



NACA

QUALIFICATION WORKBOOK

BECOME A HOMEOWNER

THROUGH ► NACA'S COMPREHENSIVE COUNSELING
WITH ► NACA'S BEST IN AMERICA MORTGAGE

MEMBER'S NAME: _____

DATE OF WORKSHOP: _____

NACA ID #: _____

WWW.NACA.COM

**Fighting Financial
Exploitation with
America's Best
Mortgage**

NACA MORTGAGE

**No Down
Payment**

**No Closing
Costs**

**No Mortgage
Insurance**

**No Consideration
of Credit Score**

**No Perfect
Credit Required**

**Interest Rate
Below Market**

**Stabilizing
Neighborhoods
through **ADVOCACY**
and **ACTIVIST**
MEMBERS**



NACA's BEST IN AMERICA MORTGAGE

Everyone That Obtains a NACA Mortgage Gets These Outstanding Terms:

PROPERTY TYPE:	<u>Wide Range of Properties:</u> Single family, Condos, Coops or Multi-family (two, three, or four units). Properties may be existing homes, new construction or homes in need of renovation.
DOWN PAYMENT:	<u>None:</u> Not required
CLOSING COSTS:	<u>None:</u> Lender pays for all their closing costs
INTEREST RATE:	<u>Below Market Fixed Rate:</u> Always below market fixed rate with a one-percent reduction for low to moderate income borrowers and those purchasing in a low to moderate income area.
TERM:	<u>Fixed Term - Fully Amortizing:</u> 30-year, 20-year or 15-year with full pay-off at end of term.
BUY-DOWN:	<u>Permanently Reduce Interest Rate With Additional Funds:</u> One and a half percent of mortgage amount reduces interest rate by 0.25% for 30-year mortgages and by 0.375% for 15-year mortgages. This is a great added benefit to achieve an affordable monthly mortgage payment or to purchase a more expensive house.
POINTS & FEES:	<u>None:</u> Lender does not charge any points or fees.
CREDIT HISTORY:	<u>Credit Score Not Considered:</u> Member's personal payment history is evaluated without the need for perfect credit.
MORTGAGE INSURANCE:	<u>None:</u> No Mortgage Insurance ("MI") which only protects the lender. Members have access to NACA's comprehensive free post-purchase program for as long as they have a NACA mortgage.
RENOVATIONS/REPAIRS:	<u>Funds Set-Aside After Closing for Needed Repairs</u> Funds for renovations are provided as part of the mortgage. NACA will provide assistance throughout the renovation process.

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THE BATTLE IS OVER BUT THE WAR GOES ON

Non-profit advocacy
HUD certified counseling agency



NACA

Neighborhood Assistance Corporation of America

Dear NACA Member,

The tremendous benefits that you receive through NACA are the result of a tireless and ongoing struggle by thousands of NACA Members, employees, and volunteers to end predatory and discriminatory lending. NACA has been in the forefront of this fight for over thirty years. NACA is the national leader in fighting for and providing affordable homeownership. We were the first organization to take on unscrupulous lending in our campaign against Fleet Bank and we were the first to define and use the term "Predatory Lending." Our efforts continue every day with our advocacy against predatory lending institutions and their discriminatory, abusive lending practices. NACA continues to expand homeownership opportunities for working people with the 15-year Wealth Builder Mortgage and homeownership for Section 8 (Housing Choice Voucher) recipients through NACA's HOT-PHA program.

NACA's success in achieving its overall mission of economic justice for working people depends on you as we continue to provide and expand NACA's best in America homeownership programs. As a NACA Member, you are an essential part of an extraordinary organization. With over two million Members and growing, NACA continues to be in the forefront of providing economic opportunity for primarily low to moderate income and minority individuals and to break such barriers.

Your involvement is crucial. Apathy is the deadliest cancer of democracy – each of us must become advocates and accept responsibility for improving our society. We need your involvement with NACA in whatever way you feel comfortable, as stated in the NACA Participation Pledge. You must also be a registered voter. The nominal annual Membership Dues support NACA's homeownership programs and our advocacy campaigns.

NACA's success is built on the many people who struggled for civil rights and economic justice. Some of those people paid with their lives. You are now benefiting from NACA's success and from those who fought to move NACA forward. I sincerely hope that you understand the importance of your active participation and do not see it as a requirement but as a privilege.

Welcome to NACA!

The Fight Continues,

Bruce Marks

NACA Founder and CEO

NACA OVERVIEW

The Neighborhood Assistance Corporation of America (“NACA”), through its counseling subsidiary the Neighborhood Stabilization Corporation (“NSC”), is the largest non-profit HUD-certified community advocacy and homeownership organization. NACA’s mission is to fight for economic justice through comprehensive counseling with access to NACA’s Best in America mortgage. NACA focuses primarily on low and moderate income and minority people who, without NACA, are subjected to predatory terms or locked out of affordable homeownership.

NACA has established itself over more than thirty years by providing the most effective homeownership programs in the country for both current homeowners with an unaffordable mortgage as well as homebuyers. NACA’s CEO Bruce Marks forecasted the mortgage crisis in his testimony before Congress on September 12, 2000. NACA continues to be on the forefront in addressing predatory and discriminatory lending practices with its aggressive and relentless tactics in confronting predatory lenders.

Purchase Program

NACA provides the best home purchase program in America. This includes free individual comprehensive counseling to evaluate a homebuyer’s overall finances and to determine if s/he is ready for homeownership and by determining an affordable mortgage payment. NACA Counselors work with homebuyers for as long as it takes to become pre-approved for a mortgage, and then assist them throughout the home purchase and mortgage process. The vast majority of NACA homebuyers are low- to moderate-income and people of color, many of whom have neither perfect credit nor substantial savings.

NACA has over \$20 Billion committed by major lenders, including \$15 Billion from Bank of America, for the NACA mortgage. While NACA provides potential homebuyers with information about a range of mortgage options, homebuyers come to NACA to access NACA’s Best in America Mortgage. This extraordinary mortgage provides every homebuyer the same incredible terms which makes homeownership affordable without the need for perfect credit, large savings or high income. The NACA Mortgage terms are:

- No down payment
- Below Market fixed 30-year or 15-year
- No closing costs or fees
- No Mortgage Insurance

Home Save Program

NACA is America’s largest and most effective organization in providing affordable solutions for current homeowners with an existing unaffordable mortgage payment. This has been achieved through legally binding agreements with the major lenders/servicers and investors to provide affordable solutions. Homeowners save hundreds if not thousands of dollars on their monthly mortgage payment by permanently reducing interest rates to as low as two percent. Sometimes the outstanding principal is reduced to achieve an affordable mortgage payment. NACA’s 144 American Dream Events nationwide set the standard in providing same-day affordable solutions for many thousands of homeowners at risk of losing their homes.

Advocacy

NACA has been and continues to be in the forefront in fighting predatory lenders and advocating for economic justice, and in fact coined the term “Predatory Lending.” NACA has won long campaigns against the largest and toughest lenders, corporations, politicians and government entities (see NACA’s History).

With an extremely large nationwide membership which is rapidly expanding, NACA has become a major community force that is both feared and respected by lenders and decision-makers nationwide. Most importantly, NACA is beloved by the people for whom NACA fights and provides unprecedented outcomes. NACA is fully committed to continue its aggressive advocacy campaigns and confrontational tactics, with the determination to pursue each campaign for as long as it takes. NACA’s homeownership programs will only survive and expand if we adhere to the premise that, while many battles have been won, the war for economic justice goes on.

National Results

NACA Members: Over 3,000,000 • NACA Offices – 48 and rapidly expanding
NACA Mortgage: Over 70,000 • Home Save Affordable Solutions: Over 250,000

NACA History

NACA's comprehensive homeownership programs, extraordinary mortgage product and confrontational community advocacy approach have set the national standard for effective neighborhood stabilization programs. To appreciate NACA's tremendous achievements, it's important to understand NACA's development over more than thirty years.

BRIEF HISTORY: NACA began in 1988 in Boston as the Union Neighborhood Assistance Corporation (UNAC). Its roots go back to the Hotel Workers Union - Local 26, an activist union that won and established the country's first housing trust fund for union members. Learning from that experience, NACA employed the union's activist tactics to confront lenders engaged in discriminatory and predatory lending practices.

NACA was the first organization to take on predatory lending and coined the term "Predatory Lending." In 1990, NACA initiated the campaign in Boston against second mortgage scams. In this predatory scheme, financial institutions targeted long-time, elderly and lower-income homeowners and offered refinancing and other products with the goal of taking their equity and home. NACA focused on Fleet Finance. After a four-and-a-half-year war, Fleet surrendered. They committed \$8 billion to low- and-moderate income lending and paid hundreds of millions of dollars in settlements to those Fleet had victimized. Fleet also agreed to fund NACA's revolutionary mortgage product.

NACA's advocacy did not stop with Fleet and continued waging multi-year campaigns against some of the largest and most powerful financial institutions. NACA targeted First Union for its discriminatory lending practices by focusing on its CEO Eddy Crutchfield (alias "Fast Eddy"). NACA won after a multi-year campaign, and First Union agreed to change its lending practices for working people. Next, NACA targeted Ford Motor Company, which owned the country's largest finance company called The Associates. As a result of NACA's campaign, Ford ended their ownership of The Associates, and NACA subsequently forced The Associates to reduce the interest rates for hundreds of thousands of its borrowers. NACA also won victories against Barnett Bank, Bank of Boston, Riggs, and others. These institutions have made significant reforms to move away from their predatory lending practices as a direct result of NACA's efforts.

On September 12, 2000, NACA's CEO Bruce Marks testified before Congress and predicted the mortgage crisis. He was the first to publicly do so. NACA also targeted Countrywide, the nation's largest and most aggressive predatory lender. NACA was the first organization to expose Countrywide's predatory practices and NACA's successful campaign established the most effective solution for restructuring unaffordable mortgages and saving homes. This was achieved through agreements with the major lenders/servicers and the major investors (i.e., Fannie Mae and Freddie Mac) setting the national standard for assisting at-risk homeowners. NACA's accomplishments were unprecedented: 144 Home Save/American Dream events nationwide creating the most successful model for assisting at-risk homeowners. Hundreds of thousands of individuals participated in these events and many thousands were provided same-day affordable solutions.

NACA continues these massive events for homebuyers to become homeowners with NACA's Best in America mortgage. These four or five day one-stop mortgage operation events are called Achieve the Dream, and they attract thousands of interested homebuyers. In one day, a homebuyer attends a workshop, uploads their documents, meets with both a NACA Counselor and a NACA Mortgage Specialist to be pre-approved for the NACA Mortgage. Many homebuyers are approved the same day; if they are not ready right now, they receive an action plan with the next steps for approval. NACA has completed over 25 of these Achieve the Dream Events nationwide with many more to come.

NACA – REINVENTING MORTGAGE LENDING!



NACA's Timeline of Accomplishments

The NACA Timeline below shows how the NACA program that “sounds too good to be true” has been made into reality through aggressive advocacy and providing the most effective affordable homeownership programs in the country. NACA continues to advocate and set the national standard. You can read extensive media coverage and up-to-date information on NACA at www.naca.com.

1988	The Hotel Workers – Local 26 negotiates first ever Housing Trust Fund. After a three-year public campaign, the Hotel Workers Union in Boston negotiates the first ever housing trust fund with hotel management. This provides hotel workers with down payment and other assistance in fulfilling the dream of homeownership. The contract requires an amendment to the federal Taft-Hartley Act. The Union Neighborhood Assistance Corporation is founded and later transitioned into NACA.
1990	President Signs Housing Trust Fund into Law. On April 18, 1990, President George Bush signs an amendment to Taft-Hartley into law after Local 26's national campaign, which includes sending hundreds of workers to Capitol Hill. This allows housing assistance as part of union and management negotiations. It is the first change to the Taft-Hartley Act in over 30-years, and the first time a local union got the Act changed.
1991	NACA Coins the term “Predatory Lending.” NACA initiates campaign against financial institutions that targeted minority homeowners with high equity through unscrupulous “home improvement” companies (i.e. “Second Mortgage Scam Campaign”).
1992	NACA Exposes Predatory Lenders and Second Mortgage Scams. NACA conducts a two-and-a-half -year research and organizing campaign against second mortgage scams, leading to an investigation by the Massachusetts Attorney General. Over 400 newspaper articles and many more TV news reports document these unscrupulous practices against working people.
1993	NACA Organizes Senate Banking Committee Hearings on Fleet. NACA organizes over 500 people from around the country to participate in the Senate Banking Committee hearings on second mortgage scams which focuses on Fleet. NACA's CEO, Bruce Marks, testifies before the Senate and House Banking Committees. Over 100 Fleet victims meet at the Federal Reserve with the Board of Governors to document Fleet's predatory lending practices. <i>60 Minutes</i> does a scathing expose on Fleet's loan sharking.
1994	NACA Defeats Fleet. Fleet agrees to NACA's demands after its four-and-one-half year war and lastly by confronting Fleet CEO Terrence Murray at a Harvard Business School event. Fleet agrees to an \$8 billion community reinvestment program, settles lawsuits and state attorney general investigations for over \$350 million, and funds \$140 million of a revolutionary mortgage program administered by NACA. This was the foundation for NACA's Best in America homeownership program.
1995	NationsBank's CEO Hugh McColl pledges \$500 million to the NACA Program. McColl says that if NACA is as good as everyone says, NationsBank will be NACA's biggest lending partner. McColl's prediction proves to be accurate.
1996	NACA Defeats First Union, Signet and Riggs. First Union agrees to provide \$150 million for the NACA program. Signet and Riggs Banks negotiate agreements with NACA. Over ten thousand people in Atlanta attend the largest homeownership event in America at the First Iconium Baptist Church.
1998	NACA Stops Settlement of Class Action by Associates/Ford. NACA contacts over 100,000 Associates/Ford borrowers, organizes demonstrations where Ford does business and fills federal court hearings to overcapacity. NACA convinces the presiding federal judge to throw out an Associates/Ford settlement that would have provided them with immunity while enriching their lawyers and leaving the victims with only \$50 each. NACA then begins organizing statewide class action lawsuits against The Associates/Ford.
1999	NACA Defeats the Associates/Ford. After NACA's four-year campaign of organizing and media exposés on programs like ABC Prime Time Live and disrupting Ford's annual meeting, The Associates settles. They agree to a mortgage reduction program that automatically reduces interest rates for customers who make timely payments. This provides billions in savings for The Associate's customers and revolutionizes the sub-prime market. Also, the Associates commits \$100 million to the NACA program. Bank of America Commits \$3 Billion to the NACA Program after their review and impressive results.
2002	NACA is Instrumental in Passing Georgia's Predatory Lending Protection Legislation. NACA mobilizes thousands of Members to work with Georgia Governor Roy Barnes to pass the nation's strongest protections against predatory lending. As a result of the legislation, borrowers find relief from exorbitant fees and interest rates, prepayment penalties, and balloon payments.
2003	Bank of America and Citigroup Commit \$6 Billion in New Funds to the NACA Program. Citigroup begins a new partnership with a commitment of \$3 billion to the NACA program and initiatives to improve the lending practices of CitiFinancial. Bank of America provides another \$3 billion to the program, bringing its total commitment to \$6 billion.
2004	NACA introduces NACA-Lynx. Years in the making, NACA unveils its state-of-the-art, web-based paperless counseling, mortgage application and processing software called NACA-Lynx.
2006	NACA Continues to Enhance NACA-Lynx and Expand the Program. Lenders Contact NACA about using NACA-Lynx. Citigroup's CEO Chuck Prince visits NACA's national office to get a first-hand demonstration of the NACA program and NACA-Lynx.
2007	NACA's CEO Bruce Marks is Named by the Boston Globe as the 2007 Bostonian of the Year. NACA Launches a Massive Program to Assist Homeowners with Unaffordable Mortgages. NACA's Home Save Program includes a one-billion-dollar commitment to refinance people out of their unaffordable loans and working with lenders to modify/restructure loans on terms that the homeowners can afford over the long-term.

