

Neighborhood Stabilization Program

Homebuyer FAQ

What is the Neighborhood Stabilization Program (NSP)?

NSP was born out of the Housing and Economic Recovery Act of 2008. Its intent is to help stabilize areas that have been hit hard with foreclosures by allowing Municipalities and other Government entities to: purchase homes that have been foreclosed upon, rehabilitate, and re-sell these properties to qualified home buyers. In doing such, area neighborhoods will be replacing vacant, deteriorating properties with newly renovated housing stock that to be purchased by responsible home owners. By establishing a base-value for homes in the area, the impact should be to improve housing values and entice investors and non-investors alike to invest further in the neighborhood.

What is Will County's Role in NSP?

As a H.U.D. CDBG entitlement Grantee, Will County has received an allocation of \$5.16MM to purchase/rehabilitate/sell homes to qualified homebuyers in communities that have been hit hardest by foreclosures.

As part of its application for NSP funds, Will County submitted a list of over 30 census tracts (See Appendix B and C) covering 60+ areas that would be targeted for investment. These areas were determined utilizing current foreclosure/mortgage data supplied by H.U.D. All tracts selected were ranked as having the highest and predicted highest foreclosure rates in the County. A listing of the qualified tracts is attached along with a County map where qualified areas are shaded in red.

There are a few key requirements that the County must abide by to utilize NSP funds. One is that the County obligate/expend all of its initial funding of \$5.16 MM within 18 months of when the grant agreement was signed. Our Grant agreement was executed on March 16, 2009, so that means we must meet the funding obligation requirement by September 16, 2010. Another requirement is that we can only sell homes to homebuyers for the cost of acquisition plus rehabilitation and other reasonable closing costs. We cannot make a profit on the properties we buy/sell. Lastly, we must sell to individuals/families that income-qualify for the program. For NSP, that means the Adjusted Gross Household Income cannot be greater than 120% of the Average Median Income for our area. For purposes of income verification, we will require that potential homeowners submit: a copy of last year's income tax returns; two most recent pay stubs for all employed individuals in the household; a Household Income Worksheet (attached); and Verification of Employment Form for each employed individual (attached).

What are the income qualifications for home buyers?

To qualify for NSP funding subsidies, the total Adjusted Gross Income for the household must be less than 120% of the Average Median Income. The table below lists the thresholds for each family size:

Family Size	Average Median Income	120%AMI	80%AMI
1	\$52,960	\$63,550	\$42,368
2	\$60,333	\$72,400	\$48,266
3	\$67,875	\$81,450	\$54,300
4	\$75,420	\$90,500	\$60,336
5	\$81,420	\$97,700	\$65,136
6	\$87,460	\$104,950	\$69,968
7	\$93,500	\$112,200	\$74,800
8	\$99,550	\$119,450	\$79,640

In order to qualify for First Time Homebuyer funds from our HOME grant, the AGI for each household must be less than 80% of the Average Median Income. Appendix A lists further information regarding additional restrictions and requirements relating to HOME Grant subsidies.

How will the County manage this program?

We are going to approach this program a little differently than other municipalities. We will offer two options for homebuyers to purchase homes from the County. Our first preference will be to match potential homebuyers with eligible properties before we purchase from the lending institution. The second option will be to provide a small inventory of homes purchased and rehabilitated by the County to the open market.

Under either scenario, eligible homes would be foreclosed upon and reside in one of the census tracts defined as an area of greatest need within our application to HUD and listed at the end of this document. Qualified homebuyers must have an AGI for the household that is less than 120%AMI (see Table above). In keeping with the requirement that we cannot profit from the transaction, the sales price to the end-buyer will be equal to our cost of acquisition, rehabilitation and reasonable closing costs

The advantage of scenario one is that we'll allow the potential homebuyer the ability to select the home they want. They will be able to choose from the available inventory of homes in the qualified areas. Once they've identified a home they wish to purchase, we will perform a thorough assessment of the work needing to rehabilitate it. If the assessment identifies this property as a good candidate for purchase, we will determine an appropriate purchase price offer and negotiate with the lending institution that owns the property to secure the property. Once secured, we would contract with the homebuyer to purchase the home from us after it has been rehabilitated.

