WeHelpFoundation.com

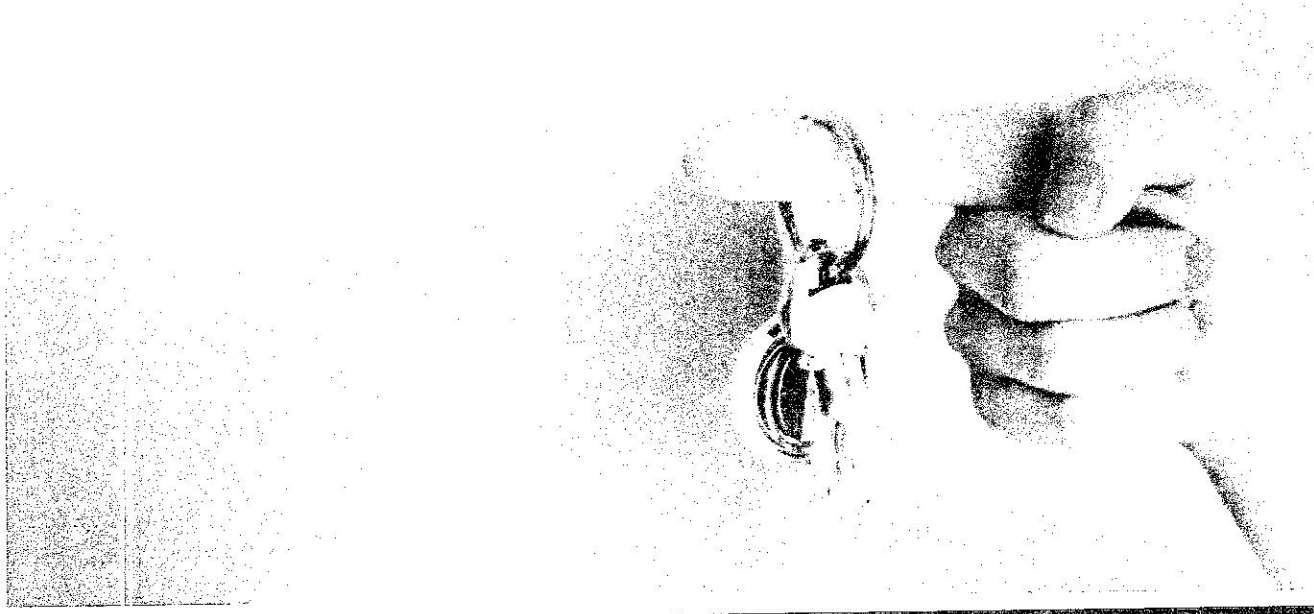
Housing

Transportation

Personal Development

gfc Program Overview

Financial Aspects to the Housing Program



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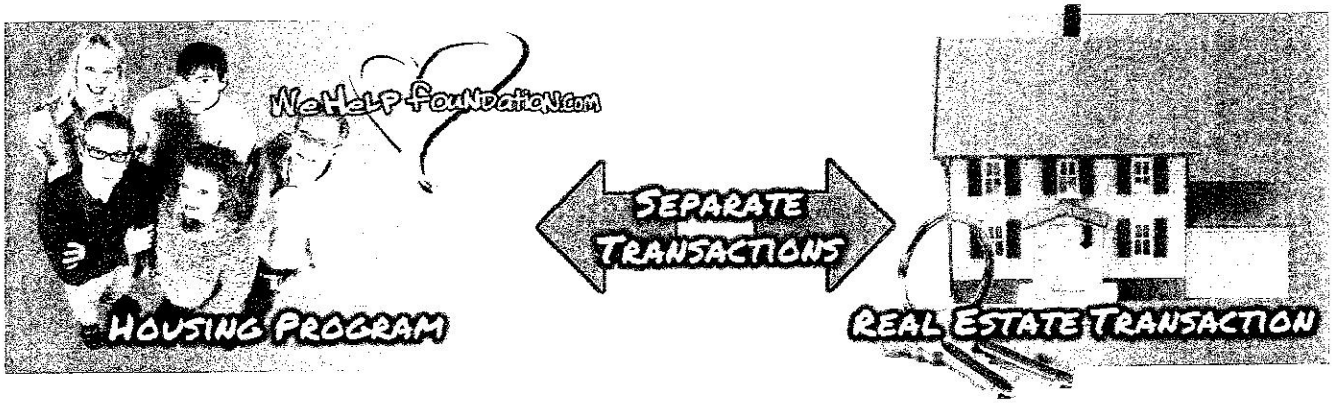
GOOD FAITH COMMITMENT (GFC)

