

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

713



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
March 5, 2009

**SUBJECT:** Adoption of Resolution No. 2009-112 Delegating Authority for the Approval and Execution of Loan and Subordination Agreements for the Neighborhood Stabilization Homeownership Program

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Authorize formation and implementation of the Neighborhood Stabilization Homeownership Program (NSHP);
2. Adopt Resolution No. 2009-112 supporting the approval and execution of loan and subordination agreements for the Neighborhood Stabilization Homeownership Program;
3. Allocate the sum of \$9,700,000 in Neighborhood Stabilization Program (NSP) Funds to the Neighborhood Stabilization Homeownership Program (NSHP);
4. Authorize the Assistant County Executive Officer or designee, to take the necessary steps to implement this program including but not limited to, establishing policies and procedures, program term limits and allocation of necessary funding; and
5. Approve the Notice of Funding Availability (NOFA) by the Riverside County Economic Development Agency (EDA) for NSP.

**BACKGROUND:** On November 25, 2008, the Board of Supervisors approved the Enhanced First Time Home Buyer Program as a component of the Neighborhood Stabilization Program. (Continued on page 2)

*Robin Zimpfer*

RZ:DL:ER:TF:DX  
S:\CDBG\HOME\2009 NSP - Tom FINSHPI\EDA-Form 11-NSHP-112

Robin Zimpfer  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$43,712,000	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$0	Budget Adjustment:	NO
	Annual Net County Cost:	\$0	For Fiscal Year:	2008/2009

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: NO**

<b>SOURCE OF FUNDS:</b> Neighborhood Stabilization Program	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Serena Chow*  
Serena Chow

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dept Recomm.:  
Per Exec. Ofc.:

Prev. Agn. Ref.: 3.12 11/25/08

District: ALL

Agenda Number:

**3.17**

**ATTACHMENTS FILED WITH  
THE CLERK OF THE BOARD**

FORM APPROVED COUNTY COUNSEL  
BY: *Michelle Clack*  
DATE: 3/5/09  
MICHELLE CLACK  
Departmental Concurrence

**BACKGROUND (Continued):**

The Action Plan calls for the County of Riverside ("County") to offer a financing method to eligible first-time homebuyers to enable them to acquire foreclosed or abandoned single family homes directly using Neighborhood Stabilization Program ("NSP") Funds.

The attached Resolution No. 2009-112 offers a Neighborhood Stabilization Homeownership Program ("NSHP Program") to provide down payment assistance as a silent second, deferred and forgivable loan to low and moderate income first-time homebuyers in the amount of twenty percent (20%) of the purchase price of the home. In conjunction with the down payment assistance, the NSHP Program will also provide home-repair assistance to the foreclosed homes to stabilize the neighborhoods by incorporating energy-efficient improvements for long term affordability and increased sustainability to housing and neighborhoods. The total combined amount of down payment assistance and home repair assistance shall not exceed seventy-five thousand (\$75,000) dollars per homeowner. The attached guideline outlines the NSHP Program requirements ("Exhibit A").

The loans are funded by NSP and secured by deeds of trust, which will be in second and/or third position to the senior financing acquisition loan ("Senior"). The NSHP allows individual homeowners to refinance their existing loans for favorable terms without cash-out. In addition, the County will frequently be required to execute standard subordination agreements. The County would remain in second and/or third position to the new Senior, which would not be an amount more than the existing loan.

County Counsel has reviewed and approved as to form the attached NSHP Program requirements. Staff recommends that the Board approve the NSHP Program and the attached guidelines.

**RESOLUTION NO. 2009-112  
DELEGATING AUTHORITY FOR THE APPROVAL AND EXECUTION OF LOAN  
AND SUBORDINATION AGREEMENTS FOR THE NEIGHBORHOOD  
STABILIZATION HOMEOWNERSHIP PROGRAM  
(All Supervisorial Districts)**

**WHEREAS**, on November 25, 2008, the Board of Supervisors approved the Action Plan Amendment to the 2008-2009 One Year Action Plan of the 2004-2009 Five Year Consolidated Plan by adding the Neighborhood Stabilization Program ("NSP"); and

**WHEREAS**, the Riverside County Economic Development Agency ("EDA") is responsible for administering the NSP; and

**WHEREAS**, the NSP calls for the County of Riverside to offer a Neighborhood Stabilization Homeownership Program ("Program") with the primary objective of stabilizing neighborhoods affected by large numbers of foreclosed homes; and

**WHEREAS**, EDA developed guidelines for the Program setting forth the eligibility requirements, loan requirements, lender requirements and processing and payment procedures ("Program Guidelines"), attached hereto as Exhibit A and incorporated herein by reference; and

**WHEREAS**, the Program includes down payment assistance as a silent second loan to low and moderate income first time homebuyers in the amount of twenty (20) percent of the purchase price of the home; and

**WHEREAS**, the Program will also provide Home Repair Assistance in the form of a loan to homebuyers to increase the energy efficiency or conservation of the home for long-term affordability, increased sustainability and attractiveness of housing within the County of Riverside; and

**WHEREAS**, the total combined assistance per homebuyer, including down payment and home repair assistance, will not exceed seventy five thousand (\$75,000); and

FORM APPROVED COUNTY COUNSEL  
DATE 3/5/09  
BY MICHELLE CLACK

1           **WHEREAS**, the down payment and home repair assistance ("Assistance") will  
2 each be evidenced by a separate promissory note and secured by a separate deed of  
3 trust; and

4           **WHEREAS**, the Assistance is required to be recorded in second and third  
5 position to first loan that are fully amortized, fixed rate, thirty year mortgages; and

6           **WHEREAS**, the Assistance will remain in second and third position, unless  
7 additional financing involves a CalHFA loan, another County of Riverside loan or a loan  
8 provided by the Redevelopment Agency for the County of Riverside, in which case the  
9 Assistance may be subordinate to those loans; and

10           **WHEREAS**, delegating authority to the Assistant County Executive Officer/EDA  
11 or designee to approve and execute standard loan agreements and subordination  
12 agreements that are necessary to implement the Program would increase the  
13 Programs' efficiency and save administrative costs.

14           **NOW THEREFORE, BE IT RESOLVED, FOUND, DETERMINED, AND**  
15 **ORDERED** by the Board of Supervisors of the County of Riverside, State of California,  
16 in regular session assembled on March 17, 2009, as follows:

17           1.     That the Board of Supervisors hereby finds and declares that the above  
18 recitals are true and correct and incorporated herein.

19           2.     That the Neighborhood Stabilization Homeownership Program Guidelines  
20 attached hereto are hereby approved.

21           3.     That the Board of Supervisors has determined that delegating authority to  
22 the Assistant County Executive Officer/EDA or designee to execute standard loan and  
23 subordination agreements would facilitate implementation of the Program and increase  
24 the Program's efficiency and save administrative costs.

25           4.     That the Board of Supervisors hereby delegates to the Assistant County  
26 Executive Officer/EDA or designee the authority to execute loan and subordination  
27 agreements provided that all the following are met:

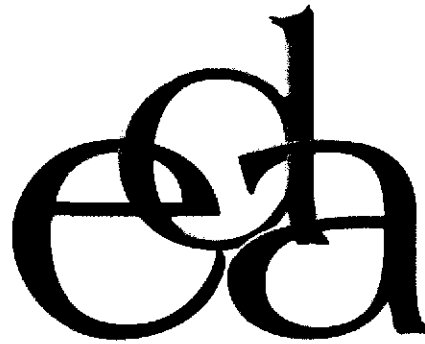
28           a)     The loan and/or subordination agreement is related to the

1 Neighborhood Stabilization Homeownership Program.

- 2 b) The loan amount does not exceed seventy-five thousand (\$75,000)  
3 per homebuyer.
- 4 c) The loan and subordination agreements are in compliance with the  
5 Board approved Action Plan and Program Guidelines.
- 6 c) The loan and subordination agreements have been approved by  
7 County Counsel.
- 8 d) The subordination agreement does not put the Assistance in  
9 positions less than second and third, unless additional financing  
10 involves a CalHFA loan, another County of Riverside loan or a loan  
11 provided by the Redevelopment Agency for the County of  
12 Riverside, in which case the Assistance may be subordinate to  
13 those loans.

# **EXHIBIT "A"**

**RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY  
NEIGHBORHOOD STABILIZATION HOMEOWNERSHIP PROGRAM  
Program Guidelines**



**RIVERSIDE COUNTY  
Economic Development Agency**

Riverside County Economic Development Agency  
951-955-3389

Mailing Address:  
Riverside County Economic Development Agency  
Housing Division  
1325 Spruce Street, Ste. 400  
Riverside, CA 92507

[www.rivcoeda.org](http://www.rivcoeda.org)

**March 17, 2009**

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## D) INTRODUCTION

### a) Purpose

- i) The Riverside County Economic Development Agency (EDA) is offering a Neighborhood Stabilization Homeownership Program (NSHP hereinafter called "Program"). The primary objective of the Neighborhood Stabilization Homeownership Program is to stabilize neighborhoods affected by large number of foreclosed homes. The Program addresses the problem of abandoned and foreclosed homes in Targeted areas within Riverside County, which will be available for purchase by first-time homebuyers of low and moderate income. The Program will be available to anyone who has not owned a home in the last three years, has an annual income that is not greater than 120% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD), and is purchasing a vacant foreclosed home in the designated Target areas in the County of Riverside. The maximum household income limit is shown in the attached **Appendix A**.
- ii) This Program will provide down payment assistance as a silent-second loan to low and moderate income first-time homebuyers in the amount of twenty percent (20%) of the purchase price of the home. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio is between the range of twenty-five percent (25%) and thirty-five percent (35%). The program will also provide Home Repair Assistance to all foreclosed homes within the program to stabilize the neighborhoods by incorporating energy-efficient improvements for long-term affordability and increased sustainability to housing and neighborhoods. Activities in the EDA home repair component will include items such as curb appeal and landscaping after the close of escrow. However, all home repair items will be identified prior to closing. The total combined amount of down payment assistance and home repair assistance can not exceed \$75,000. The first loan must be a fully amortized, fixed rate, thirty-year mortgage and the EDA Assistance will be secured by deed of trust recorded in subordinate position to the first mortgage. Closing cost assistance is not eligible under this Program.
- iii) All buyers participating in this Program shall agree to the terms and conditions of an Affordability Period. The Affordability Period provides that if the property is re-sold within fifteen (15) years, it will be offered or otherwise be made available for purchase by *qualified low and moderate income families*. If the property is no longer maintained as the principal residence of the buyer or is sold prior to the end of the Affordability Period, and the homebuyer is not eligible for this Program, all NSHP funds invested in the property must be repaid. Properties that remain affordable to program participants throughout the Affordability Period will have the EDA's investment converted to a grant. This program is available to homes being purchased within the **Target Areas Map** listed in **Appendix B**.
- iv) All foreclosed homes participating in this program must meet **Current Market Appraised Value**. The Current Market Appraised Value means the value of a foreclosed upon home that is established through an appraisal made in conformity with appraisal requirements of the Uniform Relocation Assistance Real Property Acquisition Policies Act of 1970 (URA) at 49 CFR 24.103 and **completed within sixty (60) days** prior to a **final offer** made for the property by individual homebuyer. Any purchase of a foreclosed home under this Program shall be at a discount from the current market appraised value, taking into account its current condition, and such discount shall ensure that homebuyers are paying below-market value for the home. Properties must be purchased at a minimum discount rate of fifteen percent (15%) below the current market appraised value.

## II) GENERAL ELIGIBILITY REQUIREMENTS

### a) Eligible Properties

- i) Location. The Program will be offered in Targeted areas of Riverside County that have been identified to have the greatest need. The Targeted areas include portion of fifteen (15) cities and nine (9) unincorporated areas, which are listed below:

#### Cities

Banning, Beaumont, Blythe, Canyon Lake, Cathedral City, Desert Hot Springs, Indio, Lake Elsinore, Menifee, Murrieta, Norco, Perris, San Jacinto, Temecula, and Wildomar

#### Unincorporated Areas

East Hemet, Eastvale, French Valley, Highgrove, Home Gardens, Lakeland Village, Rubidoux, Temescal Canyon, and Thousand Palms.

**Note: Not all areas inside the city boundary and the Unincorporated Areas mentioned above are Target Areas. Please check the Target Areas Map listed in Appendix B and the EDA website.**

- ii) Program Price Limits. To be eligible for the Program, the maximum property value shall not exceed the actual 95 percent of the area median sales price published and updated regularly by U.S. Department of Housing and Urban Development. The maximum purchase price limit is shown in the attached Appendix A.
- iii) Price Limits. The purchase price of the home **must be at least fifteen percent (15%) below the Current Market Appraised Value** of the home. Appraisal must be completed within sixty (60) days of the final purchase offer. The Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and its implementing regulations at 49 CFR Part 24 set forth the minimum requirements for real property acquisitions appraisals for federally-assisted programs. The appraisal will be done through an independent fee contract appraiser hired by EDA. The appraisal must meet the requirements of the URA at 49 CFR 24.103 for each property that submits an application for NSHP funds. The contract fee appraiser contracted by EDA must be State licensed or certified in accordance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (12 U.S.C. 3331 et seq.). The cost of the appraisal will be part of the down payment assistance if the application for down payment is successful. All purchase price at the time of application of NSHP funds is received will be considered as initial offer. EDA will determine the appraisal value of the house. The final purchase offer must be at least 15% below the appraised value. EDA will strive to obtain the appraisal value within five (5) days of the application received. If the initial sales price meets the 15% discount, seller and buyer is required to submit final NSHP-6 form. However, if the purchase price falls short of the 15% discount, the homebuyer will be required to negotiate a minimum of 15% discount. If the seller and homebuyer could not reach an amicable agreement for the purchase price of the property meeting the 15% discount, the application will be denied and the cost of the appraisal will be borne by EDA. The final offer meeting the 15% discount must be received by EDA within sixty days of the completed EDA appraisal or the application will be denied.
- iv) Type of Home. The Program may be used to purchase any foreclosed single family home, condominium /town home that meets all of the following minimum criteria:
- 1) The home is permanently fixed to a permanent foundation; and
  - 2) The home is currently vacant. **Home must have been vacant for at least 90 days prior to Program application or it is ineligible.**
  - 3) The home must be built after 1978 and not be listed on, or eligible for listing on the National Register of Historic Places.
  - 4) In-ground Pools and Spas. Single-Family home with in-ground pools or spas **are** eligible for the Program.

- v) Home Condition. A home shall not be eligible for purchase under this program unless it is in standard condition and suitable for occupancy upon purchase. Under no circumstances shall a home be modified or altered to qualify a home that is otherwise an ineligible property after submittal of an application to EDA. The following procedures will be used to determine if the home meets these requirements:

1) *Foreclosed Homes*

- A. All homebuyers of existing homes must obtain a home inspection report prepared according to industry standards. Any deficient items affecting habitability of the home noted in the home inspection and the purchase agreement shall be corrected at the close of escrow by seller's contractor. If the home inspection report indicates that the home has serious deficiencies, the EDA may inspect the home to determine if it meets the Housing Quality Standard (HQS). The Housing Quality Standard (HQS) is a basic standard of livability based on health and safety standards. The HQS Checklist is attached in **Appendix E**.
- B. Inspection Process. Home Inspections are to be performed by qualified Home Inspection Professionals in accordance with industry standards. Home Inspectors who are members of the California Real Estate Inspectors Association, the American Society of Home Inspectors or the International Conference of Building Officials will be presumed to be qualified. Typically, Home Inspections are 7 to 15 pages in length, and utilize a checklist with explanations of any items that need work or are not in standard condition. It is strongly advised that the home buyer accompany the Home Inspector during the inspection. The Home Inspector will provide guidance on maintenance requirements, and will explain any items that need work. No Termite inspection will be required unless there are signs of active infestation or the appraiser notes the requirement for one on the appraisal report. All termite clearance must be done by the Seller prior to close of escrow.
- C. Repair Requirements. EDA will review the Home Inspection Report and will prepare a list of required repairs to be completed by seller. A copy of the Home Inspection Report and list of required repairs is sent to the buyers. The buyer also needs to ensure that the home meets their requirements and that the repairs have been completed to their satisfaction. EDA will review the Inspection Report for safety, habitability concerns, and cosmetic items. Certain repairs that will not affect the homebuyer from moving in after the close of escrow and deem beyond the scope of the lender habitability standard can be included as part of the additional repair assistance that can be provided by EDA. All repair that affects the move-in and habitability standard must be corrected and completed prior to close of escrow as a condition of down payment assistance requirements.
- D. Lender Certification. Lender will certify that the required repairs have been completed prior to the close of escrow. Lender will provide a letter from a licensed contractor or inspector to ascertain that the work has been done.
- E. In addition to the down payment assistance, EDA also provide repair assistance to homebuyers to include home improvements to increase the energy efficiency or conservation of the home for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. This repair will be limited to the items identified by EDA staff prior to close of escrow and completed through EDA approved contractors after the close of escrow. The total combined assistance including down payment assistance can not exceed \$75,000. The repair portion of the loan will be recorded as a separate deed of trust and will have the same affordability and term as the down payment assistance. Any repair works that are identified that would prevent the homebuyer from moving in after the close of escrow **will not be eligible.**
- vi) Occupancy Standard. One of the purposes of the Program is to address persistent conditions of housing overcrowding in the County. Therefore, EDA is requiring that all homebuyers must meet the occupancy standard as defined in the Housing Quality Act under 982.401 that states "The dwelling unit must have at least one bedroom or living / sleeping room for each two persons." Children of opposite sex, other than very young children, may not be required to occupy the same bedroom or living / sleeping room.

b) **Characteristics of the Home Buyer**

- i) **Income Limits.** In order to be eligible for this program, the homebuyers' annual income shall not exceed 120% of the area median income, as determined by HUD, adjusted for family size. In addition, family assets, excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase, shall not exceed a 12 month reserve based on the maximum income for the family size. The income and assets of all persons age 18 and older who will reside in the home must be included in the calculation to determine income eligibility. The current income limits are shown in **Appendix A**. See item c below for instructions on calculating annual income.
- ii) **Co-owners.** Co-owners are only permitted if they will occupy the home as their principal residence and qualify as first time buyers. The income of all co-owners will be included in determining if the household qualifies as moderate income, as noted in 1 above, as well as appendices A and C. Co-signers are not permitted.
- iii) **Minimum Buyer Investment.** The buyer shall provide from their own funds a minimum investment of the amount required by the first mortgage. The buyers' contribution may be used toward the down payment or closing costs, at their discretion and in accordance with the requirements of the first mortgage.
- iv) **Prior Home Ownership Criteria.** In order to qualify as a first-time homebuyer, the homebuyer cannot have owned a home for the previous three years from the date of application to the Program. The homebuyer must sign a sworn application attesting that they have not owned a home, in addition the last three years tax returns will be reviewed to ascertain that no mortgage interest or real estate tax deductions have been claimed.
- v) For the purposes of determining home ownership, a dwelling unit that was not permanently affixed to a permanent foundation (i.e. a mobile home), or a dwelling unit that is substandard and cannot be brought into standard condition for less than the cost of constructing a permanent structure, shall be not included in the three year requirement.

c) **Determination of Adjusted Gross Income**

- i) The Program is limited to buyers with an annual income that is one-hundred twenty percent (120%) or less of the area median income, as determined by HUD. Annual income is the gross amount of income anticipated to be received by all adults in a family during the twelve months following the effective date of the determination. Anticipated income is generally determined by annualizing current income for the next twelve months. The annual income for purposes of qualifying for the Program includes all income and may be higher or lower than the income amount utilized by the lender to underwrite the first mortgage.
- ii) Annual income includes anticipated income from assets. Please see below for an explanation of how to determine income from assets. The current passbook rate established by HUD is 3.50%.
- iii) For a detailed explanation of how to calculate various types of income, please see **Appendix C**.

d) **Assets**

In addition to income, family assets (excluding personal property, funds in restricted retirement accounts, and funds to be used for the home purchase) shall not exceed a 12 month reserve based on the maximum income for the family size. See **Appendix A** for maximum income limit. See **Appendix C** for a detailed explanation of the items to be included and excluded from assets.

e) **Other Requirements**

Program can not be combined with other EDA down payment assistance program such as Redevelopment Homeownership Program or FTHB Programs. However, this Program can be combined with Mortgage Credit Certificate Program.

### III) GENERAL LOAN REQUIREMENTS

The following minimum requirements shall apply to all purchases receiving assistance through the Program.

#### a) First Loan Requirements

- i) The homebuyer shall apply for a first mortgage from a participating lender and provide a minimum investment of the amount required by the applicable federal state. The first mortgage must be a fully amortized, fixed rate, thirty-year term mortgage. The homebuyer must accept the highest first mortgage amount (principal amount at going interest rate) for which they can qualify. Lenders should provide buyers with the best possible interest rate available at the time their loan rate is locked. In general, the participating lender shall be responsible for determining the buyers' creditworthiness and qualifications for obtaining the first mortgage. However, the following minimum criteria must be satisfied:
- ii) The buyer shall provide a minimum investment of the amount required by the first mortgage. This minimum investment may be applied to the down payment and/or closing costs, at the discretion of the homebuyer and in accordance with the requirements of the first mortgage. The lender shall verify that the buyer has sufficient funds to meet this requirement. In cases where a homebuyer has saved cash at home, the lender shall document these savings in accordance with standard underwriting practices.
- iii) The first loan amount shall be the maximum amount for which the homebuyer can qualify, based on their income, debts, and current interest rates. The total monthly housing payment (principal, interest, taxes, insurance, private mortgage insurance, flood insurance and home owner association, if applicable) shall not be less than 25% or more than 35% of the homebuyer's gross monthly income for a 30-year fully amortized fixed rate loan.
- iv) The participating lender may only assess those usual and customary fees and charges that would be assessed for a buyer with the same type of first mortgage who is not participating in the Program. No additional lender fees may be charged for processing of a loan in conjunction with this Program.

#### b) NHSP Loan Requirements

##### i) Affordability Period

In exchange for receiving funds to assist in the purchase of a home, the homebuyer must sign NSHP loan documents, including a Promissory Note, Disclosure Notice, Request for Notice, and Subordinate Deed of Trust, which will provide that, upon sale, transfer, lease or any other disposition, including refinancing or incurring of additional debt secured by the home, within 15 years of purchase, the principal amount of the NSHP Assistance is repaid to the EDA. After the Affordability Period, the NSHP Assistance is converted to a grant and these obligations are forgiven. If the homebuyer is also getting a repair assistance identified prior to close of escrow, then that assistance will be in a form of loan with the same terms and conditions as the down payment assistance loan.

##### ii) Home Buyer Education

In order to be eligible for participation in the Program, prospective homebuyers must complete the minimum requirements of 8 hour education in a Community Home Buyer's Seminar, as approved by the EDA. Buyers should complete this requirement as soon as possible in the purchase process. Participating lenders may contact EDA for the names of agencies offering approved Community Home Buyer's Seminars.