Under scenario two, we will look for exceptional bargains that can be transformed into a great living environment after rehabilitation for potential homeowners. Thus, furthering the goals of

improving local home values and placing qualified families in affordable housing that should further help stabilize these areas hit hardest by foreclosures.

What is the minimum down payment required for a buyer?

To ensure long term stability and commitment on the part of the buyer, we believe it's important that they have some level of financial interest into the property they are purchasing. Therefore, we will require each buyer to supply a minimum of \$2,500 for a down payment and a portion of necessary closing costs, if going conventional. For buyers using FHA loans, they will be required to supply a minimum of 3.5% down.

Will down payment assistance be available to prospective buyers?

Yes. As part of the NSP Program and monies available to the County via our HOME Investment Program, we will provide additional subsidies to the buyer to help reduce their monthly mortgage payment and make the home affordable. For First Time Homebuyers, we will offer a minimum of \$20,000 (from our HOME grant) that can be used as down payment assistance and to reduce the total mortgage necessary to purchase the property. An additional \$19,900 in NSP funds may be included in the subsidy to the buyer to ensure overall affordability, bringing the total potential subsidy for the First Time Homebuyer to \$39,900. In order to qualify as a First Time Homebuyer, the individual must demonstrate they have not owned a home in the past three years and must income qualify at below 80% of the Average Median Income.

In the event that a homebuyer doesn't qualify as a first time homebuyer, they could also qualify for a subsidy from NSP of \$20,000 to help with down payment and principal reduction. However, they would not qualify for additional subsidies from our HOME grant.

Does every home on the market in the designated areas qualify to be purchased through NSP?

No. The homes must have been foreclosed upon prior to the County purchasing the property.

Do I have to be a First Time Homebuyer to participate in the NSP program?

No. However, due to the time sensitive nature of the County's need to obligate NSP funds within the next 13 months, the County will not work with potential buyers that have a sales contingency.

Does the County have a Buyer's Agent?

To help us manage the logistics of: locating qualified properties, working with potential homebuyers/their realtor, and negotiating with the lending institution for purchases the County conducted an extensive Request for Qualifications process and selected two highly qualified Brokerages: Dow Realty and Coldwell Banker Residential. These agents will represent the County in negotiations with the REO holder and work with the potential homebuyers/their realtor to find qualified properties that meet the homebuyer's needs.

How do I get Paid?

Any Realtor bringing us a buyer will be paid a 2.5% commission.

Many of the homes that are foreclosed upon will require some work. Will the homebuyer have to pay for the rehabilitation?

No. Before purchasing the home, the County will do a thorough assessment of the property and the work needed to bring the home up to code, more energy efficient, move-in condition, etc.

Once we purchase the property, we have a relationship with 10+ extremely qualified contractors that will perform all the necessary repairs prior to the end-buyer closing and taking possession of the home. The cost of the rehabilitation will be included in sales price to the end buyer.

However, there will not be any out-of-pocket cost to the buyer to perform any necessary repairs.

How long will the NSP program be in existence?

The current end date for this program is July 30, 2013. Although our initial funding must be obligated by September of 2010, we will be able to re-use funds that we recapture as part of the sale of homes beyond that date until July 30, 2013. Given these time guidelines, our goal for the program is to “recapture” as many funds as possible to stretch the initial \$5.16MM grant into an ultimate investment of \$8-10MM or more in our Community.

APPENDIX A
HOME GRANT Regulations for First Time Homebuyer Subsidies

Minimum HOME investment is \$1,000.

Purchase price may not exceed 95% of the median purchase price for that type of single-family housing for the area, as published by HUD.

