Neighborhood Stabilization Program Guidelines

These guidelines describe the requirements for the Neighborhood Stabilization Program (NSP1) operated by the City of Livermore on behalf of the cities of Livermore, Berkeley, Fremont, San Leandro and Union City. The goal of the Neighborhood Stabilization Program is to acquire, rehabilitate and resell foreclosed properties within the partner jurisdictions to provide affordable homeownership opportunities for households earning up to moderate income (120% AMI). Fulfilling the requirements listed below is the sole responsibility of the applicant/homebuyer. Failure to fully satisfy Program requirements may result in a delay in funding delays or program denial.

Homebuyer Eligibility

In order to purchase an NSP Home, buyers must meet the following income guidelines based on household size. Total household income for all adult members of the household will be counted.

2010 Income Limits	
Household size	**Maximum Annual Household Income**
1	$75,850
2	$86,700
3	$97,500
4	$108,350
5	$117,000

Applicants must not have owned a home within the last three years.

Applicants shall occupy the home purchased through this program as their primary residence.

Applicants must meet the income eligibility limits set by the program in order to qualify for the Neighborhood Stabilization Program (NSP).

Applicants must provide sufficient documentation of income to the City for use in determining the borrower's income level. Final determination of an applicant's income level and program eligibility shall be the sole discretion of the Assistant Community Development Director/Housing Manager. Income will be determined based on City Down Payment Assistance Program Guidelines/HOME Program Guidelines for mortgage assistance.

Total Household Income means the total income of all adult members of the household.

Application Process

1) Borrower must submit a complete Below Market Homeownership Opportunities/NSP application to the City's Housing and Human Services Division and provide a pre-approval letter from a lender. The City must receive documentation to review for the underwriting requirements as outlined below including verification of household income, credit scores, maximum qualifying loan amount of the borrower(s), proof of seasoned 3% downpayment funds, and debt-to-income ratios.

2) Upon determination of eligibility for the NSP Program the City will provide a letter of eligibility. *This letter determines Program eligibility only*. There are a limited number of homes available through this program. Homes are available on a first come first served basis, a letter of eligibility is not a guarantee that homes will be available to the borrower when requested. Upon receipt of this eligibility letter, the borrower may put an offer in on an NSP home if one is available.

Underwriting Requirements

Downpayment

Buyers must provide funds in an amount equal to a minimum of 3% of the purchase price for use as a down payment. Funds used to provide the borrower's down payment must be the borrowers funds and be "seasoned" for a minimum of three months. These funds must be deposited into escrow and verification of these deposited funds must be provided to the City prior to execution of City loan or resale restriction documents. Buyers may be gifted funds above the 3% minimum requirement. (A gift letter must be provided with the application).

Buyer's are responsible for payment of all closing costs, however limited NSP Downpayment assistance can be applied.

Credit Report

All adult members of the household must demonstrate a minimum 660 credit score and have evidence of good standing on the credit report, including no bankruptcies for the prior three years.

Debt to Income Ratios

Borrower's total debt to income ratio may not exceed 40% of the Borrower's total income. At the sole discretion of the City's Housing and Human Services Manager, this ratio may be adjusted if the buyer's down payment exceeds the 3% minimum requirement and buyer's FICO score is at least 720.

Homebuyer Education

Homebuyer must successfully complete an approved first time home buyer training program and provide a Certificate of Completion prior to close of escrow. The NSP Program is working with the

following homebuyer counseling agencies.

Tri-Valley Housing Opportunity Center	**Unity Council**
Address: 141 North Livermore Avenue Livermore, CA 94550 Phone: (925) 373-3130 Website: www.tvhoc.org	Address: 1900 Fruitvale Ave, Suite 2A Oakland, CA 94601 Phone: (510) 535-6900 Website: www.unitycouncil.org

In the occurrence of multiple offers on an NSP Property, priority shall be first given to persons who live or work in the City of Livermore.

NSP Downpayment Assistance

Only homes acquired and sold through the NSP-1 Program are eligible for assistance through the NSP-1 Downpayment Assistance Program.

Buyer may request an NSP Downpayment Assistance (NSP DPA) loan up to 3% of the purchase price of the home to be used in addition buyer's seasoned downpayment. Minimum loan amount is $1,000. NSP DPA funds may be used towards the down payment and/or to pay for nonrecurring closing costs not to exceed 2% of the purchase price. The NSP loan will be secured by a deed of trust to the property with the City of Livermore as beneficiary. The loan has deferred payments and is forgivable after 20 years. Failure by the borrower to adhere to the NSP loan guidelines will result in the default of the City's loan and repayment of all principal and interest due on the note. No additional resale restrictions for the home would apply using the NSP DPA.

Resale Restrictions

In absence of an NSP downpayment assistance loan, the buyer will be required to enter into a Resale Restriction Agreement for the property. The Resale Restriction Agreement restricts sale of the property to buyers at or below median income (120% AMI) for a 15 year term. A copy of the City's NSP Resale Restriction Agreement can be requested by contacting the Housing and Human Services Division. (see contact info below)

First Mortgage Qualifications

The first mortgage obtained for the purchase of the residence must be of a fixed interest rate over the life of the loan with no negative amortization, balloon payments or adjustable rate features.

The borrower may not seek additional cash out at close of escrow.

Loan to Value Guidelines

Total loan amounts may not exceed the lesser of: 1) 97% of the appraised value of home; or 2) 99% of the purchase price.* Must be confirmed prior to the close of escrow through the submission of an appraisal report prepared by a licensed real estate appraiser. The appraisal must have been completed within six months prior to the close of escrow.
*The City will allow loan to value (LTV) ratios up to 102% of the lesser of : 1) the appraised value of home; 2) the purchase price if City DPA funds are applied towards closing costs; 3) the purchase price if City DPA funds and CHDAP funds are applied towards closing costs.

Borrower may use a cosigner when qualifying for the first mortgage. However, the cosigners' total household income shall be included as part of the buyer's total income when determining the borrower's income eligibility level.

The City will facilitate the execution of the City's loan documents.

Close-Out Processing

After closing the loan, the title company sends the following documents to the City.

- Copy of the signed HUD-1 Settlement Statement
- Copy of the Deed
- Copy of all senior loan documents (promissory note & deed of trust)
- Check payable to loan servicing agency for loan set-up fees

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