



Agenda Item:

43-I

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/08/04

Communication

No.: 04-134

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Community Development

SUBJECT—

Approval of Neighborhood Finance Corporation (NFC) Certificate of Consistency with the City's 2000-2004 Consolidated Plan

SYNOPSIS—

Approval of Neighborhood Finance Corporation (NFC) Certificate of Consistency with the City's 2000-2004 Consolidated Plan. The certificate is part of an application to the Neighborhood Reinvestment Corporation (NRC) to be included as a National Housing Counseling Organization. This will enable the NFC to obtain federal funds received by the NRC from the U.S. Department of Housing and Urban Development for their Homebuyer Education and Counseling Services program.

FISCAL IMPACT—

None

RECOMMENDATION—

Approval

BACKGROUND—

The NFC provides unique lending programs and related services to help revitalize targeted neighborhoods in Polk County, Iowa through partnerships with residents, government bodies, community-based organizations and the business community. The NFC serves neighborhoods that are selected by the City Council and County Board of Supervisors with input from the City's Community Development Department and the Neighborhood Revitalization Board (NRB).

Since 1991, NFC has originated over \$113,000,000 in loans and grants that have assisted more than 2,500 housing units in 18 designated neighborhoods in both Des Moines and West Des Moines, as well as in low to moderate income areas of the cities.

NFC receives at least \$1 million from the city and county annually through a 28E agreement. These payments are funded through general obligation bonds. NFC uses these grants to fund forgivable loans that are used for home improvements, closing-cost assistance, loan guarantees and construction loans.

The city and county directly benefit from NFC's use of these funds, as the property values of homes that NFC has financed increase dramatically. To effectively leverage loan funds, NFC has entered into master loan participation agreements with 13 area financial institutions, Fannie Mae and the Iowa Finance Authority, to sell loan participations made under NFC's various programs.

On June 20, 2003, NFC became a charter member of Neighborhood Reinvestment Corporations' Neighbor Works® network. Neighborhood Reinvestment Corporation is a non-profit, public corporation chartered by the United States Congress that is charged with promoting reinvestment in older neighborhoods by working with local financial institutions, the community, residents and local governments. NRC membership will continue to strengthen NFC through training programs, and administrative and program support.

Neighborhood Finance Corporation Home Buyer Education & Counseling Services

The purpose of this center is to provide home buyers with the resources needed to obtain a home mortgage loan. These classes cover each step of the process from start to finish in obtaining a mortgage. NFC Home Buyer Education classes and the Tool Lending Library are partially funded by the Community Development Block Grant through the City of Des Moines.

All classes and counseling are available in English and Spanish.

Classes

Introduction to Home Ownership

This class, conducted as a group session, will provide an introduction to buying a home.

Topics of discussion include:

- The advantages and disadvantages of owning a home
- Setting goals
- How to budget and save
- How much you can afford to pay for a home
- The importance of good credit when you try to borrow money

- How to find the right house in the right neighborhood
- How to make an offer
- The steps to getting a loan
- How you can maintain and protect your home after you move in

Classes are held Tuesday and Saturday mornings, and Tuesday evenings. This is a multi-session class, and sessions must be attended in sequence. The anticipated schedule for the Intro to Home Ownership Class for the next 3 months is:

- March 9th, 13th, 16th and 20th
- April 6th, 10th, 13th, and 17th
- May 4th, 8th, 11th and 15th

Closing

This class is also designed for the Home Buyer who is scheduled to close on a mortgage home loan. Lenders often require a certificate from this course for the borrower to close.

Some of the objectives covered during this class are:

- Making your home safe and energy-efficient
- Keeping your home in good repair
- Deciding when and how to remodel
- Getting involved in the life of your neighborhood
- Protecting your investment
- Budgeting for home ownership
- Keeping records and paying taxes
- Understanding refinancing
- What to do if you cannot make your payments

Closing Classes are held typically on Thursday evenings from 6--8 PM. Anticipated Closing Class Schedule for the next 3 months:

- March 4th, 18th
- April 8th, 22nd
- May 6th, 20th

Counseling

Budgeting and Credit:

This session is designed to cover:

- Knowing where your money goes
- Setting goals
- Budgeting to meet your goals
- Cutting costs and finding ways to save
- Planning, so that unexpected expenses are less of a threat
- Understanding credit and protecting your credit rating
- Fixing credit problems

Getting a Mortgage Loan

This session is designed to cover:

- How a lender decides whether or not to give you a mortgage loan
- Calculating how much you can borrow
- Who makes mortgage loans
- The different types of loans that are available
- Shopping for the best loan

- The loan application
- The loan approval process
- What to expect at closing

Shopping for a Home

This session is designed to cover:

- Your home-buying team
- Types of homes and ownership
- Selecting the right house
- How much you should pay
- Negotiations for the best deal
- What happens from contract to closing