

Lighthouse Communities, Inc. Guide to Homeownership in Kent County

Homeownership Candidates

This Guide to Homeownership in Kent County provides information on the various housing programs and services available through Lighthouse Communities, Inc.

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If you rent like many individuals do, you may not be aware of all of the opportunities for homeownership throughout the county. From deciding on a neighborhood to figuring out how much you can afford to pay, Lighthouse Communities, Inc. will guide you through the steps to becoming a new homeowner, including:

Kent County Neighborhoods
The Buying Process
Buyer Resources
LC Home Listings

A message from Director of Housing Services

Most people consider homeownership one of the foundations of the American dream. In fact, homeownership, despite the current economy, still provides financial stability for many American families. Instead of building equity and savings with a long-term investment in a home, many renters spend money that they will never recoup on rent.

Currently, a large proportion of the housing stock is being used as rental property because of the large number of foreclosures in our area. But, there are a large number of single-family homes and multi-family units available throughout Kent County. In beautiful and historic neighborhoods like Grand Rapids, Caledonia, Kentwood, Wyoming, Sparta to name a few. Neighborhoods with tree-lined streets, great green space, near bus-lines and schools in these neighborhoods and currently are more affordable and accessible than you think. This website will help you understand the advantages and disadvantages of homeownership, and how you go about becoming a homeowner, we feel it will be a tremendous resource, and invite you to make use of it. Please read on to find out more about what makes the city a great place to buy a home.

Housing Services Frequently Asked Questions (FAQ)

Q: Why is homeownership important?

Studies have shown that increased homeownership within a community stabilizes and revitalizes that community. Homeowners are more likely to maintain and improve their property, thereby improving the neighborhood as a whole. As Community improvement is a goal of Lighthouse Communities, Inc. Increasing homeownership is of utmost importance.

Q: Why should you as a renter, buy your own home?

Studies also show that homeowners are more financially secure than renters; they save more money on a month-to-month basis. Paying off a mortgage builds equity that can be leveraged, in the future for important expenses like college and retirement. Homeowners, furthermore, receive tax deductions and renters do not get any return on their rent investments.

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Q: Why should you buy in the City of Grand Rapids?

From career opportunities to entertainment, The City of Grand Rapids offers its residents the best of both worlds. We have a tremendous variety of neighborhoods and types of homes. The neighborhoods are even more diverse than the home themselves.

You could pay lower property taxes than in the suburbs, less commute, which saves you money and helps the environment.

I sincerely encourage individuals to invest in a home. When you buy your own home, you're not just investing in your future, you're investing in the future of the City of Grand Rapids or Kent County.

Q. What is NSP?

NSP is an acronym for Neighborhood Stabilization Program that was created by the Federal Housing & Economic Recovery Act of 2008. Our **N**eighborhood **S**olutions **P**rogram was created using these funds to stabilize neighborhoods by allowing us to purchase, renovate and resale foreclosed and vacant properties to keep communities and neighborhoods vibrant and viable through homeownership opportunities made available through our program.

Q. What are the boundaries for the program?

Well, the City of Grand Rapids has targeted very specifically the neighborhoods designated by HUD in which their funds could be used for a specific map check out cityofgrandrapids.com under NSP. The County targeted areas include: Kentwood, Gaines Township, Wyoming, Grandville, even some areas in Lowell.

Q. Can it be any home for sale?

Unfortunately, all NSP programs homes have to be a REO Property, which means either foreclosed or vacant but bank owned.

Q. What if I want to purchase in Kent County or the City of Grand Rapids?

Provide us with an address and we will tell you if it is in a targeted area or if the home qualifies for the program.

Q. What are the benefits to me going through your "NSP" program?

Our financial incentives alone are a benefit. But, your chances for long-term success increase because our homes will feature:

- 20% Down Payment Assistance (10-year Forgivable Grant)- of Purchase Price*
- Mechanical Upgrades to Plumbing, Electrical, Heating and Cooling Systems (80% efficiency or better including Central air)
- New Energy Star-rated appliances including microwave, dishwasher, garbage disposal, gas range and fridge
- Low-flow toilets, shower heads and water fixtures
- ADT Security System (customer activation required)
- Garage Door Opener
- All homes will be Lead-Safe
- All homes will have passed an Energy Blower door test

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Q. Who decides what renovations are done?

HUD has said that all homes must meet certain energy efficiency and be Lead Safe standards. Our certified Rehab specialists will work in conjunction with both the City and County Rehab and Housing Code departments to ensure that all of the homes meet all HUD QCS Standards as well as any local and State rehab requirements.

