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## NASSAU COUNTY OFFICE OF COMMUNITY DEVELOPMENT

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### **Neighborhood Stabilization Program 2014-2015**

### **PROGRAM GUIDELINES**

#### **I. Definitions & Explanation of Acronyms Used in These Guidelines**

**NCOCD** – The Nassau County Office of Community Development, the municipal department charged with administering the NSP in Nassau County

**CDBG** – Community Development Block Grant

**NSP** – Neighborhood Stabilization Program, established by HUD

**HUD** – The U.S. Department of Housing and Urban Development

**NYSHCR** – New York State Homes and Community Renewal, the state agency that has made a sub-allocation of funding to the NCOCD and administers NSP

**NSP Application** – Homebuyer Application for Neighborhood Stabilization Program (this form is on the County website)

**NOI** – Notification of Interest in purchasing an NSP house. Form is on the NCOCD website

**HBC** – Home Buyer Counseling

**Homebuyer** – The purchaser of an NSP house from a designated Nassau County NCOCD program partner through an agreement with NCOCD

**Applicant** – Someone who applied for the NSP program

*All applicants are **required** to read the Guidelines below, **initial each page** signifying that the applicant has read and understood the content, affix their signature(s) at the end of this document and return a copy of the signed Program Guidelines to NCOCD. Nassau County recommends that you consult an attorney prior to reviewing and signing this document. Failure to sign and return a copy of this document will result in automatic disqualification of the party's application. Nassau County is not responsible to any party for the loss of a down payment, fees associated with mortgage applications, or any other damages which may arise as a result of a person's failure to adhere to the terms of the 2014-2015 Program Guidelines, herein.*

**PLEASE RETAIN A COPY OF THESE GUIDELINES AFTER SUBMISSION AS THEY CONTAIN IMPORTANT PROGRAM INFORMATION.**

## **II. Program Description**

The Neighborhood Stabilization Program (NSP) was developed by HUD to implement a portion of H.R. 3221, the Housing and Economic Recovery Act of 2008 which was signed into law on July 30, 2008. NSP provides entitlement grants to state and local jurisdictions to purchase, rehabilitate, and resell foreclosed or abandoned homes to help stabilize neighborhoods that are significantly impacted by the housing crisis.

NCOCD's main objective under NSP is to help stabilize neighborhoods significantly impacted by the foreclosure crisis. To help reach that goal, NCOCD has partnered with nonprofit and for-profit housing developers and remodelers to identify, purchase, rehabilitate and resell vacant foreclosed houses in Nassau County.

## **III. Eligible Homebuyers**

Houses purchased and rehabilitated under NSP must be sold to a homebuyer that will occupy the house as his/her **primary residence** for an **affordability period** as outlined in the chart below:

SUBSIDY PROVIDED	AFFORDABILITY PERIOD
<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years

The NSP subsidy is a deferred payment, non-interest loan, to assist the buyer in a purchase of an NSP house. Continued occupancy will be monitored by NCOCD annually. Failure to comply with this requirement will be deemed as a mortgage default and will require repayment of the full NSP subsidy to NCOCD. The applicant must be able to obtain a mortgage sufficient to purchase the house. Household income of the purchaser must be sufficient to afford the carrying costs of the house that include mortgage, taxes, and insurances. Such determination will be made by the HUD certified agency using an affordability analysis. Total household income of the expected occupants may not exceed 120% (or 80% for some houses) of the Area Median Income for Nassau County as determined annually by HUD (see Section IV).

**Nassau County reserves the right to exercise final approval on any application.**

## **IV. Applicant Income Guidelines**

Current income limits for applicants under the NSP for 2014-2015 are as follows:

<b><u>Household Size for FY 2013 Moderate Income Limits - 80% of AMI</u></b>							
1-Person	2-Persons	3-Persons	4-Persons	5-Persons	6-Persons	7-Persons	8-Persons
\$59,300	\$67,800	\$76,250	\$84,700	\$91,500	\$98,300	\$105,050	\$111,850
<b><u>Household Size for FY 2013 Moderate Income Limits - 120% of AMI</u></b>							
1-Person	2-Persons	3-Persons	4-Persons	5-Persons	6-Persons	7-Persons	8-Persons
\$88,950	\$101,700	\$114,400	\$127,100	\$137,250	\$147,450	\$157,600	\$167,750

## **V. Available NSP Houses for Resale**

### **A. Location**

The location of all houses selected is governed by HUD and NYSHCR. In Nassau County, areas eligible under NSP I include specific census tracts in the following communities: Elmont, Freeport, Hempstead, Lakeview, New Cassel, Roosevelt, Uniondale and Westbury. Eligible areas under NSP III include specific census tracts in the following communities: Elmont, Freeport, Roosevelt, Uniondale, Baldwin & North Valley Stream.