2008	NACA Establishes National Standard for Assisting At-Risk Homeowners Restructure their Mortgages. NACA sponsors the first historic Save the Dream Event with over 300 NACA Counselors providing affordable solutions over five days at the Capital Hilton Hotel in Washington D.C. from July 19th to 23rd. Over 20,000 people participate and NACA is able to restructure thousands of homeowners' loans during the event and afterwards.
2009	NACA Initiates the Accountability Campaign Against Mortgage Executives. NACA holds the financial executives personally responsible for the mortgage crisis and their refusal to provide long-term affordable solutions. The first action is the Predators Tour in the Greenwich Ct. area on Sunday February 8th. Over 350 homeowners protested at the homes of John Mack, the CEO of Morgan Stanley, and Bill Frye, the CEO of the hedge fund Greenwich Capital. The impact is dramatic. It sets the standard in holding these executives personally responsible by bringing the consequences of their actions to their doorsteps and community in a non-violent but confrontational manner. The Home Save tour is an Incredible Success with Hundreds of Thousands of Participants. Thousands of homeowners receive same day solutions to get their interest rates permanently reduced to as low as 2%, and in some cases, having the outstanding principal reduced based on what the homeowner can afford. Homeowners save hundreds of dollars and some over one thousand dollars in their monthly mortgage payment. NACA provides the most effective long-term solutions establishing the national standard in providing long-term affordable solutions for at-risk homeowners - All of NACA's services are FREE.
2010	The Save-the-Dream Tours continue with Events Throughout the Country. These events and the NACA's Home Save program are the most successful solution for large numbers of homeowners with an unaffordable mortgage. NACA achieves this through legally binding agreements with all the major servicers/lenders and investors covering the vast majority of at-risk homeowners including: Bank of America, Wells Fargo, Citigroup, Chase, American Homes Servicing, Litton, GMAC, OneWest/IndyMac, IBM, Saxon, HSBC, Ocwen and the two major investors Fannie Mae and Freddie Mac. NACA is so successful that virtually all the servicers and investors cooperate with NACA. NACA Continues its Advocacy Campaign Against Chase. Chase is the one servicer refusing to provide long-term affordable solutions. NACA stormed Chase's corporate offices in Wall Street with thousands of homeowners. NACA works with Chase's regulator, the OCC, in addressing thousands of complaints against Chase and continues to assist the Chase borrowers.
2011	Bank of America adds \$3 Billion to its Commitment to NACA's Best in America Mortgage. NACA Sues and Defeats HUD and NeighborWorks. NACA Defeats Chase. Chase signs a new agreement with NACA and now offers some of the best restructure solutions to NACA Members as a result of NACA's advocacy.
2012	NACA Includes Purchase Program in the American Dream Tour. NACA assists both homeowners obtain an affordable payment and homebuyers to purchase homes with NACA's Best in America mortgage. NACA does over 100 Save-the-Dream/American Dream events in four-and-a-half years with 43 events in 2012, setting the national standard in providing affordable solutions for hundreds of thousands of at-risk homeowners.
2013	NACA Demonstrates at the Consumer Financial Protection Bureau ("CFPB") with Over 1,000 People. The demonstration shuts down CFPB operations to highlight their refusal to assist the many thousands of homeowners who have been denied modifications from their lenders. NACA staff and Members visited every member of Congress to inform them of NACA's programs and mission. NACA does another 24 American Dream events.
2014	NACA Returns to Washington D.C. with Hundreds of NACA Staff and Members. NACA visits every member of Congress to remind them of NACA's programs and mission. CFPB addresses NACA's concerns and is supportive of NACA's homeownership programs. NACA continues the American Dream events nationwide and negotiates new agreements with CitiMortgage and Bank of America to make additional buy-down funds available for low to moderate income borrowers. NACA introduces the revolutionary fifteen-year Wealth Builder Mortgage.
2015	NACA initiates Neighborhood Stabilization Program in Detroit. NACA is the first to provide 150% loan-to-value ("LTV") mortgages. The Detroit Free Press writes an editorial about the NACA mortgage titled "Mortgage Program is Key to Detroit's Future". NACA works with the OCC to provide a standard for high LTV mortgages in markets cut-off from conventional credit.
2016	NACA has Highest Number of Purchase Program Closings Ever. NACA streamlines the process, closing loans within 28 days from the executed Purchase & Sale Agreement.
2017	NACA Expands Homeownership Opportunities for Working People. NACA makes homeownership for Section 8 Housing Choice Voucher recipients possible and affordable through NACA's new HOT-PHA program.
2018	NACA implements five-day "Achieve the Dream" events. Provides one stop mortgage operation for low and moderate income homebuyers to be approved for NACA's Best in America mortgage.
2019	NACA organizes thirteen Achieve the Dream events nationwide and does the most mortgage closings ever.
2020	NACA continues to provide comprehensive housing counseling virtually during the pandemic. NACA provides over 30% of the housing counseling in the country.
2021	Bank of America commits an additional \$5 billion to the NACA program for a total of \$15 Billion. NACA reaches over \$20 Billion in commitments to its Best in America Mortgage.

NACA Program Overview

NACA's mission is to make homeownership available with the best terms for Members who otherwise would be prevented from obtaining an affordable mortgage. NACA is open to everyone regardless of their income or where they want to live, provided that they adhere to NACA's eligibility requirements, policies, and procedures. NACA is the alternative to the many bad actors in the real estate and mortgage industries who not only contribute to the destabilization of communities, but also exploit low to moderate income and minority individuals. NACA will work with you for as long as it takes for you to purchase a home. In addition, NACA will support you as a homeowner for as long as you have your NACA Mortgage.

NACA has developed a comprehensive housing counseling program through which Members are prepared for homeownership and become qualified to obtain affordable mortgage financing. This includes access to NACA's extraordinary mortgage product which enables affordable homeownership – with no down payment, no closing costs, no fees, no mortgage insurance, and a below-market fixed interest rate (“NACA Mortgage”). To facilitate this process, NACA created a Member Portal through which Members are provided updates on their file, their status, next steps, and much more as described in this Qualification Workbook.

Purchasing a home is the largest investment most people will ever make. NACA is committed to providing you with comprehensive education and assistance throughout the homebuying process, including information about different mortgage options. Neither the NACA program nor homeownership is right for everyone. The NACA program is a full-disclosure process with extensive document verification. If you are not ready to discuss your finances, personal situation or provide all the required documents, this is not the program for you.

The cornerstone of the NACA program is the comprehensive one-on-one counseling offered by NACA's Counselors. You will be assigned a NACA Counselor after attending a homebuyer workshop. Your NACA Counselor will work with you to become a homeowner and/or improve your financial management. NACA's counseling is based on a thorough analysis of your financial situation to determine whether you are ready for homeownership and what you need to do to get there if you are not. Your NACA Counselor will also work with you to determine the monthly mortgage payment you can afford over the long term while maintaining a comfortable standard of living. You must complete the housing counseling program and become NACA Qualified before you are eligible to apply for the NACA Mortgage.

NACA does not consider your credit score but evaluates your individual circumstances to determine your ability and readiness for homeownership including explanations of late payments. While NACA recognizes that many Members come to NACA with credit issues, no one is turned away because of bad credit — as long as they are committed to overcoming these roadblocks. Your NACA Counselor will help you determine which items need to be resolved to become NACA Qualified and work with you throughout the homebuying process.

NACA and its Counselors will work with you for as long as it takes for you to become a homeowner. The timeframe is often dependent on your commitment to follow-up. NACA Qualification will take within three months for the vast majority of Members who actively participate in the program. It may take less time from Members who fully utilize the Member Portal and address Action Items quickly, and more time for those Members with significant financial issues. Virtually everyone is approved by the lender once a NACA Qualified Member submits a mortgage application to a participating lender in the NACA program. NACA homeowners are able to improve and manage their finances and make on-time monthly mortgage payments due to NACA's thorough education and counseling. NACA Members will also be able to commit themselves to improving and stabilizing their communities as a result.

While your NACA Counselor is always there to assist, you should use the information in this workbook as your guide to become NACA Qualified on your own. You can be NACA Qualified upon completion of the following: tracking your existing expenses and creating a budget that accurately reflects your financial situation; addressing any late payments issues; demonstrating stable and sufficient income, assets, and monthly savings; determining an affordable monthly mortgage payment; obtaining supporting documents; and meeting NACA's eligibility requirements. Being NACA Qualified is equivalent to being pre-approved for the NACA Mortgage. Moreover, you will likely be qualified for other mortgage products, which you should compare to the NACA Mortgage.

NACA Membership

All participants and household members in NACA's programs and services must sign the NACA Agreement and the E-consent Agreement, which authorizes documents to be signed electronically, by the time of the initial counseling session (i.e. Intake Session). The NACA Agreement governs membership and participation in NACA's programs, services, the NACA Mortgage, participation requirements, advocacy, and curricula which NACA offers or may offer in the future. The NACA Agreement also includes authorization to access your credit report and other information, disclosures, releases, responsibilities, obligations and privacy matters. By signing the NACA Agreement, you become a NACA Member and acknowledge your consent to these terms to participate in NACA.

Membership Dues will be required before your Intake Session and at the beginning of each calendar year thereafter for as long as you participate in the NACA Purchase Program and/or have a NACA Mortgage. The current Membership Dues are only \$25 per calendar year per household. NACA's Membership Dues support NACA's homeownership programs, neighborhood stabilization initiatives, advocacy, and other programs. You will have access to NACA's comprehensive post-purchase program through NACA's Home Save Department after the purchase of your home with a NACA Mortgage. They offer significant and unique benefits at no cost to you. These include additional counseling services, foreclosure prevention assistance including mortgage modification and payment plans, access to financial assistance, and additional services.

Members in good standing can access all aspects of NACA's Programs. For a Member to be in good-standing, they must have signed the NACA Agreement, be current on their Membership Dues, and adhere to NACA's requirements, conditions, and program guidelines. Anyone has the option to opt-out of NACA membership but restricts their NACA services to limited counseling. To opt-out of membership, you must send an email to Services@naca.com with the subject stating "Member Opt-out." Members who opt-out and still want to receive limited NACA counseling must still pay the same amount as the Membership Dues and adhere to all the provisions of the NACA Agreement.

NACA Membership requires participation in whatever way you feel comfortable. NACA's success has been the result of the active participation and advocacy of many thousands of Members over the years. Therefore, it is essential that all Members be committed to our mission. We want you, your family, and those close to you to be active NACA Members who promote neighborhood stabilization and economic justice for many years. We hope that NACA's history and success from which you are now benefiting is inspirational. We look forward to your active involvement and becoming a NACA homeowner on the best mortgage terms in America.

NACA'S Team

NACA has established teams of professionals covering every stage of the home buying process who can address your concerns with trusted advice as you pursue your home purchase and prepare for what is likely to be the largest investment in your life.

Counseling Department

The Counseling Department consists of NACA Counselors, Office Directors and office administrative staff. The staff members work in NACA's many offices nationwide. Their focus is to NACA Qualify members through an initial Homebuyer Workshop and one-on-one counseling. If you are qualified by a NACA Counselor who is not yet a licensed Mortgage Loan Originator, your file will be assigned to a NACA Counselor who is your primary point of contact through the mortgage process. The Counseling Department also provides free live webinars throughout the week on various topics which you are encouraged to attend. Go to www.naca.com to see the topics and sign up.

Mortgage Department

The Mortgage Department consists of Mortgage Specialists and Closers. The Mortgage Specialists review and approve submissions by NACA Counselors for Credit Access, package the loan application, and address any lender conditions. The Closers are responsible for closing the mortgage.

Real Estate Department

The Real Estate Department consists of NACA In-House Realtors ("IHA"), Referral Agents, and Real Estate Brokers. NACA's In-House R.E. Agents work exclusively for NACA and its Members and represent your interest in finding a home you can afford which qualifies for the NACA Mortgage. They are experts on the NACA program and process. Referral Agents are like an IHA, but do not work exclusively with

NACA and are available if an IHA is unavailable. You are free to use a real estate agent of your choice, as long as they are allowed to participate in the NACA program. You can contact NACA's Real Estate Department through Member Services at (425)-602-6222 or by sending an email to RED@naca.com.

Home and Neighborhood Development (“HAND”) Department

The HAND Department consists of HAND Relationship Coordinators (“HRC”), Rehab Specialists, and Escrow Coordinators. The HRC is your primary point of contact to address repair issues. The Rehab Specialists review home inspections to identify repair issues and determine a Rehab Budget for repairs. The Escrow Coordinator works with Members to process the payments for repairs to be completed after the closing. You can contact HAND at (425) 602-6222, option 5, or by sending an email to HAND@naca.com.

Member Services Department

The Member Services Department consists of National Service Representatives (“NSR”) who respond to calls to the Member Services line. NACA's Member Services Department is committed to provide the best member services and is open weekdays from 8:30 a.m. to 5:30 p.m. and Saturdays from 8:30 a.m. to 12:00 p.m. eastern time to assist you. They are there to help you obtain answers to general questions, address individual circumstances with your NACA Qualification and mortgage process, assist you with accessing your Member Portal, make an appointment, communicate with your NACA Counselor, or any other issue. You can contact Member Services at (425) 602-6222 or by sending an email to Services@naca.com.

HomeSave Department

The Home Save Department assists NACA homeowners needing assistance and Non-NACA homeowners with an unaffordable mortgage. Members are assigned a Home Save Advocate who provides counseling, assists in arranging mortgage modifications and payment plans with the Member's servicer/investor, and other assistance. NACA homeowners are eligible for on-going counseling, assistance, and other solutions not available with other servicers or lenders including financial support. The Advocates also work with Members to continue their participation in NACA and to access other services. You can contact the Home Save Department at (425) 602-6222, option 3 or by sending an email to Homesave@naca.com.

Advocacy Department

The Advocacy Department consists of organizers nationwide who work to involve the many thousands of Members and other advocates in economic justice issues and campaigns as well as neighborhood issues affecting our Members. This includes working with NACA's neighborhood communities called NACA Action Committees (“NACs”). Members participate in their local NAC to address both local and national issues. Members can also participate in a group to address particular issues called a NACA Action Group (“NAG”). The organizers also work with Members to register to vote and meet their participation requirements. You can contact the Advocacy Department by sending an email to advocacy@naca.com.

NACA Job Opportunities

NACA has amazing job opportunities throughout the country for many different positions. NACA is a high-profile organization that is frequently featured in the national media for its extraordinary affordable homeownership programs and its confrontational community actions against predatory and discriminatory lenders. NACA, through its counseling subsidiary called the Neighborhood Stabilization Corporation, is also the largest and most effective non-profit HUD approved counseling organization in the country.

NACA is an equal opportunity employer and strongly encourages minority individuals as well as those fluent in Spanish and other languages to apply. NACA also encourages candidates who have had a previous non-financial criminal conviction to apply for a second chance opportunity. We invite you to join NACA's growing team and become part of the most exciting and effective housing and advocacy organization in the country.

For job descriptions and to apply online, visit us at www.naca.com

or Email questions to jobs@naca.com

NACA MORTGAGE

NACA IS REINVENTING MORTGAGE LENDING BY ELIMINATING BARRIERS TO AFFORDABLE HOMEOWNERSHIP

The NACA mortgage is considered the *Best Mortgage in America*. NACA's Purchase Program provides a solution to address the major barriers in the housing market for low to moderate income and people of color, which have resulted in historically low homeownership rates. NACA's transformative mortgage product, counseling services, and underwriting provide a model as the most effective in providing affordable long-term homeownership on a large scale for those who have been prevented from accumulating wealth and achieving personal security through homeownership.

NACA's Purchase Program provides comprehensive counseling with access to NACA's Best In America Mortgage. NACA is the largest HUD approved non-profit housing counseling organization providing over 30% of all the housing counseling in the country. All NACA Members receive the outstanding terms of the NACA Mortgage: no down payment, no closing costs, no private mortgage insurance, no fees, and a below market fixed rate. Lenders have committed over \$20 Billion so far, including \$15 Billion from Bank of America.

NACA has built an unprecedented, successful track record of over 70,000 successful homebuyers – 85% of whom are people of color – with an extremely low foreclosure rate of 0.00012 (i.e. about one-hundredth of one percent). NACA has proven that low to moderate income and people of color make their monthly mortgage payments and become prime borrowers when they get the benefit of a prime rate loan and counseling. NACA's long experience of helping homebuyers with credit issues realize their dream of owning a home counters the justification the lending industry uses to impose high rates and fees to compensate for their "credit risk."

Barriers to Homeownership

NACA is the one bright light in reversing the history of racism and exclusion in providing affordable homeownership for people of color. NACA's purchase program provides a solution to address the major barriers in the housing market that have resulted in historically low homeownership rates for African Americans:

1. Limited savings;
2. Unaffordable terms;
3. Restrictive underwriting; and
4. Racism and Biases.

1. Barrier: Limited Savings

NACA Solution: No Down Payment & No Closing Costs

The NACA Mortgage overcomes the lack of savings barrier with no down payment, no closing costs or fees (these are paid by the lender), and no required PMI. Working people who struggle to save money but can meet their living expenses can become homeowners through NACA with a monthly mortgage payment that is often lower than their rent. The similar VA mortgage with no down payment provided the primary financing tool in building America's suburbs after World War II, but racist government and bank policies prevalent at that time excluded African American borrowers.

