



NEIGHBORHOOD FINANCE CORPORATION JOURNEY TO HOMEOWNERSHIP



www.neighborhoodfinance.org/journey-to-homeownership



An affiliate of Neighborhood Finance Corporation

BACKGROUND

As shared by the African American Museum of Iowa in their Mapping Exclusion: Redlining in Iowa exhibit, the practice of redlining led to urban segregated neighborhoods and poor housing conditions. The lasting effects are seen in the racial wealth gap seen today. Many capable African American families are losing out on the opportunity to own their own home in a neighborhood they either grew up in or raised children in. This, in turn, decreases the chances of generational wealth with these families. There is a need for more educational resources as it pertains to homeownership, around what homeownership means, financial stability, and generational wealth.

Neighborhood Finance Corporation (NFC) has been awarded \$1M in grant funds through the CDFI Fund Rapid Response Program, local community partners, and donations to address challenges in underserved communities. NFC has committed the funding for down payment and closing cost assistance in the NFC Lending Areas in Polk and Linn Counties to assist approximately 75 African American homebuyers earning below 100% of the Area Median Income.

Journey To Homeownership (J2H) provides educational tools and resources to support African Americans looking to become homeowners. The core part of the J2H initiative is a down payment assistance program. Our actions and work support the *One Economy Blue Print for Action* and the goal to increase homeownership by 2% from 2020 to 2023.

JOURNEY TO HOMEOWNERSHIP PROGRAM COMPONENTS

Outreach and coordination with trusted organizations (Ambassadors)

Non-profit organizations, churches, and educational institutions will sponsor Journey to Homeownership classes or events. Ambassador organizations may receive a stipend for marketing, coordinating, and leading a class or event. Ambassadors will provide information and resources on historical and current barriers to homeownership and information on programs and initiatives to overcome obstacles through community partnerships.

Develop an action plan with potential homebuyers that are not ready to buy

Expanding homeownership requires community support to move from potential loan denial to loan approval. The NFC staff and community partners will develop an action plan with those on the home buying journey. This will include the following connections to community resources:

- Budget and Credit Counseling
- Identify affordable purchase loan products and down payment assistance

Provide Down Payment Assistance through the Journey to Homeownership (J2H)

The Journey to Homeownership (J2H) Program is an affirmative asset initiative for eligible homebuyers in the NFC lending areas. The Program focuses on overcoming the systemic barriers for African Americans in homeownership by providing down payment and closing cost assistance, combined with addressing other barriers through community partnerships.

J2H classes and events are for African American households to discuss historical barriers to homeownership, and identify resources to overcome those barriers.

PURPOSE

To expand African American Homeownership and the J2H funds are for down payment and closing costs on qualifying home purchase transactions to further this goal for eligible participants.

PROGRAM GUIDELINES & ELIGIBILITY

- J2H is a down payment program to purchase a 1–2 family owner-occupied home
 - Eligible borrowers will receive a \$10,500 or \$15,000 deferred loan at 0% interest (.08% APR) that will have no payments and will be due on sale or with a cash-out refinance
 - \$10,500 available in NFC Lending Areas. \$15,000 (instead of \$10,500) available in Core Neighborhoods
 - The homebuyer's first mortgage loan can be from NFC or an approved participating lender
 - The borrower must put at least \$1,000 down of their funds and be offered a 30-year term with no balloon payment and no variable rate.
 - The maximum first mortgage loan amount is \$300,000
- Household income must be below 100% of the Area Median Income*

APPROVAL PROCESS

APPLICANT MUST:

- ✓ Complete a J2H class or attend a J2H event to receive a Journey to Homeownership Certificate from NFC or an Ambassador of the J2H Program.
- ✓ Attend 8-hours of homebuyer education through a partner HUD Approved Housing Counseling Agency in addition to a J2H class or event.
- ✓ Be approved by a participating lender for an eligible mortgage product and approved for the J2H down payment assistance deferred loan.
- ✓ Sign a purchase agreement on a 1–2 family home in the NFC lending area (recommend education and receiving a pre-approval before shopping for a home and signing a purchase agreement).



HOW THE J2H WORKS WITH AN NFC ADVANTAGE LOAN

- If the borrower utilizes an NFC Advantage Loan to purchase the home, it will include a \$10,000 forgivable loan for renovations paired with a \$10,500 NFC Neighborhood Reinvest down payment.
- NFC lending guidelines will apply for the purchase mortgage if NFC is the lender.
- If a borrower does not meet the J2H guidelines, they may still qualify for an NFC Advantage Loan and a \$10,000 forgivable loan for renovations.

