



FIGHTING FINANCIAL EXPLOITATION WITH AMERICA'S BEST MORTGAGE



NO Downpayment
NO Closing Costs
NO Mortgage Insurance
NO Consideration of Credit Score
NO Perfect Credit
Below Market Interest Rate

NACA PURCHASE WORKBOOK

- taking down the barriers to homeownership
- homeownership through advocacy



NACA QUALIFICATION

Congratulations on becoming NACA Qualified for NACA's Best in America mortgage. This means that you have worked hard to prove you are ready for home ownership. You are now ready to begin your housing search and purchase process.

As your next step, you must attend NACA's Purchase Workshop which is held every Thursday from 6:00 pm to 7:30 pm at your local NACA office or virtually if you live more than an hour and-half driving distance from the office. Send an email red@naca.com or call 425-602-6222 option 6 to register. This workshop provides 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 must also attend a Property Qualification webinar which are held every Tuesday at 4:00 pm EST to have any code, safety and health issues addressed for the property to be Property Qualified for purchase through NACA. You can register for the HAND webinar at www.naca.com under Live Webinars.

You can access your NACA Qualification Letter and Qualification Form in the Member Portal once you have attended the Purchase Workshop. You can now begin your housing search. 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.

This Purchase Workbook is your resource guide through closing and as long as you have a mortgage through NACA. We want to ensure that the home you purchase is affordable over the long term, and that repairs are made to eliminate future difficulties and costs. Through NACA, you have access to a set of professionals to assist you at any time during the homebuying process.

You need to continue to pay all accounts on time and adhere to the below through closing. You must also continue uploading the most current documents such as paystubs, bank statements (not necessary if you are providing NACA access to your bank data), etc. through the Member Portal.

- ☒ MINIMUM REQUIRED FUNDS / SAVINGS – Maintain and work to increase the minimum amount required to complete your desired purchase.
- ☒ PAYMENT SHOCK – Continue saving your payment shock each month until the loan is closed. Document and prepare explanations for all large withdrawals and non-payroll deposits.
- ☒ DEBT – Do not open any new credit accounts or increase debt balances. Upload updated statements for all debt obligations including your credit cards and student loans.
- ☒ ON-TIME PAYMENTS – Continue to pay rent and all obligations on time each month.
- ☒ INCOME – Notify your NACA Counselor if any source of your documented income changes or ends. Leaves of absence may affect your NACA Qualification.
- ☒ NEW DOCUMENTS – Upload all paystub, bank statement, rental payment, credit card statement, student loan statement, and alternative credit documents to the Member Portal which is not necessary for many of the documents if you provide NACA with access to your bank data. Remember to retain your original documents.

If you continue with the NACA process, adhere to our requirements, and stick to our timelines, you will likely be another successful NACA homeowner. Your success story will be another step towards making the NACA standard the national standard. I hope to meet you in the future as we continue the fight for economic justice.

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MORTGAGE AMOUNT

The mortgage amount is the purchase price plus any Rehab Escrow funds financed into the loan needed to complete repairs after closing. The maximum mortgage amount is determined by your affordable monthly mortgage payment, including principal, interest, taxes, and insurance (PITI). To determine your mortgage amount, you must know the monthly real estate taxes, homeowners' association fees, hazard, and flood insurance particular to the area you want to purchase in, and the type of property. Real estate taxes vary from as low as 1% to as much as 4% annually of your house's value. Additionally, your monthly insurance payments generally average between \$60 to over \$150 per month per unit, which means multi-family homes have significantly higher insurance costs. Your property insurance is based on many factors, like the building's age, location, cost to rebuild, distance from fire hydrants, and your credit score. Condos, Co-ops and PUDs also require monthly homeowners' association (HOA) dues.

Maximum Acquisition Limits

Members can purchase a home through NACA regardless of their income, as long as the payment is affordable and the loan amount is within the Maximum Acquisition Limits, reflecting the purchase price plus funds for any repair escrow funds for repairs to be completed after closing. Members cannot pay funds out of the pocket to reduce the loan amount (i.e., principal reduction) to meet NACA's Maximum Acquisition Limit. However, Priority Members can add their own funds to the Rehab Escrow for repairs after closing without these funds being included in the Maximum Acquisition Limits. 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.

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

Go to naca.com/naca-conforming-loan-limits/ to identify loan limits specific to a property type and county location.

Mortgage Amount Calculation

You and your real estate agent using your NACA Qualified monthly mortgage payment can calculate a mortgage amount (i.e., purchase price) or using a purchase price calculate a monthly mortgage payment. These calculations require realistic 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, so the taxes and insurance particular to your selected property can be used. 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 Tools & Resources / Mortgage Calculator option at the top of the screen. The Mortgage Calculator is also available through the Member Portal.

Calculation:

Remember to include the estimated cost of repairs to the purchase amount.

- 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”
- Please note that your monthly payment is limited by your Housing Ratio (33% of your gross income for the 30-year and 35% for the 20-year or 15-year with documented affordability).

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-year, 20-year or 15-year.
- NACA Buy-down Amount – each one and a half percent of mortgage amount reduces the interest rate by 0.25% for 20-year and 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 requirement 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 \$150 per month per unit
- HOA/condo fee. Enter this if applicable - mostly applies to condos and Plan Unit Developments (“PUD”).

REAL ESTATE AGENT

It is crucial that you are comfortable with your real estate agent. They should be experienced in real estate sales and familiar with the NACA Program. Your agent must understand your needs and expectations, work hard for you, aggressively advocate for you, and be patient. The agent could be a NACA In-House Agent, Referral Agent, or outside agent as defined below (“R.E. Agent”). Regardless of the R.E. Agent you use, your R.E. Agent’s responsibility is to represent your best interests, including protecting your earnest money deposit, and guiding and assisting you through the home-buying process. They should always negotiate the most favorable terms and timelines possible, meeting your needs above others. A good R.E. Agent will never make you feel rushed or attempt to make decisions without your knowledge. R.E. Agents earn their commission once the transaction is successfully closed and paid by the seller. Do not pay a R.E. Agent any fees. Contact NACA’s Real Estate Department if a R.E. Agent makes such a request or demand. It is strongly recommended you select a NACA In-House Agent, as they receive extensive training on the NACA program and are very familiar with the NACA home buying process.

NACA’s Real Estate Department (“RED”)

NACA’s RED team is always available to answer any real estate related questions or concerns. The RED team is responsible for all of NACA’s real estate operations. Before selecting a R.E. Agent, please contact RED to fully understand your options with regards to working with a R.E. Agent in your market. RED can refer you to a NACA In-House Agent (“IHA”) or Referral Agent through a NACA real estate broker if you are not currently represented by a R.E. Agent. To be well represented you must have a Buyer’s Representation Agreement (“BRA”) with your R.E. Agent which outlines the roles and responsibilities of your R.E. Agent in representing you. Make sure the BRA allows you to terminate this agreement at any time for any reason and without cost. Your R.E. Agent must upload your BRA into NACA’s Real Estate portal at www.naca.com. If you change R.E. Agents, have your new R.E. Agent upload your BRA into the portal to update the R.E. Agent information, so all future communications and emails go to the correct R.E. Agent.

All R.E. Agents working with any Member of the NACA Program must adhere to NACA’s Real Estate Policies and are prohibited from requesting or receiving a fee from you. The R.E. Agent’s compensation is exclusively paid from the seller’s portion of the closing on the property you purchase. In addition, R.E. Agents are prohibited from accessing your personal Member Portal, even though they may tell you it can help with your transaction. The Member Portal contains your personal financial information and must be strictly protected. Please report any of these inappropriate activities to RED by emailing red@naca.com.

For the smoothest and most effective purchase process, it is recommended you work with a NACA In-House Agent or Referral Agent. The NACA In-House Agents are experienced with NACA transactions and have a proven track record of working with NACA Members and adhering to the NACA process and associated timeline. If you would like to work with a NACA In-House Agent or Referral Agent, contact NACA’s Real Estate Department (“RED”) by emailing red@naca.com and they will connect you with one.

If you were referred to NACA through NACA’s website by a R.E. Agent prior to going to a Homebuyer’s or NACA Qualification Workshop, you will be referred back to that R.E. Agent now that you are NACA Qualified. NACA recommends that you work with the R.E. Agent who referred you to the program if you are satisfied with their work. You may use any R.E. Agent of your choice, unless the R.E. Agent has been removed from the NACA program for actions NACA has determined to be harmful or otherwise problematic. If your R.E. Agent has limited experience working with NACA, they should attend the free live webinar titled “New Agent Training Webinar” hosted every Tuesday from 12:00 pm to 2:00 pm EST. This webinar offers insight and guidance on the NACA process and how to access America’s Best Mortgage as a professional real estate agent. Have your agent go online www.naca.com and register under live webinars to “RED - Introduction to NACA”.

If you are a licensed real estate agent and plan to represent yourself in a NACA Purchase transaction, you are prohibited from earning a commission from your own home purchase. Commissions can be negotiated to reduce the sales price or applied to interest rate buy down or repairs, as part of any seller concessions.

Real Estate Agent Portal:

NACA provides real estate agents with their personal portal to work with clients who are going through the NACA purchase process. A real estate agent can access their portal through www.naca.com under the “Vendors” tab. The R.E. Agent must identify you as their client by uploading your signed Buyer’s Representation Agreement. The R.E. Agent can also upload the Purchase & Sale Contract and any addendum through the NACA Real Estate portal. The portal provides the status of where you are in the process and other functions to assist you and your real estate agent through closing.

To register a client for the NACA Program or to complete the agent assignment, the agent must upload the Buyer Representation Agreement (“BRA”) provided by their Real Estate Broker into the NACA Website’s R.E. Agent Portal. This ensures all emails and communications go to the correct real estate agent. Without the BRA Agreement, NACA will not communicate with the agent. Remember, clients participating in the NACA program must be free to work with any real estate agent of their choice and must be able to change their R.E. Agent at any time.

For the Agent to complete the Agent Assignment:

- Click upload Documents > Scroll down and Select Rep. Agreement.
- Input the member’s NACA ID and first three letters of member’s last name.
- Choose file and input agreement date, expiration date, terminate anytime, and select submit.

Types of Real Estate Agents

You have access to three categories of R.E. Agents as defined below.

NACA In-House Agents – NACA In-House Agents are considered NACA Buyer Advocates who work exclusively with NACA Members. They are experts in the NACA purchase program, and most are members of the board of realtors, making them bound by a code of ethics which imposes higher standards than required by local state laws and regulations. NACA In-House Agents specialize in negotiating the best terms for Members. They are experts in all aspects of the NACA process. The NACA In-House Agent earns a flat rate fee regardless of a sales price or commission rate, so the Member knows their NACA In-House Agent is focused on the lowest sales price and not the highest commission earnings for a transaction.

Referral Agents – When a NACA In-House Agent is not available, NACA has a list of Referral Agents who are familiar with the NACA program and have proven themselves to be focused on NACA’s mission of affordable homeownership.

Outside R.E. Agents – Outside R.E. Agents are R.E. Agents who are not associated with NACA. They are strongly encouraged to register their business information on NACA’s website at www.naca.com to gain access to the NACA R.E. Agent portal. This will allow the R.E. Agent to upload an executed Purchase & Sale Contract and keep track of their clients. They are encouraged to participate in NACA’s New Real Estate Agent webinar if they are unfamiliar with NACA’s purchase process. Outside R.E. Agents do not pay NACA a fee for referring their clients to NACA and are not permitted to charge NACA Members fees. Please report any fee you are requested to pay by a R.E Agent to RED immediately.

R.E. Agents have differing responsibilities which are described below.

- **Buyers Agency** – The Buyer’s Agent only works with homebuyers and solely represents them. Therefore, they will not represent a seller who may be listing a property you may want to buy.
- **Sellers Agency** – The Listing Agent represents only the seller in a sales transaction.
- **Dual Agency** – Dual agency is when a R.E. Agent represents both a seller and a buyer in a transaction. The R.E. Agent must remain neutral during the transaction and cannot disclose confidential information to either party. They cannot give advice and representation may be limited. Both buyer and seller must agree to the dual agency in writing and look out for their own interest more carefully. To avoid Dual Agency when purchasing a property within the same brokerage firm, a designated R.E. Agent or appointed R.E. Agent is chosen by a managing broker to act as an exclusive R.E. Agent of the seller or buyer. This prevents a potential conflict arising from a R.E. Agent representing both parties. The Designated R.E. Agent can now provide their client with full representation with all the attendant fiduciary duties.

Real Estate Agent Responsibilities & Compensation

Real Estate Agent Expectations

Do's	Don'ts
Your R.E. Agent should keep you well informed to make sure that your interests are protected. They should speak with you regularly and always return your phone calls the same day.	Do not share your personal information on your Qualification Form with your R.E. Agent or a seller. While you need to trust your R.E. Agent, only provide the desired price range within your NACA Qualification. You want your R.E. Agent to negotiate the best price possible instead of the maximum you can afford.
Your R.E. Agent should locate as many suitable available properties in your desired market until you are comfortable submitting an offer on the right home for you. Your R.E. Agent should negotiate the terms of the agreement on your behalf. You should see at least ten properties to provide insight on the market and a basis of comparison.	Do not feel pressured! You should take your time when searching for a desired property. Finding the right home is crucial for such a large financial obligation.
If repairs are required, your R.E. Agent needs to work with you to determine whether and how the seller can assist you by either making repairs prior to close, or if the cost of repairs can be included in the mortgage. If a Member finances the cost of repairs in their loan, or pay for repairs out of pocket, the final sales price should reflect that the Member may be paying more than the property's value.	Your R.E. Agent should not select the property inspector or a general contractor to evaluate the home or make repairs to a home you do not yet own. While your R.E. Agent can provide assistance, you are always responsible for selecting inspectors and contractors.

R.E. Agent Compensation:

The R.E. Agent compensation is often wrapped into the home's listing price. In other words, sellers factor in the cost of commissions when they price their home for sale. When a Listing Agent posts a Buyer's Agent compensation rate, for example on the MLS, your R.E. Agent commission from the seller is usually between 2% to 3% of the total sales price. The fees are paid out of the seller's proceeds along with any negotiated seller's concessions. You should not increase your offer amount to compensate for agent commissions. The major exception are For-Sale-By-Owner transactions, where the seller is listing the property without a R.E. Agent.

Be certain that your R.E. Agent is not trying to get you to pay additional fees, including signing an agreement that pays them more than is typical for the market. Higher fees increase your out-of-pocket costs and/or result in a higher sales price. NACA prohibits you from paying any fees not paid by the seller. Transactions with extraordinary circumstances require prior written approval from NACA National Management. NACA does not allow the cost savings of the NACA Mortgage to be replaced with a real estate transaction fee, processing fees, brokerage fees or any other costs. Ask your R.E. Agent about their compensation, and contact RED if you believe your R.E. Agent may be asking you to pay any fees.