Buying a home is a major "Commitment" that shouldn't be taken lightly. Our Good Faith Commitment (gfc) Program was created for the housing program to help you deal with and prepare for the financial obligations and commitments associated to the purchase of a home. It's important to start by looking at the financial aspects of a home purchase and how the gfc program is designed to help. This should help you better understand the value of what we can do for you.

The gfc program is the label or title we assign to how your money is dealt with at the beginning, in the middle and throughout the entire process of the program. It is critical to understand how the money is accounted for while in the program and how it is accounted for as part of the "program" versus how money is dealt with after completing the program.

The Foundation offers you a "program" that has nothing to do with a Real Estate Transaction. Completing the program will result in your ability to participate in a real estate transaction. The **program is** designed to help you address challenges keeping you from achieving your ownership goals so that one day in the future you can enter into a real estate transaction.



It is important to understand that our program and the real estate transaction are separate from each other. Our program includes credit restoration, budgeting, debt reduction and other financial elements that result in your ability to complete a real estate transaction. While you are in the program you are not involved with entities like the lender, appraiser and title company. These entities and others will be brought into the picture when you complete the program. **Financial aspects like closing costs and your down payment are aspects of the real estate transaction that become relevant after completing the program.** It is important to separate our program from the financial aspect of a future real estate transaction. The term "down payment" references money that is being applied to a real estate transaction. **Participation in the program is NOT participation in a real estate transaction.**

A real estate transaction is initiated with a **purchase and sale contract, which** sets forth the terms of the transaction including the financial aspects like the **down payment** and closing costs. The contract lists the **physical property** that is being sold to a buyer. The real estate transaction has to include a buyer that has the **ability to purchase** and a seller that has the **ability to sell**. You're not considered a buyer until after you complete the program due to your credit, debt and other issues. It is important to understand that none of these aspects are applicable while you are participating in the program. It is only after completing the program that these elements become relevant.

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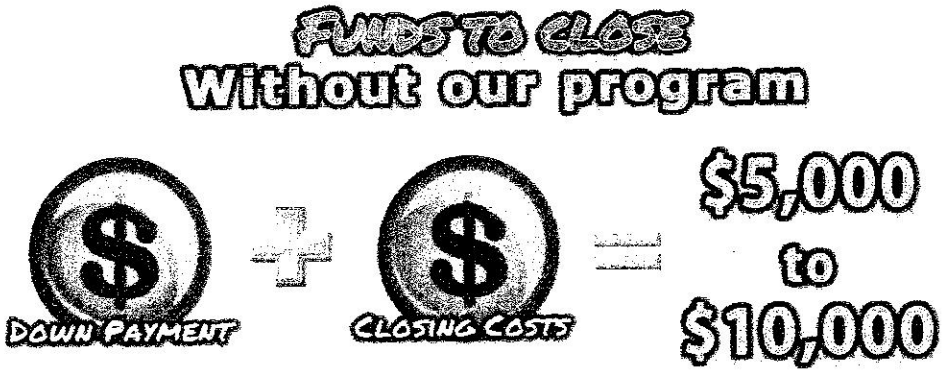
FINANCIAL OBLIGATIONS OF BUYING A HOME

