



HOME ACCESS LEASE OPPORTUNITY

HALO PROGRAM FAQs (Frequently Asked Questions)

Thank you for your interest in the HALO Program.

HALO, the Home Access Lease Opportunity, was developed for people who are committed to repairing their credit in order to buy a home, but are currently unable to obtain a mortgage due to issues on their credit report. These issues typically include past foreclosures, bankruptcies, or missed bill payments, but are not limited to these problems.

How does it work?

The first step is to qualify for the program (see *"How do I Apply"* at the end of this FAQ sheet). Once you qualify, HALO will introduce you to a local, licensed real estate agent who will help you find the right home for you. HALO is not involved in selecting your home - that's up to you!

Where do you have houses available?

HALO is currently available in major metro areas of AZ, FL, GA, OH, NC, SC and TX. We don't maintain an inventory of houses. Qualified HALO clients get to pick their own house from any available for sale.

Are all homes eligible for HALO?

HALO is available on houses and townhouses for sale at \$150,000 or more. Condos, manufactured homes and land are not eligible. We do not require new homes, but we will order an inspection on the home you select and reserve the right to decline the home if there are issues that can't, or won't, be remedied by the seller.

How much is the monthly rent?

No two customers and no two homes are identical, so lease terms are determined on an individual basis and factor in the cost of the home, property taxes, HOA fees (if any) and insurance costs.

Does part of my rent go toward the purchase price of the home?

No. Unlike some “rent to own” programs, HALO does not inflate rents in order to provide a credit at the end of the lease. We try to keep our rents as low as possible, thus no part of the rent goes toward your purchase of the home.

How much house can I afford?

As part of the approval process, a licensed mortgage originator will review your application and determine how much house you can afford. A general rule of thumb is 2.5 to 3 times your gross household annual income, but any other debts you have will also need to be considered (auto, credit cards, etc). Of course, you can always pick a house for less than the maximum! Once you select a home, you will be presented with a commitment letter detailing the lease terms and the price you will pay to buy the home from HALO when you get your mortgage.

Once I find my house, what happens next?

After you sign a commitment letter, HALO will purchase the home and lease it to you for 6 - 18 months. In addition to the lease, you will sign a Purchase Option agreement, which guarantees your right to buy the home at a fixed price from HALO at any time during the life of the lease. This is when you will be required to deposit the 3.5% Option payment, which will be refunded later if you buy the home from HALO.

How much does the Purchase Option cost?

The payment for the Purchase Option agreement is set to match the FHA down payment requirement, currently 3.5% of your Purchase Price (example: \$5,250 on a \$150,000 home, \$7,000 on a \$200,000 home, and \$8,750 on a \$250,000 home). This 3.5% payment will be credited back to you if you purchase your home from HALO. This is designed to ensure that you are committed to buying the home, and that when you obtain a mortgage, your down payment funds are available.

When do I need to pay HALO the 3.5%?

The 3.5% payment for the Purchase Option agreement is due as soon as HALO’s offer to buy the home you selected is accepted by the seller. This is also when you sign the commitment letter (see *Once I find my house, what happens next?* above).

What happens if I still can't qualify for a mortgage at the end of the lease?

The #1 goal of the HALO program is to help our tenants become homeowners. As part of being accepted into the program, a licensed mortgage originator reviews your finances and believes that you will qualify for a mortgage by the time your lease ends. This means that in most cases, as long as you continue to make your payments on time, don't make poor credit decisions, and follow the guidelines set out by the credit repair specialists, you should qualify for a mortgage by the end of your lease.

In the event that you change your mind or do not stay on course to get a mortgage, the 3.5% payment is non-refundable. In this situation, HALO will use these funds to help offset part of the cost of re-selling your home. It is estimated to cost HALO 5% of the price to re-sell the home, so your 3.5% Option payment partially offsets our re-sale expenses.

However, HALO reserves the right to extend your lease if you still wish to purchase the home but just need more time to qualify for a mortgage. In this case, a new review of your finances will be conducted by a licensed mortgage originator to assess if you have been making all payments on time and otherwise complying with the steps necessary to repair your credit. Depending on the outcome of the review, HALO (at its sole discretion) may extend the contract for another 6 months. At the time of the extension, your Purchase Price will increase by 2.5% and the monthly rent will also rise by 5%. A new lease contract and Option agreement will be put in place.

