

Neighborhood Stabilization Program (NSP)

HOME BUYERS

Frequently Asked Questions

Q. What type of assistance is available?

The City will assist with the purchase and completion of eligible repairs of a foreclosed property within designated NSP target areas within the City.

Q. Who is eligible to receive assistance?

Low-to-middle income households who do not own any other residential properties and who intend to occupy the property as their primary residence are eligible to receive assistance. Please refer to income limit chart as a guide for income qualification.

Q. Are there income guidelines for this program?

Yes. The City's NSP Purchase Assistance Program is designed to assist low-to-middle income households purchase a NSP eligible property. Income limits are established by the Federal government and adjusted for the number of people who live in your household. The program verifies your *current* household income and projects it 12 months forward to determine income eligibility. Please refer to the income limits chart as a guide. This is the first step in determining if you qualify for purchase assistance from the City. (See income chart on the last page).

Q. What do I do after I determine I meet the income guidelines?

After determining you meet the program income guidelines, you must get pre-approved or pre-qualified for a mortgage by an approved lender. The City's assistance is a second mortgage to assist with down payment, closing cost and principal buy down only. The City is not providing funds for the entire purchase of your home.

Q. How much assistance is the City providing?

The Amount of assistance will vary by income level.

Q. Is this a grant or a loan?

The assistance provided by the City is in the form of a **0% interest deferred loan**. A deferred loan means that you will not have to make payments on the assistance provided by the City. You will not be required to pay the loan back as long as the property remains your primary residence (homestead property) and there is no change in title or ownership during the term of the deferred loan. A buyer may refinance at anytime during the affordability period, however if any cash is taken from the equity of the property, the loan will become due in full.



Q. Do I have to purchase a foreclosed property?

Yes. The City's NSP program is designed to address the number of foreclosed and vacant properties in the community. Properties must be foreclosed, vacant and purchased at a discount of at least 15% of the current appraised value.

Q. Is there a specific area where I must purchase?

Yes. The City has a designated target area that is a priority for stabilization. Please refer to the City's target area map.

Q. Do I need to be a first-time homebuyer?

No. Under the City's NSP program this is not a requirement. However, at the time of application and prior to closing, you can not own any other residential property.

Q. How long will it take to know if I am approved?

Once the City begins to accept applications for the NSP program, you will be required to submit your mortgage pre-approval and the City's purchase assistance application. Only complete applications will be processed. All information (income, assets, etc) presented on your purchase assistance application must be verified by third-party. This process can take 3 to 4 weeks. After this process is complete, you will receive a Notice of Eligibility/ Notice of Award. Process will depend on the volume of applications received.

Q. Do I have to make a financial contribution towards the purchase of the home?

Yes. You must contribute a MINIMUM of 1% of the purchase price of your own verifiable funds toward the transaction; however 50% of the lender's required down payment must be paid by your own resources. For a typical FHA loan, the required down payment is 3.5% of the purchase price. The program can cover 50% of the required down payment (or 1.75%), you must contribute at least 1% from your own verifiable funds, and the remaining .75% can be contributed from other resources available to you. Please consult your lender if you need more clarification about this question.

Q. Can my required 1% be a gift?

No. You must have at least 1% of the purchase price of your own verifiable funds to contribute to the transaction.

Q. Is it necessary to be a current resident of the City to apply for this assistance?

No. You do not have to be a current resident of the City.

Q. Can I chose any property?

No. Eligible properties include any single family home, condo, townhouse, or villa that has been foreclosed upon and are vacant. The property must be located within the NSP priority area.

Q. Can I use the assistance from the City for my down payment?

Yes, up to 50% of the lender's required down payment can be applied toward the down payment.



Q. Can I use the money for my closing costs?

Yes. The money can be used for 100% of your closing costs as long as it is approved by the lender.

Q. Can I use the money to lower the principal amount of the loan?

Yes. If you qualify, the assistance can be used to reduce the principal of the loan based on the lender's approval and the program's underwriting criteria.

Q. Will I receive a check from the City to purchase or make repairs?

No. Assistance will never be paid directly to the applicant. Loans and payments will be made on your behalf by the City.