Selecting R.E. Agent & Contract

You are the client and the boss. Make sure your R.E. Agent is skilled and ready to work for you. When interviewing R.E. Agents, be prepared with the right questions:

1. **Do you live in the area? If so, for how long?** You want a R.E. Agent who is familiar with the area and someone who has knowledge of the housing trends, local schools, and area development plans. They must be able to quickly meet with you to look at properties.
2. **How many buyers have you helped purchase a home in the past two or three years?** Real estate professionals make their living on their reputations. Ask for references. Not being able to supply any is usually a bad sign.
3. **Are you an exclusive Buyer's Agent or do you work with buyers and sellers?** It's important to know you may be looking at properties the R.E. Agent may be listing for a represented seller where they are incentivized to sell. Ask them to explain Dual Agency representation.
4. **Have you represented other NACA Members with their home purchase?** If the answer is yes, how many NACA transactions have you successfully closed?
5. **Are you a licensed member of the board of realtors and what is your real estate track record?** Check your state's real estate licensing board's website to ensure the R.E. Agent is licensed, and whether they have any complaints or suspensions logged against them.

In selecting your R.E. Agent make sure they meet the following criteria:

- **Availability** – Many real estate professionals sell real estate part time. Understand your R.E. Agent's schedule and availability. If you are actively looking to buy right away, make sure you are working with a full time R.E. Agent who is ready and willing to do what it takes to help you find a home immediately. NACA In-House Agents are all full-time agents.
- **Data Access** – Your R.E. Agent should not only be familiar with your market, but have access to Multiple Listing Services (MLS) and other resources providing you with all available inventory options in the market you want to live in.
- **Patience** – Your R.E. Agent should show you as many properties as you need to see until you find the right property for you.
- **Negotiation skills** – Your R.E. Agent should understand the market trends relevant to an identified property's location, and consider your desired price and seller's asking price, to develop a negotiating strategy that will help secure the best terms for your offer. This is especially important if you are in a seller's market where multiple offers may be presented for the same property.
- **Communication and time management** – Your R.E. Agent should communicate with you regularly to avoid delays and missed opportunities or deadlines. Missing critical deadlines can void a contract. A real estate agent must remind you of important deadlines such as application dates, earnest monies deposits due dates, as well as inspection and appraisal contingencies and rehab/repair deadlines.
- **Informed & Educated** – Your R.E. Agent must be well informed and educated on all NACA program guidelines and policies, especially required contract terms, acceptable fees, property condition requirements, and mortgage processing timelines. If your R.E. Agent is unfamiliar with NACA, ask them to visit www.naca.com. Have your agent go to www.naca.com and register for the next webinar "RED - Introduction to NACA" under live webinars. The RED webinar is free to all outside R.E. Agents and is held weekly every Tuesday from 12:00 to p.m. to 2:00 p.m. est.
- **Conflicts of Interest** – Your R.E. Agent is required to disclose all conflicts of interest related to relationships with the seller, vendors or other parties affiliated to your transaction. Sometimes they may be listing a property or receiving additional money or bonuses for having you purchase a specific property, or working with a specific Inspector or Contractor.
- **Due Diligence** – R.E. Agents should always negotiate adequate time within the contract to allow you the time to do your own homework. It is vital that you protect your own interest by doing your own homework. R.E. Agents should never select your property inspectors, contractors, or other service providers unless you yourself have vetted their credentials and service ratings.

Buyer Brokerage Contracts

Once you find a R.E. Agent you like, and if they are a Buyer's Agent, you will likely be asked to sign a Buyer's Broker Agreement. This contract defines the legal relationship between the R.E. Agent and you. Like any contract, it will explain the duties and responsibilities of the parties and sets out exactly what services the R.E. Agent will provide. Most contracts are provided by the R.E. Agent in pre-printed, fill-in-the blank forms that are adapted to the laws of each specific market in which they are used.

You should always have an agreement which best meets your needs as a homebuyer. Know your rights when signing a contract and seek the advice of an attorney when necessary. Avoid long-term agreements and remember that everything is negotiable. We recommend a contract duration of no more than three months, and making sure that you can break the agreement and not incur an opt-out penalty if you are dissatisfied for any reason. As with all paperwork, read the fine print.

If a R.E. Agent is confident that you will be happy with their service, they will offer you an opt-out and will not commit you to an agreement for more than 90 days. The agreement often prevents you from retaining another R.E. Agent to assist you and it defines a commission amount to be paid to the R.E. Agent. The agreement often states that the R.E. Agent is paid even if you find a property on your own, or the property is identified by another R.E. Agent. It will also define the terms of the exclusive agreement and whether it can be revoked at your discretion or for specific reasons.

While the terms in your real estate agent representation agreement are ultimately up to you, we recommend the following elements, which are also incorporated in the NACA In-House Agent agreement:

- Buyer-Brokerage contract where the Buyer's Agent only represents you.
- Three-month term.
- You can terminate the agreement at any time for any reason without any penalty. You should always be comfortable with your R.E. Agent.
- Real Estate Agent commissions fees cannot be greater than what is quoted in MLS or by the builder.
- You pay no fees or deposits. Report to NACA if you are requested to do so.

PROPERTY TYPES

NACA provides its Best in America Mortgage product with financing for a wide range of eligible property types.

Single-Family

Single-Family detached and attached homes are eligible for purchase with the NACA Mortgage. A Single-Family Detached residence is a detached stand-alone home or dwelling completely separated by open space on all sides from any other structures, except its own and has no dwellings either above or below it. These are residential homes permitted for single- one family occupancy use. Single-Family property types may not include other rental units. Single-family homes with an accessory detached dwelling unit (ADU) are ineligible for purchase, with the exception of properties in California. In some areas, a Homeowner's Association may be active as part of a Planned Unit Development (PUD), and fees may apply.

Townhomes are also eligible for purchase with a NACA Mortgage. Townhomes are a type of multi-floor Single-Family attached residence that shares one or two walls with adjacent properties. Each has its own entrance and often a small front and a back lawn or porch. They are designed for dense urban living and belong to a distinct community that often has its own homeowner's association. A townhouse can also technically be a condo if it's part of a condominium community with the associated rights or PUD.

Condominium

A condominium is a building or complex of buildings containing several individually owned apartments or units sharing common areas, or individual residences attached to land owned in common. All owners collectively share ownership of all building exteriors and common areas, such as hallways, yards, walkways, and parking areas. Other amenities, such as shared utilities, mechanical systems, elevators, laundry rooms, gyms, pools, and recreational areas located on the property may also be jointly owned.

A condominium or townhome project is typically managed by an HOA, which often includes a mandatory membership and monthly fees. HOA fees are in addition to your monthly mortgage payment and will affect what you can afford.

The Condo must meet some minimum requirements to be eligible for purchase, including:

- **Condominium financial strength** – A minimum of 50% of the total number of condominium units must be owner occupied, or the condominium association must be financially sound. NACA evaluation of the condo association financials will be based on the ability to meet future obligations over the next 12 months, taking into account the potential impact of adding new condo association members.
- **HOA fee delinquency** – No more than 15% of the homeowners can be late on payment of their HOA fee. Exceptions to this requirement must have National Management written approval.
- **Condominium questionnaire** – Available through your NACA Counselor or NACA In-House Agent, the Condominium Questionnaire form required by the Participating Lender must be completed by the HOA or managing agent no later than seven days after the Purchase Contract is executed. and this may include a non-refundable application fee. The questionnaire provides you, the Participating Lender and NACA information about the financial stability of the HOA, the owner occupancy rates, total number of units in the community, and other information that will help you decide if the purchase is right for you. In addition to the questionnaire, the Participating Lender will also need two years of the condo's audited financials, current year's budget, and master insurance certificate. You or your R.E. Agent should always request a copy of the by-laws, rules and restrictions and review them prior to making an offer on a condominium property. Remember that you will be bound by these rules if you decide to purchase a condominium. A fully executed condominium questionnaire is required for Credit Access approval.

Multi-Family

Two, three, and four-family properties are eligible for purchase with the NACA Mortgage. A multifamily home is any residential property containing more than one residential housing unit. Duplexes, townhomes, and row homes are examples of multi-family homes. You must occupy one of the units yourself. While this type of purchase may enable you to qualify for a higher monthly mortgage payment, owning a multi-family home requires significantly more responsibility and management skills, along with corresponding difficulties and risks that must not be taken lightly. You are essentially setting up and running a small business by becoming a landlord. Having previous management, landlord and/or construction experience, and the ability to run a small business, put you in a good position for owning a multi-family. If you choose to pursue a multi-family property purchase, you must attend a landlord training class, which your NACA Counselor can assist you in identifying. The landlord training will help you understand landlord/tenant laws, and teach you how to address tenant issues, find good tenants, and other skills and information necessary to be a successful landlord. You must make best efforts to provide your NACA Counselor with a certificate verifying completion of the landlord class at your NACA Qualification but no later than at your Credit Access appointment.

You should work with your NACA Counselor to determine your affordable monthly mortgage payment for a multi-family home. Ask your NACA Counselor or work with your R.E. Agent to identify comparable market rents in the area in which you wish to purchase. The general underwriting requirements, which resemble those for purchasing a single-family home, aim to ensure that you, as a landlord, have adequate financial resources. This calculation includes taxes, insurance, and other expenses, as well as rental income and associated costs.

Although having tenants paying rent can help lower your monthly mortgage payment, owning a multi-family property involves significant costs, labor, and accompanying risks. As a result, your monthly budget should account for Landlord Funds of \$1,000 to cover repairs, unexpected tenant vacancies, unbudgeted expenses, and other landlord-related issues. The required Landlord Funds may increase depending on the number of units on the property, the property location, and any NACA adjustments. The monthly Landlord Fund must be included in your budget and affordability calculation. NACA also requires the following minimum cash reserves to cover additional expenses associated with being a landlord:

- Two-family – four months of monthly mortgage payments
- Three-family - five months of monthly mortgage payments
- Four-family – six months of monthly mortgage payments

Rental income will be determined by using active lease agreements, where lease terms are supported by a 12 or more month lease term. If no leases exist, the appraised rent value average, minus owner's unit will be used. The appraisal dispute process can be used to dispute rent values if appraisal rents are lower than anticipated. You will need to supply comparable rental information in support of a case for higher rent consideration.

The purchase contract must specify at least one unit to be vacant upon closing, as the Member is required to live in the property after closing. This must be verified by a walk through prior to closing. If major rehabilitation is added to the transaction as part of a Rehab Escrow, more units may be required to be vacant at closing. NACA assumes that the vacant unit that appraises as the highest rent value is the owner's unit. If you intend to live in a different unit, you must write a letter to explain why that unit suits your needs better, and it must be approved by NACA in advance.

Multiple Family properties cannot be modified using a NACA renovation to add additional units. If a Rehab Escrow is added for repairs or renovations, and you are not able to live in the property while it is being renovated, six months of PITI mortgage payments would be added to the loan. The interest rate would be permanently reduced by 0.375% to have the monthly mortgage payment remain the same. Go to the section about interest rate reduction for more information.

An estoppel document is essential for anyone interested in a multi-family property to gain critical information on the relationship between the landlord and the tenant. It outlines crucial tenant details such as rental payment history and previous leases, allowing the buyer to determine if they are investing in a property with an existing tenant and lease agreement and if the tenant is in good standing with rent payments. By reviewing this document, potential buyers can avoid purchasing someone else's problems.

The following additional conditions apply if purchasing a two-to-four-unit property:

- The Purchase & Sale contract must specify which unit will be empty at closing for the Member to move into.
- If major renovations require tenant vacancy, you must supply proof of vacancy notice issued to all applicable active tenants.
- The property must be zoned for the number of units that exist, and the property must be in the public records for that number of units. All units must be legal to code and recorded as such.
- You must attend a tenant/landlord training class and provides a certificate verifying completion.
- You must supply copies of the leases for all current tenants.
- You must supply verification that any open code violations have been resolved, including complaints against current landlord from the current or previous tenants. The settlement agent can assist with discovery of this issue.

Mixed-Use

Mixed-use properties have the unique feature of combining residential and business units in a single building. Despite their popularity, financing mixed-use properties could be complicated. Demand for commercial space is often weak, making it difficult to find suitable tenants. Members who invest in mixed-use properties must either utilize the commercial space for their personal use or rent it out. The payment calculation for members investing in mixed-used properties is similar to that of multi-family units, with 75% of the commercial and other unit rentals added to the member's income. The commercial unit is not eligible for improvements using a Rehab Escrow, with exception to repairing code, safety or health defects identified on the property inspection report. It is essential for members to understand that finding tenants for commercial space is more challenging, and they must maintain a minimum reserve of six months' worth of rent.

The following are additional requirements for mixed use properties:

- The property must consist of at least 50% residential space. For instance, if there are three units, a minimum of two units must be designated for residential use.
- The Member must live in one of the residential units.
- The commercial unit(s) must be at ground level. The Member does not need to be the owner or the operator of the business occupying the commercial space.
- If the commercial rent exceeds the residential rent by more than 10%, NACA management approval is required.
- The appraisal value of the property must be more than 50% residential.
- The property must be appropriately zoned for mixed use.

Co-ops

A co-op is a type of residence that is collectively owned and operated by its residents. It is a housing arrangement where the residents work together to manage and maintain the property. Each resident owns a share and is a member of the cooperative, which allows them to have a say in decision-making processes. This type of living arrangement encourages a sense of community and shared responsibility among its members.

NACA will assist a Member in purchasing a co-op only in those areas and states where that type of purchase is typical for the market, and where co-ops are approved by the lender. Currently, buying into a co-op is available in the following locations:

- State of New York (NY), limited only to the counties of Bronx, Kings County (Brooklyn), Manhattan, Queens, Richmond (Staten Island) boroughs and Nassau, Rockland, Suffolk and Westchester.
- State of New Jersey (NJ), limited only to the counties of Bergen, Essex, Hudson, Middlesex, Union, Monmouth, Morris, Passaic, and Somerset.
- District of Columbia (DC) Metropolitan Statistical Area (MSA).
- State of Maryland (MD), limited to the counties of Calvert, Charles, Frederick, Montgomery, and Prince Georges.
- State of Virginia (VA), limited to the counties of Alexandria, Arlington, Clarke, Fairfax, Falls Church, Fauquier, Fredericksburg, Loudon, Manassas, Prince William, Spotsylvania, Stafford, and Warren.

New co-op owners may be subject to board approval, which can be a lengthy process. The contract close date should be subject to board approval. Renovations, as well as the contractors doing the work, may also require board approval. Be prepared to submit a construction plan and vendor credentials to support planned renovations, which must be preapproved by HAND prior to closing. Additionally, a down-payment may be required, as per co-op policy. A condo/co-op questionnaire must be filled out and evaluated by NACA before making an offer to purchase a co-op. The additional requirements listed above for condominiums also apply to co-ops.

