



## Affordable Housing Programs—

**SWCAP's HOME PURCHASE Assistance Loan Program:** This Affordable Housing Program provides direct funding to eligible households to assist them with up to 20% of the cost of home purchase or new construction.

Buyers receiving a **SWCAP HOME PURCHASE Assistance Loan** are “Mortgage Ready”, and in addition to meeting the eligibility for a **SWCAP Home Purchase Assistance loan**, they will be in a position to also qualify for a conventional mortgage loan, typically provided by a Bank, Credit Union, USDA Rural Development or other conventional lender.

**SWCAP's HOME PURCHASE Assistance Loan** is provided at 0% interest, deferred payment terms. The SWCAP loan will effectively reduce the amount of conventional, interest bearing installment loan funds needed for purchase—and the loan terms will either produce a lower monthly installment loan payment or shorten the loan repayment period for the borrower.

While the conventional mortgage loan provided by a Bank, Credit Union, USDA, or other lender does make home ownership **possible** for a “mortgage ready” buyer—when used in conjunction with the **SWCAP HOME PURCHASE Assistance Loan**, provided at 0% interest, deferred payment terms, this program will ensure home ownership is **affordable** for an eligible buyer.

### **Loan Terms, Program Benefits and Eligibility:**

#### **SWCAP's HOME PURCHASE Assistance Loans are offered at 0% interest, deferred payment terms—**

- ✧ It is a 0% interest loan;
- ✧ Payment of the loan is deferred—no installment payments—loan repayment would be required at any time the borrower is no longer occupying the assisted property as their principle residence—typically SWCAP loans are repaid using net proceeds from future sale of the property;
- ✧ The SWCAP loan is secured against the home at purchase as a subordinate or 2<sup>nd</sup> mortgage loan.

#### **SWCAP HOME PURCHASE Assistance loans support affordable homeownership in various ways—**

- ✧ May be applied toward a lender required down payment and/ or closing costs;
- ✧ May be used to increase the borrowers buying capacity in the market;
- ✧ May be used to reduce the amount of a conventional interest bearing/installment mortgage loan, to effectively lower the monthly installment loan payment for the borrower.
- ✧ May be used to reduce the amortization (repayment) period of an interest bearing/installment superior mortgage loan product;
- ✧ May provide limited additional loan funds for necessary post purchase Rehabilitation of the property.

#### **SWCAP HOME PURCHASE Assistance loans may provide up to 20% of the purchase price of the property—**

- ✧ In addition to qualifying for **SWCAP's HOME PURCHASE Assistance loan**, eligible borrowers will also need to be in a favorable position to secure a conventional mortgage loan from a Bank, Credit Union, USDA Rural Development or other lending institution.

### **To Qualify:**

- ✧ Borrowers must meet program income eligibility guidelines—
- ✧ Borrower must complete 6 hours of Home Buyer Education (HBE) from an approved provider—
- ✧ Borrower must contribute \$1,000 of their funds toward purchase—typically this includes: earnest money, inspection fee, H.O. insurance premium—
- ✧ Property must be located in our Service Delivery Area including: Grant, Green, Iowa and Lafayette Co.; must meet program condition standards, purchase price must be below program purchase price limit, and the property may not be renter occupied—
- ✧ Borrower Front and back end ratios must conform to program requirements—
- ✧ Borrower must occupy the property as their principle residence post purchase—

### **The Process:**

- ✧ Staff is willing and able to discuss and explore program eligibility and benefits with potential applicants. We will assist potential applicants with a brief evaluation of current “readiness” for home ownership using a quick assessment of income, credit and debt—either by phone or in the office.
- ✧ We will mail or provide potential applicants with a Home Buyer Information packet which includes multiple resources associated with preparing for homeownership and/or a program application packet.

Upon return of a completed application for **SWCAP HOME PURCHASE Assistance loan**, staff will review the application for income eligibility—

- ✧ When the household qualifies and funding allows, we will issue a conditional letter of commitment or pre-approval letter and immediately contact the applicant to arrange an in office appointment, where together we will review and discuss the **SWCAP HOME PURCHASE Assistance** loan pre-approval conditions, review the entire purchase process and expected timelines and we will answer any associated questions the applicant may have regarding their anticipated home purchase.

**To Apply or Request Additional Information:**

Contact: Lori Olson Pink  
Phone: 608 935 2326 x 251  
E mail: l.olson-pink@swcap.org

*E mail or VM, please provide name, address and phone number—staff will return your call, reply to your message and/or mail an application or information packet as soon as the message is heard or opened.*

Regardless of whether a buyer wishes to pursue a **SWCAP HOME PURCHASE Assistance** loan to support purchase, we encourage all buyers to consider completion of a Home Buyer Education Program (HBE) as soon as they are able and preferably prior to making offers to purchase— HBE provides valuable information and resources to assist potential buyers to develop a comprehensive understanding of the purchase process, understand expected timelines and inspire sound financial decisions associated with home purchase. HBE Program options are available on the website: [www.swcap.org](http://www.swcap.org) and can be provided via USPS or e mail upon request.