### **B. Advertisement**

NSP houses that have completed rehabilitation will be advertised on the NCOCD website at:

<http://www.nassaucountyny.gov/agencies/NCOCD/index.php>

The posting will include a photograph of the house, property address, annual property tax estimate and a listed sales price. Additionally, the posting will identify the deadline window by which applicants must inform NCOCD of their interest in purchasing the property.

## **VI. Procedures for Sale of NSP Properties**

### **A. What to Send to NCOCD**

- **NSP Application** signed with all the required documents listed
- **Program Guidelines** (\*this document, initialed on every page)
- **NOI** (completed in Excel, & initialed at bottom)
- A non-refundable application fee of \$50.00 made payable to NCOCD must be submitted with the application. Fees are payable with **money order only**.

It is the sole responsibility of the applicant to verify with NCOCD that their NSP Application continues to be valid going forward. Incomplete forms will not be accepted and will be returned to the sender. Applicants may choose to pursue more than one house at a time, but only one house may be purchased under NSP.

### **B. How to Send Documents to NCOCD**

Applicants may send the above items to NCOCD in person, electronically (via e-mail) or regular mail to the below address. Please send the money order to:

NASSAU COUNTY OFFICE OF COMMUNITY DEVELOPMENT  
40 Main Street, Hempstead, NY 11550  
Attention: NEIGHBORHOOD STABILIZATION PROGRAM

### C. Application / Evaluation Process

New NSP houses will be posted on the NCOCD website as they become available. Each will have a 30 calendar day window where applicants interested in purchasing the house must submit their NOI via e-mail or mail. NOI must be received no later than 5:00 pm on the 30<sup>th</sup> day. NOI received after that date and time will be rejected. **Interested program participants are encouraged to check the website periodically for new homes.** Deadlines will be set separately for each house as they become available. Household income limits (see section IV) as established by the US Dept. of Housing and Urban Development (HUD) will be listed separately for each house, and will vary depending on funding sources.

**The total NSP subsidy shall not exceed \$75,000, OR the amount needed for a buyer to achieve 33% front end ratio, whichever is less. Ratios exceeding 33% will not be eligible.**

The NOI has a qualification worksheet, to assist applicants in understanding the financial requirements to purchase an NSP home. An NOI must be completed, and submitted for each property an applicant may wish to purchase.

Once the NOI submission deadline has passed, all applicants will be evaluated by NCOCD and notified in writing of their acceptance into the program. Accepted applicants, will be placed in a **lottery for each house**. The names will be placed in a drum, and a lottery will be held at the home (or another location), and names will be drawn and numbered accordingly then each applicant will be notified of their ranking. Applicants do not need to be present to participate in the lottery.

The first ranked applicant will be given thirty (30) days to obtain a mortgage commitment from an accredited financial institution and an additional sixty (60) days to close the transaction. If the first ranked applicant does not fulfill these requirements, NCOCD will move to the next ranked applicant who will be afforded the same conditions.

Applicants will be removed from consideration should they:

- 1) fail to obtain a mortgage commitment within thirty (30) days from an accredited financial institution
- 2) fail to close the sale within an additional sixty (60) days,
- 3) remove themselves from consideration via written notification to NCOCD, or
- 4) fail to respond to NCOCD after three (3) repeated attempts.

NCOCD reserves the right to extend timelines for buyers that experience delays outside their control.

This process will continue, until all ranked applicants have been exhausted.

When only **one qualified applicant** responds to a house and is deemed to be able to afford the house at the posted purchase price, then a contract will be awarded to that applicant **without lottery**.

## **D. Income Certification**

The first ranked applicant's household will undergo income certification within five (5) days of their notification of ranking. The list of required financial documents is listed on the **NSP Application**. Applicants will be contacted by the Nassau County Office of Housing and Community Development – Homeownership Center to schedule an appointment to review their documentation, and to discuss program guidelines.

## **E. Income Recertification**

Any applicant, who does not close on a house within ninety (90) days of the date of income eligibility certification by NCOCD, **will** be required to have their income eligibility recertified. The recertification process requires that the applicant resubmit copies of four (4) current paychecks and copies of personal financial information to determine that they still meet the eligibility requirements of the program.

