

COMMUNITY FOUNDATION OF THE FOX RIVER VALLEY

NATIONAL FORECLOSURE SETTLEMENT PROGRAM Program Fact Sheet

Under the National Foreclosure Settlement (NFS), foreclosed houses up-and-down the Fox Valley have been beautifully renovated and are available for purchase (at very attractive prices!) to eligible homebuyers. Outlined below are the homebuyer eligibility criteria, financing terms, and steps in the home-buying process. For additional details and a current list of available homes please visit the Kane County Office of Community Reinvestment's website: www.countyofkane.com/pages/OCR.aspx and click on "Foreclosure Redevelopment Program." Once there, click on "Available Homes" to view NFS homes that are currently or soon to be available.



Eligible Homebuyers:

- Homebuyers must meet certain **income limits** in order to purchase an NFS home. (See table at right.)
- The NFS is **not** just for first-time homebuyers, but program rules require that homes purchased serve as the primary residence of the homebuyer. (Sorry, no investors.)
- In order to participate in the program, homebuyers must follow the steps outlined below, including completing a homebuyer education course with a HUD-Approved Housing Counseling Agency.
- Under the NFS, homebuyers are required to have a minimum downpayment equal to 1% of the purchase price*, and must obtain a first mortgage from the lender of their choice.

National Foreclosure Settlement Program (120%)	
Household Size	Maximum Income
1	\$64,600
2	\$73,800
3	\$83,050
4	\$92,300
5	\$99,650
6	\$107,050
7	\$114,450
8+	\$121,800

*Your first mortgage lender may require a larger downpayment, please discuss this with them to find out the exact downpayment amount they require.

Five Easy Steps to Purchasing an NFS Home:

- **STEP ONE:** Complete the Application located at www.countyofkane.org/Pages/OCR.aspx
- **STEP TWO:** Complete a Homebuyer Education Course sponsored by the HUD-Approved Housing Counseling Agency of your choice. Below is a list of such agencies located in Kane County:
 - **Joseph Corporation**, 630-906-9400, www.josephcorporation.org/
 - **Neighborhood Housing Services of the Fox Valley**, 847-695-0399, <http://nhschicago.org/>
 - For additional agencies, go to www.hud.gov/ and search "HUD-Approved Housing Counseling Agencies."
- **STEP THREE:** Get preapproved for a first mortgage with the lender of your choice.
- **STEP FOUR:** Find the Realtor of your choice and begin looking at available NFS homes.
- **STEP FIVE:** Select a home and submit an offer.

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COMMUNITY FOUNDATION
— OF THE FOX RIVER VALLEY —
NATIONAL FORECLOSURE SETTLEMENT PROGRAM
Financing Fact Sheet

This disclosure provides a summary of the financing terms and conditions of the National Foreclosure Settlement Program you are considering for the purchase of your new home. This disclosure statement is not a contract and does not constitute a commitment to make a loan to you.

Type of Project:

Homes redeveloped under the National Foreclosure Settlement Program.

Income Verification:

Income to be verified following the IRS Form 1040 Adjusted Gross Income method as described in the Technical Guide for Determining Income and allowances for the HOME program.

Maximum Loan: Up to \$15,000

Loan Type:

Deferred loan, monthly payments not required, principal repayment required when purchaser sells property, refinances, or no longer occupies as principal residence.

Interest Rate:

0% interest rate over the lifetime of the loan.

Loan Use:

Funds can be used to pay for closing costs, down payment assistance, or principal write down.

Ratios/Underwriting:

Front end ratio or housing payment cannot be above 32% or below 25% of purchaser income as determined by the Community Foundation of the Fox River Valley using the method described above.



EXAMPLE

- Sale Price \$150,000
- Maximum Assistance: \$15,000
- \$15,000 No interest/No Payment Soft Second
- FHA Financing requires 3.5% Down payment of \$5,250.00
- First Mortgage amount \$129,750.00
- Assuming Interest rate 4.0%; Property taxes \$3,178.00; Property Insurance \$700.00
- Monthly Housing Payment: **\$1,006.00**

NATIONAL FORELCOSURE SETTLEMENT PROGRAM

Mortgage Guidelines

An applicant for the purchase of a National Foreclosure settlement Program home must provide proof of pre-approval for first mortgage financing at the time an offer to purchase the home is submitted. While the purchaser may receive first mortgage financing from the financial institution of their choice, the financing must comply with guideline stated below:

1. Interest rates on first mortgages cannot exceed the FNMA 30-year rate (60-day delivery) on the date of origination, plus 250 basis points (BPS);
2. First mortgages must be fixed-rate loans for the entire term of the loan; (a 5/1 or 7/1 Adjustable Rate Mortgage is allowable with prior approval from the NFS Program)
3. Any subordinate mortgages originated (in lieu of private mortgage insurance) must comply with the requirements of the program and specifically cannot result in a combined loan-to-value (CLTV) in excess of 95% of the purchase price;
4. Any subordinate mortgages originated (in lieu of private mortgage insurance) must be at no more than the same interest rate as the first mortgage;
5. Any subordinate mortgages originated (in lieu of private mortgage insurance) must be either fixed-rate loans for the entire term of the loan;
6. "Stated income" loans are not acceptable;
7. "Option" loans, wherein the borrower has the option of paying less than a fully amortizing principal and interest payment, are not acceptable, nor are any loans that would result in "negative amortization";
8. "Interest-only" loans, wherein the borrower has the option of paying only accrued interest on the loan, are not acceptable;
9. Prepayment penalties on first mortgages or subordinate mortgages are not acceptable;
10. Balloon payments on first mortgages or subordinate mortgages are not acceptable;
11. Total points and fees on any mortgage loan cannot exceed 5% of the total loan amount, including any yield spread premiums;
12. Any mortgage loan that results in a debt/income ratio for housing expense (including principal and interest payments on the first mortgage and any subordinate mortgages, property taxes, property insurance, and condominium or homeowner association fees) that exceeds 32% or is less than 25% (i.e. total housing expense divided by gross household income) is not allowable by the NFS Program. (20% is allowable in the Village of Carpentersville which is designated a Difficult to Develop area.)

NATIONAL FORECLOSURE SETTLEMENT PROGRAM

Subordination Guidelines

The National Foreclosure Settlement (NFS) Program may, in its sole discretion, subordinate second mortgages issued under its Program. Such subordinations, however, must comply with the following guidelines:

1. The borrower may not take any cash out. (The payment of credit card debt is considered cash.)
2. The borrower may roll into the new first mortgage only reasonable and customary closing costs associated with the refinancing. (This does not include points paid to buy-down the interest rate, but does include expenses such as the appraisal, credit report, and title charges.)
3. The new first mortgage principal balance cannot exceed the original first mortgage existing principal.
4. The borrower may refinance into a 15-year mortgage provided that they have the capacity to handle the additional payment. (Such situations will be reviewed on a case-by-case basis.)
5. The borrower must refinance into a fixed-rate mortgage.
6. The first mortgage lender must escrow taxes and insurance, if the lender had been doing so prior to refinancing.
7. The NFS Program will not subordinate to home equity or reverse mortgage loans.
8. The NFS Program will subordinate to home improvement loans if the homeowner provides written documentation of the improvement to the County's satisfaction.