Will County (Chicago/Naperville/Joliet)= \$213,750

Unit must pass Housing Quality Standards inspection prior to purchase.

All assisted housing must meet the accessibility requirements of the Fair Housing Act and Section 504 of the Rehabilitation Act of 197.

Applicant must be at or below 80% AMI (annual gross income).

Applicant must occupy the property as a principal residence.

Ownership of Property

Ownership must be in the form of:

- fee simple title to the property; or
- maintain a 99-year leasehold interest in the property (50 year leasehold on trust or restricted Indian land); or
- own a condominium; or
- own or have a membership in a cooperative or mutual housing project that constitutes homeownership under state law; or
- maintain an equivalent form of ownership approved by HUD
- Life estates and land contracts/contracts for deeds are not approved by HUD as eligible forms of ownership

Affordability Period

HOME Funds Provided	Affordability Period
<\$15,000	5 years
\$15,000-\$40,000	10 years
>\$40,000	15 years

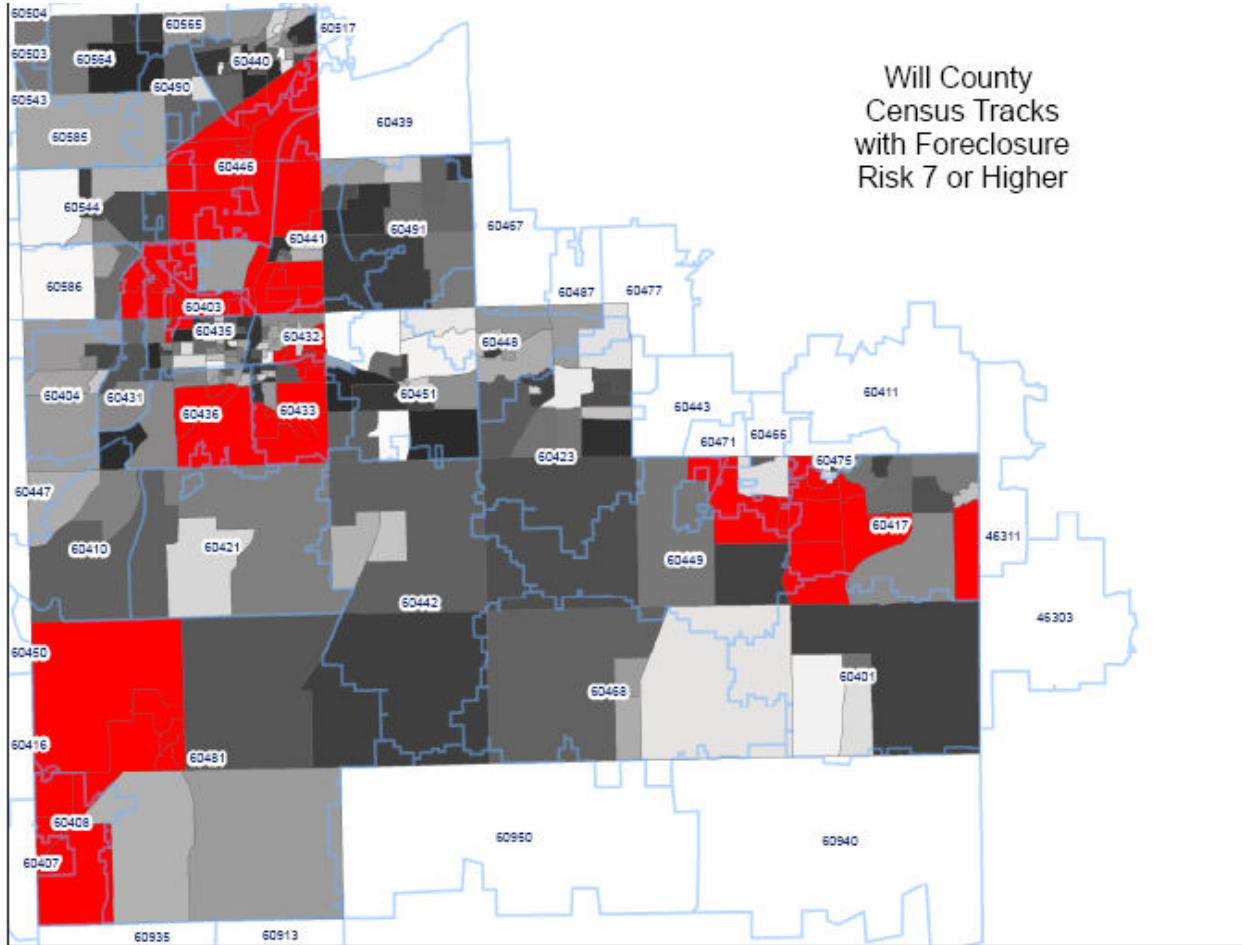
Affordability period will be tracked by a recapture method. A forgivable lien and note will be attached to the property for the amount of the affordability period. This amount will be prorated on a monthly basis.

