

## Interested Potential First-time Home Buyers

Brand new Homes for sale in a multi-unit Condominium, 1602 1<sup>st</sup> Street in Brandon, Manitoba. Located next to two schools, daycare, public transit, and walking distance to Hospital, these homes are in an ideal location. These beautiful and energy efficient homes are all built with wheelchair accessibility, concrete canopy covered patio at entrance, custom cabinets and laminate flooring throughout. Each home has 3 bedrooms, 1 full bath, brand new energy efficient appliances, and a serviced parking stall at rear of building. If you would like an opportunity to see these incredible new homes please stop by our Open Houses happening Sunday, Dec.16<sup>th</sup> from 2pm-4pm, and Saturday, January 5<sup>th</sup> again from 2pm-4pm.

If you are interested in applying to purchase one of these STEPP Homes, we are willing to give you a copy of the appraisal to take with you to a credit union (**no banks as they will not accept a STEPP Home applicayion**) so you must apply with a credit union to see how much of a mortgage you would qualify for with a no cash down payment.

**\*\*Note:** we will provide the financial institution with their needed down payment by means of \$82,000 worth of existing equity in the STEPP Home.

For additional information, please review the following as to how the program works.

**\*\*Please note** that if needed, we can provide you with a list of credit unions who have already agreed to our no cash down payment equity program.

# S. T. E. P.P. Homes ( Solutions To End Poverty Permanently)

## Affordable Home Ownership Program

### Overview

The STEPP Home Program is a project of the Community Health and Housing Association Westman Region. Many low - medium income people face two primary barriers to home ownership, the first being that the purchase price of a house is too high and the second barrier is that many do not have the required cash down payment. The STEPP Home Program addresses both of the above barriers.

#### 1) **Barrier One**

Housing Purchase Prices are too high

With a STEPP home, overall construction costs are lowered by:

- Land donated by the City of Brandon
- \$65,250 grant from the province
- Grants from other sources
- 90% of the construction labour is provided through the Brandon Energy Efficiency Program (BEEP) as an employment training site. All work is done under the supervision of an on site Journeyman Carpenter. As this is a training program and a homebuilding program, the province pays a percentage of the above wages.

#### 2) **Barrier Two**

Inability to save a cash down payment

- The STEPP HOME purchase price is significantly lower because the home buyer only has to mortgage the net construction costs which have been lower by all the items listed in section 1. The financial institution is allowed to register a 1st mortgage against the *full value* of the house which is valued at \$205,000 but only lends out a mortgage of \$123,000

(plus closing cost) which is only 60% of the \$205,000 appraised value of the home .

**Example: STEPP HOME at 1062 on First Street**

Appraised Value of the house	\$205,000
Purchase price	\$123,000
<b>Equity not paid by homeowner</b>	<b>\$82,000</b>

Financial Institution lends \$123,000 but registers a 1st mortgage against the house which is worth \$205,000 . Therefore, there is an equity down payment of 40 %.

It is important to note that CMHA registers a Second Mortgage against the STEPP Home for the full value of all the costs that the home buyer is not paying for in their purchase price but no payments are made nor is any interest charged on the second mortgage. Once the homeowner purchases the home, CMHA has all their construction costs back which will help fund the construction of more STEPP Homes. There is no “minimum time” the homeowner must own the home, but if the purchaser is no longer able to reside in the home, it must be sold. When the homeowner sells their STEPP HOME, they must pay back any remaining balance of their first mortgage to their financial institution and the full second mortgage is paid back to CMHA from the proceeds of the sale. Any profit made above the original \$205,000 market appraisal due to the housing market going up is split on a 60 % to 40% basis between the homeowner and CMHA based upon their % of what each put into the STEPP Home.

The repaid second mortgage amount and the additional 40 % is put into a Trust Fund to build more STEPP Homes. Therefore, even the smallest donation made to the STEPP Homes Program is used to help build a STEPP Home, then upon resale of the home by the homeowner, the second mortgage and % of market increase is repaid into the Trust Fund and then reused to build the next STEPP Home ----- the cycle repeats endlessly.

For further information, please attend on of our public information sessions being held Thursday, Dec.13<sup>th</sup> from 7-9pm at Youth for Christ and Friday, January 4<sup>th</sup> at the Building Re-fit Store from 7-9pm, or if you are a new comer or require interpretation there will be a session held at Westman Immigrant Services on Tuesday, January 8<sup>th</sup> from 7-9pm.