Q. What choices do I have in the renovation process?

All homes will be renovated to make the home energy efficient and Lead Safe. Depending on where you enter into the construction process will determine what choices can be made. You can choose paint, carpet, countertops, cabinets, flooring and appliance and fixture finishes from our new and updated standard selections. (Customization Possible**)

Q. How will it cost me?

Homebuyer must contribute a minimum of 1% of their own funds towards home purchase. Lenders may require as much as 20% but you can receive up to 20% of purchase price in the form of a down payment assistance grant which has no payments due and is forgivable 1/120th each month for 10 years. If you move or refinance before ten years, you would pay back a prorated amount.

Purchase Price: \$ 100,000.00
Down Payment Assistance: \$20,000.00*
1% Buyer Contribution: \$1,000.00
Mortgage Required to purchase: \$79,000.00

Q. How do you purchase one of these homes?

Well you would apply for the program to ensure you meet program eligibility requirements, if you are ready to buy have your realtor submit house to see if qualifies, you bring house, your pre-qualification letter, a completed application, Homebuyer education Certificate and you are well on your way to becoming a homeowner.

Q. What if my house doesn't qualify?

Then choose from one of homes.

Q. What if I am not ready to purchase, what are my options?

Our program can help those that are mortgage ready, near ready and long-term renters through or Lease-Purchase or Lease homes available.

Q: How does Lease to Purchase work?

There are four main steps 1. Apply for program 2. Choose a home 3. Sign Lease w/ Purchase option & Move-in 4. Assume Mortgage and become homeowner

Q: Is Lease to Purchase right for me?

If you are currently renting chances are lease to purchase is right for you. If you are able to qualify for a conventional mortgage you can lease with an option while we help you get mortgage ready.

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Q: What are the benefits of Lease Purchase?

Lease Purchase offers many benefits over renting. The obvious benefit is the opportunity to become a homeowner with someone to help you along the way. Prepare yourself for the responsibilities that come along with owning your own home.

Q: Will I save money with Lease to Purchase vs Renting?

Within the first 12 months of your lease, you will have saved \$600 that could be used for closing costs.

In 24 months \$1200.00 plus any additional funds you add outside of the \$50.00 built into lease payment.

Q: How much will my monthly lease payment be?

The amount of your monthly lease purchase payment you will be pay in the 12-36 month lease depends on the home you choose, property taxes, interest rates, hazard insurance. You and your counselor will determine what you can afford.

Purchase Price	Lease Estimate	Mortgage Payment
\$100,000.00	24 months	\$650.00

Because this is a homeownership program you should be looking at the savings you would accrue in a number of years not months.

Q: What costs are covered in my lease payment before I become homeowner?

Your monthly payment during the lease period will include:

Management fee/Lease servicing/counseling fee
Monthly installment to clients savings account

Because you do not own the home during the lease period, you do not pay for property taxes, homeowner's insurance. However, you will be responsible for obtaining a renters insurance policy to cover your belongings and your liability.

Q: How long do I lease the home before I become the homeowner?

The lease period is 12-48months depending upon your mortgage readiness. You can work with a financial counselor to help repair credit and get you loan ready. You must qualify to "assume" the mortgage that would require you to have abided by all the terms of your lease, be financially ready to assume mortgage. If you are unable to qualify to assume the loan at the end of the lease period, it is at the discretion of the director of housing services to extend your lease terms.

Q: Do I have to pay a down payment?

No, not during the lease period but, if approved, you will need security deposit and first month's lease payment prior to moving in. If you are purchasing, you will need to contribute at least 1% of your own funds.

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Q: How do I know if I qualify for Lease to Purchase?

It is generally easier to qualify for lease to own than applying for a traditional mortgage loan. That's because there is no down payment required upfront and it is ok that you may have some credit issues. The only way to know is to apply.

Q: What if my credit is bad?

There is no minimum credit score requirement to qualify for this program. Bankruptcies, foreclosures, no credit we can help you overcome these issues and get you on track to becoming a homeowner.

Q: How much income do I have to earn to qualify?

As little as \$21,700.00 for a family of 4 and as much as \$74,520.00

There are certain amounts of debt you carry. All income must be documentable. Anyone over the age of 18 must complete status documentation.

Q: Can I use Section 8 Voucher or other assistance to make my lease payment?

Yes, If you have completed Family Self-Sufficiency and have converted your voucher to a Housing Choice Voucher. Check with your case manager for more specific details...

Q: Will I qualify if I've had a bankruptcy or foreclosure, collections or civil judgments?

If you have judgments, collections, bankruptcies, and foreclosures you are still eligible for the lease purchase program. You and your counselor will work together to determine the best course of action to help you satisfy your obligations (debt repayment) and work towards your goal of homeownership.

Q: Will I qualify if I have a lot of debt?

This depends on your total monthly income and total monthly debt payments (DTI). To qualify for this program your total monthly debt can't exceed 45%. Your total monthly debt payments, including your estimated lease payments, can't exceed 45%. Over 45% will be evaluated on a case-by-case basis and Financial Management including Credit/Budget counseling is required.