## **VII. Re-Pricing of Available NSP Houses**

When an NSP house is posted on the NCOCD website, identified as being available for sale, and does not garner any interest from potential applicants **or** if applicants are unable to qualify to purchase the house at the listed price, NCOCD may, at its discretion, reduce the posted sales price and schedule a new date by which time applicants must submit an NOI. **Interested program participants are encouraged to check the website periodically for new homes, and changes in listed prices.**

When NCOCD reduces the posted price, applicants who previously expressed interest but were unable to qualify at the original listed price will be given the opportunity to renew their interest. The application fee will be waived for such re-applicants. However, upon expiration of the new 30 calendar day period for applicant to submit an NOI, all applicants will be evaluated in accordance with the regular application review and ranking procedures. No distinction will be made between applicants who are renewing their interest in an NSP house at the reduced price, and those who may be submitting an NOI for the first time.

## **VIII. Residency Requirement**

NSP homebuyers must occupy the property as their principal residence during the period of affordability. In accordance with HUD guidelines, the period of affordability may vary as per Section III above. Should the homebuyer sell the house prior to the expiration of the prescribed affordability period, 100% of the NSP subsidy will be recaptured, and must be repaid upon the sale. The homebuyer cannot use the property as a "rental" property or use the property in any manner other than a primary residence. Such action will be deemed a violation of the mortgage and result in default, triggering the repayment of the entire NSP subsidy.

## **IX. Homebuyer Education/Counseling Requirements**

All applicants are required to complete an eight (8) hour HBC course by a HUD certified housing counseling agency. Upon successful completion of the course, applicants will be provided with an HBC Certificate, which must be submitted to NCOCD. Applicants who have previously completed the same course by a HUD certified counseling agency may be given credit for some or all of the (8) hour course at the discretion of NCOCD. **A valid certificate dated within 2 years, must be submitted 3 weeks before closing.**

## **X. Mortgage Requirements & Restrictions**

Applicants must have adequate resources and credit to qualify for a mortgage. **It is the responsibility of the applicant to secure a mortgage.**

**The total NSP subsidy shall not exceed \$75,000, OR the amount needed for a buyer to achieve 33% front end ratio, whichever is less. Ratios exceeding 33% will not be eligible.**

**The minimum contribution towards purchase of the property is 3% of the unsubsidized sales price (or \$3,000 whichever is greater). This must come from the borrower's own funds.** Additional funds may come from other sources (gifts, grants, etc.)

Mortgages must be held by a recognized lending institution. The following types of mortgages are **not** permitted under the NSP Program:

1. Private mortgages are not permitted.
2. "No Doc" Loans, 100% financing, and 80/20 loans are not permitted.
3. 203K loans are not permitted.
4. Adjustable rate or interest only loans are not permitted.
5. Non-occupying Co-Borrowers are not permitted.

## **XI. Annual Re-certification**

A monitoring affidavit will be mailed annually to the NSP homebuyer for up to fifteen (15) years after purchase of the house. This affidavit will require the NSP homebuyer to verify, in writing, that they are maintaining the following required guidelines:

- They are the current owners of the assisted house;
- The assisted house is being occupied as their primary residence;
- The assisted house is insured and maintained in compliance with the terms of the Note(s) and Mortgage(s); and
- No interest in the assisted house has been sold, rented or transferred.

**Failure to adhere to the terms of the monitoring requirements may result in the immediate recapture of the entire amount of funds awarded.**

## **XII. Closing**

***Legal – Please review thoroughly***

*Applicant(s) must send all documentation to NCOCD as it is received. Documentation will include Contract of Sale, Mortgage Application (Form 1003), Appraisal, Title Report, Homebuyer Counseling Certificate and Mortgage Commitment. NCOCD requires a **minimum of three (3) weeks' time to review all signed documents prior to closing date. Applicants may not schedule a closing until written authorization is given by NCOCD. NCOCD must be given a minimum of five (5) business days' notice prior to any scheduled closing.***

*At closing, the homebuyer will be required to sign a "Certification of Family Income", "Nassau County Note", "Nassau County Mortgage", and "Restrictive Covenant." The Note and Mortgage will be subordinate to the prime lender (the institution providing the primary mortgage) and includes an affordability period of five (5), ten (10) or fifteen (15) years, depending upon the NSP subsidy in the house, as proscribed by HUD. The NSP subsidy is a deferred payment, non-interest loan, to assist the buyer in a purchase of an NSP house. If the homeowner remains in compliance for the full affordability period, the loan is forgiven and repayment will not be required. Upon completion of the affordability period, assuming the house is in compliance with the note and mortgage, the applicant may request an "Application for Satisfaction" from Nassau County. **The applicant will be responsible for any and all fees associated with the review and filing of the satisfaction at the Nassau County Clerk's Office.***

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### **Applicant**

### **Co-Applicant**

Applicant's Name (Please Print)

Co-Applicant's Name (Please Print)

X

X

Applicant's Signature

Co-Applicant's Signature

Date:

Date: