

# FREQUENTLY ASKED QUESTIONS:

## HOME VALUE GUARANTY AND REHAB MATCH LOAN PROGRAMS

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- **ARE THESE LOANS DIFFICULT TO CLOSE?**

Both programs are new and unique to Indianapolis and nationally. INHP will work hard to ensure the closing process is seamless when your client is ready to buy. Our loan officers have been assigned individual designated neighborhood areas so that their relationships and lines of communication are well established.

- **WHAT CREDIT SCORE MUST MY CLIENT HAVE?**

The minimum credit score required is 600. If your client doesn't meet this qualification, INHP offers homeownership advising (housing counseling). Through homeownership advising, clients increase their score on average by 50 points. A 43 percent debt-to-income ratio also applies.

- **HOW DO I FIND HOUSING STOCK?**

Beyond MIBOR's database and the Renew Indianapolis portal, CBOs, as well as our enewsletter are resources.

- **IS STOCK READILY AVAILABLE?**

While housing stock is unpredictable, our CBO partners have given their best recommendations for boundaries containing a high likelihood of qualifying properties.

- **CAN NEIGHBORHOOD BOUNDARIES BE ADJUSTED?**

In certain circumstances, INHP may approve loans for homes that are near the boundaries. Contact Dave Nash about specific inquiries.

- **HOW ARE REAL ESTATE AGENTS PAID?**

Real estate agents are typically paid on the purchase price with traditional commissions.

- **HOW DO WE WRITE A PURCHASE AGREEMENT?**

INHP can provide you with necessary information to include in a purchase agreement for participation in the HVG or Rehab Match programs. Contact Dave Nash at INHP for complete details.

- **WHAT IS THE ROLE OF THE CBOs?**

They can help you find housing stock, provide neighborhood information, oversee construction and answer client questions regarding home construction and area development.

- **HOW DOES CLOSING WORK?**

**HVG:** 1st mortgage covers the home's purchase and repairs (if rehabbing). 2nd mortgage covers the difference between total cost and appraised value. Homeowner pays on both mortgages.

**Rehab Match:** 1st mortgage covers purchase and repairs (minus sweat equity). Forgivable 2nd mortgage (lien) covers up to \$15,000 sweat equity.

During construction, the homebuyer pays interest on the first mortgage only based on construction draws (amount based on completed work).



- **CAN MY CLIENTS USE THEIR OWN MORTGAGE COMPANY AND STILL RECEIVE A MATCH OR GUARANTY FROM INHP?**

No, these programs are exclusive to INHP.

- **HOW IS THE REHAB MATCH LOAN HANDLED AFTER A BUYER CLOSSES?**

The total loan amount (first and second mortgage after down payment) is placed in an escrow account to draw against for repairs to be made. Once repairs are complete, the loan becomes permanent at the exact rate, amount and payment that was approved at closing. The second mortgage continues as a forgivable, no-payment loan for five years after closing.

- **ARE ANY BLUEPRINTS AVAILABLE FOR CLIENT USE?**

Contact CBOs for available blueprints.

- **IS THE GUARANTY ON THE HVG LOAN TRANSFERABLE IF THE HOME IS SOLD?**

The guaranty is transferable to future owners for up to seven years. Any type of financing can be used, including cash.

- **DOES REHAB MATCH MATCH MATERIAL COST OR ONLY LABOR?**

Only labor costs are matched.

- **WHAT DOES THE 20-YEAR LOAN OPTION MEAN?**

Both HVG and Rehab Match have below-market interest rates that allow a buyer to achieve a shorter loan amortization (25-year fixed rate or 20-year fixed rate) at the same principle and interest payment as a 30-year fixed rate mortgage. Contact Dave Nash for specific details.

- **DO YOU CHARGE ADDITIONAL FEES TO PARTICIPATE IN HVG OR REHAB MATCH?**

No, customary loan fees apply (i.e. origination), but we do not add additional fees for participating in HVG and Rehab Match.

- **CAN SOMEONE REFINANCE FOR REHAB MATCH?**

Yes, for Rehab Match, refinancing is possible on a case-by-case basis. The individual must already own the vacant or abandoned home.

- **WHAT ARE INHP'S LENDING LIMITS?**

The normal lending limits are set at \$136,800, but exceptions can be granted within the five designated neighborhoods associated with these programs.

- **CAN THE 3 PERCENT DOWN PAYMENT BE A GIFT?**

Yes, the entire down payment amount can be gifted by a direct relative, including the 0.5-point cost for the 20-year mortgage accelerator, which would total to 3.5 percent.

- **DO YOU REQUIRE HOMEBUYER EDUCATION FOR THIS LOAN?**

Yes, each program will require Homebuyer Education, which the homebuyer can take either in person (highly recommended) or online. See [INHP.org/take-class](http://INHP.org/take-class) for more details and to sign up.



- **CAN HVG ALSO HAVE SWEAT EQUITY?**

No, those participating in HVG cannot have sweat equity as a part of the loan. The buyer can choose to do their own labor, but only after the closing.

- **HOW DO YOU BECOME AN APPROVED BUILDER/DEVELOPER?**

You can apply directly with INHP to become an approved builder/developer. INHP has certain criteria that must be met by the builder, and CBOs will be a part of the vetting process.

- **HOW DOES HVG WORK WITHOUT AN INVESTOR?**

INHP would connect the buyer with a CBO or our own proprietary list of contractors. The CBO is used only if the client wants to use them as the developer or contractor to help identify properties and put plans, specs and a purchase agreement together.

If not using a CBO, the buyer would contact INHP with their realtor and/or contractor/developer, and INHP can provide them with information on how to proceed. This would include some of the following:

1. Have the developer/contractor submit to be approved by INHP
2. Identify the vacant or abandoned property to be purchased
3. Develop written plans/specs/build (rehab) cost proposal and submit it to INHP
4. Write the purchase agreement
5. Submit the reservation form for the property
6. Complete the rehab or build-out of the property within six months of the reservation
7. Verify that the work has been completed and to specifications and codes through a third-party inspector
8. Close on the new mortgage following completion of the project and Certificate of Occupancy being issued

- **DO RENEW INDIANAPOLIS PROPERTIES QUALIFY FOR BOTH PROGRAMS?**

All Renew indianapolis properties are eligible for Rehab Match regardless of where the home is located. However, the Renew Indianapolis properties may qualify for HVG only if they are located in the designated area.

- **HOW DO I WORK WITH RENEW INDIANAPOLIS TO ACQUIRE A HOME THAT MY CLIENT COULD PURCHASE?**

If you are a real estate agent working with a buyer interested in a Renew Indianapolis land bank property, instruct your client to begin by searching for properties at [RenewIndianapolis.org](http://RenewIndianapolis.org). Once your client has chosen a property, the client can submit an application for that property online via Renew's website. Purchasing a property through Renew involves a review process, which requires the approval of the City of Indianapolis and can take up to 11 weeks to close if approved.

- **HOW LONG WILL THESE PROGRAMS LAST?**

The first round of funding is available through Dec. 31, 2018.