

**MACOMB COUNTY
NEIGHBORHOOD STABILIZATION PROGRAM
HOMEBUYER ASSISTANCE
FOR VACANT FORECLOSED PROPERTIES**

OVERVIEW and GUIDELINES

OVERVIEW

Macomb County's Homebuyer Program for Vacant Foreclosed Properties is part of the Neighborhood Stabilization Program (NSP) created by the U. S. Congress in 2008 for the **purpose of redeveloping and occupying vacant and foreclosed homes.** NSP is funded through the Department of Housing and Urban Development (HUD), Office of Community Planning and Development under the Community Development Block Grant Program and locally administered by the Macomb County Department of Planning and Economic Development.

Macomb County's Homebuyer Assistance Program provides loans to homebuyers to pay down the price of the home and finance needed home repairs associated with purchasing eligible vacant foreclosed single family homes to be used as the primary residence of the homebuyer. Eligible properties must be located within the 21 communities participating in the Macomb "Urban County". (Attachment A). 60% of the 8.8 million dollars available for homebuyer assistance, or approximately 5.3 million dollars, must be spent on home purchases in the communities of Eastpointe, Center Line and Mt. Clemens. Approximately 3.5 million dollars is available for home purchases in the remaining 18 communities.

Homebuyers must income-qualify based on income limits established by HUD. Homebuyers with incomes at or below 120% of Area Median Income (AMI) are eligible for assistance. At least 25% of the NSP funds must assist lower income households with incomes at or below 50% of AMI. Based on a total NSP budget of \$9.7 million, \$2.2 million are reserved to finance homebuyers with incomes at or below 50% of AMI. The remaining \$ 6.6 million of homebuyer assistance is earmarked to assist homebuyers with incomes between 51% and 120% of AMI. Eligible incomes by family size are identified in Attachment B.

General program information and applications are available through Home Renewal Systems:

NSP Hotline at (866) 996-9754,
e-mailing the request to Lisar@hrsgreen.com, or
on the website at www.Homerewnewalsystems.com

GUIDELINES

Eligibility Requirements

- Eligible household incomes fall within the U.S. Department of Housing and Urban Development (HUD) income limits based on household size. Gross household income may not exceed 120% of area median income (AMI) for a given household size. The maximum gross annual household income by household size is listed in Attachment B.
- Income determinations are made in accordance with HUD rules.
- Homebuyers must have liquid assets less than \$50,000.00
- Homebuyers must currently not own a home

Homebuyer Education

- Applicants must complete a total of eight hours of homeownership education through a HUD approved Housing Counseling Agency.

Eligible Properties

- Only single family homes or condominiums may be purchased. Mobile homes, co-operatives and multi-family units are not eligible.
- The house shall not be located in a 100 year flood plain.
- The property must be inspected by Macomb County staff to ensure that the property can be improved at a reasonable cost.
- A certificate of occupancy may be required by the local municipality.

Homebuyer Financing

- The homebuyer must prequalify for a fixed rate mortgage from a lending institution. This amount is the basis on which the maximum acquisition and rehabilitation cost potential is determined.
 - Each case will be assessed on an individual basis.
 - HRS must review and approve the lender's mortgage.
- Macomb County financing is provided as deferred, no payment, 0% interest loans secured with a mortgage and mortgage note on the property. The loans are due and payable upon sale or transfer of the property title or when the property is no longer the homebuyer's principal residence. If the homebuyer occupies the purchased home as his/her principal residence for 15 years, the loans will be forgiven and discharged.
- Homebuyers with incomes less than 50% AMI must have approximately \$2,000 to initiate the purchase. Homebuyers with incomes greater than 50% AMI must have approximately \$3,000 to initiate the purchase. These funds would cover prepaid expenses such as earnest money for the purchase agreement, property insurance, or mortgage application. Homebuyer must also have available funds necessary as down payment as required by lender.
- In most cases, property taxes and homeowner insurance must be escrowed. Macomb County will not be the escrow agent.
- HRS will work closely with the lending institution to ensure the success of the program. An HRS representative will attend the mortgage closing with the agreed upon funds. No funds will be issued directly to the homebuyer.

- Adjustable Rate Mortgages, Balloon Mortgages, Interest Only Mortgages, Land Contracts or other mortgage options are not eligible.

Purchase Agreements

- Appraisal will conform to 49 CFR 24.103 requirements.
- The purchase agreement must allow 90 days for closing without penalties from the date signed purchase agreement contract is received.
- The purchase agreement contract must indicate that the homebuyer is purchasing the house with federal Neighborhood Stabilization Program (NSP) funds and must meet NSP requirements.
- The homebuyer must obtain a title policy that includes the mortgage amount.

Home Rehabilitation

- Houses acquired must meet HUD Housing Quality Standards, Michigan Building Codes for Existing Structures and, if applicable local municipal codes when rehabilitation work is completed.
- A home inspector identified and paid for by Macomb County, will identify the home's deficiencies based upon all applicable codes.
- Energy Star rated stove and refrigerator are eligible appliances purchased through the Macomb County Home Rehabilitation Program. If a dishwasher must be replaced, an energy star dishwasher is required.
- All building permits are the responsibility of the contractor. All federal, state and local municipal requirements must be satisfied and documentation submitted before final funds are released to the contractor.
- Contractors are required to complete the home repairs within 60 days after the date of the Proceed to Work Order as stipulated in the contract.

ATTACHMENT A

**MACOMB COUNTY
NEIGHBORHOOD STABILIZATION PROGRAM
HOMEBUYER ASSISTANCE PROGRAM
FOR VACANT FORECLOSED PROPERTIES**

SELECT COMMUNITIES (21)

CITIES

Center Line*
Eastpointe*
Fraser
Memphis
Mt. Clemens*
New Baltimore
Richmond
Utica

TOWNSHIPS

Armada
Bruce
Chesterfield
Harrison
Lenox
Macomb
Ray
Richmond
Shelby
Washington

VILLAGES

Armada
New Haven
Romeo

*** TARGETED COMMUNITIES**

Attachment B

MACOMB COUNTY NEIGHBORHOOD STABILIZATION PROGRAM HOMEBUYER ASSISTANCE PROGRAM FOR VACANT FORECLOSED PROPERTIES

INCOME GUIDELINES

Family Size	<u>50%AMI</u>	<u>120% AMI</u>
1	\$24,450	\$58,700
2	\$27,950	\$67,100
3	\$31,450	\$75,500
4	\$34,950	\$83,900
5	\$37,750	\$90,600
6	\$40,550	\$97,300
7	\$43,350	\$104,000
8	\$46,150	\$110,700
9	\$48,950	\$117,500
10	\$51,750	\$124,200
11	\$54,500	\$130,800
12	\$57,300	\$137,500
13	\$60,100	\$144,200
14	\$62,900	\$150,950

Based on Area Median Income (AMI)