good faith commitment (gfc) introduction

There's no doubt that buying a home requires a major financial commitment. The question isn't will you have to come up with money, it is how much and for what reasons. You will need to secure a loan from a bank or mortgage company to purchase your new home. The mortgage company will require you to bring a substantial amount of money to the table. If you don't have an extra $5,000 to $10,000 saved, the lender is not going to extend a loan to you.

There's typically three reasons why you might not have the money saved.

(1) You don't know how to budget and save money.
(2) You're not disciplined to keep it.
OR
(3) You give up trying to save because it's too difficult.

You need a budgeting and savings system that addresses these challenges.

We know that saving money and following a budget is difficult, especially considering the social pressures of spending money on events like graduations, birthdays, and holidays. Throw in needy friends and family and the occasional unexpected-emergency and it seems nearly impossible to SAVE anything.

We have the solution. We have a savings plan called the "Good Faith Commitment" or gfc savings program that provides the accountability you need to save money.

Why do we call it the Good Faith Commitment? Well, in good faith, you make a commitment to follow a budget and save money.

BUT here's the KEY to why this works. You can't access your money except through completion of the program. This is a FIRM commitment backed up by a contract that you must sign when you enter the program.

The moment you start saving money, you have something to lose.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB __________ __________

Quitting is not an option now because your money is not accessible to you except one-way, completing the program. You don't want to throw your money away, right? You have something to lose, which should motivate you to do the work.

This creates the accountability needed to ensure you stick-with-it.

Accountability can only be enforced if you can't get to your money.

Take the common retirement plan for example. In a retirement plan, your money is paid out to a company that you never see or that provides little to no value to your everyday life. Yet, you contribute money consistently for a purpose. That purpose is to save money for retirement.

This company that you never see, enters into a contract with you. This agreement stipulates that you cannot access your retirement savings because it's being saved for your retirement.

Our gfc savings plan has a purpose too. Its purpose is to force you to save your money, (like the retirement plan), so that you have the financial means to enter into a real estate transaction at some future point. The retirement plan doesn't allow you to access your savings, because if you could you would, and then you wouldn't have it when you needed it. In the same way, you don't have access to the funds you paid into the gfc, because if you could, you would and then you wouldn't have it when you needed it.

Unlike the retirement savings plan, you have access to our team of professionals that provide you with free consultations while you save money.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: ___JLB___ _________

Funding Benefits

In addition to the accountability benefit, saving money in our gfc savings program also comes with huge monetary benefits, called **funding benefits**.

Imagine being able to SAVE $10,000 AND EXCHANGE that amount for up to $25,000 in funding benefits?

The worst-case scenario, you get every penny you saved into the gfc account back at closing. In this scenario, you get your money back with no additional financial considerations, but, your credit profile is perfect and all the time and energy we poured into you, cost you nothing.

The best-case scenario, you get up to $25,000 at closing which is $15,000 more than you saved, plus your credit is fixed and you enjoyed all the consultations for free. Either way, you walk away from the housing program a happy educated home owner.

You might think that it is nearly impossible to save $10,000, and rarely does anybody have that amount at one time. With our program, we take the slow and steady approach. You do not need to have $10,000 upfront or all at one time. Together, we will build a custom payment plan based on your budget.

We begin with $500 when you start the program. Your first several consultations with our advising team will include (1) a tour of your backoffice where everything is tracked, (2) a discussion on how to complete a budget and (3) a look at your credit profile. During the budgeting consultation, we examine your income and expenses.

Hopefully, your income is greater than your expenses, and you have a positive differential. It's positive because you have more income each month than you do expenses. This is the source from which we create your payment plan. If your income is say, $3,000 a month and your expenses total $2,000 a month. This means you have $1,000 a month to work with.

If your expenses exceed your income then you are living beyond your means and you have a negative differential. We help you turn that negative into a positive differential.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________

We use the positive differential to address paying off debts that you may have.

When debt is not in the picture, we deploy two types of savings strategies.

Saving strategy #1 is a monthly commitment to making gfc payments.
We will track and report gfc payments in your backoffice, so you always know exactly where you are in the savings process.

Saving strategy #2 is a commitment to making payments into a savings account at your bank.

Every so often we will ask that you provide bank statements showing the balance of your personal savings account. The balance should be increasing at about the same rate and amount as the gfc savings balance.

Together, these two savings strategies will get you where you need to be to qualify for a mortgage.

By the way, a positive by-product of this plan is that over-time you become conditioned to save your money.

After you complete the purchase of your home, we highly encourage you to continue saving money. We even offer advanced savings strategies for future purchases of vehicles, investment properties and retirement.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________

The Reconciliation

Near the end of the process, prior to closing, we will conduct several consultations that are centered around a **RECONCILIATION**.

A reconciliation is an accounting process that we perform together, before closing, to compare the amount of money you paid into the gfc savings program to the funding benefits you receive from the transaction.

There are up to seven different ways in which we account for and balance the ledger between your gfc balance and the funding benefits you can receive from the transaction.

These various methods are called **Transactional Funding Methods** or (tfm) for short.

These (tfm)s are…
Equity
Carrying Costs
Closing Costs
A Custom Renovation
Moving Assistance
A Home Warranty
A Transportation Credit
Let's look at this list again with the average funding benefit figure…

$5k = Equity
$5k = Carrying Costs
$5k = Closing Costs
$5k = A Custom Renovation
$1k = Moving Assistance
$1k = A Home Warranty
$2k = A Transportation Credit
$24k = total funding benefits

Now, you can see how we are able to secure up to $25,000 in funding benefits for you.

Let's take a closer look at each of these (tfm)s.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________

The first (tfm) we account for in the reconciliation process is equity.