To purchase a home with FHA backed financing buyers are required to have a down payment of no less than 3.5% of the purchase price. Depending on the value of the property the down payment requirement would be $4,000 to $8,000 or more. Closing costs average between 2% and 4% (+/-) which is another $2,000 to $8,000 in hard costs. Without our program if you want to purchase a home you must be able to save enough money to cover these financial obligations which would range from **$5,000 to $10,000 or more.**



After completing the program, the lender will require that you "the-buyer" come up with a **down payment**, which is your financial commitment to the transaction. The down payment proceeds are put into the home as **equity**. **Closing costs** are those transactional expenses that must be paid at the time of closing (not retained as equity). Without our program a consumer would have to save money for the closing costs and the down payment, while dealing with **their credit and debt issues**. This is a monumental task for most consumers.

With our program you will still have to save approximately $5,000, but with a few key differences. You will pay that money to the We Help Foundation with an agreement that stipulates the Foundation will endeavor to **match it, double it or even triple it utilizing the six methods of sponsorship funding.** This occurs after you complete the program and it is time to purchase your home.

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The match agreement stipulates that the Foundation will secure third party funding to match the amount that you funded into the gfc program. In exchange for funding the gfc program we agree in "writing" (a contract) to secure **sponsorship funding** for you to receive at closing.

Sponsorship is the term we use to label the **process of securing third party funds** ("funding") on your behalf. The Foundation will seek out sponsorship funding from various **third-party sources** once you have completed the program and secured an approval from a lending institution.

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GOVERNMENT FUNDING FOR THE HOUSING PROGRAM

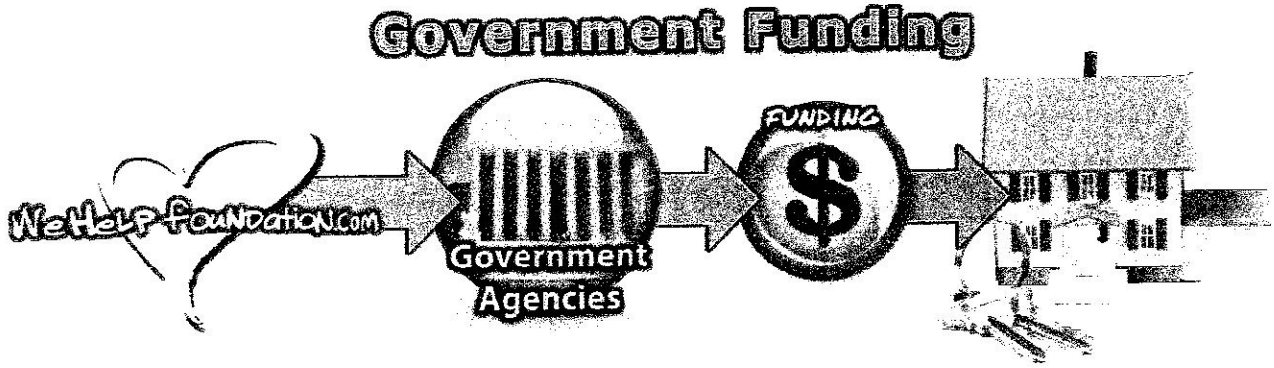
One of the first methods of distributing funds to you after completing the program is by soliciting the government for funding. In recent years the government has launched an array of housing, urban renewal, and community development programs for state, city and non-profit organizations to deploy. There are dozens of programs with hundreds of millions in funding available for organizations like ours to source for consumers.

> *"We seek to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expanded economic opportunities for low-and-moderate-income families. The primary means toward this end is the development of partnerships among all levels of government and the private sector, including nonprofit organizations."*
>
> **HUD community development statement**

The federal government has several major departments that are required by law to spend a specific percentage of their income every year toward community development. They offer funding to qualified buyers through the state, city and county agencies and nonprofit organizations. This funding helps to increase the number of home owners which strengthens our communities and improves the well-being of the population.

Our mission lines up with the federal government's objectives allowing us to apply for and secure funding for our program participants. Our goal is to help you meet the income, credit and employment guidelines to qualify for specific government funding sources that can be used toward **"equity" and/or "closing-costs"** when purchasing a home.