What if the house value goes up? Or goes down?

Your future Purchase Price is fixed at the time HALO buys the home. This means that regardless of how much your home may go up in value during the life of the lease, your price is locked-in; HALO cannot sell your home to anyone else or change the price as long as you comply with the terms of your lease. Conversely, if the home value declines, your Purchase Price is still fixed as it is locked in at the time HALO purchases the home.

What upfront fees will I pay?

HALO charges a processing fee equal to one month's rent, but only once you are successfully accepted into the program and have identified the home you want us to buy. This fee is used to help cover our expenses in bidding,

appraising, inspecting and purchasing the home you have chosen, and is paid when you sign the Letter of Commitment.

Is there an application fee?

No. You can apply on our website after you have finished reading the FAQs (see *How do I Apply?* below).

Are there any closing costs?

HALO pays all closing costs at the time we purchase the home. You will pay all closing costs when you purchase the home from HALO at the end of the lease. The closing costs are usually driven by lender requirements and include appraisal, credit check, inspection, title & escrow fees and local transfer fees.

What do I need to qualify?

From our side, we are looking for clients who are committed to getting, and keeping, their finances in order so that they can qualify for a mortgage at the end of the lease. We look for clients who have a clear path to achieving these mutual goals. At a minimum, prospects should meet the following criteria in order to initiate an application:

- ✓ Minimum current credit score of 480
- ✓ Minimum household income of \$5,000 per month
- ✓ Down Payment funds available at time of lease (3.5%)
- ✓ Commitment to work on credit repair during the life of the lease

Please note: while HALO works with licensed mortgage originators as part of the approval process, HALO does not provide mortgage financing and does not guarantee that clients will obtain a mortgage at the end of their lease.

Does HALO provide credit repair counseling as part of the program?

HALO, along with our mortgage partners, will provide guidance on how to repair and improve your credit score. In many cases, clients will also need the ongoing help of a licensed credit repair professional during the life of their lease. If you are not sure which one to use, we will be happy to refer you to credit counselors that have worked with other HALO clients.

What if I qualify for a VA Loan? Do I still need the Down Payment funds?

Yes. Even though VA loans do not require a down payment, HALO still requires that all clients buy a Purchase Option for 3.5% of the price they will pay for the home. Since this is credited back to you when you purchase the home, the 3.5% can be used to pay closing costs and reduce the amount of the mortgage.

Who maintains the home during the life of the lease?

Once we purchase a home and lease it to you, HALO considers it “your home”. Just as if you owned it already, you are responsible for maintaining the home during the life of the lease. However, maintenance should be low because we order a professional inspection prior to purchasing a home so that you (and HALO) know what you are getting into. Most repairs are made by the seller prior to our purchase of the house. Additionally, we secure a Home Warranty, covering appliance, heat and air conditioning repairs during the first 12 months of the lease.

Can I make improvements to the home during the lease?

Absolutely! HALO clients are free to upgrade the landscaping, paint the walls, install new carpet, etc. Everything you want to do to make the home yours. Alterations must be approved by HALO in writing, and must be conducted by licensed and insured contractors in compliance with local building codes. Major alterations (involving structural changes) are not permitted.

Are pets allowed?

Yes, subject to any restrictions imposed by our insurance carrier.

HALO sounds great! But I don't have 3.5% Down Payment funds available today. What can I do?

You have taken the first step in deciding you want to embark on the home ownership journey. But in order to be a homeowner, you will need funds available for a down payment, even if you don't work with HALO. If you don't have the funds yourself, the FHA allows them to be gifted to you. You may also be able to get these funds from your 401k at work. If that's not an option, then you should set a monthly savings goal and save for your down payment while you continue to carefully manage your payments and improve your credit. Then check back with HALO when you have reached your goal. We are here to help!

What if I have more questions?

Please email us at info@haloprogram.com

How do I Apply?

Click here to start the application process:

<http://www.haloprogram.com/home/applyNow/Kevin-Burlace>