

A two-story house with a red door and a large arched window, surrounded by greenery. The house has a grey roof and white trim. There are trees and a lawn in front of it.

**PALM BEACH COUNTY
NEIGHBORHOOD
STABILIZATION PROGRAM**

**HOUSING & COMMUNITY
DEVELOPMENT**

NSP FIRST MORTGAGE LOAN PROGRAM



Presenters

Edward W. Lowery, J.D. Director

Shairette Major, Fiscal Manager

Linda Jeter Goddard, Principal Planner

Carol Eaddy Langford, Senior Planner

NSP OVERVIEW

- The Housing and Economic Recovery Act of 2008 created the Neighborhood Stabilization Program (NSP) and appropriated \$3.92 billion to combat the problem of abandoned and foreclosed properties
- U.S. Department of Housing and Urban Development is administering agency
- NSP is governed by CDBG regulations at 24 CFR Part 570 except where specifically waived
- Palm Beach County was allocated \$27,700,340

NSP ELIGIBLE ACTIVITIES

Financing Mechanism –
Local Housing Trust Fund:
Proposed Funding:
\$12,845,811

- Purchase & Redevelop foreclosed vacant homes
 - Provide 1st/2nd Mortgages to homebuyers
- Proposed Implementing Agency: HCD

Purchase of Foreclosed or
Abandoned Residential
Properties: Proposed
Funding: \$5,000,000

- Purchase/rehab to resell or rent
 - RFP Process
- Eligible Applicants: Municipalities, nonprofits, public agencies

Redevelop Demolished or
Vacant Properties:
Proposed Funding:
\$7,500,000

- Acquisition/Rehab of Properties to be used as Public Facilities as the County's Homeless Resource Center/Centers.

Administration: Proposed
Funding: \$2,354,529 (8.5%)

- To operate the program up to 4 years: staffing, indirect/direct costs, environmental reviews, appraisals, asbestos reports, etc.

FIRST MORTGAGE LOAN

PROGRAM TOPICS

- Program Description
- Processing
- Income Certification
- Underwriting guidelines
- Required Documentation
- Education Requirements
- Property Selection
- Responsibilities (buyer, seller, realtors, inspectors, educators, etc.)
- Life in your new home
- Post Audit

What to expect?

WHAT IS THE FIRST MORTGAGE LOAN PROGRAM?

- **Palm Beach County is the lender**
- Maximum purchase price including repairs \$280,000
- **100%** financing (this includes repairs)
- 30 year mortgage at a **4%** interest rate (**4.50% APR**)
- Homes purchased must be **foreclosed, vacant and abandoned**
- Purchase price must be at least 15% below the appraised value
- Can only purchase in an “**area of greatest need**”
- Must be your **primary dwelling**
- Funding is based upon - **First come, first served, first approved**
- You do not need to be a first-time buyer, you cannot own a home at the time of application, approval, closing
- You cannot combine the loan with subsidy (over subsidization is not permitted)

ELIGIBLE AREAS

ZIP CODES	GEOGRAPHIC AREAS
33414, 33467, 33470	Wellington / Loxahatchee Grove / Surrounding Unincorporated Areas
33409, 33413, 33415	Unincorporated Palm Beach County (including Westgate) - South of 45 th Street; East of Turnpike; West of I-95; and North of Lake Worth Road.
33411	Royal Palm Beach / Acreage
33463	Greenacres
33445, 33446, 33484	Unincorporated Palm Beach County - South of Boynton Beach Blvd.; East of Loxahatchee National Wildlife Refuge; West of Military Trail; and North of Clint Moore Road.
33428, 33433, 33434, 33498	Unincorporated Palm Beach County - South of Clint Moore Rd.; East of Loxahatchee National Wildlife Refuge; West of I-95; and North of Broward County line
33458, 33469, 33477	Jupiter / Tequesta / Unincorporated Palm Beach County
33436, 33437	Unincorporated Palm Beach County (including Golf) - South of Gateway Blvd.; East of Loxahatchee National Wildlife Refuge; West of Congress Ave.; and North of Atlantic Ave.
33460	Lake Worth
33404	Riviera Beach
33403	Lake Park
33417	Haverhill
33462	Hypoluxo / Lantana / Atlantis / Manalapan / Unincorporated Palm Beach County
33430	Belle Glade
33476	Pahokee
33493	South Bay
33438	Canal Point

HUD 2009 - INCOME LIMITS

Number of Persons in Household	Very Low Income (50.00%)	Moderate Income (120.00%)
1	\$ 26,400.00	\$ 63,350.00
2	\$ 30,150.00	\$ 72,400.00
3	\$ 33,950.00	\$ 81,450.00
4	\$ 37,700.00	\$ 90,500.00
5	\$ 40,700.00	\$ 97,700.00
6	\$ 43,750.00	\$ 104,950.00
7	\$ 46,750.00	\$ 112,200.00
8	\$ 49,750.00	\$ 119,450.00

PRE-APPLICATION & INVITATION TO APPLY

Threshold

- **Minimum middle score 500**
- **Written Notification (invitation to apply or denial)**
- **An application and required documentation sheet will be mailed to the address of record**
 - **It is imperative that you submit completed documents early**
 - **Funding is limited, on a first come, first approved basis**

TWO PROCESSES

Income Certification (income, household, assets) 30 business days	Underwriting (30 year fixed rate loan) 10 business days
Eligibility to participate in the program	Determines your capacity to incur debt
Income is based upon future projections	Approval is based upon historical verifiable income (ability to repay indebtedness)
Household size	50% AMI - 1% down plus closing costs
Two pools of funding - 50% AMI \$5,138,342 - 51 - 120% AMI \$7,707,468	51-120% AMI - 2% down plus closing costs

INCOME CERTIFICATION

- Federal Funding requires additional documentation
- All income must be projected using HUD's Part 5 definition and all verification expiration dates will be in accordance with HUD's guidelines and supported by historical income patterns. The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.
- All sources of income (wages, SSA, commission, pensions, interest, etc.)
- assets (457, 401k, checking, savings, money market, certificates of deposit, other)
- Household size (who will reside in the home)

UNDERWRITING GUIDELINES

- Revolving balances where the monthly payment is not stated PBC will use 5% of the outstanding balance
- Back-end debt will not include installment accounts where there are five (5) or fewer payments remaining (leases will be included regardless of term remaining)
- Student loans in deferment must be for at least 12 months
- Collections/ Judgments/ Tax lien will be required to be paid off as a condition of funding
- if the applicant has co-signed for a debt that someone else pays they will need to show 12 months canceled checks from the owner (*cannot be a joint account or cash*)
- Ratios 35% front-end and 45% back-end (in cases where there is no back-end debt housing ratio can be up to 37.50%)
- Alternative credit will be required for excessive delinquencies and/or insufficient trade lines
- All NSP applicants must be legal residents (in accordance with HUD guidelines)
- Gift funds, seller's concessions and other forms of subsidy can only be applied to offset the cost of rehabilitation.

UNDERWRITING GUIDELINES

CONTINUED...

- Verification of employment and household income will be secured via a third party verification of employment (VOE) and current paystubs for all eligible household members. If a VOE form cannot be completed, HCD will follow HUD's alternative methods of income verification. If income cannot be sufficiently verified, the applicants FMLP request shall be denied.
- All income must be projected using HUD's Part 5 definition and all verification expiration dates will be in accordance with HUD's guidelines and supported by historical income patterns. The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.
- Co-signors are not allowed on homes purchased with FMLP loan proceeds
- Seasoning of Applicant contribution -applicants must provide the necessary bank/investment statements to show monies have been in the applicant's possession for at least 60 days.
- Certain types of income may not be eligible for FMLP assistance. HCD will refer to HUD's policy on the types of income that are eligible and ineligible for FMLP.

EDUCATION REQUIREMENTS

- Only HUD Approved Counselors will be permitted to certify an applicants educational requirements.
- Curriculum must include:
 1. Pre-purchase / home buying
 2. Resolving or preventing mortgage delinquency
 3. Home maintenance and financial management for homeowners
- Education certification can only transpire after the applicant has been issued an approval letter
(certifications prior to approval will not be honored and non-profits will not be compensated)
- Non-profits will be paid at closing \$500 for each loan

PROPERTY SELECTION

- Must be in delineated zip codes
- Loan and repairs are financed
- Repairs are categorized (code, health and safety, incipient , general)
- Up to \$35,000 in repairs the maximum loan amount includes repairs
- Buyer shall obtain their own inspector

RESPONSIBILITIES

- Buyer
- Seller
- Palm Beach County



LIFE IN YOUR NEW HOME

- Fiscal expectations
- Statements
- Escrow Accounts
- Reporting late and timely payments to the credit bureaus
- Inspections after repairs are completed

POST AUDIT

- NSP and Federal Requirements
 - Homes may be selected to be visited by HUD for inspection and as part of the County's monitoring requirement

Questions and Answers



Contact Information

- Telephone: 561- 233-3600
- Web site: www.pbcgov.com/hcd
- Address: 160 Australian Avenue N. 5th Floor
West Palm Beach, FL 33406

- New address:
100 Australian Avenue N. 5th Floor