2. Barrier: Unaffordable Terms

NACA Solution: Below Market Fixed Rate & Aggressive Buy-Down

Standard lending practices reward those who are better off or come from a tradition of homeownership with better access to affordable financing. These practices lead to exclusion from homeownership or to predatory terms for many low to moderate income (LMI) hard working people. To address this disparity, NACA provides a below market fixed rate for either a 30-year or 15-year term. Where other lenders charge different interest rates, Forbes magazine noted that "there is one exception, NACA, which charges the same rate regardless of the credit score." NACA also provides a unique option to permanently buy down the interest rate to an even lower interest rate which is not available with any other lender.

3. Barrier: Restrictive Underwriting based on Credit Score

NACA Solution: Character Based Lending without Consideration of Credit Score

NACA uses an alternative underwriting approach that does not consider one's credit score. Every homebuyer goes through the same process and not only receives a below market fixed interest rate, but also does not have to make a down payment, and the lender pays all the closing costs. NACA Qualification involves comprehensive counseling and full documented underwriting to determine whether a borrower is ready for homeownership and can afford the approved monthly mortgage payment over the long-term. Borrowers complete realistic, verified budgets, to determine how they spend their money. This is an important financial learning experience which lays the foundation for improved personal financial management and stable homeownership.

NACA's purchase program eliminates underwriting based on the standard risk-based pricing model used by the mortgage industry, which does not account for homebuyers' personal circumstances and how they reflect their ability to make a mortgage payment. This industry-standard lending model takes into consideration only three factors: down payment, credit score, and debt ratios. These criteria are put into an algorithm which determines if the borrower is approved and provides the corresponding interest rate and terms. Instead, NACA's underwriting uses "character-based lending" with compensating factors. This means that NACA Counselors and Mortgage Specialists consider the life realities of LMI borrowers which do not neatly fit into the "standard" underwriting criteria.

While full documentation of financial income and payments is required with NACA's approach to underwriting, a borrower's credit score is not considered. Instead, NACA reviews the borrower's payment history as provided on their comprehensive credit report and considers only those payments that the borrower controls. Far too many people are locked out of homeownership due to unexpected medical expenses and other debts out of their control. NACA's approach is designed to overcome these barriers, since non-payment of these debts is not always a reflection of their readiness for homeownership.

NACA uses the borrower's current rent as a more realistic benchmark to determine an affordable monthly mortgage payment. Borrowers with a desired mortgage payment higher than their current rent must save the difference over a period of three to six months while maintaining a realistic budget. This "Payment Shock Savings" ensures that they can afford their new payment over the long term. Further, NACA works with borrowers who are unable to meet their desired payment for as long as it takes to get them into financial readiness for homeownership.

4. Barrier: Racism & Biases

NACA Solution: Pre-Approval & Advocacy

The legacy of slavery, with continued racism and biases, is pervasive throughout the homebuying process. This is a fundamental barrier to affordable homeownership for African-Americans and other minorities. While NACA's purchase program is open to everyone, the vast majority of NACA homebuyers are people of color who historically have been locked out of this fundamental generator of wealth. The impact is at a crisis point after millions of homeowners who were overwhelmingly African American were foreclosed on during the recent mortgage crisis and lost billions of dollars in wealth.

While the NACA mortgage is outstanding, an essential transformation in addressing embedded racism lies in changing the sequence of the home buying process. The standard homebuying process – which begins with a real estate agent before moving to the seller and finally the lender – erects significant barriers to people of color and LMI homebuyers due to racism and bias. Real estate agents often refuse to work with buyers with lower credit scores, lower incomes, or minorities. Sellers will often not accept offers from these borrowers or may only consider them as a last resort. Lastly, lenders reject about half the applications from people of color and LMI borrowers.

NACA upends the traditional process by putting mortgage pre-approval first. To overcome these barriers in traditional home buying, NACA pre-approves borrowers for its "Best In America Mortgage"

through counseling and budgeting that requires full documentation (i.e. paystubs, bank statements, tax returns, etc.). Once the borrower is NACA Qualified (i.e. pre-approved), virtually all applications submitted to the lender successfully close their mortgage while other lenders reject half the submitted bank applications. With this solid, document-based approval in hand, the borrower becomes the equivalent of a cash buyer and therefore a desired customer for real estate agents, sellers and lenders.

The relationships of NACA Counselors, and Mortgage Specialists, and real estate agents to the communities they serve, most of whom are from the same backgrounds and circumstances, are another NACA advantage. Their dedication and relationship to their Members makes achieving this life changing purchase a personal goal and ensures that Members are treated with respect and fairness in the process.

While the benefits of NACA's pre-approval and staff cannot overcome all racist actions, NACA has mobilized its membership and will continue to do so to fight discrimination and predatory practices. NACA has been in the forefront of these fights and coined the term "Predatory Lending" during its first campaign in 1991 against lenders targeting the equity of Boston's African American homeowners. With more than three million members nationwide and the resources to back up our campaigns, NACA is a force that is both respected in the homeownership arena and feared by predatory and discriminatory lenders.

Interest Rate Buy-Down

The impact of the NACA Interest Rate Buy-Down is extraordinary ("NACA Buy-Down"). It is often the most effective way for you to increase what you can afford (i.e. a higher purchase price) and/or to reduce your monthly mortgage payment. In fact, the same amount of funds used for the Buy-Down compared to a principal reduction reduces the monthly mortgage payment by about three times. This is a huge benefit for Members that are looking for long-term homeownership who have available funds or can obtain them.

You have the option to use a lump sum amount to permanently buy down the interest rate, and it is your choice by how much. For each one-and-a-half percent (1.5%) of the total mortgage (loan) amount – or "discount point" – you pay up front, the interest rate is permanently reduced for the life of the mortgage. The reduction in rate for each discount point paid is about two times greater than what is normally available in the market. The NACA program also permits you to reduce the interest rate more than other programs in the market.

- **30-year NACA mortgage, each one-and-a-half discount points permanently reduces the interest rate by one-quarter of one percent (0.25%) for the life of the mortgage.**
- **15-year Wealth Builder Mortgage, one discount point permanently reduces the interest rate by one-quarter of one percent (0.25%) for the life of the mortgage.**

The NACA Buy-Down is only available with a NACA Mortgage and can only be accessed when submitting your bank loan application and cannot be obtained once you have closed on your loan. The funds can come from your savings, the seller, grants, and/or a gift from family that does not require repayment.

Members at or below eighty percent of the median income for the area in which they are purchasing can buy down their interest rate to virtually zero percent. Members above 80% of the median income are generally limited in the amount of points they can buy down. Seller contributions for the NACA Buy-Down is limited to 10% of the property's contracted sale price. The NACA Buy-Down cannot be financed with an increased purchase price. A seller contribution greater than six percent may initiate a risk review by the participating lender to verify that the NACA Buy-Down was not financed as part of a higher sales price. Note: the NACA Buy-Down is subject to change.

Grants can be obtained for the interest rate buy-down and/ or principal reduction. Most of these grants are funded by the federal government and sometimes enhanced by state and local municipalities. Cities and municipalities administer and provide these grants. These funds — which can be from \$5,000 to over \$30,000 for each buyer — are used for down payment, closing costs, and can also be used for buying down the NACA interest rate in some cases. The most effective use of these funds is to access the NACA

Mortgage and to buy down the interest rate from NACA's already below-market fixed rate. To access these funds for the NACA Buy-Down, you need to contact your state, county, or city officials to get them to work with the NACA Mortgage. NACA can assist you and others in getting access to government funds for the NACA Buy-Down with the NACA Mortgage.

Information You Should Consider Before Buying-Down Interest Rate

There are a number of ways in which you can use available funds: you could keep them as savings; use them to lower the loan amount (i.e. principal reduction); or use them as discount points to permanently reduce your interest rate. The information below is important in making this decision as it applies to your circumstances.

You Should Consider Whether You Have Sufficient Savings or other Assets for Unexpected Expenses. If you are using your own savings or assets to pay discount points or to reduce the mortgage principal, think carefully about whether you will have sufficient savings or other assets to pay unexpected expenses or emergencies. Failure to retain sufficient funds could leave you unable to pay your expenses, debts, mortgage, or unable to cope with emergencies.

NACA BUY-DOWN VS. PRINCIPAL REDUCTION

Pros	Cons
<ul style="list-style-type: none"> • Lower Payment: the NACA Buy-Down will reduce the amount of the monthly mortgage payment about three times more than using the same funds for principal reduction. 	<ul style="list-style-type: none"> • Loss of Discount Points if Loan is Paid Off During Early Years: if you need to refinance or sell the property in the early years of the loan, a substantial portion of the discount points will be lost.
<ul style="list-style-type: none"> • Higher Equity in Your Home During Later Years: your initial loan balance will not decrease, but your loan balance will be lower and your equity higher in later years if you do not need to refinance or sell your home during the early years of your loan. 	<ul style="list-style-type: none"> • Lower Equity in Your Home During Early Years: you will have less equity in your home in the early years and it will take more years to build equity.

Example of Interest-Rate Buy-Down vs. Down Payment

This comparison uses 4.00% 30-year fixed with a \$200,000 mortgage and \$9,000 for the NACA Buy-Down. It would lower your interest rate by 0.5% (i.e. \$9,000 on a \$200,000 mortgage results in four and half points with each one and a half points reducing the rate by 0.25%) to 3.5% and reduce your monthly mortgage payment by 6% a month. Nevertheless, if you must pay off your loan within the first ten years, you would lose the benefit of the NACA Buy-Down and in this case the funds would be better used for a principal reduction. However, you benefit more by using your funds for the NACA Buy-Down after ten years. The longer you have the mortgage, the greater the benefit. You will save about \$20,500 in interest payments if you keep your NACA Mortgage for the full 30-year term

15-Year Wealth Builder Mortgage

The 15-year Wealth Builder Mortgage empowers you to become free from debt and quickly build wealth through the equity in your home. The 15-year fixed interest rate starts at a lower rate than the NACA below market 30-year fixed rate: typically around one-half percent to three-quarters of a percent lower. The 15-year term does have a higher mortgage payment each month due to the significant reduction in the mortgage term. However, more of your payment will go towards the principal, reducing the total interest paid to the lender. Also, you can use a greater amount of your gross income for a monthly mortgage payment (i.e. higher housing ratio) up to a maximum of 35%. Selecting a 15-year term is the fastest way to build wealth which you can use later for your next home purchase, children's education, retirement, or other uses if your budget allows it. You can also eliminate your mortgage debt sooner and leave the next generation valuable real estate.

30-Year NACA Mortgage compared to 15-Year NACA Wealth Builder Mortgage

The following example provides a detailed side by side comparison of NACA's 30-year mortgage and NACA's 15-year Wealth Builder Mortgage. It outlines the additional benefits of the 15-year Wealth Builder Mortgage with a lower interest rate and twice as effective NACA Buy-Down.

The comparison uses 4.00% for a 30-year term and 3.25% for a 15-year with a \$200,000 mortgage (loan amount), and \$6,000 (three points) from seller contributions, gifts, grant funds, or yourself. These funds can now be utilized with the NACA Buy-Down instead of being used for a down payment and closing costs.

The comparison shows that the 15-year mortgage interest rate would be significantly lower with the same amount of funds. In this scenario you would be mortgage debt free in fifteen years if you could afford to pay an additional \$436 per month.

<u>30-Year NACA Mortgage</u>	<u>15-Year NACA Wealth Builder Mortgage</u>
Fixed Rate: 4.00% Loan Amount: \$200,000 Buy-down Amount: \$6,000 Interest Rate after Buy-down: 3.5% (1.5% reduces .25%) <u>First payment</u> Interest paid: \$583 (65%) Principal paid: \$315 (35%) Principal and Interest payment = \$898 <u>In Five years:</u> Interest paid = \$33,280 Principal paid = \$20,601 Equity Percentage: 10% Loan Balance = \$179,394 <u>In 10 years:</u> Interest paid = \$62,624 Principal Paid = \$45,146 Equity Percentage: 23% Loan balance = \$154,854 <u>In 15 years:</u> Interest paid = \$87,284 Principal Paid = \$74,372 Equity Percentage: 37% Loan balance = \$125,628 Principal & interest payment \$898 for 15 more years = \$161,640	Fixed Rate: 3.25% Loan Amount: \$200,000 Buy-down Amount: \$6,000 Interest Rate after Buy-down: 2.5% (1% reduces .25%) <u>First payment</u> Interest: \$417 (31%) Principal: \$917 (69%) Principal and Interest Payment = \$1,334 <u>In Five years:</u> Interest paid = \$21,479 Principal Paid = \$58,536 Equity Percentage: 29% Loan balance = \$141,464 <u>In 10 years:</u> Interest paid = \$35,172 Principal Paid = \$ 124,858 Equity Percentage: 62% Loan Balance = \$ 75,142 <u>In 15 years:</u> Interest paid = \$40,044 Principal Paid = \$200,000 Equity Percentage: 100% Loan Balance = \$0 Principal & interest payment = \$0

Repair & Renovations

NACA has a strong focus on revitalizing and stabilizing communities across America. This is largely accomplished through NACA's Home and Neighborhood Development ("HAND") department where you can purchase a home in need of repairs or substantial renovation and compete with investors for such valuable properties. This allows NACA homeowners to revitalize and rebuild communities that are negatively impacted by homes in disrepair.

NACA's team of HAND professionals provide guidance to assist you in repairing a property that you can make into the home of your dreams while avoiding financial hardship due to unexpected repairs and high maintenance costs after closing. A major renovation requires a significant amount of work on your part but the result could be an extraordinary home, customized to your desires. Renovations are completed after you close on your home. You are responsible for managing this project with the support of the HAND department. The funds are held in a Repair Escrow account at the lender and paid to the contractor once that portion of the repairs are completed and inspected. If you are unable to live in the house because it is in need of significant renovation, you may not have to make a monthly mortgage payment for the first six months.

Whichever type of property you decide to buy, there are some basic requirements which are explained in detail in your Purchase Workshop once you are NACA Qualified. The extent of your involvement with HAND depends on the type of repairs and whether you and/or the seller is responsible for completing them.

Multi-Family Purchase

Purchasing a multi-family property requires significantly more responsibilities and management skills than purchasing a single-family home. By becoming a landlord, you are essentially setting-up and running a small business. You must therefore attend a landlord training class to learn the skills and obtain information necessary to be a successful landlord. The calculation of the affordable monthly mortgage payment is different when you purchase a multi-family home. While this type of purchase may allow you to qualify for a higher monthly mortgage payment, owning a multi-family home has corresponding difficulties and risks you must consider before purchasing. This includes understanding landlord/tenant laws, addressing tenant issues, and finding good tenants. If you have management, landlord and/or construction experience, and the ability to run a small business, you may consider purchasing a multi-family house. Ask your NACA Counselor if you do not know the average monthly rent in the area in which you wish to purchase.

While the rent paid by your tenants would reduce a portion of your monthly mortgage payment, your monthly budget expenses must include Landlord Funds of \$400 for repairs, tenant vacancies, as well as unplanned and other expenses. This monthly Landlord Fund is included in the Member's budget and affordability calculation. NACA also requires a cash reserve of at least four months for a duplex, five months for a three-family, and six months for a four-family of monthly mortgage payments to cover additional expenses associated with being a landlord.

You should work with your NACA Counselor to determine your affordable monthly mortgage payment for a multi-family home. The general underwriting requirements are designed to ensure that you have sufficient financial resources as a landlord. It is similar to the single-family calculation using the definitions for taxes, insurance, and other items while also including the rental income and associated expenses.

MEMBER PORTAL

NACA has created a Member Portal as your go-to place as you progress through NACA's home buying process. You can use the Member Portal for updates on your status, identifying your next steps in the purchase process, inputting information, submitting documents, and much more. You can also schedule your Intake appointment and follow-up counseling appointments. Your Member Portal will keep you up-to-date on what you must do to become NACA Qualified.

Customized to your circumstances, the Member Portal is an easy and effective way for all Members to securely provide their personal information and understand their next steps to homeownership with NACA's Best in America Mortgage. Your Member Portal identifies the items you have completed, and required items that need to be completed. You can also review any information or documents you have provided.

The Member Portal has six stages as you progress through the homebuying process:

1. Counseling/NACA Qualification,
2. Housing Search,
3. Credit Access,
4. Bank Application,
5. Mortgage Process, and
6. Post-Purchase.

Each Stage has sections and sub-sections on the left side that must be completed unless identified as "Optional". Once you have completed a section or sub-section a check mark will appear next to it. You can complete each section at any time, and you don't have to do them in a specific order. Make your best efforts to provide complete and accurate information. If you knowingly provide false information, you may be prevented from NACA counseling and may face removal from the program.

