



## NEIGHBORHOOD FINANCE CORPORATION INFORMATION ON COMBINING INVEST DSM TIER 2 AND TIER 3 PROJECTS

**Please Note: (1) The term homeowner is used though this could be used for a purchase loan. (2) NFC has provided our best understanding of Invest DSM programs, but we understand the program guidelines change so please verify all information with Invest DSM prior to making any financing decisions. (3) Invest DSM uses the term Grant for their subsidy; please note that there may be situations where the Grant has a forgiveness period or will need to be repaid.**

### Benefits of an NFC Advantage Loan

If you are purchasing a home in an Invest DSM area or currently own a home in an Invest DSM area, there are benefits to receiving your financing through Neighborhood Finance Corporation (NFC) to complete your substantial home renovations.

- In most instances, NFC mortgage loans are based on the as improved value of your home. This means that NFC will have your home appraised as if the renovations are already complete. This may provide equity for lending purposes prior to completing the renovations.
- NFC's Advantage Loan Programs allow for financing up to 95% of the post-renovated value without mortgage insurance.
- Once your renovations are complete, NFC will use the Invest DSM grant(s) to pay off your NFC forgivable loan and then a principal payment on your repayable mortgage to the extent funds exist. Paying off your forgivable loan will allow the NFC \$10,000 forgivable loan to be used for future projects or if you sell your home to a future homebuyer (NFC allows \$10,000 for each property each 10 years). NFC's forgivable loan is forgiven over 5-years; 20% each year of owner-occupancy. Any remaining Invest DSM funds will then be used to make a principal payment on the NFC repayable loan.
- When a payment is made on the repayable loan, you can choose to have your loan paid off sooner through the principal payment or recast your loan (keep the same term, but lower your monthly payment). NFC will pay the \$250 recast fee on behalf of the homeowner.
- If you are purchasing a home, you may be eligible for NFC's Neighborhood Reinvest Down Payment program and NFC's closing cost assistance in addition to the \$10,000 forgivable loan toward repairs.

For more information on NFC and our lending programs, please visit [www.neighborhoodfinance.org](http://www.neighborhoodfinance.org) or contact Terry Gearhart at 515-273-1365 or [tgearhart@neighborhoodfinance.org](mailto:tgearhart@neighborhoodfinance.org).