Government funding can range from as little as **$5,000** to as much as **$25,000**.



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THIRD PARTY FUNDING FOR THE HOUSING PROGRAM

When you're eligible for sourcing we solicit third party sponsors who provide sponsorship funding to acquire and renovate the property you select under our community revitalization initiative. When the transaction is complete the sponsor receives his/her funding back and you have a completely custom renovated home. By placing families in newly renovated homes that went from being distressed to like-new we can stabilize values and help the housing market not only recover but stabilize for future generations.

There are SIX (6) basic methods from which we help you utilize third party sponsorship funding. They are; (1) funding for equity, (2) funding for a principle reduction, (3) funding toward closing costs, (4) funding for the home warranty, (5) funding for the custom renovation, and (6) funding for moving assistance. A program participant could potentially receive funding from their sponsor from as little as $5,000 to as much as $15,000 or more. The average funding subtotal to a program participant is based upon the amount paid into the gfc program by the program participant with the consideration of the amount of government funding that is secured.

When the Foundation secures a sponsor for the participant an agreement is executed with the sponsor securing some or all of the following sponsorship funds.

1. **Funding for Equity (up to $5,000 or more)**
   In many cases we're able to secure funding from your sponsor to apply directly toward equity at the time of closing. Participants could potentially receive up to $5,000 in **equity funding** depending on how much funding is received in other areas of the sponsorship funding process.

2. **Principle Reduction (up to $5,000 or more)**
   Reducing the principle amount of the purchase is one of the ways in which we can help you obtain equity in your home. If a property is appraised at $100,000 and we get the investor to reduce the purchase price from $100,000 to $98,000, then we are in this example securing $2,000 in **equity funding** for you. Principle reductions can range from as little as $0 to as much as $5,000 or more.

3. **Funding for Closing Costs (up to $3,000 or more)**
   The Foundation will work with your sponsor to secure sponsorship funding to help cover closing costs. Buyer's closing costs can range from $3,000 to $5,000 or more, depending on the price of the property and the type of loan being used.

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4. Home Warranty (up to $1,000 or more)

The Foundation will work with your sponsor to secure sponsorship funding to pay for the cost of a one, two or three year home warranty. The home warranty covers the entire property with a policy. If something in the home breaks down due to a defect, you can call an 800 number and the warranty company will repair or replace whatever is defective. The cost of these home warranties can range from $400 to $1,200 or more depending on which company is selected and how many years of coverage are selected.

5. Custom Renovation (up to $5,000 or more)

A renovation occurs when a distressed home is **remodeled to like-new condition**. Program participants have the benefit of not only selecting their home and having it completely renovated, but they get to participate in the selection process and preferences of the upgrades and repairs.

You can select types and colors on everything from the flooring and paint to brand new appliances. Renovation budgets range from $5,000 to $20,000 or more. Approximately thirty percent (30%) of the actual renovation is considered to be a direct monetary gain to the program participant considering the sponsor will receive the money back at closing to cover the acquisition and renovation costs.

The applicable funding amount to the program participant ranges from $3,000 to $5,000 or more.

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6. Moving Assistance (up to $5,000 or more)

Moving can be expensive in more than one way. The moving truck, the movers themselves, the gas, the mileage, it all adds up. Not to mention the loss of income that you experience by taking time off work for the closing and the move itself. To help address these costs the Foundation can secure sponsorship funding to help you cover these costs. The average "moving-assistance-allowance" can range from as little as $200 to as much as $5,000 or more.

Moving Assistance

- ✓ Help with the moving costs.
- ✓ Help with loss of income.
- ✓ Occurs after closing.
- ✓ You must qualify.

Not everybody will qualify for this assistance. Program eligibility is based on the gross household income, the amount of funding paid into the gfc program and other variables such as the type of house, the area, the appraised value, etc. The Foundation does not guarantee that moving assistance is available in every transaction.