APPENDIX B
Eligible Census Tract Areas and County Map

Township	City/Village	Census Tract	BlockGroup
Monee	University Park	883604	1
Joliet	Joliet/U	881200	3
Joliet	Joliet/U	883100	1-3
Joliet	Joliet/U	883000	1
Joliet	Joliet/U	882300	1,2
Joliet	Joliet/U	882200	2,4,5
Joliet	Rockdale	882900	1,2
Crete	Crete	883807	1
Crete	Crete/U	883807	2
Monee	University Park	883807	4
Crete	Crete/U	883803	2
Crete	Crete	883804	1
Joliet	Crest Hill	881600	1
Crete	Crete	883805	4,5
Du Page	Romeoville	880202	1-3
Lockport	Crest Hill	880900	1-4
Wilmington	Wilmington/U	883400	1
Wilmington	Wilmington	883400	2-6
Du Page	Romeoville	880201	1-5
Du Page	Romeoville/U	880201	5
Lockport	Romeoville	880501	1-4
Lockport	Romeoville/U	880501	1,5
Reed	Braidwood	884001	1-3
Reed	Godley	884001	2
Plainfield	Crest Hill/U	880406	1,2,4
Plainfield	Crest Hill	880406	3
Troy	Unincorporated	883205	3
Lockport	Lockport	880502	1
Lockport	Lockport/U	880502	1-3
Lockport	Lockport	880700	1,4
Lockport	Lockport/U	880700	2-4

Appendix C

Will County Qualified Census Tract Areas Map (in Red)



Household Income Worksheet

Applicant Name(s): _____

Date: _____

Household Members

List the members of your household below. Count the following persons as members of your household: year-round occupants, absent children in cases where the parent is pursuing legal custody, members temporarily away (such as students at school), children placed in foster care, and Armed Forces personnel on temporary duty assignment. The following should **not** be counted as members of your household: live-in aides, absent or unborn children, or foster children.

These will be the members of my household over the upcoming 12 months and number of hours each person is planning to work each week:

Name of Person	Relationship to Household	Number of Weekly Hours Planning to Work in Upcoming 12 Months
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Income Projection for the Next 12 Months

Compute each line item below according to the sum total that is expected in the upcoming 12 months (from today), not what occurred in the past. For example, for “wages, salaries, tips” do not fill in an hourly or weekly wage but rather the total 12-month salary the household member expects to have earned a year from now. Do the same “sum total” 12-month projection for each line. Complete *all* lines for each household member listed. Use two sheets if there are more than four persons named above in the household. Fill every blank, placing a “0” on the lines that don’t apply.

