

## Financing for a CLT Home Purchase

Buying a home is a process! It requires time, energy, and sometimes a little sacrifice on your part to make it happen! HRB is here to help you in every way we can, but we will need your help and cooperation, as there can be multiple steps.

The lender is considering lending you a lot of money - therefore, they will ask a lot of questions and require a lot of documentation. *This is a normal part of the process.*

- For those who require a loan to buy a home, HRB will not enter into a Purchase and Sale Agreement with you until you have received a Certified Buyer letter stating that you qualify for a CLT home loan for the full amount you need to finance.

Because the mortgage on a Community Land Trust home is a more complicated transaction, some lenders are not able or willing to provide them.

**HRB has a partnership with lenders who are able to lend on a Community Land Trust home. Please contact one of these lenders to start the process of prequalification.**

Guild Mortgage  
Cristie Stapp  
206-378-4493

[cstapp@guildmortgage.net](mailto:cstapp@guildmortgage.net)

Fairway Mortgage  
Becky Johnson  
360-620-9825

[beckyj@fairwaymc.com](mailto:beckyj@fairwaymc.com)

HomeStreet Bank  
Jeff Wood  
206-264-4262

[jeff.wood@homestreet.com](mailto:jeff.wood@homestreet.com)

**All of these lenders also offer *free credit counseling* if you need to raise your credit score to qualify.**

*If you would like to work with a different lender, please talk with Marta about this. We would love to have more lenders who are able to work with our buyers, but it is very important that HRB speak with the lender in advance to ensure they can finance the loan and close it.*

### **USDA 502 Direct Loan:**

You may be eligible for the USDA 502 Direct Loan.

- This is a mortgage loan that comes directly from USDA – Rural Development.
- The 502 Direct Loan may be more affordable because USDA typically has very low set interest rates and the loan is also subsidized to make it affordable to the borrower.
- USDA has the same income requirements as HRB, but they have much stricter assets limits after the purchase of the home than HRB's requirements.
- If you obtain a loan from USDA, they will require ongoing income verification every year and your house payment will adjust according to USDA's determination of what you can afford to pay. It will never be more than full cost of the loan amount.
- When you sell the home, USDA will recapture some of your profit.

**To learn more about USDA 502 Direct, please contact USDA Rural Development at <https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans/wa>**

**Once a home becomes available, HRB and lenders will require at least the following information from you:**

- Current Pay stubs (not more than 30 days old – will have to provide more than once)
- Current Bank and Retirement Account statements (not more than 30 days old – will have to provide more than once)
- Copies of most recent tax returns

**You may also have to provide:**

- Proof that you have paid rent for the last 12 months
- Letters from alternative credit sources (utilities, cell phone, etc.) demonstrating that bills have been paid timely.

The lender will verify your income and determine if you are qualified for a mortgage loan and confirm CLT eligibility according to HRB's requirements. They will run a credit report at the time you apply and again before closing. Your income will also be verified again before you close.

**Keep your paystubs, tax returns, bank statements and other financial information handy! You will have to provide it more than once!**

Approval for a loan is based on your current financial situation, so making any changes to this (changing jobs, incurring or paying off debt, getting married/divorced) will have an impact on your financial situation.

Check with HRB and your lender, preferably before changes happen!

**It is very important to follow these important Do's and Don'ts while you are in the process of purchasing the home.**

**Don't**

- Don't apply for new credit or make changes to existing accounts.
- Don't pay off anything, unless you have discussed this with the lender in advance!
- Don't change jobs or the terms of your job
- Don't make any undocumented deposits or withdrawals into your bank account. If you need to, check with the lender
- Don't buy anything big (a car, furniture, electronics, lots of clothes). Buying groceries and essentials is fine.
- Don't bounce checks or incur overdraft fees or use overdraft protection.
- Don't sell anything
- Don't borrow from credit cards or lines of credit
- Don't change your marital status
- Don't buy money orders/cashier's checks with cash

**Do**

- Keep copies of pay stubs, bank statements, tax returns, updates of court orders and other financial information handy. You will have to provide this information more than once!!
- Pay your bills on time
- Let HRB and your lender know of any changes ASAP – preferably before they occur!
- Ask your lender before filing your taxes
- Give notice to your landlord only after discussing with HRB.