FOR MORE INFORMATION, CONTACT

Bridgett Robinson

NFC D&I Mortgage Loan Originator & Outreach Coordinator (NMLS# 2244064)
at brobinson@neighborhoodfinance.org or **515-273-1373**.

Bryce Dake

Mortgage Loan Originator (NMLS ID #1897289)
at bdake@neighborhoodfinance.org or **319-777-7128**.

PARTICIPATING LENDERS

Banker's Trust – bankerstrust.com
Cedar Rapids Bank and Trust – crbt.bank
Neighborhood Finance Corporation – neighborhoodfinance.org
Hills Bank – hillsbank.com

Participating lenders may have their down payment programs available in addition to J2H.

PROGRAM DEFINITIONS

AMBASSADOR	Non-profit organizations, churches, and educational institutions will sponsor Journey to Homeownership classes or events.
AREA MEDIAN INCOME	The Area Median Income is set by the Department of Housing and Urban Development (HUD). The maximum household income for the J2H Program is 100% of the Area Median Income based on family size. This information can be found on the Journey to Homeownership web page at www.neighborhoodfinance.org/journey-to-homeownership
BLACK/AFRICAN AMERICAN	An individual who self-identifies as Black, African American, or of African descent.
DEFERRED LOAN	A deferred loan (through the J2H Program) is a 0% interest (.08% APR) lien against the property that does not have any payments or any interest. It will need to be paid back if the home is sold within 30 years or there is a cash-out refinance. In many cases, NFC will subordinate the loan. More information on loan subordination can be found at https://neighborhoodfinance.org/resources-info/subordination-guidelines
DPA PROGRAM	Stands for Down Payment Assistance Program – a program designed to provide funding for closing costs and the down payment on a home purchase.
HUD APPROVED COUNSELING AGENCY	The Department of Housing and Urban Development (HUD) sponsors housing counseling agencies throughout the country to provide advice on buying a home, renting, defaults, foreclosures, and credit issues. NFC's current partners are HOME, Inc. in Des Moines and Horizons, A Family Service Alliance in Cedar Rapids. Others may be added in the future.
J2H - JOURNEY TO HOMEOWNERSHIP	NFC's new down payment program to help increase the amount of African American homeowners by 2023. www.neighborhoodfinance.org/journey-to-homeownership
LENDING PARTNER	Local banks and credit unions that have committed to the mission of Journey to Homeownership and NFC has approved to participate in Journey to Homeownership. Lending Partners may provide the first mortgage loan in combination with J2H down payment assistance.
NFC LENDING AREAS & CORE NEIGHBORHOODS	The NFC website has searchable lending area maps for Des Moines and Cedar Rapids. The Core Neighborhoods are smaller parts of the Lending Areas, and these maps are on the Journey to Homeownership page on the NFC website.
ONE ECONOMY 2017 REPORT AND 2020 BLUEPRINT FOR ACTION	These reports were published by One Economy and The Directors Council in Des Moines and provide data on the disparities for African Americans in Polk County and a guide to bring change. https://www.tdcdsm.org/one-economy
OWNER OCCUPANCY	The person who owns and is on the title occupies the home as their primary residence.

NFC knows that our programs may not fit a borrower's exact situation, but several other programs throughout the community may fit your needs.

Though this Program was initially launched to serve African American households, it will be extended to other communities of color in the future.

J2H is made possible through the Rapid Response Program investment from the CDFI Fund and donors to date: Wells Fargo Housing Foundation, MDRC at The Bridge, and private donations.

For more information contact Bridgett Robinson at 515-273-1373 or brobenson@neighborhoodfinance.org



NFC'S RACE, EQUITY, DIVERSITY, AND INCLUSION STATEMENT

NFC holds equity, diversity, and inclusion as organizational values. NFC is committed to equity-driven homeownership and home renovation lending by intentionally:

- Growing partnerships with community-based organizations and businesses that represent and provide services to households from diverse communities within our lending area;
- Hiring a diverse team representative of our lending area and creating a welcoming culture for team members, homebuyers, and homeowners; and
- Tracking, measuring, and sharing with the community our impact utilizing loan application and loan closing metrics.