

# Homeownership Financing



This guide is directed towards potential homebuyers who are seeking assistance from a downpayment support program, such as the Winnebago Homebuyer Program.

## 1. Your Pre-Purchase Finances

Prior to meeting basic lender qualifications, you will need to meet the following criteria:

- a) Current on all loans, debts, judgments, or other financial obligations
- b) Credit history sufficient to develop a minimum credit rating. This may vary by lender, but a general minimum is 630 with a target minimum of 680. This can be achieved by meeting part A above for an extended period.
- c) Sufficient income to enable a loan while considering the obligations for loan repayment (payment of monthly mortgage), taxes and insurance, plus a maintenance savings deposit of \$50 - \$100.
- d) A history of reliable income sufficient to demonstrate an ability to afford all housing costs in the future. For example, new employment through a temp-service will not be sufficient to demonstrate a reliable income source. A long-term job in which you've been working at for several years is generally very reliable.
- e) Current savings sufficient to cover all downpayment and closing cost obligations plus a minimum savings balance equivalent to one-month's living expenses (your emergency fund).

## 2. The Financial Breakdown – An Example

\$76,300	Your offer amount that was accepted by the seller
+ \$3,700	Fees and expenses you pay as part of the buyer (including application fee, appraisal, home inspection, etc)
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= \$80,000	Total Purchase Price you pay
- \$5,000	Your investment (the dollars you bring to the deal). This amount varies generally between \$1,500 and \$12,000 for homebuyers in our programming.
- \$12,000	Winnebago Homebuyer Program Investment. This is an estimate, with specific amounts contingent upon unit, homebuyer need, and transaction details.

The assistance through the Winnebago Homebuyer Program is generally provided as a 0% interest, deferred loan that is repaid by you when you sell your home or no longer utilize it as your primary residence. When you repay this loan, the funds are used to assist a new homebuyer.

= \$63,000	The remaining amount that will be financed by a partner lender. This is the amount that is repaid with a monthly mortgage payment.
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Your monthly payment on this loan, including mortgage, taxes and insurance, would be **about** \$500. You would need to budget \$550 to cover your minimum \$50 per month maintenance savings.

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\$6,500	Home Rehab Costs. Many home purchases include a need for rehab to fix any issues as cited by the Winnebago Homebuyer Program, your home inspector, or our partner funders.
- \$6,500	Funded through a partner program, such as the city of Oshkosh, Neenah or Menasha, or through the regional CDBG program if purchase is in a rural community. Funds are generally loaned at a 0% interest rate with repayment either deferred until time of sale or for 15 years (city of Neenah).