

Neighborhood Stabilization Program

HOME BUYERS

Frequently Asked Questions

Q. What type of assistance is available?

The City will assist with the purchase and qualified repairs of a foreclosed property within the City's designated NSP target area. See Map.

Q. Who is eligible to receive assistance?

Low-to-middle income household who does not own any other property and who intends to occupy the property as their primary residence are eligible to receive assistance. Please refer to income limits chart as a guide.

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 the current household income of individual who intend to occupy the property 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 qualified for a mortgage by a registered lender. The registered lender list is posted on www.crafla.com. 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 varies by income category. Please refer to program application or instructions.

Q. Is the assistance from the City 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 1% of the current appraised value.

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

Yes. 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?

All information (income, assets, etc) presented on your purchase assistance application must be verified by third-party. If there is a conflict of interest, it must be cleared by City and HUD. After this process is complete, you will receive a Notice of Eligibility/Pre-Award. This is also based on funding availability. The amount of time it will take to know if you are approved depends on the number of applications received and order in which your application was submitted.

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. Also keep in mind that you must pay for upfront inspections and an appraisal.

Q. If a large earnest money deposit is provided with the purchase contract; can I receive funds back at closing?

No. The program does not allow funds to go back to the borrower at closing.

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 choose any property?

No. Eligible properties include any single family home, condo, town house, or villa that

has been foreclosed upon and are vacant that are located within the target area.

Q. Can I use the money for my down payment?

Yes. Assistance from the City may be utilized for down payment.

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

Yes. The money can be used for 100% of your closing cost 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 money can be used to reduce the principal of the loan based on the lender's approval.

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 money is provided in the form of a 0% interest, deferred payment loan secured by a second mortgage and a promissory note. The loan will be forgiven in its entirety at the end of an affordability period which is determined by the loan amount and 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, the loan must be paid back.

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/professional or search independently for your desired property. A list of realtors who have expressed interest in the program and who currently market foreclosed properties will be available at www.crafla.com. The City is not responsible for finding the property for you.

Q. Can I use my own lender?

No. A list of the program's registered lenders is available online at www.crafla.com.

Q. Do I need good credit to receive assistance?

Credit will be reviewed by the mortgage lenders. Pre-registered 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 for an amount you can afford by a lender before you submit your application to us.

Q. Can I purchase a new construction property?

No - unless you can document the property has been foreclosed upon.

Q. Can I purchase a short sale?

No. A property being sold through a short sale process is not considered foreclosed.

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 is limited to 20-50% of the purchase price, depending on your income category.