Property Restrictions

Ineligible Properties

The following types of properties are ineligible for financing under the NACA program:

- Log Cabins.
- Single resident occupancy (SRO or single room occupancy) property types.
- Unique properties (such as earth homes, dome homes, earth/bermed homes, pyramid, straw, bale and so forth
- Silo Conversions.
- Working farms and ranches - Commercial use. Properties with five plus acres, with livestock barns or farm equipment.
- Properties zoned for single family and sold as a single-family residence which have non-zoned, non-permitted accessory units that contain the following: independent entrance, kitchen, and bathroom.
- Specialty Homes - unique homes that are atypical for the area and market in which there are no reasonable comparable properties in the local market.
- Single-wide mobile homes. Mobile homes must be at least double-wide to qualify.
- Lots with no improvement on the land.
- Co-ops in areas/states where they are not approved by NACA.
- Tiny homes.
- Container homes.

Non-Arm's Length Transactions

A non-arm's length transaction occurs when the buyer has a direct relationship or business affiliation with the seller. While these types of transactions are allowed, NACA will ensure that the Member's purchase is to their own benefit and is not a bailout for the seller. The following requirements apply to this type of transaction:

- Rent paid to the seller must be documented with canceled checks or other third-party documentation.
- The current mortgage must be paid on time.
- The sale cannot be a short sale, and the seller cannot be delinquent on their mortgage at the time of sale.
- If the seller purchased the property in the past 12 months, they cannot sell it in a non-arm's-length transaction for an amount greater than the purchase price and any applicable transaction, repair, or renovations costs to ensure that the transaction is not a back-door way to obtain a cash-out refinance for the other party.
- If the seller is also the real estate agent involved in the transaction, they are not allowed to collect a real estate commission. This rule is in place to prevent any potential conflict of interest that may arise, as well as to ensure that the transaction is not solely pursued for the purpose of flipping the property for the commission.

Investor Sales

Although investor flips are a concern for community stabilization, NACA will not prevent Members from purchasing properties from investors. Properties being sold without renovations within 12 months of the initial purchase at a price that is 10% higher require advanced NACA management approval. The appraised value, neighborhood impact and type of investor will be evaluated.

Investor flipped properties are often too good to be true. The property's condition should be carefully inspected and scrutinized for hidden defects, subpar repairs or renovations, and code defects that may be covered up. Before the HAND department can clear the subject property, it is essential to ask the seller to provide evidence that they employed licensed contractors and obtained the necessary "clear" permits for any significant renovations. An inspection from the city or municipality should also be documented to ensure compliance with regulations.

Seller as Landlord

If the landlord is also the seller, they may be motivated to ensure that the buyer secures a mortgage. As a result, a verification of rent form provided solely by the seller cannot be deemed reliable. In such cases, an independent verification of rent must be obtained, specifically for the previous 12 months. Canceled rent checks or bank statements indicating direct deposits are the preferred documentation. Additionally, the lease agreement must be provided to NACA to confirm the Member's status as the tenant.

TRANSACTION TYPES

NACA supports both pre-existing and new construction purchase transaction types, as well as the refinancing of pre-existing properties for repair purposes only.

Pre-Existing

A Pre-Existing property is a home not newly constructed within the last 12 months, including foundation, exterior walls, and interiors.

Types of Pre-Existing Properties eligible for Purchase or Purchase-Rehab are:

- Privately Owned Properties:
 - Properties owned by the person(s) selling the property
- Bank Owned Properties (Foreclosed Properties)
 - NACA Members have exclusive access to properties owned by Bank of America 14 days before the homes are officially placed on the market for sale through their First Look Program. Bank of America will pay ten points on the mortgage to permanently buy-down the interest rate and refund up to \$350 of property inspection fees. Some restrictions apply, and inventory is not available in all markets. You can obtain the lists of available properties, which are updated monthly, by contacting red@naca.com.
- HUD Foreclosures
 - Your R.E. Agent must have a HUD NAID number.
 - HUD bidding and contract requirements apply.
- VA Foreclosure
 - Can be purchased like any other pre-existing transactions.
- Short Sale
 - Requires seller's lender approval.
 - Close date must allow no less than 35 days from short sale approval.
- Lease Purchases
 - Member must qualify with an affordable Monthly Mortgage Payment.
 - Rent payments must be verified by cancelled checks only.
 - Down payment funds previously paid to the seller must be verified.

New Construction

For new constructions, the property must be 100% complete, have a certificate of occupancy (if applicable), and be move-in ready before the loan closes. To be considered new construction, the property also must have been built in the last 12 months and must not have been previously occupied. New construction is not eligible for a rehab transaction and does not require an inspection if the builder provides at least a one-year full builder warranty, although this is still recommended. NACA does not offer interim financing for custom home construction. For these types of transactions, we strongly recommend that you have representation from someone with the skills and experience to negotiate on your behalf. This is vital because not all builders are credible.

New construction contracts often favor the seller's interest over the buyer. Make sure to carefully read the builder's contract and avoid per diems, which are fees that you must pay for each day past the contract close date that the loan does not close. Delays can lead to exceeding a contract deadline if the construction is not entirely complete and the builder insists on closing "as is," with an agreement to continue working on punch list items after closing. However, this is not allowed with the NACA Mortgage. For the mortgage to be approved, construction must be 100% completed and verified with a final appraisal inspection. Moreover, some contracts have language that allows the builder to cancel the sale once the home is built if the cost of building it goes beyond a certain percentage. In such cases, the builders will cancel the contract and offer to resell the property at a higher price. To avoid these complications, it is crucial to scrutinize all the builder contract terms carefully and assess their potential financial impact on you.

A new construction contract should document that you are working with a NACA approved settlement agent and should also note that the closing will take place in the NACA office. If you are working with a R.E. Agent, they can help negotiate these terms into the builder's contract. A fully executed contract will include all terms, purchase price and upgrades, lot and model pricing. A final sale price, including upgrade selections, is required before a bank application can be taken. The loan terms and rate will be good for 365 days once a bank application is completed. If construction exceeds this timeline, a new bank application and interest rate will have to be established. Note: Any price increases due to additional upgrade selections after the bank application must be paid by you out of pocket. Please do not proceed with the bank application until a final purchase price has been established.

Manufactured

Homes that are constructed in a controlled environment and transported to the site in sections can vary in quality. A manufactured is mainly assembled in factories and then transported to the site. However, there are certain types of manufactured homes that are not advantageous for the buyer and thus ineligible for purchase. These include structures that are incapable of supporting a thirty-year mortgage, meaning they are ineligible even if a fifteen-year mortgage is being requested. Manufactured Homes are built in a factory since June 1976 to the standards of the HUD Code, which are formally referred to as the Manufactured Home Construction and Safety Standards: <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3280>. Also see manufactured home Fact Sheet: https://www.hud.gov/program_offices/housing/rmra/mhs/csp/mhcqa/factsheet.

Modular

Modular Homes are constructed in a factory in compliance with all relevant state and local building codes. They are constructed similarly to traditional site-built homes, with different modules or compartments forming the home. The foundation can be either a slab foundation or a full basement. Unlike manufactured homes built according to the HUD Code, modular homes are built based on higher standards determined by the local ordinances of the home site.

Mobile

Mobile Homes are factory-built non-modular, prefabricated homes built before the HUD Code became effective on June 15, 1976 when the Manufactured Housing Construction and Safety Standard was enacted. They are not heavily regulated. While Mobile homes are often more affordable, homebuyers should consider the long-term value. Unfortunately they tend to not hold their value over time, which is also known as fast depreciation, and are more vulnerable to tornadoes and other severe weather. Mobile Homes must meet the below requirements to be eligible for the NACA Mortgage:

- At least double wide, each side with a minimum of 900 square feet. Single-wide homes are ineligible.
- Permanently affixed to real to the land with a trailer hitch, wheels and axles removed, on a concrete slab or masonry foundation, with utilities and sewer lines hooked to permanent connections. The property must meet the requirement for ALTA 7 Title Endorsement that it is not mobile.
- The mortgage must include the land together with improvements, including an identification of the mobile home or manufactured housing, thereby establishing the unit as an improvement to the land.
- The unit must have been constructed under the Federal Manufactured Home Construction and Safety Standards of June 15, 1976. Units built prior to this date have a physical structure that generally will not outlive the mortgage.
- Certification Label (HUD tag). The Certification Label is a metal plate that is affixed to the outside of the manufactured home.
- Subject to NACA Mortgage Specialist review of title commitment/report. The units must be taxed as real estate by all local taxing authorities and the certificate of title must have been surrendered.

To title a manufactured home as real property, follow the state specific requirements at: singlefamily.fanniemae.com/media/18186/display.

HOUSING SEARCH

You may begin your housing search once you are NACA Qualified and have a R.E. Agent. You must meet with your R.E. Agent at the start of the search to discuss where you wish to live, what type of house you want, the price range you are considering, and other issues that concern you. Be sure to share your Property Evaluation Form, described below, at your first meeting to convey your requirements and desires. This evaluation is the result of your Housing Search Preparation. Remember that you need to take control of your housing search because this decision will affect many aspects of your life for a long time.

After your careful preparation with your goals and criteria in mind, your R.E. Agent should be ready to show you many properties in the various areas you may be interested in living in. This includes homes that you have identified. Take your time, and do not feel pressured to purchase a property that does not meet your requirements or needs. Do not get discouraged if it takes time to find the right home in your affordable price range and desired monthly mortgage payment.

During your housing search, you must be ready to make an offer as soon as the right property comes along. Therefore, it is important to be prepared to act swiftly to acquire a Property Specific Letter from NACA, as described below in Making an Offer. This letter confirms your pre-qualification for the property and enables you to submit an offer where the seller is confident that upon acceptance the loan would close. Your R.E. Agent can help identify homes in the right price range with all of your must-haves, so you are prepared and would not lose a home to another buyer while you are preparing to make an offer.

Housing Search Preparation

The following are important steps you should take before starting your search to make sure you are focusing on the area you desire and are prepared to act quickly once you have identified a home with potential:

- **Market analysis** – Do your homework early by looking at properties online to understand the available inventory in your market.
- **Community shopping** – Research communities of interest by visiting them during high traffic times, evenings, and weekends to get a feel for the regular activity you can expect once you live in the area.
- **Transportation analysis** – If public transportation is important, research bus or train stops in the area, even taking a trip or two through the area to document the time it will take to get to work or school.
- **School analysis** – Investigate school districts to ensure you will be happy with available options if you have or plan to have children who will be going to school in the area.
- **Crime report analysis** – Do your own research into crime in the area. Fear or concern about certain areas may be based on unfounded rumors. Your R.E. Agent is prohibited by law to offer an opinion, advice or details related to crime. You can take the initiative by contacting the local police department and talking to others in the community.
- **Meet the neighbors** – It is a good idea to meet the neighbors of the property you intend to make an offer on. You can learn a lot from how long neighbors have lived in the community and what they have to say about themselves and the neighborhood.
- **Homeowner Association analysis** – if you are considering purchasing a home that's part of a Homeowners Association, learn more about the association by researching their rules and regulations, also known as covenants, which are often available on the HOA's website. HOA meeting transcripts can also often be found on their website. You can learn a lot about a community by attending an HOA meeting. It is also imperative that you carefully consider all HOA fees, as these are an additional expense to your monthly mortgage payment. HOA fees can affect your affordability, and the funds required to close on your loan. Consult with your NACA Counselor to assess how HOA fees might impact your desired purchase price.
- **Area value analysis** – In addition to input from your R.E. Agent, you can access Zillow and other online services to find out sale statistics about your area.
- **Property tax & utility analysis** – Review public or appraisal district records for current and proposed tax rates, and even local utility rates for anticipated water, gas, and electric bills.

- **Purchase & Sale contract review** – Thoroughly review a sample Purchase and Sale Contract with your R.E. Agent before you start your housing search to understand all terms of the agreement. Ask questions about your contractual responsibilities and seek the advice of an attorney about your rights and obligations under the contract, if necessary. This is explained in the Purchase and Sale section.
- **Earnest Money Deposit preparation** – Determine the earnest money deposit amount you will need and have it ready and available to make an offer. You must document the source of all funds related to your home purchase transaction and remember that the funds cannot be borrowed. You must pay your earnest money by check or money order with the withdrawal of funds clearly identified in your checking account.
- **Contingency discussion** – Discuss the contingency timelines a seller might consider based on market trends and have a plan for your initial negotiations. These contingencies include inspection of the property, submitting a bank application, bank approval, appraisal, and closing. NACA's streamlined mortgage contract to close timeline and your approval should be a selling point. The Qualification Letter explains the major benefits of working with a NACA Qualified Member to the seller and Listing Agent, including: 1. NACA's streamlined mortgage process facilitating loan closings within 30 days or less, with virtually all transactions closing successfully due to NACA's upfront counseling requirements; 2. NACA is funded with over \$20 Billion from major financial institutions including \$15 billion from Bank of America to provide affordable homeownership to thousands of homeowners nationwide; 3. Almost all property types are eligible for financing, including new construction and properties in need of repair; and 4. Virtually no one who is NACA Qualified is denied a mortgage. This letter is far stronger than the typical pre-qualification provided by mortgage lenders.
- **Contribution discussion** – Discuss how negotiating seller contributions for interest rate buy-down or repairs may impact the sales price and whether an offer might be accepted. Also, have your own funds available to cover any interest rate buy-down or repairs if necessary.
- **Registered Property Inspector preparation** – Make sure two or three local registered property inspectors and their fees are identified early enough so you may call on them when needed. A list of registered inspectors is available in the Member Portal or by emailing HAND@naca.com for a list. Make sure to identify yourself as a NACA Member when speaking to an inspector for expedited service and to obtain any discounts many registered inspectors offer NACA Members. Although you can work with any licensed inspector, it is advisable to choose an inspector who is registered with NACA to avoid potential delays. It can take up to two weeks for a new inspector to be registered and become educated on the NACA guidelines, including the required use of NACA's custom inspection software, which is supplied to the inspector free of charge. Please note that the NACA HAND department will not accept a property inspection from an unregistered property inspector, or any inspector who does not use NACA's inspection software.
- **Repair/Rehab preparation** – If you're considering properties that will require rehab after closing, it's essential to research and contact contractors beforehand to schedule availability to look at the property simultaneously with an inspection, or even before making an offer. Understanding the cost and time required for rehab is crucial in making a sound purchase decision. Engaging in discussions with contractors about the cost and amount of time it will take to complete necessary repairs or desired renovations can help you make a competitive offer to purchase and save a significant amount of time in the Credit Access and Mortgage Process timeline.
- **Property Condition Requirement analysis** – Review the HAND guidelines on property condition criteria and contact the HAND Department to schedule a meeting to discuss your rehab plans. Attending the free webinar called "NACA Property Qualification steps" to learn about NACA's eligibility guidelines and requirements is highly recommended. You will have to attend the free HAND – Rehab Escrow webinar to add a Rehab Escrow to your transaction. Go to www.naca.com and register under live webinars. Also, read the HAND section for the repair and rehab requirements and process.
- **Communicate openly** – Stay in regular contact with your NACA Counselor and provide them with updates on your housing search process by calling and using your dedicated NACA email address.
- **Update your documents** – Keep your documentation up to date through the Member Portal, including required bank statements, pay stubs and all other relevant documents. This will help your NACA Counselor be prepared and ready to assist you in applying for Credit Access and submitting your bank application.