You must utilize your Member Portal to make an appointment for your Intake session in order to become NACA Qualified. The Member Portal provides a step-by-step process for you to input information, electronically sign the NACA Agreement and E-Consent Agreement (electronic consent), pay for your Membership Fee and credit report, and upload your documents. The Borrower can add Co-Borrowers and Household Members all utilizing the same NACA ID. Each Co-Borrower receives an email in their inbox with instructions to activate their Member Portal Account with their personal password. Each Co-Borrower must access the Member Portal to electronically sign the NACA Agreement and E-Consent and complete their information. The Co-Borrower has similar access to the Member Portal as the Borrower to complete their information and upload documents. Household Members receive an email in their inbox with a personal link that lets them electronically sign the NACA Agreement and E-Consent. Household Members do not have access to the Member Portal.

You can access your Member Portal and complete the information and upload the documents through your computer, tablet or through your phone. You can also use the computers in a local NACA office (i.e., Kiosk) and have staff assist you. You can review your progress by reviewing the menu on the left side to see what items have been completed and what is still pending. This is also summarized by clicking on the Appointment Request.

Follow the below steps to upload your documents directly from your desktop or mobile device:

1. Each section of the Member Portal identifies the type of document to be uploaded.
2. The document must be on the device used to upload. You may also use your device's camera or a scanning app to take a photo of the document to upload.
3. Once a document is uploaded, you can review it. If it is not accurate or clear, you should delete the file and scan the document again.
4. Complete the data entry.
5. Click the Submit button when all required form fields are completed.

Obtain Your NACA ID and Access Your Member Portal

You can obtain your NACA ID and password to access your Member Portal when you complete the Homebuyer Workshop. You should start your NACA homebuying process by entering your information and documents as soon as possible.

You can immediately begin working to complete the required information in your Member Portal by navigating to **www.naca.com** and clicking Member Portal in the top right corner. You may also navigate to the portal directly at portal.naca.com. You will receive an email with your NACA ID once you have completed the Homebuyer Workshop. You need a dedicated email address for yourself as well as for each Co-Borrower and Household Member, which you can obtain for free from several different email providers. If you have difficulty in obtaining your NACA ID or accessing your Member Portal, contact Member Services at 425-602-6222 or email to Services@naca.com.

You can add, change, or delete your information prior to your counseling appointment, even if the section is marked completed. All sections, unless identified as optional, must be completed prior to scheduling a one-on-one counseling appointment with a NACA HUD-certified Counselor. You can join a waiting list to obtain an earlier appointment. With all the required information and documents, your NACA Counselor can review your file and provide comprehensive counseling for you to become NACA Qualified and begin your housing search.

Support In Using Your Member Portal


Using the Member Portal is a required part of participating in the NACA Program. It has been designed for every participant in our programs to be able to utilize it effectively. We are committed to helping everyone who requires assistance by offering several support tools to help you navigate the Member Portal, should you experience technical difficulties or have any questions. To receive support you can:

1. Register and attend the Member Portal webinar presented every Monday and Wednesday, from 6:00 - 7:00 p.m. EST and Saturday 1:00 – 7:00 p.m. (follow this link)
2. Email NACA at Services@naca.com
3. Call our national call queue at 425-602-6222 option 8 for Escalations Mon - Fri 8:30 am – 5:30 pm EST, CST, MST, and PST.
4. Go to a NACA office to work on your Member Portal on a NACA kiosk with assistance from a NACA staff person.
5. Member Portal Tutorial -



Member Portal Screenshots:

The next two pages show example screenshots of how to utilize the Member Portal to: upload a government issued photo ID; provide rental information; and funds information.

**NACA**

HELP

LOG OUT

1. COUNSELING

2. HOUSING SEARCH

3. CREDIT ACCESS

4. BANK APP

5. MORTGAGE PROCESS

6. POST PURCHASE

Logged in as: Sally McDonald
NACA ID: 1234567
Status: Pre-intake
Next appointment: not yet scheduled
Counselor: Jill Freedman

Enter HBW code

✓ Instructions

1. Member Information

2. Rental History

3. Payment History

4A. Funds Accounts

4B. Funds Documentation

5A. Income Sources

5B. Income Documentation

6A. Debt Accounts

6B. Debt Documentation

7. Tax Returns

8. Budget

9. Counseling Preparation


10. NACA & Credit Report Fee

Book appointment


GOVERNMENT ISSUED ID

Valid forms of government issued ID include passport, driver's license, and state issued identification card. Accepted file formats are: .jpg, .jpeg, .png, .tif, .tiff, .pdf

Uploading government issued ID for: Bob McDonald


Choose a file...

Preview of your selected file:

**NACA**
Your file preview will load here.

Additional information:

Expiration date

MM/DD/YYYY

Upload government issued ID

→ [Back to government issued ID list](#)

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Counselor: Jill Freedman

Enter HBW code

4B. Funds Documentation

+ Add a rental history entry.

Counselor: Jill Freedman

Enter HBW code

4B. Funds Documentation

➔ Go to next step: funds documentation

MORTGAGE PAYMENT

You will work with your NACA Counselor to determine an affordable monthly mortgage payment. This determination requires information about every household member and dependent who will be living in the home you purchase, even if they may not be on the mortgage. This is needed because every member of your household affects your financial situation and capacity to make the monthly mortgage payment.

Your monthly mortgage payment will determine the total mortgage amount (i.e. purchase price plus any rehab escrow) you can afford. It is very important that you make a purchase that you will be happy with for years to come and have a monthly payment that continues to be comfortable with your lifestyle. The most beautiful house could become a nightmare if you cannot afford the monthly mortgage payment. Owning your home should not be a burden which requires a reduced standard of living or other sacrifices. You should also not feel pressured to purchase a house you will not be happy with because it is all you can currently afford. NACA will work with you and your family for as long as it takes to purchase the right home with a monthly mortgage payment that is truly affordable over the long-term.

You need to determine an affordable monthly mortgage payment with sufficient funds for other reasonable monthly debts and living expenses. The total monthly mortgage payment is known in the mortgage industry as the “P.I.T.I.” (Principal, Interest, Taxes and Insurance). These components are the principal or outstanding mortgage debt; interest on the mortgage debt; monthly property taxes; and monthly property insurance premiums. Note that mortgage insurance premiums are typical in the industry but are not required for the NACA Mortgage. You must also factor in other costs for the specific property you choose like homeowner’s association dues and flood insurance.

The determination of your affordable monthly mortgage payment starts with your current rental payment or with no base if you do not pay rent. If you are looking for a payment higher than your current affordable rental payment, your NACA Counselor will review your budget to determine if you have available funds for a higher monthly mortgage payment or whether you must permanently increase your income and/or decrease your debts and expenses. Your NACA Counselor calculates your affordable monthly mortgage payment, which is your affordable rent, plus your regular pattern of savings (i.e. Payment Shock) without exceeding your Housing Ratio and Debt Ratio as described below.

Monthly Household Budget Form

The Monthly Household Budget (“Current Budget”) is a critical factor in determining your affordable monthly mortgage payment. You must complete this in your Member Portal that includes the income and expenses of the borrower, co-borrower, adult household members not on the mortgage and dependents. This Current Budget captures the household’s entire pattern of reliable income, debts, and ordinary expenses for at least one month. It provides a realistic evaluation of whether the household can save on a regular basis or not. Household members can also affect your ability to afford a house based on their debt and income. Remember: you want to avoid any unpleasant surprises when your monthly mortgage payment is due, so be conservative with your estimates.

The Current Budget identifies the income and debts for each member of your current household. These should be actual amounts for your current situation using your bank, credit card, and other statements. All reliable sources of consistent household income must be included with the gross income used for the ratios and net income for the true cash flow. The Current Budget is necessary for an effective and complete counseling session that will help both you and your NACA Counselor develop a plan to purchase a home you can afford. The Daily Life Expenses section identifies expenses that are likely to occur on a weekly basis and may add up substantially. The Current Budget must be completed for you to make a counseling appointment for your Intake Session.

You will need to complete the Goal Budget once you have had your Intake session. The Goal Budget consists of all the current income and expenses from the Borrowers, Co-Borrowers and Household Members who will be living in your future home as well as your anticipated additional income and expenses. These are estimates for when you live in your future home.

Available Savings

The Monthly Available Savings is the amount available after calculating the total net income, less total liabilities, rent, and household expenses. When the Monthly Available Savings is positive, your bank account(s) should reflect this. It also indicates that you should have additional funds to contribute toward meeting the Payment Shock goal for a monthly mortgage payment that is higher than your current rent (though, as explained below, your monthly mortgage payment cannot exceed 33% of your gross income). If your Monthly Available Savings is negative, your bank account(s) should reflect this deficit and/or your credit card(s) should reflect an overall balance increase. It further indicates that the household may be living beyond its means by utilizing credit or savings. In this case the affordable monthly mortgage payment will likely be an amount lower than your current rent.

Monthly Savings Commitment

The Goal Budget is used to determine the Monthly Savings Commitment. You must add at least two hundred dollars to the total expenses to address unexpected or one-time expenses ("Household Savings"). Your Monthly Savings Commitment includes the Household Savings, Minimum Required Funds, and Payment Shock. This needs to be deposited into a Household Savings Account without any reduction in the balance in your other accounts (i.e. this is about increasing savings not moving between accounts). You should not withdraw any funds from your Household Savings account during the home buying process except for home purchase costs (i.e. escrow, inspections, etc.).

Monthly Budget Analysis

Experts say that most people do not know where 20% of their income is spent. By maintaining a Monthly Household Budget, you may be surprised by the actual expenditures and will learn how to manage your money better. Both you and your NACA Counselor must get a good understanding of your current cash flow, which includes reliable and consistent income and costs. Fixed costs include expenses such as: rent, utilities, food, debt payments, transportation costs, child care, education, etc. While the goal may be to change some of these costs, many are under contract and have minimum payments that will not change anytime soon. Elective expenses include money for clothes beyond basic needs, eating out, hair and nails, cable TV, entertainment costs, etc. These are the expenses you must consider reducing if you are both willing and able. When you change areas of your budget, it must be reflected in your bank statements and credit card balances as well as result in increased savings or accelerated debt reduction.

Your Monthly Budget evaluates whether you are living beyond your means. For example, maintaining a high credit card balance and making only the minimum monthly payment is extremely expensive, which reflects poor financial management and the likelihood that you or other household members are living beyond their means. The minimum payment, with a likely very high interest rate, is typically only two to four percent of the outstanding balance and would take over twenty-five years to pay off the complete outstanding balance. Your NACA Counselor will work with you to identify any such patterns and advise you accordingly. Following this advice is crucial for you to improve your finances and prepare you for affordable homeownership.

The Monthly Budget also indicates where changes are possible. By using the knowledge gained from this exercise, you can determine how changes in household expenses and casual spending affect your finances. You and your household members will be able to separate the necessities from the wants and make decisions on which non-necessities you can eliminate to afford a house. You will likely need several months to determine if it is realistic to change the spending habits to meet your targeted Monthly Savings Commitment. Use this time to determine if you and your household members are comfortable with a permanent reduction in spending necessary to afford a monthly mortgage payment larger than the current rent, or even if the rent is affordable with your current spending. The actual numbers on the budget may surprise you and your perception versus reality, which may be a shock. It will definitely help with the following: 1. Better Management of Expenses; 2. Savings Potential; and 3. Reality check - what you believe your expenses are compared to your actual expenses as reflected in your bank accounts, credit card statements, and other types of payments.

After completing your budget, you and your household members must ask yourself these questions:

- Can I/we be prudent managers of our income and debts to meet the requirements of homeownership?
- Do I/we have steady income and stable employment?

- Are we able to save money?
- Can I/we make the necessary changes to meet the desired monthly mortgage payment?

Do not be pressured. Buying a house can be an excellent investment, but personal situations or other factors, such as whether you and other household members anticipate remaining in the area for several years, may counsel against it. NACA is a nationwide organization and will assist you wherever and whenever you are ready to be a homeowner. You can also discuss these issues with your NACA Counselor.

Payment Shock

This section demonstrates how to be approved for a monthly mortgage payment that is greater than your current affordable rent, which may allow you to purchase a higher priced home. NACA uses your affordable rent as the baseline to determine your affordable monthly mortgage payment. This represents your proven ability to make your housing payment and it reflects the balance you have already reached between housing and other needs. Nevertheless, if your current rent is unaffordable or a financial strain, NACA will then use a reduced rent, an amount that you can better afford over the long-term, as a baseline.

If you need a monthly mortgage payment greater than your affordable rent, you must demonstrate your ability to save the amount equal to the difference between your current affordable rent and your affordable monthly mortgage payment ("Payment Shock"). The documentation of your ability to save the Payment Shock is crucial, since it represents the additional amount you would have to pay the lender on top of your current rent as part of your monthly mortgage payment. The Payment Shock reduces available funds for other expenses or purchases, and lack of preparation for a higher housing payment is the major cause of financial difficulty and foreclosure. Remember: you should not rely on future raises or higher income to afford a higher mortgage payment.

Your Payment Shock Calculation:

Desired Mortgage Payment not to exceed 33% housing ratio

• Less: Current Rent

Equals: Required Monthly Savings:

\$ _____
\$ (_____)
\$ _____

The above monthly savings must be put aside every month until you close, since this savings will be part of your monthly mortgage payment for the next 15 or 30 years, or until you sell. By saving the money that will go towards your future housing payment for three to six months you get to know and feel what life is like not having these funds. It is very important that you determine whether you are comfortable allocating this amount to your mortgage payment forever without this having a detrimental impact on the lifestyle you desire. It is also important that your savings pattern results in an increase in the total of your bank accounts and other funds, and not the movement of funds from one account to another. Your total savings balance must grow each month by no less than the Payment Shock savings amount. It can also be reflected in your assets including stocks and other funds. We will also look to see that the balance in your credit cards has not increased or that you have not taken other loans. Increases in your account(s), with a corresponding increase in credit card balances, indicates that your savings were borrowed.

For example, if your current rent is \$700 a month and you want a monthly mortgage payment of \$1,200 (not to exceed the maximum Housing and Debt Ratios), you would need to save an extra \$500 per month to demonstrate you can afford the higher payment of \$1,200. This amount must be saved every month for a minimum of three months prior to NACA Qualification, and you must maintain the monthly Payment Shock savings through closing. It is similar to your landlord increasing your rent by \$500 per month in addition to requiring you to pay for all property repairs and maintenance.

If you do not have a recent history of paying rent, you must increase your overall funds by the total desired monthly mortgage payment (i.e. 100% Payment Shock) over a six-month period prior to NACA Qualification and through closing.

You should also make adjustments for one-time deposits and one-time expenses. Since the **Payment Shock savings need to reflect a regular pattern of savings** documenting your capacity to afford a higher monthly mortgage payment, it must be adjusted for any lump sum activity in your bank accounts

as described below. These are non-regular withdrawals and deposits shown on bank statements that are one-time activities and are not reflective of your regular pattern of savings. These must be tracked, noted, explained, and documented on your bank statements.

1. **One-time Withdrawals:** these withdrawals occur due to one-time circumstances (e.g. paying off debts). Eliminating these one-time withdrawals from your calculation increases your Payment Shock which better reflects your overall savings pattern. Documentation to verify the withdrawal will be required if the bank statement does not document to whom the payment was made.
2. **One-time Deposits:** these deposits are one-time occurrences that you cannot anticipate occurring on a regular basis (e.g., tax refund, gifts, etc.). Eliminating these one-time deposits from your calculation reduces your Payment Shock which better reflects your regular savings pattern. These one-time deposits can be used for the Minimum Required Funds (MRF) and/or buy-down funds, if they are not borrowed.

You may discover that it is not worth the sacrifices to take on the higher monthly mortgage payment. If you are unable to save your Payment Shock, then your monthly mortgage payment will be based on your current affordable rent. If your current rent prevents you from purchasing affordable homes in your area, you can use the NACA Buy-Down option as previously explained, and/or grants to increase your mortgage amount without increasing your affordable monthly mortgage payment. Your NACA Qualification approval may be significantly delayed or you may be prevented from purchasing your desired property if you did not save the agreed Payment Shock savings each month.

Bank Statement Review

You must have one or more bank accounts and provide your NACA Counselor with at least your past three months of bank statements for all open accounts. All pages must be included, even if they are blank. This is important to help you identify and provide an accurate picture of your personal finances and to provide verification of your budget items. This will also establish if you are maintaining an unaffordable lifestyle based on one-time payment(s) that would be unavailable with just your regular income. Such one-time payments include profits from the sale of a previous home, a loan, an insurance settlement, or a lump sum retirement. The review could also verify more specific things such as payments for liabilities and household utilities. To facilitate the review, you should identify payroll deposits, rental payments and other payments not identified on your credit report. Additional bank statements may be required to obtain a better understanding of any of the items already discussed as well as other potential issues. Finally, the bank statements must be legible, so do not black out any sections and avoid writing over the printed information or using highlighters.

