracts or Existing Mortgages: NFC will consider the refinance of existing land contracts or mortgages when necessary. Borrowers must have made the previous 12 months' payments on time. Mortgage default insurance may be required. Loan-to-value on home improvement loans that include contract refinance cannot exceed 95%.

Example of How It Works

\$10,000 of home improvements at 7.125% fixed interest rate for 10 years.

If you are below 80% median income.

Loan request: \$10,000

Forgivable 33% -\$3,333

Loan Amount: \$6,667

Monthly payment: \$77.84

APR: 8.578%

Estimated closing cost of \$850 not included in loan amount.

If you are above 80% median income.

Loan request: \$10,000

Forgivable 25% -\$2,500

Loan Amount: \$7,500

Monthly payment: \$87.57

APR: 8.41%

Estimated closing cost of \$850 not included in loan amount.

In most cases closing costs may be included in the loan amount.

Website: <http://www.neighborhoodfinance.org/>