- 2009 80% Adjusted HOME Income Limit for a Family of 3 is \$54,250
- 2009 NSP Maximum Income Limit for a Family of 3 is \$81,450

	Household/ Family Member				Subtotal (Add a-d)
INCOME	a	b.	c.	d.	
Wages, Salaries, and Tips					
Taxable Interest					
Dividend Income					
Taxable Refunds / Credits / Offsets of State / Local Income Taxes					
Alimony Received					
Business Income (or loss)					
Capital Gain (or loss)					
Other Gains (or losses)					
Distributions					
Rental Real Estate, Royalties, Partnerships, Trusts, etc.					
Family Income (or loss)					
Unemployment Compensation					
Taxable Amount of Social Security Benefits					
Other Income*					
Subtotal Income					
DEDUCTIONS					
IRA Deduction					
Medical Savings Account Deduction					
Moving Expenses					
One-Half of Self-Employment Tax					
Self-Employed Health Insurance Deduction					
Keogh and Self-Employed SEP and SIMPLE Plans					
Penalty on Early Withdrawal of Savings					
Paid Alimony					
Subtotal Deductions					
Subtract Subtotal Deductions line from Subtotal Income line. This is Adjusted Gross Income					

*Other income includes prizes and awards; gambling, lottery or raffle winnings; jury duty fees; Alaska Permanent fund dividends; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit. Do not include life insurance proceeds and inherited money or property in the calculation of other income.

Source Documentation

Important! Provide source documentation (verification) for all line items filled in with figures other than “0” above. For example, most recent bank statements or other financial statements are required if interest will be earned (such as in savings accounts, checking accounts and certificates of deposit) in the upcoming 12 months.

Downpayment Verification

A minimum of \$2,500 in personal (non-gift) funds is required from the buyer(s) toward the purchase of the new home. State how much and from where (i.e., savings account) these funds will come:

I/we plan to use \$ _____ from my/our own funds as downpayment toward the purchase of my/our new home. These funds will come from: _____
_____.

Certification

Under the penalty of perjury, I/we hereby certify that the above information is true and accurate to the best of my/our ability to project our household size and income 12 months forward. I/we further certify that the home I/we purchase through this program will be used as my/our principal residence.

(Must be signed below by all non-dependent household members.)

Signed: _____

Verification of Employment

<p>(Name of HOME Participating Jurisdiction) _____</p> <p>AUTHORIZATION: Federal Regulations require us to verify Employment Income of all members of the household applying for participation in the HOME Program which we operate and to reexamine this income periodically. We ask your cooperation in supplying this information. This information will be used only to determine the eligibility status and level of benefit of the household.</p> <p>Your prompt return of the requested information will be appreciated. A self-addressed return envelope is enclosed.</p>	<p>Employed since: _____ Occupation: _____</p> <p>Salary: _____</p> <p>Effective date of last increase: _____</p> <p>Base pay rate: \$ _____/Hour; or \$ _____/Week; or \$ _____/Month</p> <p>Average hours/week at base pay rate: _____ Hours</p> <p>No. weeks _____, or No. weeks _____ worked/Year</p> <p>Overtime pay rate: \$ _____/Hour</p> <p>Expected average number of hours overtime worked per week during next 12 months _____</p> <p>Any other compensation not included above (specify for commissions, bonuses, tips, etc.): For: _____ \$ _____ per _____</p> <p>Is pay received for vacation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, no. of days per year _____</p> <p>Total base pay earnings for past 12 mos. \$ _____</p> <p>Total overtime earnings for past 12 mos. \$ _____</p> <p>Probability and expected date of any pay increase: _____</p> <p>Does the employee have access to a retirement account? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If Yes, what amount can they get access to: \$ _____</p>
<p>RELEASE: I hereby authorize the release of the requested information.</p> <p>_____</p> <p>(Signature of Applicant)</p> <p>Date: _____</p> <p>or a copy of the executed "HOME Program Eligibility Release Form," which authorizes the release of the information requested, is attached.</p>	<p>Signature of _____ or Authorized Representative</p> <p>_____</p> <p>Title: _____</p> <p>Date: _____</p> <p>Telephone: _____</p>
<p>WARNING: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.</p>	