Limiting Factors

NACA and the mortgage industry use two measurements to limit the amount of a monthly mortgage payment in relation to your personal finances: the Housing Ratio and the Debt Ratio. These measurements are used to ensure that your monthly mortgage payment is not such a high percentage of your income that it reduces your standard of living and leaves you without savings to face any emergencies.

Housing Ratio

Your Housing-to-Income Ratio ("Housing Ratio") is your monthly mortgage payment divided by your gross income. Many years of research and experience have determined that your affordable monthly mortgage payment (i.e. principal, interest, taxes, insurance and HOA) should be no more than 33% of your gross income and less if possible. In other words, an affordable housing payment should take less than a third of the total money you make, leaving about two-thirds for all your other expenses. A high monthly mortgage payment (i.e. high Housing Ratio) would not leave room for necessities, a comfortable lifestyle, the opportunity to assist family members, or the ability to deal with financial difficulties.

Remember that the Housing Ratio calculation uses your "Gross Income", or the income before taxes and other deductions are taken away. A 33% Housing Ratio usually translates into over 45% of your money going to your monthly mortgage payment when using your "Net Income," which are the real dollars you take home. This would leave less than 55% of your remaining cash flow to cover your other monthly expenses, which may include liability payments for a car, payments for credit cards and student loans, as well as living expenses like food, clothing, transportation, health care, miscellaneous payments, and emergency payments.

Exceptions: Your maximum Housing Ratio may be increased to 35% of your gross income if you have a history of paying rent on time, the rent amount already exceeds 35% of your gross income, and you have not increased your liabilities or depleted your savings. On the other hand, your maximum Housing Ratio may be less than 33% of your gross income if your other debts (i.e. car loans, student debt, credit card, etc.) are so high that these debts combined with your monthly mortgage payment exceed 40% of your gross income, as explained in more detail below. The 15-year Wealth Builder mortgage also allows a Housing Ratio up to 35%.

Debt Ratio

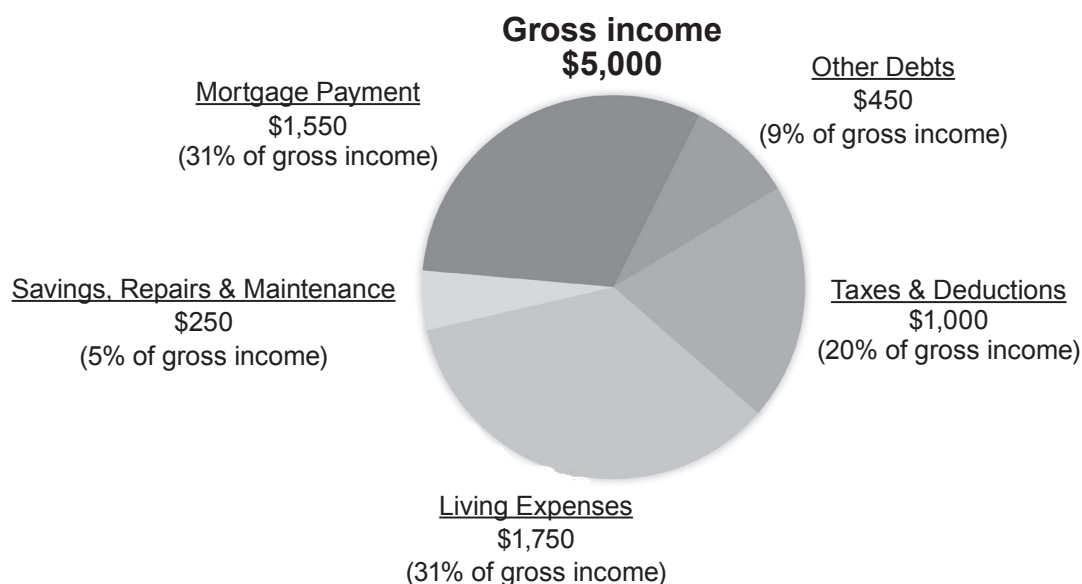
Your total Debt-to-Income Ratio ("Debt Ratio") is calculated by combining your monthly mortgage payment plus other monthly required debt payments divided by your gross income. The required debt payments used for this ratio include car loans, credit cards, student loans, child support and repayment of debt, but exclude monthly living expenses such as food, clothing, entertainment, gas, utilities and other expenses (i.e. debts are included, expenses are not). This amount cannot exceed 40% of your gross income. In exceptional circumstances, a ratio up to 43% may be considered with strong compensating factors. The maximum of 40% of your gross pay equals about 60% of your net take home pay going towards your monthly mortgage payment and other debts. That would leave you with 40% of your cash flow to cover monthly living expenses.

Example of using ratios as the limiting factors:

This example uses a gross income of \$5,000 per month and the maximum limiting factors. The following expense allocations are used:

1. Monthly mortgage payment: 33% of gross income (\$1,650)
2. Other Debts: 8% of gross income (\$400)
3. Taxes & Deductions (e.g., health, benefits, etc.): 20% of gross income (\$1,000)
4. Savings, Repairs & Maintenance: \$200 to cover life emergencies, home repairs and maintenance
5. Living Expenses (food, clothing, utilities, health care, transportation, etc.): 35% of gross income for living expenses (\$1,750)

This demonstrates how using a third of your gross income for a monthly mortgage payment leaves a limited amount of money for your other debts and living expenses. It highlights that using the maximum amount for your monthly mortgage payment leaves less for living expenses such as car payments, credit cards, student loans, food, clothing, and other spending. Conversely, it shows that high non-mortgage debt reduces the amount available for your monthly mortgage payments. HUD recommends a monthly mortgage payment of no more than 28% of your gross income and total debt obligations of less than 40% of your gross income – you should make every effort to adhere to these guidelines.



MORTGAGE AMOUNT

The mortgage amount is the purchase price plus any Repair Escrow funds you would need to complete repairs after closing. The maximum mortgage amount is determined by your affordable monthly mortgage payment (i.e. PITI). To determine your mortgage amount, you must know the monthly taxes, homeowners association fees, hazard and flood insurance particular to the area you want to purchase, and the type of property. Real estate taxes range from as little as 1% up to 4% of the value of your house, and your monthly insurance payments generally average between \$60 to over \$100 per month per unit (i.e. multi-family homes have significantly higher insurance costs). Your property insurance is based on the age, location, cost to rebuild, your credit score, distance from fire hydrants, and other factors. Condos and some other properties also require monthly homeowners' association (HOA) dues.

Purchase Eligibility

NACA's mission prioritizes assistance to Members with low to moderate income as well as Members purchasing in low to moderate income communities, as defined below. These Members receive a one percent (1%) reduction in interest rate from the below market NACA fixed interest rate ("Priority Interest Rate"). Members who do not meet the criteria to be considered Priority Members, or who do not purchase in a Priority Area, still receive a below market interest rate with the outstanding terms of the NACA Mortgage (i.e., no down payment, no closing costs, no mortgage insurance, no fees and flexible underwriting without consideration of one's credit score). The information below is also provided at www.naca.com on the Homebuyers / Purchase Program page.

Priority Members

Priority Members are low to moderate income Members (i.e., borrowers and co-borrowers) whose combined income is equal to or less than the median family income (i.e. 100%) for the Metropolitan Statistical Area ("MSA") where they are purchasing a home. An MSA is a US Census designated large geographical region with high population density and named for a major metropolitan area. The median income for an MSA divides the income distribution into two equal parts, with people's income above that amount considered higher income and people below that amount considered low to moderate income. Priority Members can purchase anywhere in the MSA and receive the Priority Interest Rate. Check with your local NACA office to verify the purchase eligibility criteria, since there may be local adjustments to achieve NACA's mission and affordable outcomes. Members who do not meet these criteria continue to be eligible for NACA's outstanding purchase program ("Non-Priority Members").

Since NACA's offices typically service multiple MSAs, each with different median incomes, you could be a Priority Member in one MSA, but not in another. The MSA Median income can be found at <https://www.ffiec.gov/Medianincome.htm>.

- a. Select the most recent year.
- b. Open the report in PDF or Excel and select the MSA by name. The furthest column on the right is the median income for the corresponding MSA.

Priority Areas

Priority Areas are low to moderate income census tracts (an area or neighborhood between 2,500 and 8,000 people) where the median family income of people living in that census tract is equal or less than 80% of the median income of the MSA. Non-Priority Members purchasing in the Priority Area receive the Priority Interest Rate.

To find out which MSA and census Tract a property is in, go to <https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.

- a. Type the property address in the address bar and click search.
- b. Click the gray box for Census Demographic Data.
- c. The 6th box down in the grid tells the percentage of the median income. Anything below 80 is a Priority Area. The third box down is the median income for the MSA.
- d. If the address is not found, check the box on the left labeled "user select tract" and place the dot where the house is on the map. This may require the use of google maps, zooming in and out to find the right place to drop the dot on the FFIEC map.

Purchase Areas & Interest Rate

The chart below outlines the purchase areas and interest rate for Priority and Non-Priority Members.

Member Type	Member's Income	Purchase Area	Interest Rate
Priority	Member's income equal to or below the MSA median income (i.e., 100%).	<u>MSA:</u> Can purchase anywhere in the MSA	1% reduction of the below market NACA fixed rate.
Non-Priority	Member's income greater than the MSA median income (i.e., 100%).	<u>Priority Area:</u> Census tract with median income equal to or below 80% of the MSA median income.	1% reduction of the below market NACA fixed rate.
Non-Priority	Member's income greater than the MSA median income (i.e., 100%).	<u>Eligible Area:</u> Census tract with median family income between 80% and 100% of the MSA median income*	Below market fixed rate.

*In some high-cost areas NACA may increase this limit at its discretion.

Maximum Acquisition Limits

Members can purchase a home through NACA regardless of their income, as long as the loan amount is within the Maximum Acquisition Limits, which are based on the purchase price plus any repair escrow funds (i.e., for repairs to be completed after closing). Members cannot pay funds out of the pocket to reduce the loan amount to meet NACA's Maximum Acquisition Limit. Your loan amount cannot exceed the maximum mortgage amount based on your approved monthly mortgage payment when you become NACA Qualified, or the below program limits.

Units	Most of the States	High Cost Areas: in CA, HI, NY, DC, MD, MA, NJ, VA & WA
1	\$484,350	\$726,525
2	\$620,200	\$930,300
3	\$749,650	\$1,124,475
4	\$931,600	\$1,397,400

Mortgage Amount Calculation

You and your real estate agent can calculate either a mortgage amount (i.e. purchase price) based on your desired monthly mortgage payment, or a monthly mortgage payment based on your desired purchase price. This calculation requires estimates of the monthly taxes and insurance rates in the area(s) you want to purchase. Your NACA Counselor can provide this information during your housing search using the taxes and insurance particular to a house you may be interested in. Remember: interest rates are likely to change. NACA's current below-market fixed-interest rate for the NACA Mortgage can be accessed at www.naca.com.

Complete the steps below to determine a mortgage amount based on a monthly mortgage payment. The payment will be between your current affordable rent and Housing Ratio (33% of your gross income for the 30-year and 35% for the 15-year with documented affordability).

NACA's Website Mortgage Calculator

You can calculate the purchase price or monthly mortgage payment using NACA's current daily below market fixed interest rate, property type and NACA Buy-Down. Go to www.naca.com and select Home Buyer / Purchase Program option at the top of the screen, then scroll to the bottom of the page to the Mortgage Calculator section.

Calculation:

- If you enter the "Desired Payment" the calculator will show your "Desired Purchase Price"
- If you enter the "Desired Purchase Price" the calculator will show your "Desired Monthly Payment"

Enter the following fields:

- Location: zip code for desired purchase area.
- Property Type: condo, single family, two family, three family or four family. Also input the estimated rent for the rental unit(s) if purchasing a multi-family home. The calculation will use 75% of the rent.
- Mortgage Term: 30 years or 15 years.
- NACA Buy-down Amount – each one and a half percent of mortgage reduces the interest rate by 0.25% for 30-year and one percent 0.25% for 15-year. The new interest rate will be calculated.
- Principal Reduction – optional since there is no down payment or closing costs with the NACA Mortgage.
- Monthly Real Estate Tax Estimates (i.e. input rate or amount):
Tax rates are different in each area. Monthly real estate taxes are generally between 10% and 35% of the monthly mortgage payment and vary depending on where you purchase. To determine the monthly taxes, multiply the estimated property value (i.e. usually the mortgage amount) by the tax rate percentage and divide by 12.
- Monthly Insurance Estimates (per unit)
Enter the estimated monthly insurance. Monthly insurance payments generally average between \$60 to over \$100 per month per unit
- HOA/condo fee.
Enter this if applicable - mostly applies to condos and Plan Unit Developments ("PUD").

NACA QUALIFICATION

The goal of NACA's comprehensive counseling is for you to become NACA Qualified and/or improve your financial management. The NACA Qualification is a required process by which you become pre-approved for a NACA Mortgage and likely other mortgage products.

NACA uses a common sense approach to lending. Consider what you would need to know if you were to lend someone \$100,000. You would want to know both their history of paying debts and their ability to pay it back. This is what your NACA Counselor needs to determine based on an extensive analysis of your situation by reviewing a full documentation of your finances. This process can take one session, several months, or as long as it takes for you to become NACA Qualified. The requirements for the NACA program apply to each person on the mortgage, and many requirements also apply to household members who would be living in the house but would not be on the mortgage.

NACA Qualification requires your NACA Counselor to do an extensive review of your finances and a significant commitment from you to adhere to NACA's policies and procedures. You should tell your NACA Counselor everything about your financial situation, including all your financial obligations. Issues that are addressed early in the process can be solved without delaying or preventing your NACA Qualification or closing. Misleading NACA staff or fraudulent actions will be identified by either NACA or the lender during the mortgage process, and will likely result in terminating your participation in the NACA program. It is important not to commit to purchasing a particular house until after you are NACA Qualified, since you must find a home that is within your NACA Maximum Qualification Amount and meets your needs and desires.

NACA's qualification criteria are designed to consider your individual circumstances to determine whether you are ready for homeownership and what monthly mortgage payment you can comfortably afford over many years. These criteria are designed to provide long-term, affordable homeownership with the financial flexibility to satisfy your living expenses and address unforeseen financial difficulties. You should be NACA Qualified within three months if you follow NACA's policies and procedures while adhering to the underwriting guidelines, unless you have experienced serious financial issues, such as a foreclosure or bankruptcy, in which case it will likely take longer.

You must work with your NACA Counselor to meet the criteria to be NACA Qualified. Your NACA Counselor will work with you to obtain documents and information, and to address any roadblocks to purchasing a home. It is very important that you prepare as much as possible prior to your counseling session(s), to help move quickly through the process. Once NACA Qualified, you will be ready to begin your housing search. You can apply through a lender that provides the NACA Mortgage ("Participating Lender") after you identify a property. Your NACA Qualification is valid for **six months**. You must contact your NACA Counselor to update your information and documents and re-certify your NACA Qualification if your financial circumstances change, or six-months after your NACA Qualification.

Participating Lenders have been attracted to the NACA program by NACA's comprehensive and innovative process for qualifying Members who have been excluded from traditional and affordable credit. You will receive an Action Plan which includes the outstanding information and documents you must complete or keep updated to become NACA Qualified after each counseling session. It is very important that you take personal initiative and complete the items as accurately and quickly as possible.

The NACA Qualification criteria below provides you with the general criteria that our NACA Counselors and Mortgage Specialist use to qualify you for NACA's extraordinary mortgage product (NACA reserves the right to require additional documentation or information, or to waive requirements at our discretion).

To begin the NACA Qualification process you must have the following:

1. At least one open and active bank account
2. An email account that you utilize on a regular basis
3. Access to the internet to use your Member Portal at **www.naca.com**
4. A stable job and/or other regular and reliable income
5. Be committed and relentless in understanding and managing your finances to become a homeowner
6. Support and participate in NACA's overall mission of achieving economic justice

Eligibility

NACA's eligibility requirements reflect our mission of promoting neighborhood stabilization and economic justice for low and moderate income people and communities. The NACA mortgage is not for investors. NACA focuses on people who have not been able to purchase a home through traditional means. These principles are incorporated into the eligibility requirements below.

1. No Member of the household can have an ownership interest in any other property:

The NACA Mortgage is not limited to first-time homebuyers. If you currently own a home, you must have an executed Purchase & Sale contract prior to submitting a mortgage application through NACA and complete the sale of your existing home prior to the closing on the NACA mortgage. This limitation does not include the following: land, time share, inherited property without a mortgage, a mobile home which is titled as a vehicle and not as real estate or properties in another country without a mortgage.

2. Occupy the home for as long as you have the NACA Mortgage:

NACA believes that owner-occupants stabilize neighborhoods. Therefore, NACA requires that you live in your home for as long as you have your NACA Mortgage. Being an owner-occupant involves you in all aspects of the community because you own a piece of the community, not just real estate. NACA is very serious about Members adhering to the occupancy requirement. Therefore, NACA puts a lien on the property – in addition to other enforcement mechanisms – to ensure you live in the home.