Grants & Non-Profit Funds

Grants to make purchasing a home more affordable are available in most cities, municipalities, and states. You need to research grants in the cities and areas you want to purchase as you prepare for your housing search. Your ability to access these grants can be a significant factor in finding a suitable and affordable location to purchase. These grants are often called Down Payment Assistance (DPA) and provide funds for down payment and closing costs. Since NACA does not require a down payment and there are no closing costs, these grant funds provide important assistance in competing in this market being used for an interest rate buy-down and/or principal reduction. NACA has identified many grants in various localities nationwide and has used them for interest rate buy-down on the already below market NACA Mortgage and principal reduction.

These grants typically range in amounts from \$5,000 to \$25,000 and some over \$50,000 and in high priced markets over \$100,000. In some instances, they can be difficult to access due to their requirements. The providers of this assistance can be reluctant to use the grants for interest rate buy-down, since they are unfamiliar with NACA's purchase program. NACA is the only organization offering a fixed interest rate starting at a below market fixed interest rate, and the buy-down reduces the Monthly Mortgage Payment so significantly.

Contact NACA's Member Services Department or email grants@naca.com if you have identified one or more suitable grants but you are having difficulties in accessing them. These are public funds that you have the right to use. NACA will advocate on your behalf and mobilize our membership to help you access any funds you may be entitled to. There is no reason for you to be excluded, since NACA will adhere to the provider's requirements. The following are common examples of requirements set by grant administrators:

- **Homebuyer education by a HUD certified counseling agency** – NACA is the largest HUD approved intermediary, and HUD has stated that NACA provides the highest quality of counseling.
- **Grant repayment if the homeowner sells within a period of time, usually five to ten years** – NACA supports this requirement, since government assistance is designed to promote neighborhood stabilization through long-term owner-occupied homeownership.
- **A security agreement, such as a lien, in name of the administrator must be in second position after the lender** – NACA will subordinate the NACA lien, which ensures owner-occupancy, to the third position.
- **Funds may only be used for a down-payment, repairs, or closing costs** – Most of these grants are funded by the federal government through HUD and HUD does not prohibit their use for a permanent interest-rate buy-down. NACA will advocate on your behalf to object to this requirement.

Combining these grants with the NACA Mortgage is one of the most effective ways for grant providers to assist low- to moderate-income people and communities. NACA's CEO, Bruce Marks, and other NACA staff will work with the grant providers to access their funding for the interest-rate buy-down and principal reduction. Providers are often willing to make grants available once the benefits of the NACA buy-down are made clear to them. Grants must be approved no later than at Credit Access submission. All seller and grant funds must be used to make the mortgage payment more affordable, increase the mortgage amount to purchase a higher priced home or for repairs. A Member at closing cannot use a grant to collect more cash than the earnest money they deposited.

Housing Search Tips

Some final tips to help you while you look for your future home:

1. **Don't feel pressured** – Take as much time as you need. NACA will be here when you need us. If you are feeling rushed or overly stressed about deciding to buy before you are ready, you are likely to make a poor decision or one you will ultimately regret. Stay in touch with your NACA Counselor or the Real Estate Department at red@naca.com or 425-602-6222 Ext #6. If you are not ready, communicate your concerns with your R.E. Agent and NACA so we can help you.
2. **Keep records and track your data** - Searching for a home is exciting, but it can be difficult to keep track of everything you see and keep it fresh in your memory. We have included a Property Survey and Housing Search Diary at the end of this section, which you can use to keep track of each home you look at and to write down the pros and cons of each property. Take photos of each house, both inside and outside. Share your findings with your R.E. Agent so they can learn your likes and dislikes to better narrow down the search.
3. **Have your R.E. Agent prepare a sample copy of a Purchase and Sale contract** – Having a prepared agreement drafted and ready to go will help with those last-minute questions that could cost you valuable time and money. If you have any questions about special provisions or other contractual obligations of the Purchase & Sale Contract, plan to talk to an attorney well in advance of making an offer.
4. **Everything is negotiable** – It is often better to negotiate a lower price and finance the repairs to be completed after closing using NACA's HAND department. This approach is preferable because sellers may not make repairs to the quality and extent that a buyer typically desires.
5. **Making an offer** – Before making an offer on a property you are interested in, make sure you find out the answers to as many questions as you can. The following are some important questions to consider:
 - How many days has the home been on the market? If longer than 60 days, is it over priced?
 - Obtain - from your R.E. Agent and your own online research - analysis of other homes for sale in the same area, with similar square footage, number of bedrooms and bathrooms, and other similarities. What price are those homes listed for, and what have they sold for in the last 30, 60, and 90 days? This information may help you make a reasonable offer.
 - Talk to the neighbors to get important insights about the neighborhood, any crime, schools, etc.
 - What is conveyed with the property? If you want any items to be conveyed with the sale of the home, make sure it is in writing. Note that conveyance of personal property does not factor into the overall value of the home. The Purchase & Sale Contract should specify "personal items to be conveyed at no cost" to avoid appraisal delays if questioned by the lender. Contact the RED team if you have any questions about conveyance of personal property.

Always request a Property Disclosure Statement which is required in most states to be completed by the seller to inform the buyer of any material defects or information by law that must be mentioned. Request all Community Association information (if applicable) when considering a property that has a homeowner association. When dealing with a homeowner's association (HOA), it is important to understand their covenants, conditions, and restrictions. These describe the rights and obligations of each owner and those of the association itself. They usually lay out the HOA's powers of enforcement, procedures to resolve disputes and the restrictions on owner usage, which might include regulations governing pets, how an owner can alter the property and the uses of the common area.

Making an Offer – Property Specific Letter

Once you have identified a property you want to purchase, you need to obtain a Property Specific Letter (“PSL”) from the Member Portal or from your NACA Counselor to start the process of making an offer. The PSL demonstrates to the Listing Agent and seller that you have been NACA Qualified for the specific property. It describes the comprehensive qualification you went through with NACA, and states that virtually every mortgage application submitted through NACA is approved. It is a strong incentive for the seller to accept your offer.

You should obtain this Property Specific Letter **before** submitting an offer, since the amount you qualify for may have changed due to changes in the interest rate, property location, or your finances since your NACA Qualification. If you have any questions, contact your NACA Counselor to discuss your offer amount and to verify that you are NACA Qualified for the specific property you selected. It is often crucial to act quickly when writing an offer. Your NACA Counselor is committed to providing you with a response within 24 hours of your request. If you are unable to reach them, speak to the local Office Director or Member Services by calling (425) 602-6222 Ext #1.

You can print the PSL through the Member Portal in the Property Specific Letter section. You will need to input the property address, contract price, the estimated monthly cost for taxes, insurance, and other property specific information. You can generate the letter only if you qualify for the property based on the current interest rate. You or your Real Estate Agent must reach out to the NACA Counselor as soon as possible if you cannot print your letter from the Member Portal. NACA encourages you to use the NACA Mortgage Calculator on NACA’s website to ensure the offer amount does not exceed the Monthly Mortgage Payment for which you are NACA Qualified (Note: the NACA Mortgage Calculator only serves as an indication, and its results are in no way a guarantee). If an interest rate buy-down is required, you must prove you have enough funds beyond your Minimum Required Funds and any amount paid by the seller.

The agent must upload their Real Estate Company’s Buyer Representation Agreement to their NACA Real Estate Agent Portal. The system prohibits the NACA Counselor and the Member from generating the approval letter without the Buyer Representation Agreement uploaded to your file.

To obtain the Property Specific Letter, you will need to provide the following information:

- A copy of the MLS listing (which confirms the listing price)
- Property tax sheet providing updated information
- If the property is in a flood zone, an estimated insurance quote will be required
- If property has a HOA, the monthly fee is required
- Estimated Homeowner’s Insurance (“HOI”)
- Member’s contribution towards interest rate buy-down
- Seller’s contribution towards interest rate buy-down
- Offer Price (range)
- If using a grant, provide grant contribution and grant documentation that details the terms
- If the property requires repairs or major rehab, review the HAND section herein
- Be sure to check the MSA the property is located as it may change your Priority status

Purchase & Sale Contract

The executed Purchase & Sale Contract, signed by both the buyers and the sellers, is a very important contract that legally binds you and the seller to execute the transfer of the home at an agreed upon price and terms. You must read it carefully and understand the terms which you agree to abide by. You have the right, and it is strongly recommended, to seek the guidance of an attorney to review the Purchase & Sale contract, particularly if you have any questions. This will ensure that your interests are properly safeguarded.

Your R.E. Agent needs to negotiate the terms of the Purchase & Sale Contract on your behalf with the Listing Agent or seller. They can advise you on the amount to offer based on certain factors, but it is ultimately up to you to decide if the house is right for you at the price you are willing to pay. Stand firmly on your offer amount and be prepared to walk away if the seller chooses to reject it. Your R.E. Agent should negotiate with the Listing Agent or seller to determine who will be responsible for any repairs and necessary funds to address such repairs, as well as any interest rate buy-down or other concessions offered by the seller. Any costs for repairs can be added to your mortgage to address code, safety and structural issues up to your NACA Qualification amount and cannot exceed 110% of the renovated subject to appraised value of your property. In some circumstances, wish-list renovation items may be included.

If you did not obtain a Property Specific Letter, you must contact your NACA Counselor prior to signing a binding Purchase & Sale Contract to ensure the property is within your qualified Maximum Mortgage Amount. Once the seller has accepted your offer and you have carefully reviewed the Purchase & Sale Contract, the next step is to sign it to confirm the actual reading and understanding of this legally binding contract.

NACA strongly encourages you to include the requirements and recommendations described below in your Purchase & Sale Contract. These measures are important to protect your interests since you are solely liable for any fees, loss of earnest money, or per diem expenses, regardless of the actions of NACA or the lender. To ensure your protection, we have included recommended language to be written in the Purchase & Sale Contract for the following items.

Requirements for Purchase & Sale Contract

- Must be signed by all applicable sellers and buyers (E-signatures are acceptable with a certificate of authenticity).
- All necessary addenda and disclosures listed in the Purchase & Sale Contract must be provided and signed by both parties. Also ensure that all appropriate parts are also initialed.
- If applicable, the Purchase & Sale Contract must state "Seller's contribution(s) of \$_____." It is best not to specify what the seller contribution will be used for as that will limit you.
- Include the following statements:
 - "Settlement agent must be an approved NACA Settlement Agent."
 - "Buyer closing will take place in the NACA office."
 - "Contingent on good and marketable title."
 - "Condo or Co-op association approval required", if applicable.
 - "Property (or owner's unit if a multi-family) must be vacant at time of closing."
- Property Disclosure Statement required, or a statement written in the Purchase & Sale Contract as an acknowledgment the buyer will not receive the Disclosure Statement. If multi-family, seller to provide proof of leases within ten days of Purchase & Sale Contract.
- Names must match. The buyer's name(s) on the Purchase & Sale Contract must match their name(s) as shown on their credit report, picture D and bank application documents.
- Seller on the contract must be the owner of record.

Recommended Contingencies in Purchase & Sale Contract

- “30 days or more to close from executed Purchase and Sale contract if no major repairs”
- “45 to 60 days to close from executed Purchase and Sale contract if property requires major rehab”
- “Purchase price not to exceed the appraised value”
- “Mortgage approved by lender”
- “Satisfactory property inspection and wood destroying insect report”
- Inspection/Option/Due Diligence period: a minimum of 10 days from executed Purchase & Sale Contract Date.

Recommended Exclusion in Purchase & Sale Contract

- Per diems, charges, forfeiture of earnest deposit, or penalties that would require a payment if the mortgage did not close within a certain number of days from the executed Purchase & Sale Contract.

Prohibited in your Purchase & Sale Contract

- Lease Back Agreement – Member must take possession of the property the day of closing and funding. Due to owner occupancy requirements, a lease back option for a Seller is not permitted.
- You are not permitted to pay a real estate transaction fee or commission fee greater than what is quoted on MLS or by builder unless you receive advance approval in writing by NACA's Mortgage Department Director.

The executed Purchase & Sale Contract, addenda, and other required property documents must be supplied to NACA by uploading them through the Member Portal. Your R.E. Agent should also upload the documents through the NACA website using your NACA ID number. You or your R.E. Agent also needs to upload a completed NACA Transaction Summary Form, a copy of the escrow deposit, and a copy of the MLS Listing. Please notify your NACA Counselor as soon as the executed Purchase & Sale Contract has been uploaded. In attorney states, submit your documents only after completion of an attorney's review.

Property Evaluation

You should analyze your goals for the home you want to purchase in advance of your housing search. Prioritize desired property criteria as follows:

- 1 – Wants - What you want but can live without.
- 2 – Needs - Necessities that can possibly be added later or added as part of a Rehab Escrow.
- 3 – Deal breaker(s) - Must haves you cannot live without.

Due to aggressive market trends, you may not find a home that checks all the boxes on your wants, needs, or even deal breakers. Patience and flexibility will help take some of the stress out of your housing search process. Setting realistic expectations on your deal breakers without settling will give you the highest chance of a successful outcome.

Complete the items in the boxed area on the Property Survey Form, and rank the property items in your priority order. Once this is complete, make copies of this form to use for each property you see. Review the forms regularly as a reminder of what is most important versus what could be enticing you to pay more than necessary. Remember to use this Property Survey Form for each property you visit to evaluate the property items and other items noted on the survey. Keep a folder of these surveys and refer to them regularly. This will assist you in making a decision and adjusting your housing search.

Property Evaluation Form

Complete the information below for each property you see

Property Address: _____

Preview Date: _____

Your real estate agent attended: Yes: ____ No: ____

Bedrooms: # ____ Bathrooms: # ____

Need Repairs: None ____ Minimal ____ Moderate ____ Significant ____

General Features:

- Curb Appeal/Landscaping: Poor: ____ Satisfactory: ____ Good: ____ Excellent: ____
- Neighborhood Desirability: Poor: ____ Satisfactory: ____ Good: ____ Excellent: ____
- Interior Layout: Poor: ____ Satisfactory: ____ Good: ____ Excellent: ____
- Interior Condition: Poor: ____ Satisfactory: ____ Good: ____ Excellent: ____

Asking Price: \$ _____

Likelihood of Making Offer: Likely: ____ Not Sure: ____ Not Likely: ____ No: ____

Desired Property (complete below for reference during search)

Property Type: single ____ condo ____ two-fam ____ three-fam ____ four-fam ____

of bedrooms: ____ # of bathrooms: ____

Preferred School Districts

1. _____ 2. _____

Work locations

1. _____ 2. _____

Purchase Criteria:

	Priority	Poor	Satisfactory	Good	Excellent
• Access to preferred school districts	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Proximity to work locations	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Public Transportation Nearby	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Garage or available parking	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Move in ready	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Single story	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Backyard	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Handicapped accessible	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Eligible grants	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Census tracks is 80% or below the median income (lowest rate).	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Fireplace	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Pool	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Purchase in Priority Area (non-priority Members)	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Did the property meet your expectations?

