



Realtor Narrative for River Meadows Project

Neighborhood Housing, Inc. (NHI) has been building affordable homes since 1999 and marketing these homes to low-to-moderate income families. To make these homes affordable, NHI provides grants to help buyers with down payment and closing costs.

NHI's Homebuyer Readiness Program (HRP) helps prepare families for homeownership. The HRP is a successful individual coaching program that tailors the sessions to the particular client. The goal of the program is to make sure that our buyers are prepared to be successful homeowners. The program consists of reviewing budgeting, credit, the home buying process and post-purchase follow-up. There is no fee for River Meadows buyers who are pre-approved. These buyers will meet with the Homeownership Coordinator several times in order to get familiar with the program, allow NHI to make sure the buyer meets the program guidelines and get the buyer ready to purchase. There will be a \$40 fee to join the HRP for buyers who are not pre-approved but have been referred by a broker/realtor to NHI's HRP program for additional assistance. All buyers of NHI homes are required to enroll in the program. The curriculum will be abbreviated to meet the needs of pre-approved buyers.

Knox County and Tennessee Housing Development Agency (THDA) funding and regulations: Knox County receives funds from HUD to assist low-to-moderate income families purchase affordable homes. NHI has received a "HOME" grant from Knox County for two of its River Meadows houses (2019 & 2027 Bluebonnet) and is subject to their contractual obligations. NHI also received a THDA Housing Trust Fund grant for the entire project and must abide by their regulations. Federal Home Loan Bank (FHLB) will provide Down Payment Assistance on 6 homes and the Buyers for these 6 homes must meet the grant requirements of FHLB.

NHI's River Meadows Project in Mascot, TN will provide up to 10 high-quality newly constructed homes to qualified buyers. This project has income restrictions, lending restrictions and possible recapture/resale provisions:

- 1) Income Limits: The income restrictions are based on household size and the HUD 60% Area Median Income (AMI) Limits. Household income is calculated for all household members including the income of non-purchasing person(s). Some income sources are not counted per funding guidelines. NHI will assist client and realtors with this calculation.

Income Limits for NHI's River Meadows Project:

<u>Household Size</u>	<u>Gross Annual Household Income</u>
1 Person	\$25,400
2 Person	\$29,000
3 Person	\$32,700
4 Person	\$36,300
5 Person	\$39,200
6 Person	\$42,100

A person or family with income as low as \$21,200/year may qualify. Their monthly payment (PITI) cannot exceed 28-31% and total debt ratio cannot exceed 36-41% (depending on funder and lender requirements) of gross monthly income. The amount of Down Payment Assistance typically varies from \$10,000-\$24,500 depending on total household income and debt ratios and depending on funding sources involved in each respective house.

- 2) First Mortgages: **(NOTE: Does not apply to 2019 & 2027)** Because of funding for this project from FHLB through Pinnacle Bank, first mortgages for this project are limited to Pinnacle Bank loan programs (including Pinnacle 100, VA/FHA, RD Guaranteed), USDA Rural Development Direct 502 program and THDA New Start. THDA New Start is a unique program for non-profit organizations that provide another lending source to qualified clients. The New Start program has a very low interest rate but it only covers 75% LTV so second mortgage financing is required. All THDA New Start clients must be approved by NHI's New Start Committee.
- 3) Recapture Provision: **(NOTE: Does not apply to 2019 & 2027)** One-fifth (1/5) of the Down Payment Assistance (DPA) grant is forgiven for each year the homeowner is in compliance. Recapture - Buyers may be required to repay a portion of their FHLB DPA grant if the Property is sold, if the property is refinanced, or the property is not their primary residence for at least five (5) years. The five (5) year term starts on the date on closing. If the property is sold during the five (5) year period to a household meeting the Knox County 60% AMI income limits as listed for that year on the FHLB of Cincinnati website, the retention period will end. Some but not all loan refinances trigger the repayment of the DPA . If applicable, THDA Housing Trust Fund has a five (5) year term forgivable second mortgage is amortized one-fifth (1/5) per year. If the home ceases to be the Buyer's primary residence before the five (5) year term, Buyer must repay THDA the unamortized balance of the loan.
- 4) Knox County Recapture Restriction: Two of the ten homes (2019 & 2027 Bluebonnet) will have a Recapture Restriction attached to the property. NHI's contract with Knox County states, "During the first five years, if the home is sold, rented or leased, there is a transfer of ownership, or the homebuyer(s) are no longer physical occupant(s), the total outstanding balance of the HOME loan shall be immediately due and payable less the total amount of the automatic annual reduction or reductions. Such amounts shall be reduced automatically in the sum of one-fifth (1/5) for each year of residency as a Homeowner, so long as First Parties reside in the subject property as their principal place of residence and they comply with the regulations of the County and HOME Investment Partnerships Program at 24 CFR 92.254."
- 5) First Time Home Buyers: **(NOTE: Does not apply to 2019 & 2027)** Buyers must be first time home buyers, defined as an individual or household who has not owned a home during the three-year period prior to the purchase of a home. There are three exceptions:
 - i) Any individual who is a displaced homemaker, while as a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse
 - ii) Any individual who is a single parent, who while married, owned a home with his or her spouse or resided in a home owned by the spouse
 - iii) Any individual or family who owns a home that: is not intended as a dwelling, was lost through natural disaster or is manufactured housing that was not originally assembled to meet nationally recognized standards (prior to 1976) or is not

permanently affixed to a foundation that meets nationally recognized building code standards.

Additional Information

- Our homes in River Meadows usually have 3 Bedrooms, 2 Bathrooms and a 2 car garage. Each home will be Energy Star® certified. Sales prices are around \$120,000 for approximately 1200 square feet. Clients can choose one of the homes that are completed, under construction or NHI will build a home to meet a client's "special needs." NHI does not build custom homes but clients who enter the process early enough will be able to choose colors and finishes.
- Due to FHLB grant requirements, two of the ten units are reserved for individuals or families with special needs. "Special Needs" means any person who is "elderly" (aged 60 or older); or physically, mentally, developmentally or co-occurring disabled and is receiving disability benefits from federal or state government. The definition also includes physically or emotionally abused, chemically dependent or person(s) with AIDS.
- Buyers must contribute one percent (1%) of purchase price into the purchase transaction. Earnest money, HRP fees, inspection fees and appraisals count towards the one percent (1%) investment requirement. \$500.00 earnest money is required.
- All buyers are required to provide a certificate showing they have completed a HUD-approved eight (8) hour pre-purchase class. Certificates are normally good for one (1) year.

Buyer shall meet all program requirements, guidelines and underwriting standards of NHI, NHI's funders in this project, and NHI's approved lending partners and the related loan programs for this project whether or not those requirements and guidelines are incorporated into this narrative.

- The TAR Purchase and Sale Agreement will be used but the NHI River Meadows Project Addendum must be attached with any offer. See attached.
- Buyers will be required to join the existing Homeowners Association for the River Meadows Subdivision and pay yearly dues. The yearly dues are currently set at \$100.00. The Initial Fee is \$50.00.
- Buyers are subject to the Covenants and Restrictions established by the developer of the River Meadows Subdivision. See attached.
- Buyers for 2019 and 2027 Bluebonnet must have 2 months PITI (Principal, Interest, Taxes and Insurance) in liquid reserves.