

City of Southfield

Neighborhood Stabilization Program

A full copy of the City of Southfield's Neighborhood Stabilization Program (NSP) can be found on the City's web site at <http://www.cityofsouthfield.com/>. The City of Southfield NSP has five activities which include:

Activity #1: Acquisition, Rehabilitation, Construction of rental and/or lease to own units

\$810,400.00 will be allocated for the purpose of acquisition, rehabilitation, construction of rental units. The rental units may be lease to own. This funding amount equals 25% of the total allocation and will be leased to families who are at or below 50% of the area median income. At least 8 units will be developed. The Program income resulting from the rental and possible sale of the properties will be used to acquire and rehabilitate additional units.

Activity #2: Acquisition, Rehabilitation and resale of foreclosed properties

\$1.6 million will be allocated for the acquisition, rehabilitation and sale of foreclosed properties in the neighborhood target areas or other identified areas of need City-wide. The sale of said properties will be to families and individuals with incomes at or less than 120% of area median income. It is estimated that approximately 20 housing units can be rehabilitated and sold to owner-occupants with the initial round of funding. Program income resulting from the sale of said properties will be used to acquire and rehabilitate additional units.

Activity #3: Administration

The City will allocate \$324,145.00 (10% of the grant award) for the administration of the activities associated with the HERA NSP.

Activity #4: Clearance and Demolition Open Space preservation

\$150,000.00 will be allocated for the demolition of vacant residential structures throughout the City. Units that are selected for demolition will meet the definition of blighted and require more investment to save than the property will be worth. Units which are foreclosed, vacant structures and/or adjacent to public park lands or located in a floodplain may also be acquired. This will provide public recreational benefit to income eligible neighborhoods.

Activity #5: Direct Homeownership Assistance

The City will allocate \$356,911.00 for the purpose of providing assistance for down payments and/or closing costs. The assistance may come in the form of a grant, deferred loan, or reduced interest rate. It is anticipated that at least 20 families will be assisted.

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Guidelines for Activity #5 - Direct Homeownership Assistance

The City of Southfield allocated \$356,911.00 of its Neighborhood Stabilization Program (NSP) funds for the creation and implementation of a Direct Homeownership Assistance (DHA) activity. These funds may be used to provide assistance for down payments and/or closing costs (including escrow cost). The assistance may come in the form of a grant, deferred loan, or reduced interest rate depending on the household income and family size. The DHA activity may provide up to 15% of the residential property purchase price not to exceed \$10,000.00 for escrow and closing cost to assist with the purchase of foreclosed property located in Southfield, Michigan.

The type (grant, grant/interest free deferred loan or interest free deferred loan) of DHA assistance is determined by the purchaser's income and family size. Please see the chart below.

Purchasers with income equal to or less than 50% of AMI – (Low Income - L)

If the purchaser's household income is equal to or less than 50% of the Area Median Income (AMI) (please see column A), then the purchaser may be eligible for a grant of 30% of the property purchase price not to exceed \$20,000. For example a purchaser household income equal to or less than 50% of the AMI who is acquiring a home with a purchase price of \$40,000, the purchaser would be eligible for a grant of up to \$12,000.00 (all purchasers utilizing the DHA must have at least 3.5% of the property purchase price as a down payment). The purchaser must sign an interest free deferred mortgage note for the amount of the DHA which will indicate that the note will be forgiven once the purchaser has resided in the home for ten (10) years, this note will be subordinated to the primary mortgage lender. This note will be due to the City of Southfield in the event that the purchaser: sells; or refinances the home; and/or fails to reside in the home during the five year period.

Purchaser's with income greater than 50% of the AMI but less than 80% of the AMI – (Low to Moderate Income - LMI)

If the purchaser's household income is greater than 50% of the Area Median Income (AMI) but less than 80% of the Area Median Income (AMI) (please see column B), then the purchaser may be eligible for a combination of grant and deferred interest free loan of 15% of the property purchase price not to exceed \$10,000.00. The purchaser must sign an interest free deferred mortgage note which will indicate that the 50% of the note will be forgiven once the purchaser has resided in the home for five (5) years, this note will be subordinated to the primary

mortgage lender. This note (full amount) will be due to the City of Southfield in the event that the purchaser, sells or refinances the home, and/or fails to reside in the home during the five year period. After the five year period 50% of the note will be due to the City of Southfield in the event that the purchaser: sells; or refinances the home; and/or fails to reside in the home during the five year period.

Purchaser’s with income equal to or greater than 80% of the AMI but less than 120% of the AMI – Moderate to Middle Income (MMI)

If the purchaser’s household income is greater than or equal to 80% of the Area Median Income (AMI) but less than 120% of the Area Median Income (AMI) (please see column C), then the purchaser may be eligible for a deferred interest free loan of up to 15% of the property purchase price not to exceed \$10,000. The purchaser must sign an interest free deferred mortgage note. This note will be subordinated to the primary mortgage lender. This note (full amount) will be due to the City of Southfield in the event that the purchaser: sells; or refinances the home; and/or fails to reside in the home.

Program Household Income Qualifications

Household Size	A Low Income (Household gross annual income less than below) 50% AMI	B Low to Moderate Income (household gross annual income greater than low income but less than moderate to middle income below) 80% AMI	C Moderate to Middle Income (household gross annual income greater than low to moderate income but less than below) 120% AMI
1 Person	\$ 22,900.00	\$ 36,600.00	\$ 54,850.00
2 Persons	\$ 26,150.00	\$ 41,800.00	\$ 62,700.00
3 Persons	\$ 29,400.00	\$ 47,050.00	\$ 70,500.00
4 Persons	\$ 32,650.00	\$ 52,250.00	\$ 78,350.00
5 Persons	\$ 35,300.00	\$ 56,450.00	\$ 84,650.00
6 Persons	\$ 37,900.00	\$ 60,650.00	\$ 90,900.00
7 Persons	\$ 40,500.00	\$ 64,800.00	\$ 97,150.00
8 or more Persons	\$ 43,100.00	\$ 69,000.00	\$ 103,450.00

The City of Southfield’s Neighborhood Stabilization Program (NSP) is market driven. Funds for the Neighborhood Stabilization Program are

limited and therefore available based the customer's ability to obtain a qualified mortgage plus other conditions listed below. The NSP program is not first come first served! You must be able to afford the home. You must be able to obtain a mortgage from a qualified lender. You must have funds of at least 3.5% of the purchase price for down payment and other cost.

The City of Southfield Neighborhood Stabilization Program is funded by the US Department of Housing and Urban Development Neighborhood Stabilization Program. Therefore, these funds are subject to Federal Regulations. Pursuant to the City of Southfield's Neighborhood Stabilization Program (NSP) Activity #5, the commitment of these funds is subject to the following:

1. The subject property must be located within the City of Southfield.
2. Purchaser must be able to secure a fixed mortgage with an interest rate consistent with market rates.
3. Monthly housing costs (mortgage including taxes and insurance costs) cannot exceed 30% of gross monthly income (based on the initial review of your annual income at \$xx,xxx monthly income of \$xx,xxx; 30% is \$x,xxx).
4. Home must be foreclosed and vacant.
5. Subject property must be acquired for at discount (at least 1% of the appraised price).
6. The subject property must have a qualified appraisal within 60 days of purchase.
7. Must complete the required eight (8) hours of Home Buyer Education/Training by a H.U.D. Certified Counselor and;
8. Must have the required H.U.D. environmental inspection.
9. Other federal regulations will apply.