☐ Less than expected ☐ As expected ☐ More than expected ☐ Consistently more

2. Is the asking price within you approve Monthly Mortgage Payment?

☐ Way over budget ☐ Slightly over budget ☐ Right on budget ☐ Under Budget

3. Will the condition of the property require significant repairs/improvements?

☐ Major Renovation ☐ Needs Basic Updates ☐ Minor Repairs ☐ No Repairs Needed

Appealing Feature Notes:

Undesirable Features:

Property Search Diary

Use this list to keep track of all the properties you have visited. You should try to see at least ten properties or more to get a reasonable perspective of the available homes and price ranges in the housing market. Schedule any viewing together with your R.E. Agent so they can provide insight and a better understanding of what you are looking for. If your R.E. Agent does not have time or pressures you into a property without your understanding of the market, you can request NACA to help you find another R.E. Agent. Contact red@naca.com or call 425-602-6222 Ext. 6.

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REPAIRS & RENOVATIONS

NACA provides an opportunity for Members to purchase an affordable home that can be repaired or renovated into an attractive home as well as help revitalize communities that are negatively impacted by homes in disrepair due to lack of investment. This empowers homebuyers to compete with investors for these valuable properties. You can have the home of your dreams and avoid future financial hardship due to unexpected repairs and high maintenance costs after purchase. Homeowners can also refinance a home they already own for the purpose of making significant renovations or repairs.

NACA works with you to ensure that the condition of the home does not lead to financial difficulties that may affect the affordability of your mortgage payment. This means that any property-related issues that remain unaddressed, impact your ability to make timely mortgage payments, pay other monthly bills, or affect your overall quality of life, are taken care of. The property you buy must fit your NACA Qualified household affordability determined by you and your NACA Counselor. The work may be limited based on the property type, amount of work, your affordable mortgage payment, and the appraised value of the property. If the purchase price and repairing the home would cost more than you can afford, the property will not be eligible for purchase.

A major renovation requires a significant amount of time commitment and work on your part, but the result could be an extraordinary home, customized to fit your desires and the needs of your household. Renovations are completed after you close on your home. You are responsible for managing this project, including hiring contractors, with the support of the HAND department. The funds are held in a Repair Escrow account with the lender and paid to approved contractor(s) incrementally or all at once when certain items or stages of the repairs are completed and inspected by an assigned Draw Inspector. You may not have to make a monthly mortgage payment for the first six months after closing your loan if you are not yet able to live in the house because of the renovation.

For such a renovation, it is very important that you read all provided materials and agree to the repair disclosures and agreements concerning the repair process, fees, payments and timelines. You will not be able to make changes to the scope of work or increase the funds available to address the repairs after your loan closes.

HAND Department Information

The Home and Neighborhood Department (HAND) professionals work with you to assess property conditions and assist in addressing required repairs. These primarily consist of code, safety, and health related defects identified by inspections or other evaluations. NACA's team of HAND professionals provides guidance and assistance to help you identify issues with a property and determine the best options on how to resolve them. They will assist you with identifying and working with contractors, inspectors and other vendors. The HAND staff will also assist with documents and agreements including HAND Disclosure and the Rehab Escrow Agreement with the lender. It is important that you work directly with HAND to address all property related conditions and have your property HAND Cleared for a NACA Purchase or Refinance.

The extent of your involvement with HAND depends on the type of repairs you need to make, and whether you and/or the seller is responsible for completing them. HAND requires your direct involvement and communications until your property is HAND Cleared and if a Rehab Escrow is added, until the project is 100% completed. HAND as a department of NACA is interchangeable with NACA as an organization and thus any reference to HAND also relates in its entirety to NACA.

Your R.E. Agent can assist you with coordinating access to the property for inspections or other evaluations, as well as supply relevant documentation to HAND to help clear repair conditions but you may not delegate your R.E. Agent to work with HAND solely on your behalf. You can safely provide your NACA ID to inspectors, contractors, and other vendors to upload documents into your electronic file, but you MUST NOT provide anyone with your password or other private information.

HAND Team:

HAND Repair Coordinator (HRC):

- Member first point of contact.
- Supplies information on HAND steps, identifies how a Member can address repair requirements and prepare it for RS review.

Rehab Specialist (RS):

- Reviews initial inspection report, determines repair requirements and sends NACA Repair List to Member, R.E. Agent and NACA Counselor.
- Reviews reinspection reports to clear seller negotiated repairs.
- Reviews evaluations and repair quotes, draft a Scope of Work (SOW) and Final Rehab budget.
- Addresses all property related lender conditions.
- Issue HAND clearance for Property Qualification.
- Review bids to support an approved SOW, for project approval.

Escrow Coordinator (EC):

- Facilitates the execution of the NACA Member Rehabilitation Disclosure & Agreement and the Lender Rehabilitation Agreement.
- Works directly with lender to approve new contractors, confirm escrow funds, grants approval to start project, coordinate inspections, authorize payment disbursements, process change orders, close out Rehab Escrow, and work with lender to pursue default action if work is not completed as agreed when necessary.

HAND Department:

Email: hand@naca.com

- Always include your full name and NACA ID in the Subject Line.
- Attention To your assigned HAND representative.
- Request phone appointment follow up and supply available times, recommended.

Department Phone Number: (425-602-6222), select option 5 at main menu.

- Hours of Operation: Monday through Friday; 8:30 a.m. to 6:00 p.m. Central Standard Time.

Member Portal:

- Uploaded documents entered into a HAND queue and processed in the order received, but no later than three business days.

You can submit documents to HAND by uploading them through the Member Portal by going to the "HAND Documents" section.

HAND offers a Rehab Escrow webinar every Monday at 4:00 pm EST. You will need to attend to be eligible for a Rehab Escrow, prior to closing. To register, visit NACA.com and go to Live Webinars and select HAND – Rehab Escrow.

Property Inspection

Once you have selected a property to purchase, it is crucial to have it inspected immediately. Similar to how you need to qualify for a monthly mortgage payment that you can afford, the property you wish to buy must undergo an inspection review process to determine its condition and based on the estimated cost to cure noted defects, whether it qualifies for purchase. Property inspections are essential to avoid unexpected expenses and prepare for addressing any known or unseen potential property defects or existing safety, health, code, structural, mechanical, electrical, systems, or other issues. If any defects are discovered, most real estate contracts contain language to specify what you or the seller will do to remedy the problems so that the transaction can continue to close. In most cases, you can cancel the contract within a defined period of time and have your earnest money deposit returned in full if identified conditions exceed what you or the seller are willing to address.

To determine the overall condition of the home you want to buy, the property inspection must be completed by a licensed home and pest inspector. While the home inspector must be registered with NACA,

this is not necessary with pest inspectors. Many registered inspectors offer both services, but you will need to confirm this when you schedule an inspection. Assessing a property's condition requires a professional property inspection, a wood-destroying insect report, and possibly other evaluations or work write-ups from skilled licensed trade professionals.

The licensed property inspector(s) must be independent of the seller, R.E. Agent, Listing Agent and yourself. You can select any licensed residential property inspector(s) from the NACA-registered list provided through the Member Portal, who are all independent contractors and do not work for NACA. You are free to select an inspector outside of this list if they register and use the required NACA inspection software. Registration is free and requires the inspector to provide proof of valid license, maintain appropriate insurance, provide reinspection services, and adhere to all of NACA's policies and procedures. They must register with NACA prior to conducting your inspection. Keep in mind that such approval may delay the processing and closing of the loan if inspector registration occurs after you execute a contract. HAND is unable to accept an inspection from a property inspector who is not registered with NACA.

Property inspections are an out of pocket, non-refundable Member expense. In most markets the costs range from \$400 to \$600, depending on the property size and type. Multi-family properties can cost more to inspect based on the number of units and size of the home. Other nonrefundable out of pocket inspections may also be necessary, such as structural, electrical, HVAC, roof, mold and other evaluations or tests, depending on the type, size and existing conditions of the home. Inspection fees are paid directly to the inspector by you immediately after the inspection has been concluded.

Since time is of the essence, NACA-registered inspectors typically agree to schedule inspections within 48 hours of your request if you identify yourself as a NACA Member when placing the order. You must be present at the home inspection and actively participate so that you are thoroughly informed about the current condition of the property and any future maintenance issues. All utilities must be on at the time of the inspection. Complete access to all areas of the property is required for the inspectors' review. Inspections must always be conducted during daylight hours. The inspector is required to go over the information with you and answer all of your questions at the conclusion of the inspection. Your presence at the home inspection will be verified by a photograph taken by the inspector in front of the property.

The inspector will upload the inspection report into your NACA file using your NACA ID number the same day or no later than 24 hours after the completed inspection. You cannot complete the loan application without an inspection report and termite inspection uploaded to your file.

Read the report carefully, as it contains valuable information about the home and will likely identify necessary or future repairs, information on utilities and tips to improve energy efficiency. Make sure to contact the HAND Department about the inspector's comments and do not be afraid to ask for a second opinion if you are still unsure about any item. Having a good understanding of the condition of the home will help you avoid a house with serious problems or unpleasant costly surprises.

The same inspector will also complete a Seller-Reinspection of seller negotiated repairs if applicable. A reinspection will be an additional expense. The seller should be responsible for the cost of all consequent reinspections if the initial reinspection fails to clear the seller negotiated repairs.

Repair List

The HAND department will review your inspection report and generate a NACA Repair List (NRL), which identifies both required and recommended repairs and the estimated costs involved. The NRL will be sent to you, your R.E. Agent and NACA Counselor.

It is crucial that you use the NRL to determine if the cost of all noted required repairs are within your affordable Mortgage Amount, as this will affect whether you are able to buy the home or need to negotiate better terms from the seller. For existing properties, you may add additional elective repairs or home improvements called "Wish List" items to the Repair List if there is room in your budget based on your affordability, the loan to value ratio, and maximum acquisition limits. Be sure to include the estimated costs of such items. Wish List repairs are subject to your affordability and eligibility. These repairs must be approved by HAND and are subject to other criteria, including but not limited to your ability to make these repairs without financing.

Required repairs on the NRL must be addressed for the property to be eligible for purchase. It is important to note that additional evaluations may also be required if the inspection report does not clearly detail suspicious issues. These include signs of structural defects, mold, lead, or the presence of items that are outside of the inspector's expertise, like specialized systems such as a well, septic system, or inground pool.

If you can document that you have surplus assets above the minimum required funds and mortgage payment reserves, you may choose to request to waive repair requirements. For more information about waiver requests for required repairs see the section below titled: Waiver Request for Required Repairs.

Repair Responsibilities

NACA requires repairs for health, safety, and code issues identified by the home inspector, appraiser, or other licensed evaluator. These repairs are mandatory and must be performed either prior to the closing by the seller, or after the closing by you as part of a Rehab Escrow. Do not make repairs to a house you do not own. Funds for you to complete the repairs can come from you financing the cost as part of the mortgage, from the seller, from a government entity (grant), or can be collected from you at closing.

As soon as you receive your NACA Repair List, you and your R.E. Agent should review and determine if there are any required or desired repairs you want the seller to correct before closing. Since the NACA Repair List includes an estimated cost for each repair item, it may allow you to negotiate for a more favorable sales price, seller funds to make the repairs after closing, and/or a seller contribution for the NACA Interest Rate Buy-Down. All non-seller repairs must take place after the loan closes, since you are not permitted to do repairs on a home you do not yet legally own. It is important to finalize negotiations with the seller regarding the final sales price and any repairs or contributions they may have agreed upon quickly and efficiently. Any delays in these negotiations may result in a need to extend the closing date. Although negotiating required repairs with the seller normally takes around three to four days, if the negotiations are taking longer, it is advisable to request an extension of the contracted close date. If you negotiate with the seller for them to complete one or more repair items or provide seller contributions, it must be clearly identified in the Purchase & Sale Contract or addendum. Once you and the seller agree to the terms, the document of the executed terms must be upload in the Member Portal. Notify HAND as soon as the repair terms have been uploaded to your file. Note that HAND will not qualify a property without the repair addendum uploaded to your file, even if reinspection has cleared all seller work. HAND will provide your lender with all contract negotiated terms, including repairs along with proof of repairs being complete, (i.e., Reinspection)

The Repair List provides you with the following options to identify who will be responsible for each repair item: 1. Member Rehab, 2. Seller (negotiated) Repair, or 3. Waive. You can also add Wish List items and identify who will be responsible. You need to complete the response to the repair list as soon as possible in the Member Portal and request a phone appointment with the HAND department to discuss next steps and timelines.

1. How repairs are being addressed (Seller, Rehab, Both or Waiver);
2. Estimate HAND clearance date based on timelines to supply all supporting information (rehab quotes, evaluations, reinspection);
3. HAND Clearance of all lender repair conditions, subject to receipt of items in #2, and
4. HAND determination of property eligibility (i.e., HAND Clear).

If a property cannot be approved by HAND due to unaddressed repair requirements, it is essential to obtain this information as early as possible. This will enable you to request a HAND denial letter, terminate the contract, and receive a refund of your earnest money. Early and frequent communication with NACA's HAND department is vital to identify if a property can be approved for purchase, so you do not risk losing your earnest money deposit. HAND must clear the property as Property Qualified prior to lender approval. Described below is the process for clearing files based on the necessity and responsibility for the rehab/repairs.

HAND Clear – No Required Repairs Needed

HAND can qualify a property if there are no outstanding required items on your inspection report and the seller is not completing any required repairs (“HAND Clear”). Your property would be HAND Cleared with no additional involvement from HAND unless required repair items are identified by the appraiser or lender. In such circumstances, a Rehab Specialist (“RS”) would review and determine the next steps, such as the need to address identified repair items.

Seller Repairs Only – Seller Responsible for all Required Repairs

In this case, the seller has agreed to complete certain repairs before the loan closes. To keep with the NACA timeline, the repairs should be completed within 15 days of the executed Purchase & Sale or no more than 10 days from closing. Once the seller repairs are completed and verified with a reinspection by the initial property inspector, HAND will clear the seller repairs. The seller must agree to address identified repairs adhering to the following criteria:

- **Purchase & Sale Documentation** – The seller agrees to address the repairs identified on the Repair List or appraisal as part of the Purchase & Sale Contract or Addendum, signed by both parties. Such language should be specific and clearly state exactly what repairs you want the seller to address without referring to the inspection report or Repair List.
- **Evaluation Requirements** – A seller cannot do evaluations on a home they are selling themselves, as this presents a conflict of interest. Evaluations must be performed by licensed professionals you identify and hire.
- **Licensed Contractors** – Seller repairs must be completed by licensed professionals, and the seller should provide proof of payment in full in the form of receipts, licenses, and any applicable warranties of work before closing.
- **Reinspection** – The initial property inspector must reinspect the property and document with a comment and photos whether repairs are “Repaired” or “Not Repaired”. You need to supply the inspector with a copy of the negotiated repair items as per the Purchase & Sale or Repair Addendum, so no items are omitted on the reinspection. The inspector will upload a new report for HAND to review within 48 hours of receipt verifying satisfactory completion of all work.
- **Reinspection Fee** – A reinspection fee must be paid by the Member, unless the seller agreed to pay this fee as part of the Purchase & Sale Contract or Addendum.
- **Seller Repairs Cleared** – The HAND Rehab Specialist (RS) reviews the reinspection report to determine if all sellers required repairs identified on the Purchase and Sale contract as amended or as a lender condition have been completed and clears as appropriate. If there are required repair items that are not completed, the RS will send a notice to the Member identifying these items. Additional time may be necessary for the seller to complete the outstanding items before the closing. Note that any repairs negotiated in the Purchase & Sale contract which are deemed “required repairs” cannot be waived or removed from the contract in lieu of a reinspection.
- **Final Appraisal** – A final inspection from the appraiser may be required by the lender if a reinspection does not adequately clear appraisal repair requirements.
- **Member Walk Through** – You must do a personal walk-through of the property to confirm that you are satisfied with the work done on the seller repairs prior to closing. Once closed, you accept the property in its “as is” condition, holding NACA and the lender harmless for any unforeseen, unaddressed, or unsatisfactory repairs cleared by a reinspection. Do not commit to closing unless you are fully satisfied with all seller repairs. Seek a second opinion from a licensed professional if you have any reservations about the property’s condition or the work done by the seller.

