



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 you work with a mortgage lender, as there can be multiple and repeated 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 provide us with a letter of PRE-APPROVAL STATUS stating that you qualify for a CLT home loan for the full amount you need to finance.

- **HRB has a partnership with these CONVENTIONAL LENDERS** who are able to lend on a Community Land Trust home. Please contact one or both of these lenders to start the process of prequalification and to determine who you would prefer to work with.

Guild Mortgage
Cristie Stapp
206-378-4493
cstapp@guildmortgage.net

HomeStreet Bank
Jeff Wood
206-264-4262
jeff.wood@homestreet.com

These lenders also offer free credit counseling if you need to raise your credit score or reduce debt in to qualify for a loan with them.

If you would like to work with a different lender, please talk with HRB about this. Because the mortgage on a Community Land Trust home is an uncommon transaction, some lenders are not able or willing to provide them.

- **USDA Rural Development Section 502 DIRECT LOAN: You may be eligible for the 502 Direct Loan!**
- USDA Rural Development is an Equal Opportunity Lender.
 - The **502 Direct Loan** is more affordable because USDA typically has very low interest rates, currently 2.5% or less, and mortgages for 33 years or 38 years depending on your circumstances.
 - The monthly mortgage payment is subsidized by USDA as necessary to ensure the homeowner is not paying more than 33% of their gross adjusted income.
 - A **502 Direct Loan** is monitored and will require periodic income verification so that your portion of the mortgage payment is set according to their determination of what you can afford to pay. You will never pay more than the full unsubsidized mortgage payment.
 - When you sell the home, USDA will recapture some of the payment subsidy (if any) you have received during the life of the loan.

You can read more about the USDA 502 Direct loan at <https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans/wa>

To apply for USDA 502 Direct, please contact our affiliated loan packager: Start early as this process can take between 4 months to a year for approval.

American Financial Solutions
500 Pacific Avenue, Suite 550, Bremerton, WA 98337

Phone: 1-888-864-8699 ext. 2119
Fax: 1-888-282-5495
Hours: Monday - Friday 8:30-5:00 PST
www.myfinancialgoals.org

- **You may also find that you are eligible for 20% Downpayment Assistance from Community Frameworks.** This second mortgage is available to households below 80% AMI and is coordinated with the execution of your first mortgage. The program design ensures that payments will be affordable for qualified buyers. For more information, please contact Courtney Storey at courtneys@communityframeworks.org or (360) 842-8058, or visit the Community Frameworks website at <https://communityframeworks.org/homeownership-in-kitsap-county/>

Once a home becomes available, HRB and lenders will need to update your income, assets, and debts, and will require at least the following information from you:

- Current Income (up to the most recent 90 days – will have to provide more than once)
- Current Assets (up to the most recent 90 days – will have to provide more than once)
- Current Debt (student loans, credit cards, personal loans, car loans, etc.)
- Copies of last two tax returns

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.

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 big changes will have an impact on your lending worthiness.

It is important to follow these 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.