The lien allows NACA to enforce its owner occupancy requirement. If you violate this requirement by not living in the home while you still have a NACA Mortgage, NACA will have the right to demand payment of \$25,000 and foreclose on your property. If at some point you decide to sell or refinance the home, you will need to contact NACA to obtain a release of the lien. NACA will provide a lien release without any charge to you if you have complied with all NACA requirements. Your ability to obtain a second mortgage may be limited, since this requires that NACA must subordinate its lien to the second mortgage, which NACA, in its sole discretion, may or may not agree to do depending on your reason and the impact on your finances.

These serious actions and remedies are in place to prevent the misuse of the NACA Mortgage. Lenders providing the NACA Mortgage also require owner-occupancy and may have their own enforcement mechanisms. However, these requirements will not prevent you from selling your house at any time, making a profit on the sale, refinancing your house, or purchasing other properties while continuing to live in the house purchased with a NACA Mortgage.

3. Member Participation:

NACA was established to make affordable mortgages available for low to moderate income borrowers, to transform the mortgage industry, and to address economic issues affecting working people nationwide.

Many people say the NACA program sounds too good to be true, but it is a reality through the active participation of NACA's huge Membership. You must agree to the Participation Pledge when you join NACA, which requires that you participate in at least five activities in support of NACA's mission in whatever way you feel comfortable each year. This applies immediately and continues for as long as you have a mortgage through NACA. You must participate in at least one such activity prior to NACA Qualification.

4. Voter Registration:

NACA requires you, your co-borrowers and household members to be registered voters, if legally permissible. Your concerns and issues, including laws that impact our lives, are much more likely to be addressed if you are a registered voter and you participate in the electoral process. Go to your Member Portal to determine if you are on the updated national voter rolls. You must register on your own or through the Member Portal which can be done online in 38 states or by mail in the other 12 states if you are not on the voting rolls yet. You must verify your active voter registration in the Member Portal.

5. Other Eligibility Requirements:

Becoming eligible for NACA's program requires your commitment to abide by NACA's terms of membership, participation, and eligibility. This requirement is not burdensome and is necessary to ensure the success of NACA's mission and your home buying experience.

This commitment is on-going, and your eligibility will be evaluated throughout the home buying process. The additional major NACA Qualification requirements are itemized below and apply to everyone who will be on your mortgage. NACA may revise these criteria and the required documents at its sole discretion.

- You are a NACA Member in good standing
- You adhere to NACA's policies and procedures
- You provide NACA with complete and truthful information
- You provide all the documents and information NACA requires
- You read, understand, sign and adhere to the NACA Agreement which includes participation in support of NACA's mission, authorizations, disclosures, releases and privacy statements.
- You pay your Membership Dues
- You acknowledge that purchasing a home is a complex process, that NACA does not warrant or guarantee any outcome, and that NACA will not indemnify you against any losses you may incur as a result of purchasing, financing, or renovating your home.
- No person in the household has purchased a home through NACA in the last three years.
- You have committed to live in the property purchased through NACA for as long as you have the NACA Mortgage.
- If you have committed to a property by signing a contract prior to becoming NACA Qualified, you may not have enough time to be counseled and prepared through NACA with a mortgage you can afford. You may need to delay the closing to complete the NACA qualification requirements or terminate the purchase contract.
- You have not paid any fees for NACA services. NACA Services are FREE: If you have paid a fee to be referred to or participate in NACA's program, you must notify NACA management immediately.
- A NACA employee has not referred you to a real estate agent. NACA has In-House Agents and Referral real estate agents who are area experts in the NACA program and process. Ask a NACA staff person in the local office for a NACA In-House Agent or contact NACA's Real Estate Department for a referral.
- You have not worked with and will not work with a real estate broker/agent or purchase a property from a seller or developer that NACA has determined, in its sole determination, does not represent the community fairly or does not work effectively with NACA.

Payment History

General Criteria

1. No consideration of your credit score.
2. Reasonable on-time payment history over the past 24 months with a focus on the past 12 months.
3. No consideration of late payments that you do not control or those which are predatory.
4. On-time rental payments are the most important indicator of your ability to make on-time payments and the likelihood of making your future monthly mortgage payment.

NACA determines whether you are ready to be a homeowner through a detailed analysis of your payment history and consideration of the explanations for any late payments. NACA does not consider a lack of payment history to be a problem.

No Consideration of Credit Score

NACA does not consider your credit score to determine your financial readiness for homeownership. The analysis used by NACA differs greatly from other lenders that focus on your credit score to determine whether you qualify for a mortgage and on what terms. NACA believes that credit scores are not reflective of your readiness and commitment to homeownership. Credit scores do not consider your particular circumstances for any late payment or that the late payment may have occurred for reasons beyond your reasonable control.

Credit Report Review

NACA will retrieve a credit report for you, your co-borrower(s), and all members of your household over the age of 21 to review the payment history of debts affecting readiness for homeownership. All borrowers and household members must provide a photo ID and a signed authorization form before the credit report is retrieved. Your NACA Counselor will closely review the payment histories of the people intending to be on the mortgage (i.e. where “you” is mentioned below, it also applies to any co-borrower). This review will include both the debts you currently owe and those you paid-off, including utilities and other accounts that do not show on your credit report. It also includes debts that you may be unaware of, such as medical bills that you thought were covered by insurance, or credit card payments owed by your spouse, your child, or someone you co-signed for. It will also include co-signed accounts which are evaluated as if they are your accounts. Your payment history may be affected by the person or people you co-signed with, if they are not making the payments on time. It will still be your responsibility to address this.

On-time Payments

NACA's basic principle for NACA Qualification is that you have demonstrated a **minimum of 12 months of on time payments** for all obligations that require payments which are reasonably within your control. The definition of “on time payment” is a payment which incurs no late fee or negative repercussion for not being paid as agreed. This should not be difficult since you should be preparing for homeownership prior to coming to NACA by keeping your payments current. Additionally, you must maintain on-time payments on all your accounts during the counseling period and through mortgage closing. If you have recent late payments, you can provide compensating factors by providing explanations that help describe what happened, how it was resolved and why late payments are not likely to happen again. Compensating factors that mitigate these late payment(s) will be considered. You can use alternative forms of credit to demonstrate that you pay your obligations on-time for at least the most recent 12 months, since we will typically need up to three payment history obligations to determine readiness for home ownership. This includes timely payment of other bills such as utilities, phone, cable, internet, car insurance, etc.

The following serious financial difficulties require additional evidence of on-time payments: 1) Mortgage loss due to foreclosure, short sale or deed-in-lieu-of-foreclosure; or 2) Bankruptcy – Chapter 7 (Chapter 13 discharged does not require an additional waiting period). If either of the above occurred, you must demonstrate that you are ready for homeownership by showing reasonable on time payments on all open accounts for at least the past 24 months or potentially less with compensating factors. You can prove such on time payments by requesting a credit letter, or pay ledger from the creditor, or by providing the first page of the most recent bill listing the payment summary that demonstrated you have paid as agreed.

Rental Payments

Rental payments are the most important indicator of your ability to make payments on time and the likelihood of making your future monthly mortgage payment. One basic principle of the NACA program is that you can afford to pay the same amount for a mortgage if you can afford your rent and make the payments on time.

On time rental payments must be documented for the most recent 12 months. Your NACA Counselor will need documentation verifying that you pay your rent on time. It is best that you pay your rent by check or electronic bank transfer. The accurate withdrawal for rent should be identified in your bank statements. Your current landlord can verify payments by completing a NACA Rental Verification Form (obtained from NACA), or you can provide NACA with a copy of the lease agreement and twelve months of cancelled checks or other documentation such as copies of the money orders with a matching bank statement withdrawal. Note that twelve months of canceled checks must also be provided if you are related to your landlord, or if your goal is to purchase the house you live in. You must also be prepared to provide a written explanation for any discrepancies between your self reported residential history and either the residential information on your credit report or the information provided by your landlord.

NACA recognizes that there are situations where you may not be obligated to pay rent because of a legitimate dispute with the landlord. In this case, you must explain how the rent payments were used and provide documentation of the dispute and the steps you have taken to resolve it. Although there may be situations that will cause early termination of the lease, NACA will not give legal advice regarding settling

any lease dispute and you should not request or accept any such advice. You should contact local Legal Aid agencies, attorneys, or others for advice and assistance.

Late Payment Explanations

Your NACA Counselor requires a written explanation of the circumstances of each late payment within the past 24 months, whether still existing or paid off. A written explanation should state the reason for the late payment, how it was addressed, and why it is not likely to happen again. You must provide an accurate explanation even if there is not a good reason for failing to make the payment. For example, a statement indicating only that you “will correct a payment problem” or “will pay a bill” is not acceptable. Your NACA Counselor will evaluate whether an explanation for why a bill was not paid on time is due to a situation that was beyond your reasonable control. Some examples are:

1. Unaffordable medical bills: late medical bills are more a reflection of our dysfunctional medical system than of your readiness for homeownership, since your ability to pay is not and should not be a consideration in obtaining needed medical care.
2. Divorce: this is a very difficult situation where you may have to rely on the cooperation of someone who is unwilling to work with you.
3. Timing Issue – you made the payment, but it was not received due to delivery or administrative issues.
4. Predatory or problematic account – the terms were problematic; the product was defective or the services were not provided as agreed.
5. Other – other instances where the payment obligation may not have belonged to you or other late payments not reasonably within your control.

You should not be penalized if the payment information on your credit report is not correct. Studies have shown that as much as 40% or more of the information contained on a credit report may be incorrect. You should identify any errors for your NACA Counselor and take steps to submit a dispute letter to the credit reporting agency. While the credit reporting agencies must correct errors, it usually takes time for this to happen. You will need proof that the item was resolved, either through an updated credit report, receipt, cancelled checks, letter directly from the creditor or other documentation.

Income

General Criteria

1. Steady income over the past 24 months.
2. Variety of income sources: wage, self-employed, alimony, social security, pension, child support, and other documented income.
3. Self-employment income is calculated using either the tax returns of the last two-years or last year's tax return only, as well as the most recent 12-month cash flow from the bank statements covering this period.

Income evaluation is based on documented stable income that is likely to continue. This may include employment income, self-employment income, fixed income and other documented income. While your current rent and Payment Shock savings largely determines how much you can spend on a mortgage, you need a reliable and steady source of income before committing to long-term monthly mortgage payments.

Wage Income

You must document this income and demonstrate that it will continue in the future. Sources of wage income include salary, wages, overtime, bonuses, and commissions. You will need to have consistent income for at least two years. However, an exemption to the two-year requirement can be considered with at least one solid year of income, if you can show that you have spent the prior year advancing your career or improving your skills. Having worked at the same job is not required, because many low to moderate income workers change jobs due to the nature of their work or their attempts to improve their situations. Any recent income gap of 30 days or more will be evaluated to determine if it impacts income stability. The employment section of the credit report must match the employment information and documentation you provide, and any mismatch must be explained in writing.

Self-employed Income

The income calculation for NACA Qualification uses either the average of your tax returns of the last two years, or last year's tax return and your most recent 12 month cash flow. You must have two years of consistent self-employment income and provide the last two years of tax returns. The determination of your cash flow requires your most recent 12 months of bank statements with business deposits and expenses identified as well as your most recent tax return.

Other Income

You can include other income and benefits such as child support, alimony, social security, pension, annuities, retirement, housing allowance, Section 8 voucher (i.e. Housing Choice Voucher), etc. These sources of income must be documented as paid to you, with receipt of payments, and you must show that it is likely to continue for years to come. Documentation includes award letters, court orders, and other forms of income verification.

Debts

General Criteria

1. Charge-off accounts do not have to be paid off. This rule does not apply to federal debt (i.e. student loans) and child support.
2. Collections that occurred within the past 24 months need to be paid off or in an approved payment plan. However, medical collections don't need to be paid or placed in a repayment plan, regardless of the age.
3. Liens and Judgements need to be resolved and documented as released from court, or in an approved payment plan if your state allows it.
4. All current debts are included in the affordability analysis and debt ratio calculations. This includes an estimated payment for student loans in deferment or forbearance.

Debts are your current obligations plus any others that may become payable in the future (e.g. student loans in deferment). **You must disclose all debts**, including those that do not appear on your credit report, such as new car loans, student loans, tax debts, child support or debts in someone else's name, for NACA to be able to provide effective financial counseling. If a new credit line was obtained and does not appear on your credit report, you must provide a copy of the most recent monthly statement. To verify that you have not obtained other debt, you must explain all credit report inquiries for the most recent 90 days in writing, clearly stating the reason for the credit inquiry and if any new credit was applied for or obtained.

NACA needs to determine your total monthly ongoing debt payment obligations to evaluate your debts. The timeliness of payment is not considered and is addressed under Payment History. We review your current debts, charge-offs, and collections, then determine your total debts and monthly payments they carry. If your debt payments are high, you will have little money left for the monthly mortgage payment, which limits the amount you can borrow for your mortgage and the price of the house you can buy. These debts can include car payments, credit cards, student loans, personal loans, child support, etc. If a debt does not belong to you and has been mistakenly placed on your credit record, it is incorrectly stated as unpaid, or the balance or payment is incorrect, you will need to provide supporting documentation.

There are four types of debts that need to be addressed: 1) Installment Debt – Debt with fixed monthly payments and an ending date, such as auto loans, student loans, child support and other loans; 2) Revolving Debt – Debt with variable balances, and thus variable monthly payments, such as credit cards; 3) Collections and Charge-offs – Debts that a creditor has categorized as non-payment (usually between three and six months of delinquency; and 4) Liens and Judgments – Debts a creditor has recorded with the courts.

Collections

Generally, any collection that happened within the past 24 months must be resolved in any of the following ways: 1) paid to a zero balance prior to NACA Qualification, 2) documented settlement for less than the outstanding balance, or 3) incorporated into an approved payment plan with documented payments of at least three months.

Any collections that happened more than 24 months ago rarely need to be paid off unless it is a federal account or child support, and only require an explanation letter to address any current balance. It is common that previous debts are purchased by collection agencies that use very aggressive collection tactics. They purchase old debts for much less than the outstanding balance but are often able to renew the original balance due, plus fees, and put a lien on your new home, often for a higher amount than the original balance. You and your NACA Counselor must determine whether these debts are likely to be reinstated and whether you must pay off or enter into a payment arrangement for an unpaid bill or collection. You may consider negotiating a settlement for a lower payoff since creditors will often accept 40% or less of the total amount due. You do not want old debts to come back and add additional burden or impact your financial situation as a homeowner. The debt could become a wage garnishment and impact your net income as well as your ability to pay the mortgage, which is a significant concern. Collections should be resolved prior to home purchase regardless of the age of the debt if there has been communication indicating that they are likely to become a garnishment.

Liens & Judgments

Liens and judgments must be paid in full and documented as satisfied and released by providing the proof of release from the court, or documentation of an approved and established payment plan. Liens and judgments may include defaulted child support, back taxes, and student loans. Even in cases where you have legitimate grievances, you may need to make payment arrangements to avoid future actions by the creditor or the courts. Some states will not allow a mortgage loan to close when liens or judgments are not paid in full.

Student Debts

Your NACA Counselor will work with you to determine your monthly student loan payment. You can use the student loan payment on your credit report, if shown, or you can provide proof of the actual monthly payment if you disagree. The servicer for the loan(s) must produce a statement with the loan account numbers listing the fixed payment for which you are eligible once the student loan(s) are out of deferment or forbearance if the payment amount is not shown on your credit report. The payment included in the affordability and ratio calculations described later cannot be a forbearance payment or an initial payment in a graduated payment plan. The accepted payments are: approved Income Based Repayment Plan, standard payments, extended fixed payments, and the largest payment amount for graduated payment plans. Income Based Repayment Plans are often amongst the lowest payment options and typically calculate the payment using 10-15% of one's discretionary income. For additional information visit:

<https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>.

Do not get discouraged if you are currently in default on your federal student loans. You have multiple options available to you that will enable you to successfully get your loans out of default. Firstly, you must determine who owns or services your loan by going to www.studentaid.ed.gov. It is important to note that this tool does not include any private student loans. Private student loans are considered instalment debt and are not subject to the federal guarantee, limitations or benefits. Secondly, you can consider the following available payment options: (1) repayment in full; (2) settlement of the debt for a lower amount negotiated for less than owed typically requiring a lump sum payment; (3) loan rehabilitation; or (4) loan consolidation. You will need to contact the Department of Education or the collection agency that is servicing your loan if you decide that rehabilitation of your loan is the best option. The website <https://studentaid.ed.gov/sa/repay-loans/default/get-out>, provides information about rehabilitating Direct Loan or FEEL student loans.