Rehab Escrow – Member Responsible for Required Repairs

A Rehab Escrow is the portion of the mortgage held by the lender in an escrow account to pay for work to be performed as defined in a detailed scope of work after the loan closes (“Rehab- Escrow”). A Rehab Escrow requires that you attend a HAND Rehab Escrow workshop, sign a Member Rehabilitation Agreement and Disclosure, as well as the lenders Rehabilitation Escrow Agreement, all of which explain your role, responsibilities, obligations, fees, loan terms and limitations.

A RS works with you to create a detailed Scope of Work ("SOW") to address the required repairs, Wish List items, and other improvements approved by HAND. The RS estimates the associated costs using information from the inspection report, trade evaluations, contractor repair quotes, your input, and, when necessary, a full work write-up from a professional project manager or 203K feasibility inspector with expertise in providing a detailed scope of work with repair costs for that particular location and type of property.

A RS creates a Rehab Budget based on the approved total cost of repairs in the Scope of Work (SOW) and additional costs and fees, such as contingency funds, additional inspection fees (lender pays first \$600), the HAND fee, and, either when necessary or requested by you, a construction management fee. The Rehab Budget may include adjustments if a substantial renovation or safety/health defect prevents you or tenants from moving into the property after the loan is closed. In such cases, the first six months of your Monthly Mortgage Payments may be added to your loan amount, and the lender automatically reduces your interest rate by an additional three-eighths of a percent (.375%) at no cost to you. This ensures that your monthly affordable payment remains the same, had those payments not been added. This permanent interest rate reduction offsets the increased borrowed funds and is a tremendous benefit for the life of the loan that is unique to the NACA program.

The Rehab Budget final loan amount may not exceed your maximum mortgage payment, maximum acquisition limits, or 110% of the appraised value (Loan to Value ratio). For a Refinance Rehab loan, the loan to value can be increased up to 125% if the new payment is equal to or less than the current mortgage payment. If the final loan amount is within all maximum limits noted above, an approved final Rehab Budget and SOW will be sent to you for your review and electronically "Accept." Accepting the rehab package acknowledges that you agree to the terms of the Repair Escrow, SOW work to be performed and approve the final rehab budget amount. You should review the Rehab Budget with your RS and make any necessary modifications before you accept it, which the RS must agree with and approve. You cannot make alterations to the repair specifications or add funds for additional repairs after the loan is approved and closed.

NACA nor the lender are responsible for budget shortages. It is important that all estimates are as accurate as possible. HAND reserves the right to increase SOW pricing if repair quotes appear to be too low for your market. A contingency will be included for unforeseen code, safety or health repairs identified once final bids are submitted after closing. If the scope of work has to be modified due to lack of out of pocket funds, wish list repairs will be removed so that required repairs in the SOW can be addressed.

Note that no additional funding is available for repairs or mortgage payments after closing.

Final Scope of Work & Rehab Budget

The RS will use repair quotes, evaluations and other documentation to prepare a final SOW and Rehab Budget within your qualification limits (for a Rehab Refinance, actual bids from the contractors you want to hire, will be used to draft your final SOW and Rehab Budget.) Once you and the RS agree and approve the final SOW and Rehab Budget, the RS submits your information to the participating lender for property approval and clearance to close.

If the final loan amount exceeds 110% of the appraisal value, the RS may order a second appraisal to consider the SOW repairs and improvements for additional value. If a second appraisal is necessary, an extension to close will likely be necessary as well. It's best to work with your R.E. Agent to negotiate an extension of the purchase contract. If the "Subject To" appraisal value does not increase, then Wish List items may be removed or additional out of pocket contributions may be necessary in order to adjust the loan amount to within 110% of the appraisal value. If adjustments cannot be made, the property may be declined and ineligible for purchase.

Once the Rehab Budget is approved, the Mortgage Specialist determines whether the final loan amount including the Rehab Escrow is within your affordability limits over the long term. In addition, the Mortgage Amount, including the Repair Escrow for financed repairs, is restricted by the following:

- The final loan amount is within maximum loan and acquisition limit,
- The sales price does not exceed the “as is” value of the property,
- The Mortgage Amount – Purchase price, rehab amount, and up to six months of Monthly Mortgage Payments – cannot exceed 110% of the “subject to” appraised value of the repaired home, (for Rehab Refinance loan up to 125% if future mortgage payment is equal to or less than current mortgage payment).

If approved, the Mortgage Specialist will submit a change or circumstance document updated loan amount, rehab financing, applicable rate adjustment and out of pocket contributions. Once Credit Access is approved you can submit a loan application. The RS will address any lender repair conditions, at this time. The lender will review the package and update your file with an approved clear to close provided all other lender conditions have been satisfied and there are no new conditions.

Seller and Member Responsible for Required Repairs

The seller is required to complete the necessary repairs and undergo a reinspection conducted by the initial property inspector for verification, as per the “Seller Repairs” process described above. The Member’s portion of the repairs funded through the Rehab Budget, as specified earlier, will be assessed by HAND. The Rehab Budget approved by HAND shows the completed seller repairs and Member repairs funded by the Rehab Escrow, addressing the approved SOW. Due to the fact that such transactions seldom close on schedule, it is advisable to allocate an additional ten days or more to complete the closing process.

Waiver Request for Required Repairs

If you can document that you have surplus assets above the minimum required funds and mortgage payment reserves, you may choose to request to waive repair requirements. HAND will require you to sign a waiver acknowledgment and provide evaluations and repair quotes of licensed professionals who physically went to the property to investigate the noted defects. They must document the conditions and provide the actual cost to cure the repair items. This exercise is essential for you to gain a complete understanding of the repairs’ condition and expenses that you wish to waive. Note that waivers are subject to HAND approval and cannot be a requirement from the lender.

A Waiver Request must come directly from the Member. R.E. Agents are not allowed to request a waiver on your behalf, nor should they recommend that you waive a repair. You must send your request directly to HAND for approval of a waiver request. Waiving Required Repairs also waives your eligibility to add a Rehab Escrow to your transaction for wish list improvements.

Contractors & Bids

For Rehab Refinance loans, since the Member has full access to their property this section must be completed prior to closing.

Contractors

It is very important to identify licensed contractors from whom to obtain evaluations and repair quotes as quickly as possible. This process should begin as soon as you receive your Repair List. Early contractor communications with repair quotes will help you determine if your Rehab Budget is realistic to cover the SOW. Remember that the Rehab Escrow terms cannot be changed after closing on the home. As you will likely have limited access to your future home before closing, finalizing approved bid proposals by HAND will only be possible after you acquire possession of the property.

You will need to work with your R.E. Agent to schedule access to the property prior to closing to coordinate an onsite meeting with contractors who can preview the property with you. You will want to go over the Repair List and your possible Wish List items to be sure all proposed work is realistic for your budget. Do not share HAND's estimates from your Repair List, as those costs can often be based on replacement cost, and not actual repair cost. The estimated costs are for you to use as a guide to help you negotiate fair affordable prices for quality work from reliable contractors in your area. You will want to make sure you thoroughly cover all the work and potential costs, since you will not have access to additional funds after your loan closes.

Contractor Repair Quotes versus Bids

Repair quotes involve an assessment of a property's current condition and a recommendation of the necessary repairs, along with a cost estimation. These evaluations are obtained before closing a deal and can be used to support repair waivers or to determine the details of the SOW that will be included in a final rehab budget. Licensed trade professionals and contractors can provide repair quotes, whether or not they are registered with NACA. To ensure professionalism, repair quotes must be presented on the contractor's official letterhead that includes the contractor's company name, business address, and contact information. The contractor's license should also be included along with their signature and the date when the evaluation was conducted on the property. You must hire one or more contractors to address your SOW repairs at a cost within your rehab budget. Bids are submitted online using the NACA Contractor Portal after closing, by the registered and licensed contractors you have identified for hiring. Your RS will work with you as you identify contractors, negotiate bids, and stay within your approved Rehab Budget.

The HAND department recommends obtaining more than one contractor quote when possible, especially for larger projects. After you close, you will have access to the home and more time to consider different contractor options. It is very important to obtain references and perform due diligence checks on the contractors you plan to hire. If the contractors you want to hire are new to NACA, HAND will work with you to register and educate them on NACA, the lender process, and the rehab requirements. Any contractors can submit bids but they will only be considered for approval once their registration is completed and approved.

Contractor Hiring

It is your responsibility to identify and research any contractor or vendor you hire to ensure you are getting what you pay for, at the quality you expect, and within the costs of your Rehab Budget. It is strongly recommended that you seek references and do your due diligence when hiring a contractor, vendor, or any other licensed professional. You can use the Better Business Bureau, your local Chamber of Commerce, or even local home improvement supply stores to get recommendations for high quality and trusted vendors. There are numerous online advisory organizations that can also recommend highly rated professionals in your area. In addition, most markets have a local building and remodeling association that offers guidance on locating and researching vendors.

All contractors and vendors are independent contractors. They do not work for NACA, nor does NACA receive fees or payments for Member referrals or endorsements. NACA does not guarantee the work of any trade professional or vendor hired or used by a Member. Hiring and managing contractors and ven-

dors is your responsibility. If you have a large project, it is highly encouraged to hire a project manager for onsite support and timely administration of your Rehab Escrow.

Important points to keep in mind when soliciting contractor bids:

- Read the Member Rehabilitation Agreement and Disclosure to understand your responsibilities.
- You may use any contractor of your choice as long as the contractor is properly licensed, has adequate insurance coverage, has a valid tax identification number for their business, has a business bank account for wiring payments and is not prohibited by NACA.
- New vendors and contractors must register through the NACA website and upload their documentation, such as their licenses, proof of insurance, W9 tax forms, and government issued ID, for verification and approval.
- All registered contracting vendors must agree to NACA's terms of service, HAND bid submission requirements and project payment guidelines. This includes a prohibition on up-front deposits for work that is not yet finished.
- There may be vendors and contractors in your area who are already registered with NACA. While using one of these contractors speeds up the process, you are responsible and must still check references and do your homework to verify credentials and professional reputation.
- HAND may prohibit a vendor from working with NACA for various reasons, such as having too many active jobs, unprofessional conduct, or other complaints received by Member Services.
- HAND may prevent a contractor you selected from taking on more projects due to too many incomplete projects. Once you identify a contractor you want to work with, contact HAND to confirm their eligibility.

Accepting & Approving Contractor Bids

You must select the final contractor(s) and have them upload their bid to your file through the NACA Contractor Portal within 30 days of closing on your home to ensure that work can begin within 60 days of the closing date (for Rehab Refinance loans must start work within 15 days of closing, not to exceed 30 days). You must evaluate and accept the bids through the Member Portal based on the extent to which they address the SOW, their cost, and quality of workmanship. You may also submit vendor purchase quotes for appliances or materials, as permitted within a NACA repair transaction, by uploading the information into the Member Portal. Your RS will review your accepted bids for final approval. Collectively, the submitted and accepted bids must address all SOW repair items. You may add additional work to the bids, outside of the SOW work if you are paying for additional work out of pocket. Contingency funds are for unforeseen code, safety and health repairs only, but may be made available for other wish list work once your project is confirmed as 50% complete, with the submission of a Change Order. Your RS will review your accepted contractor bids and material purchase quotes to verify that all SOW repairs are being addressed and will verify that you have the funds to pay for any additional work or budget overages, if applicable.

Project Administration – Rehab Escrow

It is important that you review the HAND Project Document package, and your rehab disclosures and agreements to fully understand the terms which include work deadlines, contractor and bid requirements, processing timelines, and default actions that can be pursued by NACA or the lender in the event work is not completed as per the term of the agreements. The NACA Rehabilitation Agreement & Disclosure (MRDA) further defines the roles and responsibilities of NACA (HAND), the lender, and yourself.

Your repairs and renovations are set to begin. HAND will facilitate the Rehab Escrow account. Please be aware that no work can commence, and funds will not be available for use until the loan has been closed, all final bids have been thoroughly reviewed and approved by both HAND and the lender. All contractors must be registered and approved by HAND. It's essential that your RS approves your contractors and their bids and confirms that Rehab Escrow funds are available and ready for disbursement by your lender. Written authorization from your RS is also necessary before the project can commence. This project approval takes approximately two weeks from the time final bids are supplied.

Based on the terms of your Rehab Escrow, all work must be completed within six (6) months, or one (1) year if a major renovation. If work is not completed by the Rehab Escrow deadline, you will be considered

in default and may be subject to default actions as defined in the lender's Rehabilitation Escrow agreement and NACA Security Agreement. You can avoid a difficult situation like that by immediately working with HAND to get the rehab process started as soon as you close on your new home.

Below are the necessary steps for starting your project, which must start within 30 days of closing and be completed within the approved project timeline. It is important to communicate regularly with your Escrow Coordinator and provide them with bi-weekly updates on the project status until all the work is 100% complete.

- Have contractors you've selected submit bid(s) addressing the work to be performed through NACA's vender portal.
- Request Post-Close Project Documents and Instructions package to review and use throughout the project.
- Schedule and coordinate project meeting with your RS and the contractor(s) you hired.
- Submit Contractor(s) Agreement, Notice to Proceed and project schedule for HAND Project Approval.
- Request written approval to start your project (i.e., Notice to Proceed), and inspector contact information for scheduling inspections as they are needed.
- Submit Draw Request for material purchases, if applicable. Contractor advances are not permitted.
- Confirm all work is completed per the terms of the Rehabilitation Escrow agreement deadline date. Extension may be granted if extenuating circumstances outside of the Member's control, which does not include the inability to locate a contractor.

Payment Disbursements

An Escrow Coordinator will be assigned to your project to process draw requests, order inspections, and determine the payment amount for your contractor based on the percentage of work completed. Payments are disbursed by the lender once HAND provides proof of the inspection, lien waiver, and other supporting draw documents, along with your confirmation of satisfaction with the repairs.

