

# **STEP SEVEN**

## **NACA CREDIT ACCESS**

The application for NACA Credit Access is the gateway to accessing credit through NACA. Once your application has been approved, you will be able to submit a mortgage application to a Participating Lender through the NACA program—NACA itself does not provide financing.

The application for NACA Credit Access must be approved before you can apply for a mortgage through the NACA program. NACA's approval of your application does not constitute an assurance that Participating Lenders will approve your mortgage, and NACA's denial of your application does not constitute rejection by any of the Participating Lenders. *At any time, including before, during, and after you have applied for NACA Credit Access, you may directly apply for credit to any lender, including Participating Lenders, independently of NACA.* Thus, if the Purchase and Sale Agreement or other matters create deadlines or obstacles that NACA cannot resolve, you can apply to a lender outside of the NACA Program, but you would not be able to access the NACA mortgage.

To apply for NACA Credit Access, you must be NACA Approved and have a signed and executed Purchase and Sale Agreement. Once your application for NACA Credit Access has been approved, it is very likely that a Participating Lender will approve your mortgage application. Your application for NACA Credit Access is done automatically when you submit a mortgage application through NACA. If you are not notified to the contrary, your application for NACA Credit Access is approved upon your satisfactory submission of a mortgage application to a Participating Lender.

### **APPLICATION FOR NACA CREDIT ACCESS**

The application for NACA Credit Access requires that you satisfy NACA's requirements and procedures. Most of the issues and requirements that may result in denial of your application were already addressed when you were NACA Approved. The additional requirements primarily relate to the purchase transaction. Assuming that you have abided by NACA's policies and procedures, have provided updated documents and have had no negative changes in your financial situation, the application for NACA Credit Access should be straightforward and you should be able to immediately complete a mortgage application. Each Member who wishes to be included on the mortgage application must apply for NACA Credit Access and must meet NACA's requirements.

If you do not satisfy NACA's requirements, you can take steps to remedy those issues or choose to apply for NACA Credit Access anyway. If you pursue the latter option, the local office will not be able to go ahead with your mortgage application, and your application for NACA Credit Access will be forwarded to the national office for review, where it may be accepted or rejected at NACA's sole discretion.

Identified below are many of the items that NACA will consider when you apply for NACA Credit Access. Before signing a Purchase and Sale Agreement, you should review the following in order to meet NACA's requirements.

## **FINANCIAL INFORMATION**

### Updated Documents

Review the documents required for NACA Approval (see page 28). You must provide current documents to your Housing Consultant. Many of the documents you provided when you were NACA Approved will be outdated and will not be acceptable when you apply for NACA Credit Access. You will need the most recent pay stubs and bank statements. If you are self-employed, you may need to update your profit and loss. If another tax year has passed, you will need to bring in new tax returns and W-2s or 1099s. If you receive third-party payments, such as Disability or Child Support, you must bring in the most recent documents that show you are continuing to receive the payments.

### Payment History

NACA will probably pull another credit report when you apply for NACA Credit Access. Any corrections made in the Payment History Qualification step should now be reflected in your credit report. If your credit balances have increased since you were qualified, or if you have any new adverse lines of credit, NACA might not approve your application for Credit Access. If an adverse credit line appears, you will need to provide documentation to explain it.

### Rental Records

NACA will require evidence that you have continued to pay your rent on time. You need to provide cancelled checks, an updated Rental Verification Form or other documents. If you have a legitimate dispute with your landlord, you must document it.

### Income

NACA will require documentation that your income has not decreased. This could reduce the mortgage amount that you are qualified for.

### Funds

You must have maintained the minimum required funds. If you committed to buy down the interest rate, you will also need to have the additional funds in your account. Failure to have these funds in your bank account(s) may lead to a denial of your application for NACA Credit Access.

### Other Funds

You must bring in the most recent statements for any other funds you intend to use for the purchase process. This includes 401(k) statements (including documents stating that you are entitled to use the funds to purchase a home), gift letters and stock portfolios.

### Debts

You should bring in all your current credit card bills and installment loan statements if you intend to claim that the balances are lower than those on the credit report. If you do not have credit card bills, NACA will have to rely on the balance on the report even if you dispute it.

### Savings History

If you were NACA Approved for more than your current rent payments (i.e. you will experience payment shock), NACA will continue to monitor your savings pattern. If you have not continued your savings practices, you may not be approved for Credit Access.

### Mortgage Amount not Greater than approved Maximum Mortgage

You cannot purchase a property for more than the maximum mortgage amount you were approved for by your Housing Consultant. Because interest rates change and taxes or insurance may be higher than anticipated, you may not be able to afford a mortgage equal to the Maximum Mortgage Amount you were provided at the time you were NACA Approved. It is important that you contact your Housing Consultant to confirm your approval amount once you determine the taxes and insurance for the home you have selected.

