



## Neighborhood Stabilization Program (NSP2) NSP2 Homebuyer Assistance Program PROGRAM SUMMARY

### **Background**

The Neighborhood Stabilization Program 2 (NSP2) is a federal program funded by the U.S. Department of Housing and Urban Development (HUD) under the Housing and Economic Recovery Act (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA). The goal of NSP2 is to revitalize and stabilize communities. Using NSP2 funds, Hennepin County has created the **NSP2 Homebuyer Assistance Program**.

### **Use of Funds**

To assist with neighborhood stabilization, the NSP2 Homebuyer Assistance Program provides financial assistance for low, moderate and middle income households to become homeowners. Hennepin County will provide NSP2 financing to assist buyers purchasing vacant, foreclosed properties in a target area. The target areas are various census tracts located **within** the cities **Brooklyn Park, Brooklyn Center, Champlin, Maple Grove, and Rogers/Hassen Township**.

### **Eligible Borrowers**

Households at or below 120 percent of the area median income (AMI) established by HUD and adjusted for household size listed below.

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
120% limit	70,550	80,650	90,700	100,800	108,850	116,950	125,000	133,050

Borrowers must qualify for an eligible first mortgage. Borrowers cannot have an ownership interest in another property in the Twin Cities Metro area at the time they sign a purchase agreement.

### **Eligible Properties**

- Single family housing (detached, townhomes, condos) to be occupied as a principal place of residence; and
- Vacant and foreclosed (beyond the redemption period and owned by the financial institution); and
- Purchased for no more than 99 percent of the appraisal value (determined by a Hennepin County ordered appraisal); and
- Purchase price at or below \$200,000 (80% AMI households) or \$276,683 (120% AMI households).

### **Eligible Primary Financing**

Primary financing must be a prime, fixed rate first mortgage loan.

### **The Loan**

The maximum **"Incentive"** assistance for households 81 percent to 120 percent of the AMI is \$10,000. In addition to the incentive, households at or below 80 percent of AMI, may qualify for **"Affordability"** assistance of up to an additional \$20,000. The loan and requirements will be secured by a Mortgage and Promissory Note.

### **Loan Terms**

The assistance will be in the form of a forgivable, deferred (no monthly payments), zero percent interest loan with a term of five or ten years depending upon how much assistance is provided to the Borrower. During the loan term, the loan must be paid back if the property is no longer owner occupied or when the property is transferred, sold or refinanced.

### **Housing Counseling**

Borrowers must attend a Home Stretch homeownership classes provide by a **HUD approved** homeownership counseling agency. Eligible classes can be found at [www.hocmn.org](http://www.hocmn.org).

**PROGRAM QUICK LOOK**

<b>Eligible Primary/First Mortgage Loan Products</b>	Prime, Fixed Rate (HUD, VA, Conventional)
<b>Maximum Borrower Income</b>	120% of HUD Area Median Income (AMI)
<b>Maximum Housing Ratio</b>	30%
<b>Minimum Borrower Investment</b>	Greater of ½ of the required downpayment or \$1,000.
<b>Eligible Property</b>	Vacant and foreclosed in a target area that is purchased at minimum 1% discount.
<b>Loan Rate and Term</b>	0% Deferred, Forgivable Assistance up to \$14,999 has a five (5) year term Assistance of \$15,000 to \$30,000 has a ten (10) year term
<b>Minimum Loan Amount</b>	\$1,000
<b>Maximum "Incentive" Assistance</b>	\$10,000
<b>Maximum "Homebuyer Gap" Assistance for households at or below 80% of AMI</b>	Up to additional \$20,000 to ensure affordability/housing ratio of 30%.
<b>Borrower Occupancy Requirement</b>	Borrowers must owner occupy the assisted property as their principal place of residence.
<b>Borrower Homebuyer Education Requirement</b>	Borrowers must attend "Home Stretch" classes offered by a <b>HUD approved</b> counseling agency.
<b>First Time Homebuyer Requirement</b>	No; cannot have an ownership interest in another property at the time of signing the purchase agreement.

More information on the program is available on the Hennepin County website at [www.hennepin.mn.us/hba](http://www.hennepin.mn.us/hba). For questions, call **612-543-0046** or e-mail [hbamail@co.hennepin.mn.us](mailto:hbamail@co.hennepin.mn.us).