##### iii) Types of Assistance

The NSHP financial assistance can be provided as down payment assistance and repair assistance associated with home purchase. The NSHP Assistance cannot be used to pay the homebuyer's prepaid costs (also known as recurring costs). Buyer must make a minimum contribution necessary to comply with any applicable federal or state requirements. In addition, the buyer needs to satisfy the requirements of the first mortgage, which may require the homebuyer to pay a minimum down payment and certain other costs.

- 1) **Home Repair Assistance.** In general, NHSP funds shall be used primarily for down payment assistance. Home Repair Assistance is available to all eligible properties who qualify for NSHP. The maximum amount of assistance for home repair is the remaining balance of \$75,000 once the down payment assistance has been identified for the property. For example: down payment is \$40,000; the remaining balance is \$35,000 of which the Home Repair Assistance can not exceed. The maximum amount of assistance for each property is \$75,000.
- 2) The Home Repair Assistance is contributed in the form of a silent subordinate loan that will sit behind the NSHP down payment assistance. The loan will stay as a lien on the home for fifteen (15) years which is identified as the Affordability Period. If the property is no longer maintained as the principal residence of the buyer or is sold prior to the end of the fifteen (15) year period (Affordability Period), and the homebuyer is not eligible for this Program, all NSHP funds invested in the property must be repaid. Properties that remain the principal residence of the buyer throughout the Affordability Period will have the EDA's investment converted to a grant.
- 3) **Preliminary Repair Assessment** – EDA staff will make an on-site visit to the home to do a preliminary assessment of the house within three (3) working days of the receipt of NSHP funding application. After confirmation of the purchase price discount and tentative approval of the down payment assistance and receipt of the inspection report, EDA staff will prepare a scope of work in consultation and approval with the homebuyer. Based on the approved scope, EDA will solicit bids from EDA approved contractor lists. A pre-bid walk through date where contractors will be invited to review the scope of work will be set up in coordination with the seller. After closing of the bid and review of bids received, EDA staff will select the contractor. EDA will determine maximum repair assistance to be provided to the homebuyer. At no point in time the \$75,000 threshold including the down payment assistance can be exceeded. EDA staff has the discretion to lower the threshold to allow for any contingency and complexity of the repair. All the repair work will be started after the close of escrow and completed within 30 days from the close of escrow.

**iv) Minimum and Maximum Assistance**

The minimum amount of assistance that may be provided is \$1,500 per home purchase. The maximum amount of assistance is the gap financing limit such that the housing payment to income ratio is between the range of twenty-five percent (25%) and thirty-five percent (35%) with an absolute maximum amount of \$75,000 for down-payment assistance (20% of the purchase price) and home repair assistance.

**v) Notifications**

The following notifications are required for participation in this program:

- 1) *Homeownership Notice to Sellers (NSHP-3).* This notice shall be provided to the Sellers at the time a purchase offer is initiated or at the earliest possible date following acceptance of the purchase offer. The Seller shall complete and sign this notice. Compliance with this requirement shall be demonstrated by submission of a fully executed Form NSHP-3 at the time the Lender submits an application. This Notice will be used to determine if the home is eligible for purchase under the NSHP Program (Home must be vacant for at least 90-days).
- 2) *Disclosure Statement.* This notice discloses to the homebuyers the terms of the NSHP Assistance. This form is to be signed and notarized at the settlement appointment and submitted to EDA with the closing package.
- 3) *Voluntary Acquisition of Foreclosed Property (NSHP-6).* This notice shall be provided to the Sellers at the time the purchase and sale agreement is initiated. The initial form will be used at the time the application is submitted indicating the initial offer. Once the Appraisal has been determined by EDA, a final form will have to be signed by both seller and homebuyer indicating the final agreed purchase price. This notice will identify the purchase price EDA is willing to accept on behalf of the homebuyer for the Program. The final form must be returned to EDA with accompanying purchase and sale agreement with the final sales price within sixty days of the appraisal date.