

OAKLAND COUNTY COMMUNITY & HOME IMPROVEMENT
HOMEBUYER PROGRAM
FOR
VACANT FORECLOSED PROPERTIES (NSP)

Thank you for inquiring about the Oakland County Homebuyer Program. This is a no interest loan program that allows homebuyers to purchase and make needed home repairs to vacant and foreclosed homes in select communities in Oakland County.

Homebuyers are required to qualify and obtain a mortgage from a mortgage lender for 51 percent of the purchase price plus rehabilitation costs of the home. The other 49 percent of the loan funds would be available from the Oakland County Community & Home Improvement Division. The Oakland County loan for homebuyer assistance and home improvements are 100 percent deferred. This is a loan in which only the principal is to be repaid at a future time when you sell, move, or lease your home. There are no monthly payments and no interest on the principal for the Oakland County loan.

You must meet all of the following requirements to be eligible for the Homebuyer Program.

- ___ You don't currently own a home.
- ___ Each household member is lawfully within the United States.
- ___ Your credit score is 620 or above.
- ___ You have not filed any bankruptcies or foreclosures within the last 36 months.
- ___ You have a sustained income with a 2 year history.
- ___ Your household income falls within the following categories

1 person \$24,850	2 people \$28,400	3 people \$31,950	4 people \$35,500
5 people \$38,350	6 people \$41,200	7 people \$44,000	8 people \$46,850

If you do not have access to a computer, call 248-858-1529 for a Homebuyer screening form.

**Please complete both Part 1 and Part 2 of the
Homebuyer Screening Form and mail them to:**

**Oakland County Community & Home Improvement Division
 250 Elizabeth Lake Road
 Pontiac, MI 48341-0414
 Att: Shameka Davenport**

OAKLAND COUNTY HOMEBUYER PROGRAM FOR VACANT FORECLOSED PROPERTIES (NSP)

OVERVIEW and GUIDELINES FOR APPLICANTS AT OR BELOW 50% AREA MEDIAN INCOME

November 5, 2009

OVERVIEW

Oakland 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 abandoned 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 Oakland County Community & Home Improvement Division.

Oakland County's Homebuyer Program provides loans to homebuyers for down payment assistance, closing costs, pre-paid, reasonable discount points, home improvements or other financing associated with purchasing eligible vacant foreclosed single family homes located within select participating Oakland County communities (Attachment A). The home must be purchased by the homebuyer as their primary residence.

Homebuyers must income-qualify based on income limits established by HUD. Homebuyers with incomes at or below 50% of Area Median Income (AMI) are eligible for assistance. Eligible incomes by family size are identified in Attachment B.

Homebuyer Screening Forms and NSP program information are available on the Division's website at www.oakgov.com/chi or by calling the Homebuyer hotline at (248) 858-1529. The Community & Home Improvement Division is located at 250 Elizabeth Lake Road, Pontiac, MI 48341-0414.

GUIDELINES

Income 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 50% 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 guidelines.
- **The Oakland County Community & Home Improvement Division retains the right and sole responsibility for determining eligibility for the Homebuyer Program.**

Eligible Homebuyers

- Homebuyers must purchase the vacant foreclosed single family home as their principal residence.
- Applicants must be legal citizens of the United States of America.

Homebuyer Education

- Applicants must complete a total of eight hours of homeownership education through Oakland County's Housing Counseling Unit.

Eligible Properties

- The property purchased must be a vacant and foreclosed property located in select Oakland County communities listed in Attachment A.
- Only single family homes may be purchased. Mobile homes, condominiums, 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 Oakland County Community & Home Improvement 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.
 - The amount of the final fixed rate mortgage identified by the lending institution represents 51 percent of the total amount that will be available for the purchase and rehabilitation of the home.
 - Oakland County will finance the remaining 49 percent of the purchase and rehabilitation costs up to \$100,000.
 - Each case will be assessed on an individual basis.
 - Oakland County Housing Counseling must review and approve the lender's mortgage.
- Oakland County financing is provided as a deferred, no payment, 0% interest loan secured with a mortgage and mortgage note on the property. The loan is due and payable upon sale or transfer of the property title or when the property is no longer the homebuyer's principal residence.
- Homebuyers with incomes less than 50% AMI must have approximately \$1,000 to initiate the purchase. These funds would cover prepaid expenses such as earnest money for the purchase agreement, property insurance, mortgage application and property inspection fee.

- In most cases, property taxes and homeowner insurance must be escrowed. Oakland County will not be the escrow agent.
- Oakland County will work closely with the lending institution to ensure the success of the program. A county 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

- The acquisition price of the home must be at least 1% less than the as-is appraised value.
- Oakland County will provide and pay for a two part appraisal. The appraisal will consist of an as-is appraisal and an after rehabilitation appraisal. The appraisal will conform to 49 CFR 24.103 and FHA 203 (k) requirements.
- The purchase agreement must allow 60 days for closing without penalties from the date of the signing of the purchase agreement contract.
- 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, down payment assistance and home improvement amounts.

