

STEP TEN

POST-OWNERSHIP PROGRAM

NACA, in conjunction with the Neighborhood Stabilization Fund (NSF), provides it's Members with an unprecedented post-ownership program, which includes continued assistance from NACA, the opportunity for active involvement in your neighborhood and the ability to impact national issues. NACA truly is a neighborhood stabilization organization.

There are two major components to NACA's Post Ownership Program: First, the NSF, through its Foreclosure Prevention Program, provides comprehensive individual assistance – including financial assistance – to NACA homeowners who are at risk of losing their home; second, the NSF's Neighborhood Stabilization Committees (NSCs) help Members keep their neighborhood safe from drugs, violence, predatory lenders and other destabilizing influences, and facilitate the continued involvement of NACA homeowners in their communities and in nationwide activities.

Neighborhood Stabilization Fund vs. Mortgage Insurance

The services provided by the NSF take the place of Mortgage Insurance (MI), which a borrower with less than a 20% downpayment is required to purchase. MI costs substantially more than the NSF, while the borrower receives none of the benefits: It is insurance that protects a lender or investor against loss if a borrower does not make their mortgage payments. In fact, if a borrower is in foreclosure, an MI policy creates an incentive for lenders to sell the property as quickly as possible in order to keep their losses from exceeding the total amount they can collect on the policy—approximately 33% of the loan amount.

The Neighborhood Stabilization Fund (NSF) was established to protect NACA Members from foreclosure. The NSF provides comprehensive counseling, payment agreements, financial assistance and other benefits for Members and their communities, which are available for as long as the Member has a mortgage through NACA. The NSF is much more comprehensive than Mortgage Insurance, provides a substantial benefit to the borrower and is much less expensive. See the chart below for a comparison between MI fees and the NSF fees (which are included in the monthly mortgage payment).

Mortgage Amount	Mortgage Insurance ¹			The NSF		
	Fee ²	Term	Cost	Fee	Term	Cost
\$99,999 or less	\$75 month \$910 year	12 years	\$10,920	\$50 month \$600 year	5 years	\$3,000
\$100,000 and \$199,999	\$150 month \$1,820 year	12 years	\$21,600	\$50 month \$600 year	7.5 years	\$4,500
\$200,000 or more	\$227 month \$2,730 year	12 years	\$32,688	\$50 month \$600 year	10 years	\$6,000

(1) Based on a \$100,000, \$200,000 and \$300,000 no down payment mortgage for buyers with very good credit.

(2) The MI cost is .91% of the loan amount per year (if MI was required on the NACA product, it would be greater than 1.00% per year). MI must be paid until the mortgage balance is reduced to 78% of the original loan amount, which typically takes approximately 12 years.

FORECLOSURE PREVENTION PROGRAM

Despite all the preparation you will complete through this program, unforeseen emergencies can disrupt the best-prepared financial plan—even one prepared with NACA's assistance. In these situations, the NSF Foreclosure Prevention Program combines free comprehensive counseling, including financial and credit advice, with short-term financial assistance to help you meet your mortgage obligations. It is designed to ensure that if you ever actually require financial assistance, you will be well-positioned to use the funds to avoid foreclosure. The NSF staff can also answer your questions about your mortgage payments, escrow accounts and more.

If you encounter serious difficulties, the NSF provides you with access to funds to make up to three months of mortgage payments. Each month's payment requires a separate application to the NSF. Requests for financial assistance need to be approved by a Peer Lending Committee, which is made up of your fellow NACA homeowners. These committees are responsible for ensuring that the funds will be used as a part of your determined effort to keep your home. The funds for financial assistance come from the monthly fee Members pay to the NSF. Members have access to the assistance for as long as they have a mortgage through NACA. If you are interested in serving on the Peer Lending Committee, please contact the NSF department in NACA's national office, or your local NACA office.

The funds provided by the NSF must be used to make your mortgage payment. Although no interest accrues on the funds provided, you will need to sign a recapture agreement with the NSF which will create a lien on your property until the amount provided is repaid; if it has not been repaid by the time you resell or refinance your home, that amount will be deducted from the proceeds of the sale or the new mortgage amount. Except in extraordinary circumstances, to receive assistance you must also provide a matching mortgage payment. If the assistance and matching payment do not bring your mortgage current, you must agree to a forbearance agreement and a payment plan to become current. If you are unable to become current with additional payments, you may be able to modify your loan by adding the arrears to the loan and re-amortizing it. This would marginally increase your mortgage payment, but you would now be current. Once you have received three monthly payments' worth of assistance, you are not eligible for any further funds until you repay at least one monthly payment's worth of assistance. You should repay the total amount of assistance provided as soon as possible to restore the assistance safety net and to release the liens on your home.

You must meet the following conditions before you can apply for financial assistance:

- Reside in the house from the date of purchase.
- Be at least 30 days late on the mortgage payment.
- Not be in bankruptcy.
- Meet with a NACA Housing Consultant.
- Complete an application for financial assistance.

If you have refinanced the mortgage obtained through NACA, you are no longer eligible for financial assistance. If your mortgage was transferred or sold by the lender, however, you remain eligible.