The default status will be removed from your loan once your loan is rehabilitated. You will regain eligibility for benefits that were available on the loan before you defaulted, such as deferment, forbearance, a choice of repayment plans, and loan forgiveness. You will also be eligible to receive additional federal student aid. In addition, national consumer reporting agencies (credit bureaus) would be instructed to remove the record of the default from your credit history for the rehabilitated loan. However, late payments reported before the loan defaulted will not necessarily be removed from your credit history.

Another option to remove your loan from default is a direct consolidation loan. To consolidate a defaulted federal student loan into a new direct consolidation loan you must select one of the following: (1) agree to repay the loan under an Income Based Repayment Plan, or (2) make three consecutive, voluntary on time

full payments on the defaulted loan before you consolidate it. You will once again be eligible for benefits such as deferment, forbearance and loan forgiveness after your loan is consolidated under this program. You will also be eligible to receive student aid again. Your default is not removed from your credit history under this program. It is important to note that you will lose the benefits of a federally backed student loan including the Income Base Repayment Plan if you consolidate with a private lender. To obtain information or ask questions about which option is best for you, please contact the Loan Consolidation Information Call Center at 1-800-557-7392 or go online at www.studentloans.gov.

Minimum Required Funds

General Criteria

1. No Down payment, No Closing Costs, No fees
2. Funds needed for the following vary based on the location and type of property you are purchasing:
 - a. Earnest money for a deposit on a property - credited back at closing
 - b. Inspection Fee – to identify any property issues and costs
 - c. Pre-paid Taxes – tax payments on the property in the future
 - d. Pre-paid Insurance – insurance payments on the property in the future
 - e. Reserves – funds available once you close on the property

The Minimum Required Funds (“MRF”) are funds you must have available to pay costs associated with the purchase of the property, pre-paid expenses at closing, and a reserve for any costs once you close. The MRF for the NACA Mortgage is much lower than any other mortgage, since the mortgage does not require a down-payment, the lender pays thousands of dollars in closing costs and there is no mortgage insurance. The requirement to save these funds will not prevent you from being a homeowner as a result.

The property acquisition costs consist of earnest/due diligence money, inspection, and evaluation fees. Earnest money is often required by the seller as a deposit to hold the property until inspections can be completed and the loan application is approved. The earnest money is applied toward the required pre-paid expenses, any applicable NACA Buy-Down, or returned to you upon closing. Inspection and applicable property evaluation fees (e.g. property and termite inspections, or electrical, plumbing, system, or structural evaluations when necessary) are paid up front, so the overall property condition can be determined and evaluated.

Pre-paid expenses are a one-time payment for future costs. These costs include the first year’s homeowner’s insurance premium, mortgage interest from the day you close until the end of the month, property taxes, and homeowner’s insurance escrows. You need to have these funds to complete your closing. The lender requires these to be paid up front, but your future monthly mortgage payments will include the monthly fees for the property taxes and homeowner’s insurance. The lender keeps your fees in an escrow account and pays them for you. You receive a credit if the lender collects too much, or you may be charged additional amounts if there are insufficient funds, since these fees change over time. The cost to close may also include Homeowner Association initiation fees, flood insurance, or other costs specific to the property. You should make sure to review your Purchase and Sales contract thoroughly to understand everything you agreed to pay for.

NACA Reserve Requirements

NACA requires reserves based on the following:

- 1) Payment Shock:
 - a. One month of mortgage payment if Payment Shock is less than \$300
 - b. Two months of mortgage payments if Payment Shock is greater than \$300
- 2) Self-employed: three months of mortgage payments
- 3) Multi-family:
 - a. Four months of mortgage payments for a duplex
 - b. Five months of mortgage payments for a three-family home
 - c. Six months of mortgage payments for a four-family home

The mortgage reserves must be documented in your bank account(s) prior to closing. Funds you saved as part of your Payment Shock savings can also be used for your reserves. The purpose of these reserves

is to ensure you have some funds in the bank after you close. While the reserves can be used for any purpose, it is important that you have funds to move into your future house and to buy necessary household items such as furniture, appliances, and accessories, as well as funds for deposits to start the utilities, and other items.

Reserves can later assist you with your monthly mortgage payments and allow you to keep your home if you suffer a setback, loss of income, or other unexpected expenses. Most experts agree that you should have a dedicated savings reserve account with at least three months, but preferably six months, of monthly mortgage payments. You should have more reserves if you purchase a multi-family home. Saving money requires a financial plan that contains specific, measurable and achievable goals. The work you do on the Budget will be helpful in meeting your savings goal. Your savings will help with some of the following situations you may encounter:

- Major home repairs
- Loss of tenant(s)/rent
- Family crisis
- Federal or state taxes (which were not deducted from your paycheck)
- Major medical expenses
- Loss of employment
- Separation or divorce
- Disability
- Increase in property taxes or insurance costs

You must have documented evidence of the available MRF on your current bank statement(s). Funds for the MRF should be in any of the following type of accounts: checking, savings, CDs or money market accounts. You must explain the source of funds that are non-payroll or irregular deposits. The MRF can include gifts or one-time deposits but they cannot be from a borrowed source or provided as part of the purchase transaction. You may need to provide documentation verifying that the funds were not borrowed. You must document the amount of funds and your ability to access them for other types of accounts, such as savings clubs. It is strongly recommended that you put any cash into your bank accounts at the start of the process so it can be used later. The minimum amount of funds that you will need to document will be provided by your NACA Counselor as part of your affordability analysis. Of this amount, \$2,500 must be liquid and available in your bank account(s) at the time of NACA Qualification. The amount of the MRF is based on the type of property that you want to purchase and your desired mortgage payment.

Documentation of other assets is important if used for the MRF, reserves, and/or the NACA Buy-Down. These funds must be deposited into your bank account before NACA Credit Access review and remain there throughout the bank application and closing:

- 401K Assets (or Other Assets) - a copy of the 401K withdrawal or repayment terms if applicable and the most recent 401K statement.
- Gift Funds - a gift letter and additional documentation from the donor are required if used for the earnest money deposit or provided late in the process. The source of the gifted funds from a non-relative will need to be explained in writing.

How Much Money Will You Need to Buy a Home?

	Traditional Mortgage (Assumes 5% down)	NACA Mortgage (No down payment)
I. Pre-Mortgage Application		
Offer (earnest money deposit) ¹	\$1,000	\$1,000
Home inspection	\$400	\$400
Your attorney	\$0	\$0
Credit report ²	\$45	\$0
II. Mortgage Application		
Application fee	\$250	\$0
Appraisal	\$450	\$0
III. Costs at Closing		
Down payment (\$100,000 price)	\$10,000	\$0
Origination Fee	\$2,000	\$0
Document prep fee	\$200	\$0
Lender's Title insurance	\$225	\$0
Mortgage insurance for first year	\$1,520	\$0
Lender's attorney	\$600	\$0
Homeowner's insurance premium for the first year	\$1,200	\$1,200
Other lender fees	\$350	\$0
IV. Pre-pays (Escrows)		
Mortgage insurance (two months)	\$300	\$0
Homeowner's insurance (two months)	\$200	\$200
Real estate taxes (two to twelve months)	\$500	\$500
Pre-paid mortgage interest (closing on the 15 th of the month)	\$329	\$329
One-month PITI in Reserve (PSS less than \$300) ³	\$0.00	\$1,305
Interest rate buy down (optional)		
TOTAL COSTS (Minimum Required Funds) ⁴	\$18,569	\$3,934

The above analysis is based on a \$200,000 purchase price for a single-family home, one-month reserves based on P&I at 4.0% plus \$350 taxes and insurance. Estimated costs may differ significantly for different markets and the costs generally increase in proportion to the increased sales price and interest rate. The total funds will vary depending on whether you purchase a single or multi-family home, the area's property taxes and homeowner's insurance, and the day of the month you close. If you use the NACA Buy-Down to qualify for your desired price or to reduce your monthly mortgage payment, then the buy-down funds need to be included as part of your MRF.

¹The earnest and purchase deposit are applied to the pre-pays. The amount significantly increases for multi-family homes.

²Your payment for the credit reports, which is at a discounted rate, is refunded by the lender at closing.

³The demonstrated reserves remain with the Member. NACA verifies it has been saved to ensure there are funds available after closing.

⁴Total Costs exclude the Offer (earnest money deposit).

INTAKE SESSION & NEXT STEPS

Preparing for Your Intake Counseling Session

1. Complete Member Portal

Your first step after attending the Homebuyer Workshop is to complete the required information in your Member Portal. The requirements are customized to address your particular circumstances. Preparing for your Intake session requires a significant amount of work. Completion of this work not only demonstrates that you are serious about purchasing a home, but also prepares you to be NACA Qualified in a timely manner. If you are unable or need assistance to complete the Member Portal, refer to a description of the available services on page 18 titled: Support In Using Your Mortgage Portal. Use this NACA Qualification Workbook as your resource and guide to becoming qualified for the NACA mortgage.

Financial Documents

Below are some of the financial documents you will need to upload into your Member Portal depending on your particular circumstances.

- Employment Income: paystubs for most recent 30 days with year-to-date income.
- Self-employment Income:
 - o Last 12 months of bank statements documenting business deposits (“BD”) and business expenses (“BE”) for each business deposit or expense (next to each business expense write “BE” and next to each business deposit write “BD”).
 - o 1099s for the past two years (if applicable).
- Alimony or Child support: documentation includes verification of receipt for last 12-months and court order (only if you choose to use this income in your mortgage application). ,
- Other Income: (e.g. social security, disability, etc.). Award letter or other documentation.,
- W-2s: last two years for all employers.,
- Bank Statements: last 90 days with all pages for all open accounts.,
- Tax Returns: last two years with all schedules & transcripts (call 800-829-1040 or visit www.IRS.gov to order transcripts).
- Credit Card Statements: Most recent month with all pages for all open accounts.

Other Documents

- Bankruptcy papers – if applicable.
- Divorce documents – if applicable.
- Please have any other documents which you think may be needed for your NACA Qualification available (e.g. letters of explanation for late payments, divorce decree, proof of judgment satisfaction, etc.).

Payment

- Bank account information (routing and account number) for:
 - a. Membership fee of \$25.00 per household for the year
 - b. Credit report cost of \$16.28 for an individual and \$16.68 for a joint report for yourself as well as each co-borrower and household member.

2. Schedule Intake Session

You should schedule your Intake appointment through your Member Portal as soon as you complete the required information and documentation, including verification of your attendance at the Homebuyers Workshop. The presenter will provide you with the Workshop ID code at the end of the workshop. You must immediately go into your Member Portal and enter the Workshop ID to verify that you have attended and participated in this important first step.

There are two types of appointments you can schedule: 1) a face-to-face appointment in a local NACA office or, 2) a phone counseling appointment through our Housing Counseling Department. If you want an Intake earlier than the available slots, you can put your name on the waiting list in the Member Portal. We should be able to provide you with an appointment within two weeks.

3. Confirm Intake session

Respond to the email confirming your counseling appointment about ten days prior to your session. For additional assistance or to confirm your counseling session, call Member Services at 425-602-6222 or email: Services@naca.com.

Intake Counseling Session

Your NACA Counselor will be able to review your information and documents in your electronic file as a result of your preparation, and focus on counseling you to become NACA Qualified with an affordable mortgage payment. Your thorough preparation indicates your commitment to becoming a homeowner and will expedite the process. Most importantly, you need to attend your Intake Session and start the process. Your NACA Counselor is the expert who will make the process much easier and less stressful than you think if you follow their advice. The results will be extraordinary!

Arrive for a face-to-face session or be available for a video session at least 15 minutes prior to your appointment to check in. It is very important that you and any co-borrowers attend. This first appointment can take two hours or more; while children are welcome, they may grow bored very quickly. Call or email your NACA Counselor or Member Services if you are going to be late or need to reschedule your appointment. You may be prevented from participating in the NACA program if you do not show up without contacting your NACA Counselor or NACA in advance.

Your NACA Counselor will focus on your homeownership goals at your Intake session using the Member Initial Assessment which you completed prior to your Intake session. They will provide you with an overall assessment of your readiness for homeownership, determine an affordable monthly mortgage payment, and provide you with your next steps.

Your NACA Counselor will complete all the stages of the NACA Qualification requirements including income, debts, assets, rental history, payment history, and more. You should be in a good position to be NACA Qualified quickly since you have already completed the Member Preliminary Assessment, Current Budget, and documents verifying your income and assets. Your NACA Counselor will work with you to improve your financial management by focusing on your monthly Current Budget, which is crucial in determining an affordable monthly mortgage payment. Your Intake Session is not complete unless you receive an Action Plan from your NACA Counselor and both of you review it. Your Action Plan will identify additional required documents and information as well as your next steps to become NACA Qualified. You must also schedule a follow-up counseling session within the next three months.

The next steps are your responsibility. You need to access your Member Portal to address the Action Items as soon as possible. Once you have addressed them, schedule a follow-up session through your Member Portal or contact your NACA Counselor directly. You should also start saving for your Payment Shock and Minimum Required Funds if you have not already. If your NACA Counselor is not responding or you have any concerns or issues, contact Member Services by email at Services@naca.com or call 425-602-6222.

NACA Qualified – Next Step

Once you are NACA Qualified, you must attend a Purchase Workshop which is held every Thursday from 6:00 p.m. to 7:30 p.m. either virtually or at a local NACA office. This workshop is required for all NACA Qualified Members who want to access the NACA Mortgage. Sign up in advance through your Member Portal or your local NACA office. The Purchase Workshop will provide you with information about the housing search, addressing repair issues, obtaining NACA Credit Access approval, submitting your NACA Mortgage loan application, processing the mortgage application, and accessing NACA's post-purchase assistance.

You will receive your NACA Affordability Form and NACA Qualification Letter to begin your housing search. You can access these documents through your Member Portal. You will need to continue to pay all accounts on time, maintain your income, obtain no new debt and save your Payment Shock each month to stay NACA Qualified. You must also continue submitting the most current documents such as paystubs, bank statements, etc. through your Member Portal. Your NACA Qualification is valid for six months. Your NACA Qualification may expire sooner if your circumstances change, in which case you would need to be re-qualified to determine any change to your affordable monthly mortgage payment.

TEN STEPS TO HOMEOWNERSHIP

1. NACA Homebuyer Workshop

You will learn about the NACA program, accessing NACA's comprehensive counseling, and how to become NACA Qualified for the NACA Mortgage and potentially other mortgage products at this free workshop.

2. Intake Session

You upload documentation through your Member Portal. Your NACA Counselor will review your payment history and income stability to determine whether you are currently ready for homeownership. They will determine a mortgage payment you can afford, identify your next steps, and will work with you in becoming NACA Qualified.

3. NACA Qualification

NACA Qualification is required for you to access the NACA Mortgage. This process is so extensive that you will be a desirable homebuyer for real estate agents and sellers to work with since virtually all bank applications are approved.

4. Purchase Workshop & Housing Search

Attend the Purchase Workshop on Thursdays from 6:00 p.m. to 7:30 to obtain your Affordability Form and Qualification Letter and learn your next steps. While you can choose any real estate agent, NACA has In-House Agents ("IHAs") who understand the NACA program and represent your interests.

5. Purchase & Sale Contract

Obtain advice before negotiating a binding contract for the purchase of a home. Check with your NACA Counselor or NACA staff before signing. The Purchase & Sale Agreement must be contingent upon a satisfactory home inspection and other conditions.

6. Property Condition

Hire a NACA-approved home inspector to evaluate your desired property and determine any needed repairs. Repair costs can be included in the NACA Mortgage, unless done by the seller. NACA provides rehab assistance and administration.

7. NACA Credit Access & Bank Application

You will need to provide updated documents to show that your finances have been on track since you were NACA Qualified, and that you continue to meet NACA's requirements. Your NACA Counselor will submit your application for a NACA Mortgage to a participating lender.

8. Mortgage Processing

NACA's process is designed to close loans within 28 days from receipt of the executed Purchase & Sale. The NACA Mortgage Specialist will address any lender conditions with your NACA Counselor continuing to be your primary point of contact. Virtually all NACA mortgage applications are approved.

9. Mortgage Closing

You will need to obtain homeowner's insurance. Examine the property to make sure all agreements involving repairs, tenants, cleaning, etc. have been followed. You will then conclude the purchase at the NACA office. Get the keys and MOVE IN!

10. Post-Purchase

NACA offers post-purchase counseling and financial assistance for as long as you have a NACA Mortgage. Through the Home Save Department you receive budget counseling, modifications and plans to prevent foreclosure, financial and other assistance.