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ACCOUNTABILITY MECHANISM

When we first created our program we figured that if we spend time and energy helping someone that they would naturally do what they're supposed to do and complete the program. We learned quickly that the only way to hold someone accountable to the program and the process was to create **accountability** to the program by giving program participants **something to lose**.

In order for you to "**participate**" in the "program" which would make you a "program participant" you must have "**money**" at stake. In order to hold you **accountable** to the program you must commit your money and it must be a significant enough amount to motivate you so that you continue with the process and see it through.

Payments made to the Foundation (gfc payments) are not refundable. That means that you have something to lose if you don't do what you are supposed to do to complete the program. By requiring you to fund $5,000 we have a mechanism to keep you engaged. You have something to lose should you fail to complete the process. We enter into an agreement with you to complete our program no matter how long it takes. We will provide as much information and resources as it takes to help, but you have to put your money on the line in order for the program to work. Your money is the mechanism because it should motivate you to do the "work", complete the process and see it through. Whereas if there was nothing to lose we find that most people simply will not achieve success. Ask yourself this question. **Would you go to work if you knew there was NOT a paycheck at the end of the week?** In the same way, the only way we can ensure you complete the process and "**stick-with-it**" is to put your money plus all the other financial incentives on the line.

The gfc program and your money also **hold us accountable to you!** If we don't help you overcome your challenges (when possible and realistic), by being accessible when needed, we become liable to state and government agencies.

To ensure the accountability aspect is "locked-up" we execute our "agreements" which list the terms from which you the program participant must perform to get the financial benefits of our program and what we must do to help you achieve the desired results of home ownership.

The gfc program is not only critical for motivating you while you're in the program, but it's also an important means to secure sponsorship funding. The sponsor will "sponsor" you by putting up a significant amount of capital to purchase and custom renovate your home and then cover the carrying costs while we wait on the process to get to closing. **The sponsor knows that you are locked into the transaction with at least $5,000 so you are motivated to complete the process, making their investment in you "less-risky".**

Without accountability to the program, the Foundation would not be able to solicit sponsorship at the time of sourcing, operate the business and support the programs we offer.

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GFC MATCH PROGRAM SUMMARY

We have determined that a financial commitment of **$5,000** is enough to deploy our assistance and services while initiating the accountability mechanism. Our goal is to secure **sponsorship funding** from 1 of 6 different methods that will be "**equal to**" or "**greater than**" the amount that you paid to the Foundation.

Your gfc contribution

$5,000

=

1. Equity
2. Closing Costs
3. Principle Reduction
4. Home Warranty
5. Custom Renovation
6. Moving Assistance

Sponsorship Funds

$5,000-$25,000

You do NOT have the $5,000 at one time. In fact, most program participants can't. We help you with a budget first. Then, we determine your income and expenses. If your expenses exceed your income then you are **living beyond your means**. Our objective is to address this behavior and "**condition**" you to live within your means and **save money**.

We address debt and monthly expenses encouraging you to improve your spending habits. We help you reduce expenses to create a gap between your income and your expenses. This gap becomes the source from which you can make small manageable payments (**installments**) to the Foundation.

Over-time you become conditioned to allocate your money. Once you've funded the full amount required, we encourage you to continue allocating that money into savings. **The ability to save money is a good indicator of a fiscally responsible consumer,** which the lenders are looking to lend to.

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How is the program considered FREE if I have to pay the Foundation $5,000?

The Foundation agrees to help you secure between $5k up to $25k in sponsorship funding. You receive a financial gain that is equal to or greater than what you paid to the Foundation. This means that you was able to participate in the program for FREE. It is important to understand that you will NOT receive funds from the Foundation at closing, but rather the Foundation secures sponsorship funds for you and those funds are applied at closing on your behalf in amounts that are equal to or greater than the amount that was paid to the We Help Foundation. Those funds are applied to the 1 or more of the 6 listed methods of sponsorship funding (equity, closing costs, principle reduction, home warranty, custom renovation, moving assistance).

All payments made to the Foundation are retained by the Foundation for operational use. The Foundation will NOT bring any proceeds (money) to closing.

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