The value of your property minus any debt you have on it determines the amount of equity you have.

If your property is valued at $100,000 and you have a mortgage of say $95,000, then you have $5,000 in equity. Program participants retain as little as $5,000 and as much as $25,000 in equity. The average is $5,000.

The next (tfm) we would account for in the reconciliation process is carrying costs.

The We Help Foundation will secure a short-term loan to purchase and renovate your property.

That loan has interest and fees associated to it and a monthly mortgage payment.

Carrying costs also include expenses like utilities and insurance that must be paid between the time that the property is purchased by us and the time that you purchase it from us.

Carrying costs can range between $5,000 to $8,000. The average is $5,000

Another (tfm) we would account for in the reconciliation process is closing costs.

Closing costs are those expenses that must be paid at closing that relate directly to the transfer of ownership from us to you.

Those costs include title transfer fees and other title company related expenses, realtor fees and county, city, state or government fees.

Closing Costs may also include but not be limited to Mortgage Recording Fees, Doc Stamp Fees and Warranty Fees.

Closing costs can range between $3,000 to $8,000. The average is $5,000.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________

The next (tfm) we account for in the reconciliation process is the renovation.

The benefit of a custom renovation is that you get to improve the property the way you want.

You get the benefit of selecting the color schemes and shades of color for the paint that goes into your home.

You get the benefit of selecting various flooring options, between tile, wood or carpet, depending on the room.

You get the benefit of selecting whether you want white, black or stainless-steel appliances.

You get the benefit of selecting whether you want darker or lighter shades of kitchen cabinets.

In some cases, we are able to move walls, change the layout of a house and add bathrooms to accommodate the needs of the family.

Purchasing a home outside of our program means that you would have to take that home as-is and pay for any customization yourself. It could cost you tens of thousands to get that home exactly how you want it. But with our program, you automatically have the benefit of customizing your home pre-built into the plan.

Renovation budgets range from $5,000 to $25,000 or more. Approximately thirty percent (30%) of the renovation budget can be credited to you in the reconciliation process.

On a $10,000 renovation that would equal about $3,000 of value for you. On a $20,000 renovation that would equal about $6,000 of value for you. The average is $5,000.

Another (tfm) we account for in the reconciliation is the cost of a home warranty.

The home warranty covers the entire property with a policy designed to protect you from extraordinary costs for repairs after closing.

The warranty can be used to repair or replace just about anything in your home. You simply can call an 800 number and the warranty company will repair or replace whatever is defective.

The cost of these home warranties can vary depending on which company is selected and how many years of coverage are selected.

The average is $1,000.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________

The next (tfm) we may account for in the reconciliation is Moving Assistance.

Moving can be expensive in more than one way. The moving truck, the movers, the gas, 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.

Not everybody will qualify for this assistance. Moving assistance eligibility is based on variables like your gross household income, the amount of (tfm)s received and other variables such as the type of house, the area, the appraised value, etc.

Moving Assistance proceeds can be as little as $500 and as much as $2,500. The average is $1,000.

The next (tfm) we may account for is transportation assistance.

If you need a vehicle, we have on-hand a dozen or more quality, late model, low mileage vehicles for families in our programs. If a vehicle is valued at $10,000, you could expect to purchase it for around $7,500 to $8,500. The retail value is determined by averaging values from evaluation companies like KBB, CarFax, TrueCar or NADA.

The credit can be as little as $1,000 or as much as $2,500, sometimes more, sometimes less. The average is $2,000.

This credit is good toward reducing the principle cost of a vehicle purchase only and cannot be applied toward costs such as taxes, tag, title and registration fees.

Participants may use the credit towards a vehicle when their gfc balance reaches $7,500, if the purchase doesn't jeopardize the housing program dti formula.

Graduates also receive a 10% discount off the retail value for all future vehicle purchases (for-life). The credit towards a vehicle can only be applied on vehicles that originate from our transportation program.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________

funds to close comparison

Let's compare two choices to see which is best for you.

Option #1	Option #2
$10,000 commitment	$10,000 commitment
A buyer would expect to save and then commit at least $10,000 to the transaction. -$5,000 is spent on closing costs $5,000 is retained in equity Option #1 would require you to save and make the same commitment as option #2. You would expend approximately 50% of your commitment on costs and retain 50% in equity.	You commit $10,000 to the We Help Foundation and end up with approximately $5,000 in equity at closing and $5,000 towards closing costs. The same results you would have without our program in option #1 plus the additional financial and intangible benefits from the additional transactional funding methods. $5,000 equity/balance (same as option #1) +$5,000 to $15,000 funding benefits through (tfm)s +Excellent Credit +Unlimited Consultations for life This option requires the same financial commitment as option #1 but you gain additional financial and intangible benefits. You would increase your financial position by 150% with option #2. Upon graduating from the housing program you will have excellent credit and you will have gained the knowledge and skills necessary to manage your credit profile.

The amounts listed are estimates. The actual amount of funds one might need for a down payment and/or for closing costs could be lower or higher, depending on the purchase price of the property and other variables.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB __________

funding through government programs

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 budget every year toward community development. They offer funding to qualified buyers to help increase the number of home owners which strengthens our communities and improves the well-being of the population.

Our housing program lines up with the federal government's objectives.

Our goal is to help you meet the educational, income, credit and employment guidelines to qualify for government funded programs that can be used toward your down payment and/or closing-costs when purchasing a home.

There are several different sources and types of programs with varying amounts of funding. Some may total as much as **$15,000** or more.

We use government funding and Transactional Funding Methods (together), to ensure we maximize the funding benefits you receive.

PLACE YOUR INTIALS HERE INDICATING THAT YOU HAVE READ THIS PAGE: JLB ________