Q: What if I have Tax lien?

All tax liens must be paid in full prior to entering the lease to purchase program.

Q: Do I have to take a home buyers education course or credit counseling?

Yes, HUD requires that all participants that purchase, lease to purchase, or rent a home that received NSP Funds must receive 8 hours of Pre-purchase/Homebuyer Education from an HUD approved counseling agency and receive a certificate of completion.

Q. Ok, so I am a long-way off from homeownership what are my options?

That doesn't mean you don't deserve safe, affordable quality housing options. You may be able to lease one of our renovated homes and work with one our counselors to get you in a better situation, help you become a better tenant and get the most out of your rental experience. You can improve credit score, build up your savings, go back to school... We can help you with those needs all through housing.

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Q. How do I qualify for any of your housing programs?

The first step is completing a housing needs survey. You tell me what your needs are and then we try to help assess which of our programs can meet that need; which is obtained in your first of two Homebuyer Education courses.

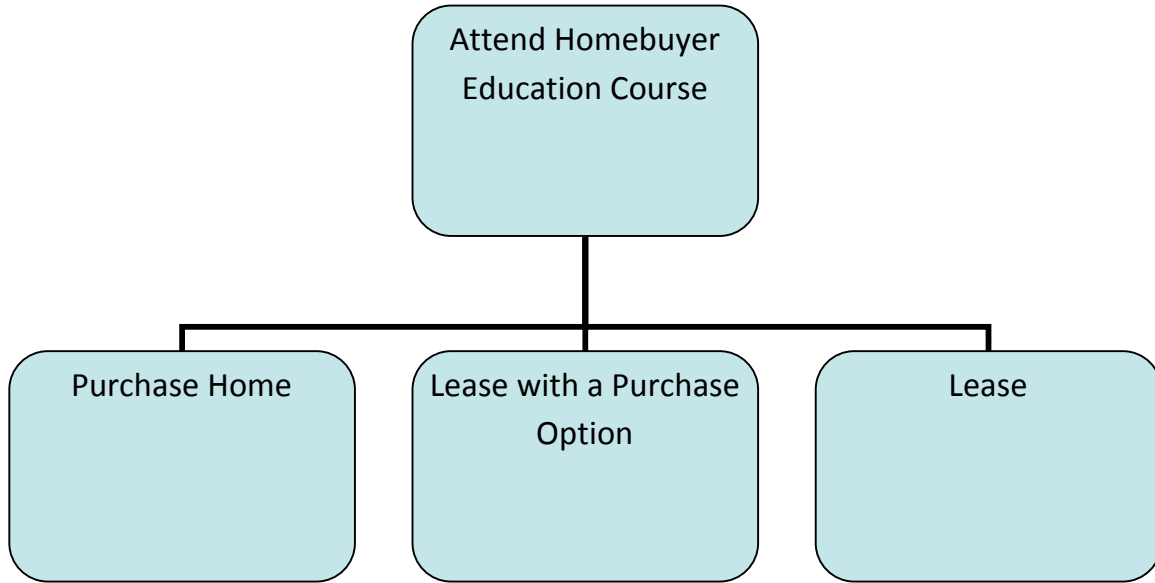
After completing both Homebuyer Education courses and a program application, you'll meet with a housing specialist one on one and develop a plan of action for reaching your housing goal. Some income restrictions will apply:

	50% AMI	120% AMI
Family size of 1-	\$21,700	\$52,080
Family size of 2-	\$24,800	\$59,520
Family Size of 3-	\$27,900	\$66,960
Family Size of 4-	\$31,050	\$74,520
Family Size of 5-	\$33,500	\$80,400
Family Size of 6-	\$36,000	\$86,400
Family Size of 7-	\$38,450	\$92,280
Family Size of 8-	\$40,950	\$98,280

Program Requirements:

- Completed Application
- Pre-qualification Letter (If Purchasing) from Lender
- Homebuyer Education Certification (HUD approved agency)
- Client Action Plan
- Housing Needs Survey
- One Month Lease Payment/Security Deposit (If Leasing)
- 1% (Purchase Price) Down Payment (If Purchasing)
- Documents needed- 1 month current paystubs/verification of earnings (3rd Party), Family Composition, Family Checklist (Any 18 years or older residing in home), 3-month Bank Statements/Verification of Resources checking and/or Savings (3rd Party), 2-years signed copies of Income Tax returns, Gift Letter, Explanation for any credit issues or outstanding collections, judgments, copy of current Homebuyer Education Certificate

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All of our homes are available on a first come first qualified basis.

Lighthouse Communities, Inc. is a HUD approved and MSHDA Housing Counselor approved agency.