Q. Is there a limit to the purchase price of my new home?

Yes. The purchase price may not exceed \$250,000.

Q. Do I have to pay the money back?

No. The assistance from the City is financed in the form of a 0% interest, deferred payment loan secured by a second mortgage and a promissory note held by the City. The loan will be forgiven in its entirety at the end of the affordability period described in the terms of your mortgage. The term of the loan begins at the date of settlement. If the property is sold or the title is transferred before the end of the affordability period is over, all or part of the loan must be paid back –depending on the City you are receiving assistance from.

Q. I am married. Can I apply by myself?

No. Your spouse will have to apply with you.

Q. My spouse is out of the country, can I apply by myself?

No. He/she will have to fill out the entire application as a co-applicant.

Q. I am separated from my spouse. Can I still apply for assistance?

Only if you can verify separation by providing your personal federal income tax returns for the last 5 consecutive years and provide further evidence that your spouse no longer lives with you. For example a copy of spouse's driver's license and utility bill, showing spouse's current address.

Q. Do I need to be able to show proof of residency for my spouse?

Yes. If you are married your spouse must be on the application and both of you must show proof of residency.

Q. Can I use a friend or relative to help me qualify?

Only individuals who are going to live in the property can be used to qualify. Non occupying co-borrowers are not allowed for this program.



Q. Do I have to search for a property on my own?

No. You may work with any realtor or other professional or search independently for your desired property. A list of real estate professionals who have expressed interest in the program and who currently market foreclosed properties will be available on our website. The City is not responsible for finding the property for you.

Q. Can I use my own lender?

A list of pre-approved lenders is available online. Any lender used must be approved by the program. All lenders must be a lenders approved by FHA, submit the registration form and other required documents and agree to follow the underwriting criteria. We not accept pre-approvals/pre-qualifications from non-approved lenders.

Q. Do I need good credit to receive assistance?

Credit will be reviewed by the mortgage lenders. Approved lenders are using specific underwriting criteria to determine whether you qualify for a mortgage. The City's purchase assistance program requires that you must obtain a pre-qualification or pre-approval letter from an approved lender in order to submit a purchase assistance application to the City.

Q. Will I know how much I can afford?

Yes. You must get pre-approved/pre-qualified for an amount you can afford by a lender **before** you submit your application to us or schedule an appointment to submit an application.

Q. Can I purchase a new construction property?

No. The property must be a foreclosure property that is vacant.

Q. Will I ever be able to refinance my home?

You will be able to refinance your home at any time; however, if you refinance your home and take cash from the equity of your home during the affordability period, the loan will become due in full.

Q. Can I get a house for free?

No. The maximum benefit to any applicant is limited to 20-50% of the purchase price, depending on your income classification.



Neighborhood Stabilization Program

REAL ESTATE PROFESSIONALS

Frequently Asked Questions

Q. Can I enter into a contract before I get an approval from you?

NO, DO NOT ENTER INTO A "CONTRACT FOR SALE AND PURCHASE" UNTIL THE BUYER HAS RECEIVED A "NOTICE OF AWARD" LETTER FROM CRA of Florida.

Q. Who is my main point of contact?

The Realtor/agent's main point of contact will be the lender. The lender will be in contact with CRA to ensure a smooth process and keep all parties updated.

Q. How long does the process take?

Once a completed application is submitted from the borrower with a pre-approval from the lender, our performance standard is to get a "Notice of Award" out in 3-4 weeks. This standard will depend on volume of applications received and quality and completeness of each application.

Q. How long do they have to find a property?

An NSP applicant will have 60 days from the "Notice of Award" to find a property, and then an additional 30 days from the contract date to close on the property. Total available time will not exceed 90 days.

Q. What properties are eligible for the program?

SFR, Condos, Town homes, and Villas that have been foreclosed, are vacant, and are located within the City's priority target areas. Please see the city's target area map.

Q. Are there any requirements to the contract needed for the program?

Yes. There is an addendum that will be required to be included in sales contract. The seller must be aware that the purchase price must be at least 15% below current appraised value. Every contract must also have a financing contingency included.