Project Completion

Congratulations! Your repairs and renovations are complete. Your work has brought NACA one step closer to achieving its mission of revitalizing neighborhoods, and hopefully, you have achieved your own mission of becoming the owner of the home of your dreams. You can take pride in the fact that your efforts have not only enhanced your living space but also contributed to the betterment of the community as a whole.

Your success in this endeavor speaks volumes about your tenacity, creativity, and commitment to improving your surroundings. May your newly-renovated home be a symbol of the positive change you've brought to the neighborhood and become a haven of love, laughter, and cherished memories for years to come. Once again, congratulations on this outstanding achievement.

MORTGAGE PROCESSING & CLOSING

After you obtain an executed Purchase & Sale Contract and provide it to NACA you must prepare for your credit access and bank application. Submitting your bank application within 10 days from executing the Purchase & Sale Contract and closing by the contract close date is crucial due to the time-sensitive nature of the process. This timeline must be met to adhere to the deadline specified in the Purchase & Sale Contract. Please ensure prompt action to avoid any delays.

NACA Credit Access & Bank Application

It is crucial to meet with your NACA Counselor as soon as possible to be approved for NACA Credit Access, which requires verification that you are still NACA Qualified. Approval of NACA Credit Access will allow your NACA Counselor to complete your mortgage application and submit it to a participating lender for loan approval. NACA has full discretion in approving NACA Credit Access. You may apply for Credit Access at any time during the home buying process. Approval is based on meeting the requirements listed below. If you are denied, NACA will provide you with the reason for the denial.

NACA Credit Access Preparation

You must meet with your NACA Counselor no later than three days from execution of your Purchase & Sale Contract. Your NACA Counselor will verify that you maintained your NACA Qualification and required savings pattern throughout your housing search. You must update all your information and documents in the Member Portal required to obtain a NACA Mortgage. You and your NACA Counselor will schedule a Credit Access appointment, during which you will review all the information and documents listed below to make sure that everything is complete and current to be submitted for Credit Access approval. Spending enough time with your Credit Access preparation will save you time later and make for a smoother mortgage application process. The following items will be updated for NACA Credit Access approval:

- An updated Credit report must be pulled. If the last credit report pulled was more than 30 days ago. You may need to pay for a new credit report through the Member Portal. Remove any credit freezes. If you have a fraud alert placed, ensure your current phone number is listed or contact the credit bureau to lift the fraud alert.
- All escrow/earnest money deposits must come from your personal account with sufficient funds to close and not from your business account, custodial account or an account of a non-applicant. **Do not use cash for earnest money.**
- Paystubs covering the most recent 30 days must be uploaded.
- Any new ID obtained since NACA Qualification must be uploaded. Make sure your ID has not expired. If you have moved, you must provide updated documents such as bank statements, electric, water/sewer, gas, and oil bills specific to your new location. You cannot be approved or obtain a lender's commitment letter without proof of residence at the current address on your loan application.
 - If you move in with a family member or friend who owns the home, you will need a copy of the deed as proof of ownership.
 - If you move in with a family member or friend who rents, you will need a copy of their lease.
- Providing NACA with access to your Bank Data is most effective in documenting your source of funds for the home purchase and savings pattern. This can be done securely through the Member Portal with six-months or more data with NACA paying the cost. If necessary, you can provide bank statements covering the most recent 90 days on all accounts (12 months if self-employed income is used for NACA Qualification) must be uploaded. Provide explanations of any non-payroll deposits and large withdrawals.
- Fully executed gift letters and supporting documents must be uploaded, if applicable.
- Updated verification of on-time rental payments since NACA Qualification must be provided.
- Updated alternative credit documents must be provided, if applicable.
- Most recent statements for all open credit and loan payments must be uploaded.
- Grant approval verification documentation must be provided, if applicable.

- Short sale approval letter must be provided, if applicable.
- Fully executed Purchase and Sale contract with all signed addendums must be uploaded.
- Completed Condo Questionnaire, Master Insurance Policy, and HOA Operating Budget must be uploaded, if applicable.
- Any tax returns, Tax Return Transcripts or amendments filed since NACA Qualification must be uploaded. Call (800) 829-1040 or online at www.IRS.gov to order a tax transcript.
- Contact information for the insurance agent that will provide Homeowner's Insurance must be provided.

After updating and verifying all required documents, your file will be submitted for Credit Access approval. A Mortgage Specialist will review the information and documents to determine if you are still NACA Qualified for your desired property and Monthly Mortgage Payment based primarily on the following criteria:

- Have you maintained your Payment Shock savings?
- Have you maintained or increased your income?
- Have you not increased your debts?
- Have you paid all your obligations on time?
- Have you maintained the Minimum Required Funds?
- Do your documents and information meet lender compliance requirements?
- Have you adhered to all NACA requirements?

It is imperative for you to immediately address any Credit Access conditions that may appear in your Member Portal, so that your file can be NACA Credit Access approved, and a bank application submitted. The conditions are identified in the Member Portal's Credit Access stage (3), allowing you to address the condition by uploading any required documents. Provide these documents as fast as you can in order to close your loan on time.

Once Credit Access has been approved, your bank application documents will be generated in the Member Portal. You should review these documents and contact your NACA Counselor with any questions. Once you understand everything you are agreeing to, sign electronically the bank application documents which may vary by state and the 1003, which is the most important and the final document you would sign.

This submission is crucial, since it is your written request for mortgage financing to a NACA Participating Lender. Review these documents for accuracy and pay close attention to all disclosures and requirements. Make sure you read and understand each document that you are signing and ask your NACA Counselor questions about anything you don't understand.

Cash to Close

The cash to close does not include any closing costs which are paid by the lender or a downpayment requirement. The comparison between NACA's mortgage and other lenders is shown in the Qualification Workbook in the section titled "Minimum Required Funds Qualification". The below cash to close is based on the pre-paid taxes and insurance, any buy-down, and any principal reduction minus credits.

The property tax must be for improved value (i.e., after construction for new construction) and must be calculated based on the purchase price and local property tax rate. We must prepare the Member for what they will be paying when reassessed.

<u>Pre-paid items:</u>	<u>Estimates</u>
• Buy down:	\$0
• Principal reduction/down payment:	\$0
• Daily interim interest: (one month)	\$127
• 1-year insurance premium:	\$1,787
• Escrowed insurance:	\$446
• Escrowed taxes:	\$610
SUBTOTAL:	\$2,970

Non- prepaid items:

• Owner's title:	\$50
• Items paid by seller in advance:	
o (County taxes – one month)	\$450
o Items unpaid by seller in advance:	\$0
• HOA:	\$0
• Out-of- pocket rehab:	\$0
SUBTOTAL:	\$500

Credits

• Earnest Money Deposit:	\$2,000
• Credit Report Cost: (Reimbursed at closing)	\$38
SUBTOTAL:	\$2,038

TOTAL CASH DUE FROM BORROWER: **\$1,432**

Mortgage Processing & Review

Your loan will be reviewed by the lender's underwriting department. The participating lenders approve virtually every loan because of all the work done by you and during the qualification and Credit Access process. Your NACA Counselor remains your primary point of contact while you wait for loan approval. They will work with you to address any lender conditions that may come up. It is very important that you continually monitor the Member Portal for an updated lender status and address any lender conditions within 24 hours. Involve your R.E. Agent to help you if necessary.

If you are purchasing a pre-existing property, you will also need to work closely with HAND to obtain property condition approval (HAND Clearance) within 15 days of your application date. Also, if you are doing a Rehab Escrow with your purchase, you should be finalizing the rehab budget with your Rehab Specialist within fifteen days of your P&S Contract. The goal is to have your loan cleared to close within thirty days of your executed Purchase and Sale contract. If you are not HAND Cleared within 15 days, your subsequent "Clear-to-Close" will likely be delayed. You must immediately address any of these issues in order to close your loan on time. The NACA Closer will work with the Settlement Agent to schedule the closing as soon as your loan is Clear-to-Close. Ensure that your financial condition does not change including keeping your employment stable, continue saving, and don't increase any debts.

Homeowners Insurance

Obtain Homeowners Insurance with 100% replacement coverage no later than three days after your loan is registered with the participating lender and you are issued a loan number. While the Member must provide a HOI quote at Credit Access, the policy cannot be obtained until the loan application is registered and you have a loan number. Provide your NACA Counselor with proof of insurance coverage in the form of a Declaration Page as quickly as possible. If you are adding a Rehab Escrow to your transaction, consider obtaining renovation coverage to protect you during the renovations.

The mortgagee clause on the declaration page must read: "Bank of America, N.A. Its Successors and/or Assigns, ATIMA PO Box 961291 Fort Worth, TX 76161-0206." It must include the loan number. If a major renovation is part of your loan, temporary renovation coverage will be required. This policy protects your home against damage to the house itself, possessions in your home, and workers or visitors injured on your property. The prices and terms for this insurance differ depending on the vendor. The provider of your auto or renter's insurance often also provides Homeowners Insurance, and you may be able to negotiate a cost-effective dual policy. Choose a company that has a good reputation for service. The policy must be dated for the month of closing and no later than the closing date.

Mortgage Closing

The closing at the NACA office is the last step in your journey to becoming a homeowner. A NACA Closer will work with the Settlement Agent to finalize the title research and coordinate the closing.

You will receive the Closing Disclosure a few days prior to the closing. The Closing Disclosure outlines the final terms of your loan, including the costs you must pay at closing (pre-paid interest, pre-paid insurance, and taxes, etc.). You must review this document and contact your NACA Counselor to discuss any items that need clarification or that seem incorrect.

You must complete a final walkthrough of the property within 24 hours of the closing date. Ensure that there is no new damage, the property is vacant and clean, there are no unapproved tenants, all seller conditions have been addressed, and you are satisfied with any seller repairs that were agreed upon. You should inspect both the interior and exterior, including any garage, patio, porch, or fencing to ensure that damage has not occurred since the last inspection. If damage is evident, the closing should be delayed to allow time to negotiate with the seller on how the repairs will be addressed. The HAND department can assist you with this.

The Closing Disclosure will state the amount of certified funds you must bring to closing. Your Settlement Agent will contact you to discuss how the certified funds for closing will be delivered, such as by wire, certified check, or other method. They will also tell you which documents to bring to the closing, including a valid government issued photo ID for all borrowers. While there are no required closing costs or fees associated with your mortgage, there are pre-paid housing expenses that you are required to pay as outlined in the section: Cash to Close.

If you selected any of the following options, the funds to finance these costs also need to be brought to the closing:

- Owner's coverage title insurance
- Interest rate buy-down
- Principal reduction
- Additional insurance
- Home warranty (often negotiated as seller paid)
- Property with an upfront HOA fee
- Out of pocket escrow for required repairs

The NACA Closer will notify all parties involved that the loan is Clear-to-Close. The settlement agent will confirm the date and time of the closing. The settlement agent will contact all parties and to coordinate the closing at the NACA office, ensuring that you have the local support necessary to answer any questions, and to address any loan terms or issues that may delay or prevent the closing.

The closing must be attended by you and any co-borrowers, the settlement agent, your attorney and the lender's attorney (if applicable), your R.E. Agent, and the seller or Listing Agent. You should also include your spouse even if s/he is not on the loan. You will sign loan documents to finalize the mortgage, including a promissory note, documents to transfer title from the seller to you, and other papers.

If you have any questions or concerns during the closing, your R.E. Agent, NACA Counselor or another NACA staff person can help answer or address them. You should not agree to close or sign any documents unless you fully understand what you are agreeing to, and that you are 100% satisfied with the "as is" condition of the home you are about to become financially responsible for. Do not close unless all of your concerns and issues have been addressed.

Once the loan is closed and the loan has been funded, you will own the property and receive the keys. You will be asked to complete a testimonial about your experience with NACA and take pictures commemorating this significant accomplishment.

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 we can affect meaningful change in this country together. NACA works with HUD to address these illegal practices.

Housing discrimination is a pervasive problem nationwide, which is severely underreported. 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, which 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.
- Producing discriminatory marketing.
- Engaging in blockbusting practices.
- Falsely representing the availability of a dwelling.

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.

Timeline: Purchase & Sale Contract to Closing

NACA has designed a streamlined process to move your file to closing as quickly as possible with the goal of an agreed upon closing date within 30 days from the executed Purchase & Sale Contract. If you adhere to this timeline and respond to items that come up as requested, closing on your future home should be a straightforward endeavor. Contact your NACA Counselor who continues to be your point of contact through closing.

Monitor the Member Portal daily, as it is your go-to place for status updates of your loan application directly from the lender. The Member Portal is a quick and easy way for you to address any conditions or issues in a timely manner, monitor your file's progress, and share any applicable information with your real estate agent or buyer's attorney as you progress towards an on-time closing.

NACA recognizes that not all transactions are alike and that various circumstances are beyond everyone's control. These circumstances may include extensive property renovations, short sales, low property appraisals, seller repairs, title issues, among others. NACA cannot guarantee any timeline or closing dates and does not reimburse per-diems, penalties, or fees.

With the aim of being one of the fastest and most effective mortgage processing operations in the country, the NACA timeline below has been designed to help you and your R.E. Agent follow a recommended timetable. NACA's streamlined contract to close timeline will often allow you to close on or before the contract close date if the following outlined steps are taken.

Make your best effort to complete the tasks described below prior to the scheduled days. The schedule is based on receiving the executed Purchase & Sale contract on Day 1. Review this timeline before making an offer and then every day thereafter to ensure prompt movement of your transaction. If additional time is needed at any stage, it is both you and your R.E. Agent's responsibility to proactively obtain an extension to close your loan and to protect your earnest money.

Purchase & Sale Contract to Bank Application (Days 1-10)

Day 1:

- The offer is accepted, and the Purchase & Sale contract is executed with signatures by both parties – electronic signatures are acceptable.
- NACA must receive the following documents uploaded through the Member Portal, or the R.E. Agent portal on NACA's website:
 - o Purchase & Sale Contract
 - o Addenda
 - o Copy of earnest money deposit/escrow Deposit
 - o NACA Transaction Summary (completed by R.E. Agent)
 - o Multiple Listing Service Sheet ("MLS")
- You must contact your NACA Counselor to update your file for credit access and schedule a meeting to submit the Credit Access application.

Day 2:

- You must schedule property and pest inspection(s) with a NACA registered inspector.
- If you know what repairs are needed, start identifying and coordinating with licensed contractors to attend the home inspection with you. This will save you a great deal of time in your HAND process.
- You must be present at the inspection.
- You must confirm with your R.E. Agent and/or seller that all utilities are on for the inspection.
- You must collect the updated documents and submit them through the Member Portal. You can schedule an appointment with your NACA Counselor or use NACA's Kiosk in the local office to upload your documents. See Credit Access Preparation section.
- You should start researching a Homeowner Insurance Policy ("HOI"), and flood insurance if applicable.
- You must register to attend the next available HAND-Property Qualification Steps Webinar held every Tuesday from 4:00PM to 6:00PM EST. You can register online at www.naca.com under Webinars (not required for new construction properties).