PROCEDURES

Should you require assistance from the NSF, please follow the procedure outlined below:

Step 1: Contact NACA

Contact the NSF national department at 1-888-297-5568 or your local office as soon as you know that you may have a problem making a mortgage payment. If you are late making a mortgage payment, you should contact NACA immediately. You may also be contacted by a NACA staff person to determine the cause of the delinquency. If the issue arises from administrative problems with the lender, NACA will work to correct them and prevent your credit from being adversely affected. If the issue is an oversight, you will be encouraged to make timely payments because late payments can seriously damage your credit. If the problem has to do with poor financial planning, job loss, an emergency or other issues, then NACA will work with you to develop and implement a plan to protect your home from foreclosure.

Step 2: Counseling Session(s)

All borrowers on the mortgage application should attend the counseling sessions. The Housing Consultant will help you develop a financial plan to get you back on track with your payments. If you are having problems with income, the Housing Consultant could, for instance, help you arrange rent collection from delinquent tenants. If you have unaffordable expenses, the consultant will provide you with a Budget Form which, once completed, he or she can use to help you develop a realistic budget.

In cases where you are unable to immediately become current on your mortgage, the lender will require a Forbearance Agreement which specifies an increased payment plan that would bring you up to date. In it, you agree to make certain payments on specific dates. You should establish an automatic withdrawal from a checking or savings account to make sure your mortgage payments are made on time. In certain circumstance, a loan modification may be possible.

After your counseling session, you can request financial assistance from the NSF. The Housing Consultant will help you prepare an application for NSF funds. When all the necessary information has been gathered, you must submit the application to the Peer Lending Committee. You should also continue to receive counseling, including ongoing financial planning.

Step 3: Peer Lending Committee Meeting

Committee meetings take place on the second Tuesday of each month. Only Members who are current on their mortgage can actively participate on a Peer Lending Committee. Applications for assistance must be submitted to the committee by the first Thursday of the month. All borrowers and co-borrowers, when possible, must attend the Peer Lending Committee meeting. If you cannot attend and must reschedule for the following month, make every effort to keep up with your mortgage payments until you are able to apply for assistance.

When making their decision, the Peer Lending Committee considers your current financial situation, financial history, spending habits, plans to rectify your situation, plans to prevent future problems and other relevant factors. The Committee may also review your Budget

Form, credit report, forbearance agreements and other documents. They will ask you questions about why your difficulties occurred and what you are doing to remedy your situation. NSF funds will usually not be approved when mortgage payments can be made from other available funds, or when existing expenses can be reduced. Unless explicitly waived, approvals are always conditioned on the applicant making a payment to match the NSF assistance.

The Peer Lending Committee can approve an application, approve the application with conditions, or deny the application. You can only be approved for one month of assistance at a time. This allows the Lending Committee to review your situation to determine the effectiveness of the assistance and whether you require further assistance. Decisions by the Committee become void if you provide false or misleading information or material. All decisions by the Committee are subject to review and approval by NACA's National office.

Step 4: Disbursement of Funds

If the Committee approves your application, you must fulfill all the conditions of the approval before receiving the financial assistance. The National office will then make a payment directly to the lender. Before the funds are disbursed, you will first need to provide the following:

- Signed Forbearance Agreement, if necessary.
- Signed Recapture Agreement and lien.
- Matching funds (in the form of money order or equivalent).

The NSF is not responsible for late penalties on payments made after the 15th of the month or attorney's fees for loans in foreclosure. Members who want to avoid these fees should meet any conditions as soon as possible to reduce the chances that these fees will be imposed.

NEIGHBORHOOD STABILIZATION COMMITTEES (NSCs)

The Neighborhood Stabilization Committees offer Members a vehicle for organizing their communities to address issues such as financial exploitation and economic injustice. Many neighborhoods have large numbers of NACA Members who share the goals of keeping their community safe and improving the services available to it. NACA organizes its NSCs into groups of ten to twenty NACA homeowners, who meet at least once every three months. NACA assists in organizing and coordinating the committees, and provides a network between committees around the country to give them national grassroots influence.

Some of the issues which the committees might address include the quality of the school system, violence in the community, drug activity, gangs, lack of government services and abandoned housing and lots. The NSCs encourage you to become actively involved in your own community; as a NACA Member, you should become a pro-active force for change by raising in the NSC issues that you feel need addressing. NACA can also connect your NSC with other NSCs, churches, non-profits, and other organizations that are engaging with those issues.

The NSC is a valuable homeownership resource. The Committee, with NACA's assistance, is able to identify and build relationships with quality contractors and craftspeople for when you need repairs or maintenance. Members of the NSC may also be able to help locate a tenant

for a vacant apartment or provide other assistance and advice. If your fellow Members in the NSC sense that you are having financial difficulty, they can help by referring you to the Neighborhood Stabilization Fund for financial counseling or other assistance.

Revitalizing a community requires a critical mass of people to organize their neighbors, make improvements, and provide encouragement for other families to move in. New NACA homeowners can provide the necessary infusion of energy, enthusiasm and resources through the local NSC. If you are interested in hosting an NSC meeting—which usually takes place at a Member’s home—please contact NACA’s National Office at 1-888-297-5568.