

SOUTH CENTRAL WISCONSIN HOUSING FOUNDATION INDIVIDUAL LOAN PROGRAM

The REALTORS® Association of South Central Wisconsin Housing Foundation (the "Foundation") is dedicated to increasing affordable housing in Dane & surrounding counties; is an equal opportunity and fair housing organization seeking proposals from area lenders for the purpose of aiding home buyers in the purchase of affordable housing.

The Foundation makes available to qualified applicants a low interest, deferred payment loan to be used for down payment and/or closing costs associated with the purchase of a home.

To encourage use of the down payment loan program, we have compiled the answers to some frequently asked questions. For more information, or to submit a loan request, contact Kristine Wiese (608) 240-2800.

Q: WHO QUALIFIES FOR FOUNDATION LOANS?

A: To qualify, applicants must be residents of Dane or surrounding counties whose family income falls below eighty percent (80%) of the county median income.

Q: WHAT TYPES OF HOMES QUALIFY?

A: The Foundation will provide loans for the purchase of single-family detached homes, condominiums and duplexes located in Dane County. The Foundation does not place limitations on the price of the house. Likewise, the Foundation has no geographic restrictions on where houses are located in order to qualify for the loan program.

Q: IS THIS PROGRAM AFFILIATED WITH THE CITY/COUNTY?

A: No. This Loan Program is not sponsored by any governmental entity. The Foundation is a private, non-profit organization. All guidelines and rules regarding the Foundation are set by the Foundation (although the income guidelines are the same as those used for many governmental programs).

Q: WHERE DOES THE FOUNDATION GET ITS FUNDING?

A: The Foundation began with an original grant of \$50,000 from the membership of the REALTORS® Association of South Central Wisconsin ("RASCW"). Each year, REALTOR® and affiliate members of the RASCW are asked to donate \$10-15 to the Foundation to be used for individual and organizational loans. The Foundation also does public fundraising. The REALTORS® Home Run event takes place each fall and provides funds for the Housing Foundation.

Q: HOW DOES A LENDER USE THE FOUNDATION LOAN PROGRAM?

A: The primary lender submits all applications after (or during) the approval of the basic loan. The lender must submit to the Foundation Loan Committee the homebuyer's loan application and credit report, a Good Faith Estimate and Truth-in-Lending statement, along with a letter from the lender indicating the loan amount requested, the expected date of closing and any other information the lender deems appropriate.

Q: HOW LONG DOES THE LOAN REVIEW PROCESS TAKE?

A: Because the Foundation Loan Committee will weigh each application as to impact on the neighborhood, individual need and other available resources and funding sources, funding will be at the sole discretion of the Foundation. Usually, the Loan Committee can review the application and make a determination within 7 days. However, a volunteer Board of Directors who hold outside employment serves the Foundation. A safe rule is to allow two weeks for approval.

Q: WHAT HAPPENS AFTER THE LOAN IS APPROVED?

A: If the loan is approved, the primary lender will be notified in writing. This letter will confirm the amount of the loan and the current interest rate of the loan.

All loans must be secured by a second mortgage. The Foundation also requires a "Closing Affidavit" similar to the one used by WHEDA. This affidavit affirms that this will be the homebuyer's residence, the amount of money the homebuyer is putting down, a statement that the homebuyer does not intend to rent the property, or use it for business purposes.

Q: HOW MUCH WILL THE FOUNDATION LEND?

A: The Foundation will loan a maximum of 3% of the purchase price or \$4,000; whichever is lower. The Foundation generally requires that the homebuyer have some of their own money at risk. That is to say, some portion of the down payment must be the homebuyer's own money. The Foundation does not have any restrictions against gifts or other loans so long as the loan (and gifts) are satisfactory to the primary lender.

Q: WHAT IS THE INTEREST RATE AND HOW IS IT DETERMINED?

A: The Foundation is a non-profit corporation. The interest rate charged by the Foundation is used merely to sustain the Foundation's pool of funds. The interest rate for Foundation loans is the prime interest rate, as stated in the Wall Street Journal at the time of approval by the loan committee.

Q: WHEN DOES THE LOAN HAVE TO BE REPAYED?

A: Because these are deferred payment loans, there is no repayment required until the end of the term, which is 15 years after the loan is issued. In addition, the loan comes due if the property is sold, refinanced or vacated (becomes non-owner occupied). The Borrower may make partial or full payment of the loan at any time prior to the due date, without penalty.

Q: HOW IS THE PROGRAM WORKING?

A: From June 1, 1991 to December 31, 2009, the Foundation has approved 303 individual loans applications. Of the 303 approved loans, 154 have been fully repaid. In addition, 77 organizational loans have also been issued. Altogether, over \$1,820,000 has been issued in the form of short-term loans to organizations and individuals over the past 19 years.

Q: IF I HAVE MORE QUESTIONS WHOM SHOULD I CONTACT?

A: Kristine Wiese, Foundation Administrative Director (608) 240-2800.

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