Day 3:

- You must meet face-to-face or over the phone with your NACA Counselor to complete your file, discuss the loan terms, and submit Credit Access application.

Day 4:

- You must attend the Property and pest inspection(s).
- You or your R.E. Agent must upload the pest inspection report, otherwise known as the wood-destroying insect report, along with the invoice separately through the Member Portal if the pest inspection was not completed by the Property Inspector.
- Upload to HAND any other evaluations or repair quotes you may already have.

Day 5:

- You must register for a Homeowner Insurance Policy (“HOI”), and flood insurance if applicable.
- The independent home inspector uploads the property inspection report into the NACA system.

Day 6:

- You must upload any additional required documents through the Member Portal, including those stated in each Credit Access Condition listed in the left hand side menu.

Day 7:

- You must communicate with your NACA Counselor about any outstanding items for Credit Access approval.
- The NACA Repair List is made available to you and your R.E. Agent (also located in the Member Portal). You must review the Repair List together and communicate with HAND to discuss the repair items and any other inspection issues. If a Rehab Escrow is necessary, obtain final work write-up or repair estimates for the Rehab Specialist to review. You cannot make repairs to a house you do not own.

Day 8:

- You should begin interviewing and vetting contractors and scheduling visits to determine repair costs.
- You must address any outstanding Credit Access conditions. Closing on your loan will be at risk if you delay any further.
- If your Credit Access is approved, you can review the bank application documents in the Member Portal. If you have any questions, contact your NACA Counselor in person or virtually to review all application documents and disclosures thoroughly. When all of your questions have been answered by your NACA Counselor and have a complete understanding of your application documents, sign each electronically using the Member portal. The last document you will sign to have your file sent to the lender is the Uniform Residential Loan Application (1003).

Day 9:

- You and your R.E. Agent must finalize repairs negotiations with the seller to determine which repairs, if any, will be completed by the seller. If additional repairs are needed, you must upload the addenda to the contract through the Member Portal.
- You must notify HAND to communicate how you plan to address any required repairs.
- If Credit Access is approved, sign and submit the bank application through the Member Portal (see Day 8).

Day 10:

- You must submit your signed loan application on this day, unless you are granted an extension due to extraordinary circumstances (see Day 8).

Mortgage Process – Application to Closing (Days 11-28)

Now that the loan has been submitted to the lender, the NACA Mortgage Department will review the loan package for completeness to minimize lender conditions. It will take the lender approximately 20 days to close your loan. NACA will work with you if a closing date contract extension is necessary for the lender to clear the file for closing.

Day 11 - 12:

- Your loan package is registered with the participating lender.
- If repairs are added to the loan, you must have your NACA registered contractors submit final work write up, evaluations and/or bids to HAND through the Contractor Portal, as soon as possible but no later than day 21, to avoid closing delays.

Day 13:

- You must review and address any further lender conditions in the Member Portal by uploading any required documents or providing information.
- You must upload your Homeowner's Insurance declaration page and invoice through the Member Portal or provide them directly to your NACA Counselor.

Day 14 - 15:

- If flood insurance is required, you must review your chosen policy with your NACA Counselor for affordability prior to securing and purchasing it.
- You must continue to address any remaining lender conditions through the Member Portal as they come up.
- You can now access your Commitment Letter through the Member Portal, which you must provide to your R.E. Agent and the seller.

Day 16:

- If there are any seller negotiated repairs in the Purchase & Sale contract, a re-inspection must be scheduled with the initial property inspector. All repairs must be completed by the scheduled re-inspection date.
- If the loan amount or other mortgage terms change, you will receive a Change of Circumstances notice from NACA.

Day 17 - 18:

- You must address any outstanding lender conditions. Closing on your loan will be at risk if you delay any further.
- If you are adding a Rehab Escrow to your transaction, all final repair quotes must be submitted to HAND at this time. If seller negotiated repairs are not completed, re-inspected, and cleared at this point, the closing may be delayed.

Day 19:

- You must receive a re-inspection report confirming satisfactory completion of all seller repairs to be HAND Cleared.

Day 20 – 22:

- If adding a Rehab Escrow to your transaction, and all repair quotes and evaluations have been supplied, your final Rehab Budget and Scope of Work should be ready for you to accept and send to the lender. If a new appraisal is required due to exceeding the loan to value, a new appraisal must be ordered and an extension if you do not have at least 7 days remaining to close on your Purchase & Sale contract.
- You must verify with your NACA Counselor that the loan is on pace to close by the agreed upon closing date.
- The settlement agent verifies with the NACA Closer that the loan is on pace to close on time

as per the Purchase & Sale contract. The settlement agent does not schedule the closing until the lender communicates there is a Clear-to-Close ("CTC").

Day 23:

- Your desired closing date is verified with your Closing Coordinator and Settlement Agent.

Day 24:

- You will receive an email to acknowledge the Closing Disclosure. Make sure you click the email link to acknowledge receipt. Contact your NACA Counselor with any questions about the figures on the Closing Disclosure.

Day 25:

- You must verify with your R.E. Agent and HAND that seller repairs are completed or are on pace to be completed prior to your walk-through.
- You must verify with your R.E. Agent that the home will be vacant and clear of debris to take possession at closing, and to schedule your property walk-through within 24 hours of your closing date.
- The settlement agent verifies the scheduled closing date and time. The closing will take place at the NACA office.

Day 26:

- You must verify in the Member Portal that the loan is clear to close.
- You receive the final closing disclosure with the funds you must have available for the closing. If you have questions, contact your NACA Counselor.
- You must arrange transfer of utilities, telephone, internet services etc.

Day 27:

- You must conduct a property walkthrough. Contact HAND immediately if there are any outstanding property issues.
- You must obtain certified funds and make sure you have a valid ID ready to bring with you to the closing. Finalize your plans to move into your new home.

Day 28:

- You, your R.E. Agent, the seller, and the settlement agent must attend the closing at the NACA office. The Listing Agent may represent the seller at the closing.
- Your loan closes – Congratulations!
- You must complete a testimonial with pictures/videos and upload to NACA's Website under the tab "submit testimonial."

**Congratulations! You are now a NACA Homeowner
through America's Best Mortgage Program**

POST PURCHASE & PARTICIPATION

As a NACA Homeowner, your NACA membership provides you with comprehensive post-purchase assistance through NACA's Homeowner Assistance Program ("HAP"). Unlike private mortgage insurance, which provides no further benefits to the homeowner, NACA provides assistance for Members who are having difficulty making their Monthly Mortgage Payment or need additional services.

You will be assigned a HAP Advocate as your primary point of contact for your access to NACA's services as well as others from third-parties, and to continue to participate with NACA. Making the transition from renting to owning requires additional responsibilities and changes in your spending habits. You will probably incur higher utility costs and will no longer be able to rely on a landlord to arrange necessary repairs.

Most importantly, you must make your Monthly Mortgage Payments on time. Your HAP Advocate can help you adjust to the financial responsibilities of being a homeowner. They can provide comprehensive counseling to prevent financial difficulties and get you back on track if you are behind in your Monthly Mortgage Payments.

The assistance described below is provided by the HAP department for as long as you have a mortgage through NACA:

- Budgeting and other counseling
- Modification of your mortgage to address any changes in financial circumstances, such as a reduction in income
- Forbearances to address temporary financial difficulties
- Financial assistance for approved homeowners that encounter financial difficulties
- Communicating with or addressing issues with your lender
- Real estate services to sell your home if you so choose
- Information on outside resources to address personal or homeownership issues
- Other services that become available through NACA, including other financial products
- Additional homeowner and neighborhood services and advocacy

Furthermore, join our cause and become a NACTivist by participating in a local NACA Action Committee ("NAC") led by NACA members in your community. Your input is critical in advancing economic justice, revitalizing communities, providing affordable homeownership, and combating financial exploitation and discriminatory lending practices. While we require your ongoing participation to support NACA's mission, we want your participation in whichever way you are comfortable. The more you participate the more people we can assist and provide affordable homeownership through NACA.

Please do not hesitate to reach out and keep us updated on any predatory or discriminatory practices or impediments you encounter that may restrict or prohibit your or your community's access to homeownership, financial or other opportunities.

We are also striving to deliver more beneficial financial services and products to counter abusive and exploitative ones as part of our battle against predatory lending and the financial exploitation of working people.

REMEMBER TO PARTICIPATE !

MORTGAGE PROCESS & POINTS OF CONTACT

NACA has a streamlined mortgage process. We work to closing loans with 28 days from the executed Purchase & Sale Contract. You have a professional NACA staff member assigned to you at each step of the process through closing. It is important that you respond to each request the same day or no later than within 24 hours. The hours of operations for the below departments are Monday through Friday; 8:30 a.m. to 5:30 p.m. Eastern Standard time.

1. NACA Qualification through Closing

NACA Counselor is your primary point of contact through closing.

Contact: Your NACA Counselor - 425-602-6222 and staff search or email: services@naca.com

2. Property Inspections & Repair Issues

HAND staff can address all repair issues.

Contact: HAND - 425-602-6222 option 5 or email: HAND@naca.com

3. Housing Search

Real Estate Department (RED) can assist with your housing search and R.E. Agent issues.

Contact: RED - 425-602-6222 option 6 or email: RED@naca.com

4. Property Selected

Obtain a Property Specific Letter (PSL) through the Member Portal or from your NACA Counselor before signing a Purchase & Sale Contract. Provide the PSL to the seller or listing agent to verify that you qualify for the property taking into account the current interest rate, your NACA Qualification, affordability and other factors.

Contact: Your NACA Counselor

5. Executed Purchase & Sale Contract

Upload your executed Purchase & Sale contract and any addenda in the Member Portal or provide a copy to your NACA Counselor within 24 hours of being signed by both you and the seller.

Contact: Your NACA Counselor

6. Credit Access & Bank Application

Update your information and documents in the Member Portal and submit for Credit Access approval. Review and electronically sign bank application documents in the Member Portal once Credit Access approved. Bank submission should be done within ten days of the executed Purchase and Sale contract.

Contact: Your NACA Counselor

7. Mortgage Process

You will be assigned a NACA Mortgage Specialist to address any lender conditions and other issues during the mortgage process and a NACA Closer to coordinate your closing. The settlement agent will tell you how much to bring to the closing and will review the closing documents with you at the NACA office where the closing will occur.

Contact: Mortgage Department – 714-822-6222 or email: mortgage@naca.com

8. Post Purchase

A Homeownership Advocate is assigned to you as your primary point of contact after you close. If you are having an difficulties in making your monthly mortgage payment they can assist with different types of solutions. They will coordinate your continued participation in support of NACA's mission as well as provide access to other services and products provided through NACA.

Contact: Homeownership Department – 281-968-6222 or email: HAP@naca.com.

Questions & Concerns

For any other questions not addressed by any of the above contacts

Contact: Member Services – 281-968-6222 or email: Services@naca.com

Your Next Steps

- ✓ **Agent Selection** – Your R.E Agent must upload your Buyer Representation Agreement (BRA) to their R.E. Agent Portal at www.naca.com to make sure all communications and emails go to the correct R.E. Agent. You cannot obtain a Property Specific Letter to submit with your offer without an uploaded Buyer Representation Agreement in your file which you can also upload in the Member Portal.
- ✓ **Home Search** – Prior to viewing any home, make sure it is within your affordability range as stated in your Qualification Affordability Form. The median income for each MSA varies, so confirm the MSA income limit to determine if your priority status is impacted. When looking at homes, pay close attention to defects and other potential costs such as structural, safety, or code issues that may affect property approval and affordability.
- ✓ **PROPERTY SPECIFIC LETTER** – Once you have identified a home, go to the Member Portal to generate and print a Property Specific Letter (“PSL”) to verify that you qualify for that home. You can also contact your NACA Counselor to obtain a PSL. This is often required by a listing agent or seller when submitting an offer.
- ✓ **PURCHASE & SALE CONTRACT** – Once you and the seller have signed a Purchase and Sale contract you must upload it through the Member Portal or have your R.E. Agent upload through the Realtor Portal within 24 hours of execution. NACA strongly encourages you to include the requirements and recommendations in your Purchase & Sale Contract as described in this workbook. These are important to protect your interests, since you are solely liable for any fees, loss of earnest money, or per diem expenses regardless of the actions of NACA or the lender. Any subsequent contract negotiations, like a repair addendum should be supplied within 24 hours of executing the additional agreements or terms.
- ✓ **INSPECTIONS** – Completing a property and pest inspection is a requirement within two, but not exceeding three days, of executing your Purchase & Sale Contract. This requirement does not apply to newly constructed properties. The inspector must be registered. All utilities must be on, and Member attendance is mandatory.
- ✓ **HOMEOWNER’S INSURANCE** – Obtain quotes and secure a Homeowner’s Insurance policy. Submit the insurance binder to NACA through the Member Portal or your NACA Counselor directly.
- ✓ **CREDIT ACCESS** – Determine that you are still qualified for the NACA Mortgage and can afford the mortgage payment based on the purchase contract terms and property condition. Immediately after executing the Purchase & Sale Contract, provide updated documents for the ones you submitted at NACA Qualification. This can be done by uploading the documents through the Member Portal, by coming to the NACA office and using the NACA-Kiosk, or you can schedule an appointment with your NACA Counselor if you require assistance. It is crucial to provide your updated documents within 48 hours, as well as to immediately address any conditions, so your application for Credit Access can be submitted and approved.
- ✓ **INSPECTIONS & NACA REPAIR LIST** – Attend HAND workshop and review HAND repair requirements for property approval and negotiate final seller concessions, if applicable. Work with the HAND department to address property repair conditions in a timely manner. Do not make repairs to a house you do not own.
- ✓ **BANK APPLICATION** – After Credit Access approval, you must complete a bank application and sign associated documents. Your loan package must be submitted to the participating lender no later than ten days from the executed Purchase & Sale.
- ✓ **MEMBER PORTAL** – It is crucial that you access the Member Portal regularly to check for an updated status and any conditions you may need to address throughout the home buying process.
- ✓ **AMENDMENTS TO PURCHASE & SALE CONTRACT** – Upload any additional amendments to your Purchase & Sale Contract once signed by you and the seller.
- ✓ **FINAL REHAB BUDGET** – If adding a Rehab Escrow to your transaction to complete repairs after closing, bids, evaluations and other supporting documentation must be uploaded through the Member Portal. To avoid closing delays, this should be done immediately upon receipt or within 10 days of the bank application.
- ✓ **RE-INSPECTION** – Complete re-inspection of seller negotiated repairs by the same property inspector who conducted the initial inspection. To avoid closing delays, re-inspections should be upload by the inspector within 10 days of the contract close date.
- ✓ **CLOSING** – Address any lender conditions through the Member Portal or your NACA Counselor and close on your home within contract close date. Work with HAND to address lender repair conditions. Go to the NACA website and upload a testimonial, pictures, and walkthrough video under “submit testimonial” option.