**WITH NACA
YOUR DREAM OF HOMEOWNERSHIP
COMES TRUE!**

MEMBER PARTICIPATION

Your active involvement in whatever way you feel comfortable is essential for NACA to continue to provide free comprehensive housing services, access to NACA's Best in America Mortgage, and, most importantly, to achieve NACA's overall mission of promoting economic justice. You must agree with the Participation Pledge through the Member Portal. The pledge requires you to participate in at least five identified activities each year in support of NACA's mission in whatever way you feel comfortable. This applies immediately and continues for as long as you have a mortgage through NACA. At least one activity is required prior to your NACA Qualification.. By signing the NACA Agreement you are committing to this participation pledge.

NACA Participation is an essential eligibility requirement and expresses the fundamental principle of what NACA stands for: communities where we are thy brother's keeper and work to support all current and future NACA Members and the communities in which we live. The most successful programs and campaigns are those through which people come together and speak with one strong voice. In terms of housing, President Carter made this a fundamental element of Habitat for Humanity with the sweat equity requirement.

NACA's mission of neighborhood stabilization and economic justice is not only based on the individual ownership of a house, but also on strong communities. To achieve this, NACA has established neighborhood committees called NACA Action Committees ("NACs") for community residents to get to know each other and come together as a community. The NACs consist of the NACA Members who live in the area and others who support our mission. They meet on a regular basis, usually at least once every three months, to address local issues. NACA's organizers assist in establishing and working with the NACs, which allows NACA to involve its many Members in advocating for issues that may impact them on the local level. It also involves the NAC in issues that impact NACA or that NACA is involved in regionally or nationally.

You are required to give back, in whatever way you feel comfortable. Every Member is encouraged to contribute their unique skills to NACA and its mission. Many people say the NACA program sounds too good to be true. It is the active participation of NACA's huge membership which makes the program a reality. There are numerous activities for you to take part in, including: advocacy campaigns; protests and demonstrations; voter registration activities; actions against persons or companies that discriminate against or victimize others; political activities; ballot initiatives; assisting at a NACA event or a Homebuyer Workshop; increasing participation in NACA; or other activities requested by NACA.

In addition to your NACA participation, the following are examples of activities that you should do on your own:

- Spread the word about NACA by distributing NACA flyers in your workplace, church, and any other place or organization of which you are a part, and/or placing a NACA yard sign on your property.
- Be a contact in NACA's Skills Directory to provide services and assistance to NACA Members.
- Like NACA's social media pages or share about NACA on your own social media.
- Provide a testimony at a NACA Homebuyer Workshop.
- Call and write politicians and decision-makers in support of NACA's programs and mission.

We need you to take the initiative and contact your NACA office, your NACA Counselor, or local NACA Organizer to volunteer and participate. You can also go to **www.naca.com** and sign-up on the volunteer link. If you receive a live or tape-recorded phone call or e-mail to participate at an event or action, please pay attention and do your best to attend. If you are unable to participate, it is important to find others who can. Remember that participation and direct action have made NACA successful and will continue to strengthen our neighborhoods and NACA.

Participation Pledge

I pledge to participate with NACA in future community outreach and advocacy campaigns. I understand that community advocacy is the major reason that NACA can provide America's Best Homeownership Program including free individualized comprehensive housing services. I embrace NACA's mission to revitalize communities, advocate against financial exploitation, promote economic justice, and eliminate predatory and discriminatory lending practices.

I therefore pledge to stand with NACA in pursuit of this mission. I will participate in at least five actions and activities a year, such as neighborhood outreach, distributing information about NACA, informing people about NACA's Purchase and Home Save programs, participating in rallies, demonstrations and providing public education, or in whatever way I feel comfortable in support of NACA's mission. Participation begins from the time I begin the NACA process and for as long as I have the home NACA has helped me purchase or save.

Participation Commitment

Below are some examples of the types of participation.

- Set up an introductory meeting or organize a Homebuyer Workshop at your church, community organization, employer, union or other organizations to increase participation in the NACA programs.
- Register at least ten people to vote through www.NACA.com.
- Active participation in a NACA Action Committee ("NAC").
- Participate in advocacy campaigns and demonstrations.
- Assist at a NACA event or Homebuyer Workshop.

Skills Directory

The NACA Skills Directory has information and contains information and contacts for people who can provide good quality services and products that Members can access. This could be at no cost, reduced cost, or bartering. Please identify such skills that you would provide Members. We will contact you for details as we put together this Skills Directory.

At-Home Services:

Painter • Plumber • Electrician • Handyman • General Home Repair • Gardening
Child Care • Senior Care • Transportation Assistance • Tutoring

Professional Services:

Accounting • Tax Prep • Legal • Insurance • Social Work

Health Care Services:

Doctor • Nurse • Physician's Assistant • Physical Therapy • Speech Pathology

Technical Services:

Software Development • Computer Repair • Tech Support • Graphic Design • Social Media • Photo/Video

VOTER REGISTRATION

One NACA eligibility requirement is for all Borrowers, Co-Borrowers and Household Members to be registered voters if they are legally eligible. They must be on identified on the voter roll or registered through NACA in order to be NACA Qualified. The easiest way to register to vote is through your Member Portal. Through the Member Portal, you can also determine if you are on the voter rolls since many people have been purged from the voter rolls and need to register again. In addition, one of the effective participation activities can be accomplished by registering at least ten other non-registered people, including family, friends, neighbors, co-workers and others.

GOVERNMENT PROGRAMS & OPTIONS

FHA & Mortgage Options

As one of the largest HUD-approved counseling intermediaries, NACA works closely with HUD on a variety of issues through its Neighborhood Stabilization Corporation subsidiary, including education on home buying and homebuyer programs. NACA strongly encourages you to research various mortgage programs and products to identify the one that best meets your needs. In addition to the NACA Mortgage and HUD programs, there are mortgages provided through state housing financing agencies and others provided directly by lenders. Your NACA Counselor can assist in providing information on these programs. HUD programs change over time, so please consult HUD's guides and materials for details.

HUD's Federal Housing Administration ("FHA") is a mortgage insurance program that is the vehicle for low and moderate income individuals and families to obtain financing to buy homes or to refinance their current mortgages. FHA mortgage insurance allows a homebuyer to make a low down payment and get a mortgage for the balance of the purchase price. The mortgage loan is made by an HUD-approved lender, such as a bank, mortgage company, or credit union. An FHA insured mortgage requires the borrower to pay closing costs, discount points, insurance premiums, and some other fees. The interest rate, costs, and eligibility vary depending on the lender. You can find HUD approved lenders and general information concerning HUD programs on the HUD website at www.hud.gov or www.espanol.hud.gov. These websites contain comprehensive information about home buying, homeownership, selling a home, making home improvements, and other housing-related topics in both English and Spanish.

Rights Under Fair Housing Act

NACA is dedicated to promoting housing access for and protecting the rights of low to moderate income and minority individuals seeking affordable housing. It is important for you to know that you are not alone if you experience housing discrimination, and NACA encourages you to report illegal treatment so that together we can affect meaningful change in this country. NACA works with HUD to address these illegal practices.

Housing discrimination is a pervasive problem nationwide. It is also severely under-reported. Many people are unaware that they have been victims of housing discrimination. Studies by HUD suggest that many renters and homebuyers do not fully understand which activities are illegal under the Fair Housing Act. The Fair Housing Act prohibits discrimination in housing on the basis of: race or color, national origin, religion, gender, familial status (families with children), and/or disability. The following activities are among the illegal activities under the Fair Housing Act:

- Refusal to rent or sell housing, negotiate for housing.
- Making housing unavailable.
- Setting different terms, conditions, or privileges for sale or rental.
- Denying any access to or membership in a facility or service (such as a multiple listing service) related to the sale of housing.
- Refusal to make reasonable accommodations in rules or services if necessary for a disabled person to use the housing.
- Threatening or interfering with anyone making a fair housing complaint.
- Refusal to provide municipal services, property insurance or hazard insurance for dwellings, or providing such services or insurance differently.

Help is available if you think your rights to fair housing have been violated. Housing discrimination complaints can be filed by phone or in writing with HUD and/or with private fair housing enforcement agencies located across the country. To reach the local HUD office in your area, call 1-800-669-9777 or visit www.HUD.gov. To identify the private housing enforcement office in your area, call 202-898-1661 or visit the National Fair Housing Alliance. You should also contact NACA's Member Services department at Services@naca.com. You have the right to fair housing: it's not an option, it's the law. Together, we can make a difference.

Notes

Note: The materials contained in this workbook are designed for guidance only. They are not designed to be, and should not be used as, a substitute for professional services. NACA makes no warranties or representations of any kind that the materials contained in this book will necessarily apply to, or be effective in, any particular situation. NACA reserves the right to change any requirements or policies at any time and to make exceptions in NACA's sole discretion.

NACA HISTORY IN THE MEDIA

NACA is a national leader fighting for economic justice and against predatory and discriminatory lending. As a result of many years of struggle, **NACA** has developed the best homeownership program for low-and-moderate income individuals and people of color with the Best Mortgage in America. **NACA's** success and advocacy has been documented with extensive press coverage over the past thirty years. Below are few of the headlines.

Please go to our website at www.naca.com to see the many press clips, videos and press releases over the past 30 years.

Associated Press

February 28, 1993

Banking campaign of terror

Bruce Marks of Boston pushes the big banks hard and unconventionally in the battle against alleged discrimination in lending

By ROB WELLS
ASSOCIATED PRESS

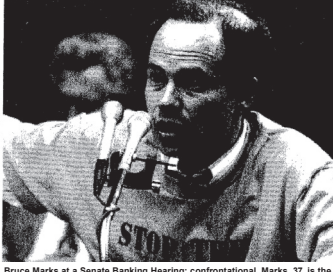
It wasn't a typical gathering inside the Federal Reserve Board's room in Washington. But Bruce Marks isn't typical.

Around the Fed's boardroom table, where many of the nation's key financial decisions are made, sat Marks—who calls himself a “banking terrorist” and 40 black home owners.

They were there to demand that the Fed's staff hold hearings on mortgage-lending abuses and prevent Fleet Financial Group Inc., a major banking company caught up in the case, from expanding.

approach as very confrontational, in an extreme manner, that on balance will yield fewer results than a more tempered approach,” said Richard Driscoll president of the Massachusetts Bankers Association. “I think Bruce sees victims wherever he sees a bank.”

Fleet Financial based in Providence, R.I., threatened to file criminal legal action against Marks in December for making “irresponsible allegations.” Marks claims that Fleet, the nation's 14th-largest banking company, faces \$1.2 billion in liabilities and could be rendered insolvent if it lost just one of five lawsuits it faces in Georgia. Fleet also has accused Marks of



Bruce Marks at a Senate Banking Hearing; confrontational. Marks, 37, is the executive director of the Union Neighborhood Assistance Corp. of Boston.

The New York Times

BUSINESS DAY | THE HOME FRONT

The Homebuyer's Champion

By BINYAMIN APPELBAUM FEB. 25, 2014

WASHINGTON — About 200 people struggling to become homeowners filled the pews of Plymouth Congregational church on a recent Saturday morning. Some were self-employed, others short on a down payment, many branded by credit problems. Mortgage lenders would have thrown money at them a decade ago. Now, the chastened industry turns them away.

Bruce Marks, the unconventional lender who organized the gathering, is determined to demonstrate that the rest of the industry is wrong.



Mr. Marks, center, asking Richard Cordray, left, of the Consumer Financial Protection Bureau, to help homeowners. Credit: Drew Angerer for The New York Times

THE WALL STREET JOURNAL

FRIDAY, FEBRUARY 11, 1994

Banking on Publicity, Mr. Marks Got Fleet to Lend Billions

Self-Styled 'Urban Terrorist' Won Battle on Redlining But Needs a New T-Shirt

By Suzanne Alexander Ryan and John R. Wilkie
Special Reporters of THE WALL STREET JOURNAL

BOSTON. When Fleet Financial Group Inc.'s troubles over community-lending issues were beginning, the Federal Reserve Bank of Boston arranged a meeting between top Fleet officials and Bruce Marks, the banks toughest critic. Although the Fed may have wanted to calm the waters, Mr. Marks wasn't interested.

This was his situation at the June 1991 meeting: If Fleet would fund his organization, the Union Neighborhood Assistance Corp.,

organization than by altruism. Yesterday, Mr. Marks shook hands with Mr. Murray, and landed him for his “bold and innovative” inner-city lending program. The last time Mr. Marks was in the Capitol, he wore a T-shirt with the word “Wanted” above a picture of Mr. Murray, and below “Lunatic.” He had come to Washington with some 400 members of the Hotel Workers’ Union to crash a Senate Banking Committee hearing, filling the hearing room and singing gospel songs before the meeting began.

Surprise Visits

That was just one of a string of outrageous stunts Mr. Marks staged to embarrass Fleet. Always flanked by militant union members, he has turned up at analysts’ meetings, picketed press conferences and disrupted speeches. Two years ago, trying to head him off from speaking at the bank’s annual

“I threw him out of my office,” Mr. Bozotto says. “He was a yippie in a suit. He looked like the young M.R.A.s who sat on the wrong side of the contract bargaining table—someone who wanted to get a little taste of urban community service to round out his resume.” Mr. Marks wouldn’t go away.

He plunged into union work, pressing Mr. Bozotto to stress housing in contract negotiations. In 1988, the union won a landmark contract with Boston’s booming hotel industry that created the Union Neighborhood Assistance Corp., a non-profit affiliate that disbursed small, no-interest loans to members to help them make down payments on homes.

Mr. Marks next turned his attention to redlining by banks in Boston’s Roxbury, Dorchester and South End neighborhoods. He found that while major banks had little presence in those areas,

News show “60 Minutes” to run a critical story.

Fleet says that in the face of all the criticism, it reversed all of its lending practices and “to avoid even the perception of wrong doing” halted the purchase of such loans from third parties.

For Fleet’s Mr. Murray, the last straw may have been when Mr. Marks’s shock troops showed up uninvited at a Boston Business-club breakfast last October where Mr. Murray was speaking. Union members sat every table and mostly stood up to pass out protest flyers.

Exasperated Mr. Murray agreed to a meeting. Three days later, Messrs. Marks and Murray met for the first time for a three-hour talk. “I came away feeling he took our issues seriously,” Mr. Marks says. By mid-December, Mr. Marks’ group had drafted a written




JOHN ADAMS

The Atlanta Journal

SUNDAY OCTOBER 20, 1996

Terms of New NACA Loan Program Unbelievably Good



JOHN ADAMS

Let's try to design the perfect home purchase.

Bank, NACA administers the loan program from beginning to end. To get the type of loan described above, you must pass a home buying class and obtain one-on-one counseling about the responsibilities of homeownership. In addition, if you fall behind on your payments, NACA representatives will meet with you and try to get you back on track. Such post-purchase counseling has proven effective before

We know that there is a direct relationship between home ownership and wealth accumulation in this country. Yet, one in three Americans continue to live in a home that the head of household does not own. The rest of us live in our own homes. We call that percentage the homeownership rate and it has hovered around 66% for several years. The principal factor affecting the rate in the past has been

The Boston Globe

TUESDAY, JANUARY 13, 2004

A \$6 billion lift

Bank of America doubles its commitment of funds to beloved and reviled lending activist Bruce Marks

By Sasha Talcott
GLOBE CORRESPONDENT

When Bruce Marks sat down a decade ago with Bank of America's future chief executive, Hugh McColl, the Boston affordable lending activist did not mince words. “I think we have a home buyer's program that is

top of the line, but we understand that all bankers are evil and all you care about is maximizing your profits at any cost,” Marks told McColl, then the chairman of Nations Bank.

But yesterday, Marks was all smiles around the corporate banking giant, as Bank of America's current

chief agreed to funnel \$6 billion in home mortgage loans through Marks’ Boston-based affordable lending organization. The commitment adds an extra \$3 billion over the next 10 years to Bank of America's current pledge to Marks's Neighborhood Assistance Corp. of America.

It was perhaps the largest victory yet for Marks, a self-styled “urban terrorist” who has made a name for himself with raucous protests at shareholders’ meetings and threats of class action lawsuits. But as Marks’ national stature has grown, the longtime opponent of large financial institutions



Richard D. Lewis (left), Bank of America CEO, describes the corporation's pledge to Neighborhood Assistance Corp. of America while Pleasanton CEO Chad Glavin and Bruce Marks look on.

Detroit Free Press

Mortgage program is key to Detroit's future

the Detroit Free Press Editorial Board 12:08 a.m. EDT April 17, 2015

One of the more eye-popping statistics about Detroit's troubles is this: In all of 2014, there were fewer than 400 mortgages written for properties in the city.

In some cities, that's how many would be written in a single neighborhood.

But even with the thousands of sales that take place, and the burgeoning new interest in city living being fueled by transplants and young professionals, most sales don't qualify for the conventional lending (or were re-routed to avoid the hassles of qualifying) that is a hallmark of a stable real estate market.



Photo: Karen Roach