Q. Do we need an inspection done on the property?

Yes, a full property inspection is required with estimate of repairs. An open permit, liens or code inspection must be performed. A full termite, roof, and pest inspection must be done. Appraisals should be done as part of the financing contingency (including the assistance from the City). If the purchase price does not reflect the 15% discount, the property will be rejected.



Q. Who is responsible to pay for the inspection?

The buyer is responsible for the cost of the inspections and appraisal. The cost of the inspections and appraisal can be included in the buyer's 1% minimum contribution toward the purchase.

Q. Can the appraisal be done by any appraiser?

The appraisal must have been completed within 60 days of the offer made for the property (we have advised that an initial offer can be made, subject to the completion of the appraisal within 60 days of a final offer). If the borrower is pre-approved for an FHA loan, the appraiser must be FHA approved. Be aware that most lenders require that you use one of their approved appraisers.

Q. Can the buyer use these funds for home repairs?

Once the buyer qualifies for the home purchase assistance funds, they will also be eligible for **additional** funds to help with qualified home repairs. One application process applies to both forms of assistance.

Q. What type of improvements can be made?

Correction of any building code violations, correct any health or safety problems in the home, provide safe electrical and mechanical systems, stop weather penetration, help make home more energy efficient, help improve general condition of the home and its structures. These must be approved and needed repairs. Example of repairs that are not approved include, any additions to the home, stainless steel appliances or granite countertops.

Q. When will repairs be done?

The repair process will begin once the property has been purchased and the closing has taken place. In some cases the lender may require that the funds be put in escrow to complete the repairs as a condition of the closing or the applicant may qualify for a purchase/rehabilitation loan from their lender. In most, CRA will facilitate the home repair process. A home repair inspector will prepare work specifications and facilitate a bidding process through the use of approved general contractors. In these cases, the City will pay the contractor directly.

Q. How long do they have to do the repairs?

The repairs must be completed within 120 days. Thirty days to pull the permits and 90 days to have the work completed.

Q. How are illegal additions addressed?

Illegal additions are code violations. Illegal additions are restored to the original state prior to the addition not being made. Construction done without a permit is a code violation. Ensure you know what you are purchasing.

Q. Can the buyer find their own contractor to complete the repairs?

In the situation where the City is providing additional funds for home repair, no. The repair specifications will be put out for an open bid by a list of contractors on a pre-approved list of contractors and the best bid will be awarded the job.



Q. Can the buyer do the repairs and receive “sweat equity”?

The buyer can do some of their own minor repairs; however they will not be reimbursed for them through the program. Only pre-approved contractors will be compensated through the program.

Q. What happens if the repairs are more than the maximum allowed award?

The buyer must be aware that they can not receive more than the maximum award. If repairs exceed this amount, the buyer will be responsible for the additional amount of repairs. We will cover the larger expense repairs up to the maximum amount of the approved award.

Q. What happens if the repairs are less than the approved amount of the award?

Only the amount of the approved repairs will be paid to the contractor doing the repairs. No one can receive cash back from the program.

Q. Can the buyer live in the property while the repairs are being done?

The program is meant for minor repairs and it is expected that the property is in a condition to be moved into at closing.

Q. How is the home repair money distributed?

The home repair money will be distributed as a 3rd lien on the property with 0% interest and will be forgiven at the end of the pre-approved affordability period. This assistance is not calculated into the combined loan to value at the time of purchase.

Q. Can the funds be used to add an addition to the home?

No, the funds should be used for necessary minor repairs. It is not meant for major structural repair or adding on to the property.

INCOME CHART

Household Size	0-30% AMI Very Low Income	31-50% AMI Low Income	51-80% AMI Moderate Income	81-120% Middle Income
1	\$16,050	\$26,800	\$42,850	\$64,250
2	\$18,350	\$30,600	\$48,950	\$73,450
3	\$20,650	\$34,450	\$55,100	\$82,600
4	\$22,950	\$38,250	\$61,200	\$91,800
5	\$24,800	\$41,300	\$66,100	\$99,150
6	\$26,600	\$44,350	\$71,000	\$106,500
7	\$28,450	\$47,450	\$75,900	\$113,850
8	\$30,300	\$50,500	\$80,800	\$121,200

*Effective 03/19/2009 and are subject to change.

