



## RESIDENT HOME FINANCING PLAN

The Make It Right (MIR) program is designed to provide healthy, environmentally sustainable and affordable homes for Lower 9<sup>th</sup> Ward homeowners who were displaced by Hurricanes Katrina and Rita. MIR will make its homes affordable by providing “gap” financing to cover the difference between the home price and funds available to the property owner. Available funds may come from disaster recovery funds, grants, mortgage loans, the homeowner’s personal resources or a combination thereof. Gap financing will be provided according to need via financing products made possible by charitable contributions to Make It Right Foundation. Actual home prices will depend on the size of each home and its sustainable features. In addition to helping finance the cost of a new home, it is MIR’s intent to ensure long-term affordability by establishing a guideline that limits the house payments of MIR households to no more than 30% of gross monthly income—including principal, interest, taxes and insurance. The ability to provide gap financing and to meet affordability goals is wholly contingent upon the level of charitable contributions made to the Make It Right Foundation.

### Financing Sources

MIR anticipates that various funding sources will be available to finance each candidate’s new home. Based on each household’s financial history and capacity, candidates will have access to the following funding sources:

- **Disaster Recovery Funds** – federal Road Home funds, insurance proceeds, FEMA payments, etc
- **Other Subsidies, Grants or Forgivable loans**– government or non-profit sponsored programs
- **Mortgage** – conventional financing at favorable terms with a local financial institution
- **Cash Contribution** –any personal resources that the resident intends to contribute to their home
- **MIR Loan Program** – need-based financing to ensure that MIR homes are affordable

### MIR Loan Program

MIR Loan Program will provide financing through a combination of the following products:

- **MIR Amortizing Loan** – These loans are offered to MIR applicants that do not qualify for a sufficient mortgage from private banks with loan amounts adjusted to limit monthly payments based on household affordability.
- **MIR Deferred Payment Loan** – These loans have no monthly payments, and are used in place of other loans when borrowers required house payments have reached their affordable limit. Loan is repayable at the sale or transfer of the MIR home.
- **MIR Forgivable Loan** – A loan designed to restore home equity value lost after the hurricanes that has not been recovered through disaster recovery support such as Road Home Funds or Insurance payments.

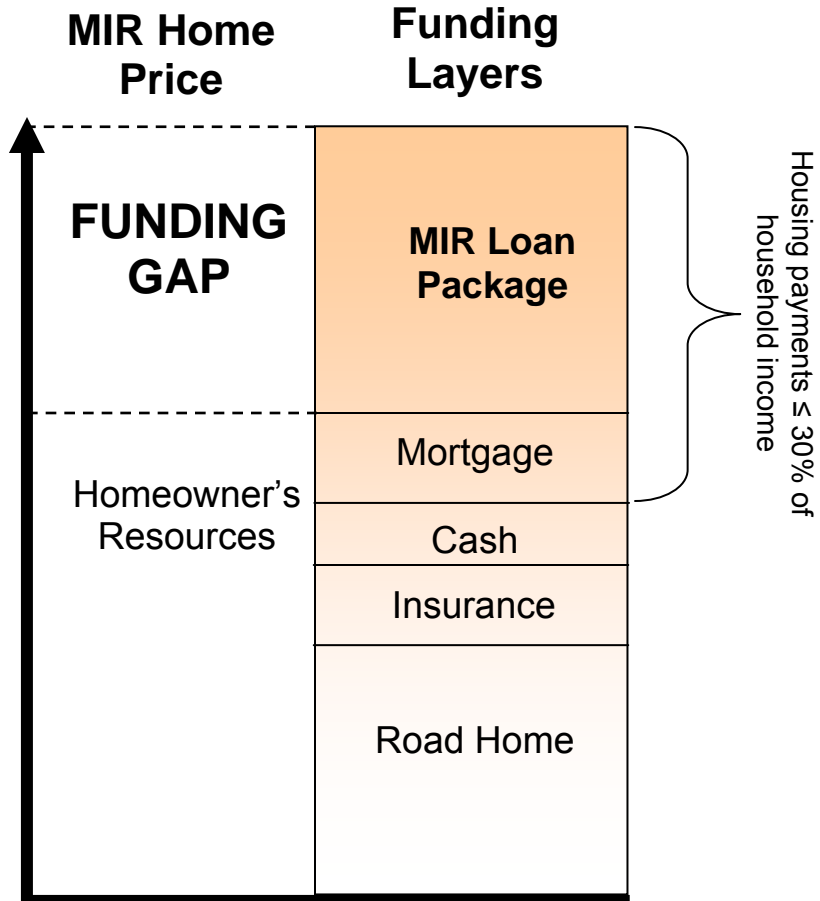
### MIR Loan Package

Participating households will receive an MIR Loan Package calculated using various financial assessment tools according to the following basic formula:

$$\begin{array}{r} \text{Sales Price of MIR Home} \\ \text{Minus Disaster recovery funds} \\ \text{Minus Subsidies, grants, or forgivable loans from outside sources} \\ \text{Minus Homeowner cash contribution} \\ \text{Minus Mortgage from a private bank} \\ \hline = \text{MIR Loan Package (Combining amortized, deferred and forgivable loans based on affordability)} \end{array}$$

The example below illustrates how the MIR Loan Program can supplement a homeowner’s available resources to cover the total costs of a MIR home:

# MIR Home Financing Profile



Notwithstanding the desire of MIR to implement the financing options described herein, the actual timing, amount and implementation of the financing options may vary from what is expressed herein.