### Grants or Other Financial Assistance

You will need to provide all documents demonstrating that you have been approved for any financial assistance, grants, or subsidies from third parties such as a city government, state government or non-profit organizations.

## **PROGRAM REQUIREMENTS**

### Completing the Process

All persons applying for NACA Credit Access must have been counseled by NACA and been NACA Approved by a NACA Housing Consultant.

### Timeliness

You must be re-certified if you do not have an executed Purchase and Sale contract within three months of the time you were last NACA Approved. If more than three months have passed since the date on your NACA Approval letter or your last re-certification, NACA may not approve your application for NACA Credit Access.

### Disclosures Document

All persons applying for NACA Credit Access must have read and signed the NACA Disclosure. If you wish to apply for NACA Credit Access, you must understand that NACA is not responsible for any problems or issues that may arise during your home buying process. Because the process is complex and full of unknowns, NACA cannot and does not warrant or guarantee any outcome. All participants in the NACA Program must have signed the NACA Disclosure to agree to hold NACA harmless for any damage they may suffer or think they have suffered as a participant in the NACA Program.

### Participation Pledge

All persons applying for NACA Credit Access must agree to participate in at least five activities a year in support of NACA's mission and sign the participation pledge stating that they will do so.

### NSF Disclosure and Application

All persons applying for NACA Credit Access must have signed the Neighborhood Stabilization Fund Disclosure and Application.

### Commit to Live in the Home

You must commit to live in the home for as long as you have a mortgage through NACA. If it does not appear that you intend to live in the property, NACA will not approve your application for NACA Credit Access.

### Do Not Own Other Property

If you or any member of your household own other property at the time you apply for NACA Credit Access, NACA will not approve your application for Credit Access unless you or the member of your household have committed to sell the property prior to your closing.

## **NACA POLICIES**

### Payment for Services

Members cannot pay any money to NACA except for credit reports. If you have paid a NACA employee any money for anything else, NACA may not approve your application for NACA Credit Access. You should immediately contact the Member Services Director at 888-297-5568 if any NACA employee is charging you a fee other than for your credit report.

### Prohibited Referrals

NACA employees and agents are prohibited from referring Members to non-approved real estate agents or other vendors. If you have accepted such a referral, NACA may not approve your application for NACA Credit Access. You should immediately contact the Member Services Director at 888-297-5568 if any NACA employee or agent is referring you to an outside agent or vendor that has not been approved by NACA.

### Real Estate Agents

If you present a property you identified through another broker/agent while you were working with a NACA Buyer's Agent or Referral Agent, NACA may not approve your application for Credit Access.

### Prohibited Agents, Sellers and Developers

There are real estate agents, sellers and developers that do not serve their communities, have not or will not adhere to NACA's policies and procedures, and/or have a history of selling homes that are overpriced, in poor condition or are not acceptable for NACA Members. If you use one of these agents or purchase a home from one of these developers or sellers, NACA may not approve your application for NACA Credit Access. You should ask your Housing Consultant to identify the prohibited agents, sellers or developers in your area.

## **PROPERTY REQUIREMENTS**

### Property Location

The property must be in the Priority Area unless you were advised that you are eligible to purchase in the Service Area.

#### Purchase and Sale Agreement

You will need to provide a fully executed Purchase and Sale Agreement (signed by all persons intending to apply for NACA Credit Access and the seller) that contains stipulations that at a minimum require a satisfactory inspection (unless one has been completed), provides at least ten business days to submit a mortgage application and provides thirty days to close.

#### Multiple Listing

If the property was listed on the MLS, you must provide a copy of the listing.

#### Vacant Units

The Contract must state that the property—or if it is a multi-family property, at least one unit—will be vacant at the time of the closing. If the property is a multi-family property, you must provide documentation that all tenants who will remain in the property are paying their rent on time.

#### Inspection

You must provide an inspection report that meets NACA requirements for quality and impartiality and that uses the HomeGauge software. You must also provide NACA with a Termite Inspection Report from a certified Termite Inspector.

#### Property Condition

If the inspection report lists any items that need repair/rehab or are not fully operational, the Purchase and Sale Agreement must require the seller to make those repairs, or you must demonstrate that you will make those repairs with a rehab loan or an escrow of funds at closing.

The NACA Repair List and any attached addenda will state repair responsibility. If the seller is doing repairs, they must be completed and inspected before closing can occur and state as such on the contract or addendum to the contract. You will need to provide bid proposals for all “buyer” repairs, or appropriate rehab documents if the repairs are substantial and being rolled into a rehab loan (Step 6). Open communication with your Housing Consultant and buyer’s agent is vital at this stage.

#### Closing Location

The Purchase and Sale Agreement must stipulate that the closing will occur at the NACA office, and that a NACA-approved settlement agent will conduct the closing (the lender pays the cost of the settlement agent and all buyer closing costs). This applies to both pre-owned and new home construction.