

NYC FORECLOSURE PREVENTION GAP LOAN PROGRAM GUIDELINES

The NYC Foreclosure Prevention Gap Loan Program is an initiative NEDAP has launched to assist low and moderate income New York City homeowners facing foreclosure. NEDAP is pleased to partner with the Lower East Side People's Federal Credit Union (LESPFCU) to offer affordable Gap Loans to homeowners working with foreclosure-prevention advocates.

To determine if your client is eligible for a gap loan, please consult the following guidelines.

GAP LOAN CRITERIA

1. The applicant must:
 - Live within the five boroughs of New York City;
 - Have a low or moderate-income or other demonstrated need;
 - Work with a foreclosure prevention counselor and/or attorney;
 - Be able to afford all mortgage, Gap Loan, and other debt payments going forward;
 - Have a concrete plan, developed with a counselor or advocate, that documents this affordability;
 - Have reliable and verifiable source(s) of income (see reverse); and
2. The home must be the applicant's primary residence.

If your client meets all of the above criteria, please fill out NEDAP's pre-application form with your client. If your client meets preliminary eligibility criteria for a Gap Loan, NEDAP will send you a LESPFCU loan application to fill out with your client.

QUESTIONS & ANSWERS ABOUT THE LOAN FUND

Loan Fund General Information

Q. Does the Program provide refinance loans?

A. No. Loan amounts will generally not exceed \$25,000. In most cases, the Gap Loans will supplement, or make the homeowner eligible for, an affordable loan modification or refinance loan. The LESPFCU does provide refinancing independently of the Program; to apply, contact the LESPFCU directly.

Q. Must a homeowner be in default on a mortgage to qualify for a loan?

A. No. Homeowners current on their mortgages may apply if they can demonstrate that they risk falling behind on their mortgage payments or losing their home without this assistance. These homeowners must demonstrate that they will be able to afford both their mortgage and Gap Loan payments, as Gap Loans may not be used to keep a homeowner current on an unaffordable mortgage.

Q. What is the term of the loan?

A. The term of the loans will not exceed 15 years.

Q. How will a homeowner's credit information affect loan eligibility?

A. The credit union will examine an applicant's credit history using the credit union credit score, which includes non-traditional payment history, such as payment of utilities and property taxes. The credit union will consider whether negative credit information results from an abusive loan.



Neighborhood Economic Development Advocacy Project

73 Spring Street, Suite 506, New York, NY 10012

Tel: (212) 680-5100 Fax: (212) 680-5104 www.nedap.org

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Q. Can a homeowner with an Individual Taxpayer ID Number (ITIN) apply for a loan?

A. Yes. Homeowners with ITINs may be eligible for loans.

Q. Does a homeowner have to join LESPFCU to apply for a loan from the Program?

A. Yes. Under federal regulations credit unions may make loans only to members. Loan applicants must join the Lower East Side People's Federal Credit Union (LESPFCU) by opening a share (savings) account at the credit union with a minimum deposit of \$75 (the minimum deposit for seniors is \$25). There is a \$5 annual fee for LESPFCU membership during the term of the loan.

Q. Are there any other fees associated with the Program?

A. No.

NEDAP's Pre-Application Process

Q. Why are there two applications?

A. The pre-application ensures that the Gap Loan Program is the right loan for the applicant's situation. If she or he does not qualify, we can suggest other organizations that might be able to help. The loan application itself allows the LESPFCU to determine if the loan will be affordable to the applicant and to set up appropriate loan terms.

Q. Who should I contact if I have questions about the Gap Loan Program?

A. Please contact Thu Tuyen (T.T.) To or Alexis Iwanisziw of NEDAP at 212-680-5100, or email tt@nedap.org or alexis@nedap.org.

Q. Where should I send the application?

A. Please send all applications to NEDAP, by fax: 212-680-5104, or by email to Alexis or T.T. at alexis@nedap.org or tt@nedap.org. You may also mail the application to us at NEDAP, 73 Spring Street, Suite 506, New York, NY 10012. No walk-ins please.

Credit Union Loan Application Process

Q. What is a reliable and verifiable source of income for the LESPFCU Loan Application?

A. You should bring proof of each source of income listed on the application to your appointment at the LESPFCU. Acceptable documentation includes:

- Pay stubs (3 most recent) and/or a letter on letterhead from employer.
- Proof of Public Assistance, SSI, SSD, Pension, Child Support, or other income or benefits.
- Notarized letters from any household member(s) who contribute(s) income to the applicant.
- If the applicant is self-employed, please bring the two most recent tax returns.

Q. What other documents do I need to apply for the loan?

A. You will need to provide the following documents with the LESPFCU loan application:

- Proof of address, such as a utility bill (e.g. Con Edison, telephone or cable bill).
- Reference form that appears at the end of the LESPFCU loan application.
- Any other documentation requested by the LESPFCU.



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