Home Improvements

- Houses acquired must meet HUD Housing Quality Standards when rehabilitation work is completed.
- The homebuyer must identify and retain a home inspector. The home inspector in conjunction with the homebuyer and an Oakland County Home Improvement technician will identify the home's deficiencies based upon HUD housing quality standards.
- If home improvements are required, homebuyers must agree to have the Oakland County Community & Home Improvement Division coordinate the work that needs to be completed in order to meet U.S. Department of Housing and Urban Development Regulations, Michigan Residential Code, Michigan State Historic Preservation Office and Lead Based Paint requirements. Oakland County will complete work specifications and cost estimates, bid the work to licensed and insured Michigan residential contractors, oversee the work and issue contractor payments. Home improvement contracts are awarded to the lowest responsible bidder.
- Energy Star rated stove and refrigerator are eligible appliances purchased through the Oakland County Home Improvement Program.
- The home improvement contract will be compiled by the Oakland County Community and Home Improvement Division.
- The home improvement contract will be between the homebuyer and the contractor.

- 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 improvements within 90 days after the date of the Proceed to Work Order as stipulated in the contract.
- When possible, Oakland County will act as the fiduciary for all home improvement work and pay home improvement contractors directly.
- Homebuyer enjoys their new home!
- Post purchase housing counseling will help to ensure sustainability.

ATTACHMENT A

**OAKLAND COUNTY HOMEBUYER PROGRAM
FOR VACANT FORECLOSED PROPERTIES**

SELECT COMMUNITIES (43)

CITIES

Auburn Hills
Berkley
Birmingham
Clawson
Farmington
Ferndale
Hazel Park
Keego Harbor
Lathrup Village
Madison Heights
Novi
Oak Park
Rochester
Rochester Hills
South Lyon
Sylvan Lake
Troy
Walled Lake
Wixom

TOWNSHIPS

Addison
Brandon
Commerce
Groveland
Highland
Holly
Independence
Lyon
Milford
Oakland
Orion
Oxford
Rose
Royal Oak
Springfield
West Bloomfield
White Lake

VILLAGES

Holly
Lake Orion
Leonard
Milford
Ortonville
Oxford
Wolverine Lake

ATTACHMENT B

OAKLAND COUNTY HOMEBUYER PROGRAM
FOR VACANT FORECLOSED PROPERTIES

INCOME GUIDELINES

March 2009

Family Size	50% AMI
1	\$24,850
2	\$28,400
3	\$31,950
4	\$35,500
5	\$38,350
6	\$41,200
7	\$44,000
8	\$46,850
9	\$49,700
10	\$52,550
11	\$55,400
12	\$58,200
13	\$61,050
14	\$63,900

Based on Area Median Income (AMI)

Oakland County Homebuyer Program for Vacant Foreclosed Properties (NSP)
Homebuyer Screening Form – Part 1

CURRENT ADDRESS Street
City/State/Zip Code

<i>APPLICANT</i>	<i>CO-APPLICANT</i>
NAME <input type="checkbox"/> Male <input type="checkbox"/> Female	NAME <input type="checkbox"/> Male <input type="checkbox"/> Female
DAYTIME PHONE NO. () CELL PHONE NO. ()	DAYTIME PHONE NO. () CELL PHONE NO. ()
E-Mail Address:	E-Mail Address:
<input type="checkbox"/> MARRIED <input type="checkbox"/> SEPARATED <input type="checkbox"/> UNMARRIED <i>incl. single, divorced, widowed</i>	<input type="checkbox"/> MARRIED <input type="checkbox"/> SEPARATED <input type="checkbox"/> UNMARRIED <i>incl. single, divorced, widowed</i>

Name	Relationship to Head of Household	Birth date	Gross Annual Income
	Head of Household		\$
Total Number in Household:		Total Gross Income	\$

Each Household member must be lawfully within the United States. You will be required to certify your citizenship/immigration status during the application process.

IMPORTANT: READ THIS BEFORE SIGNING

PENALTY FOR FALSE OR FRAUDULENT STATEMENT: U.S.C. Title 18, Sec. 1001, provides: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies...or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing, or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than 5 years, or both."

Applicants Signature:	Date:	Co-Applicants Signature:	Date:
------------------------------	--------------	---------------------------------	--------------

CREDIT REPORT AUTHORIZATION
Homebuyer Screening Form – Part 2

I hereby authorize and instruct the Oakland County Community & Home Improvement Division, (OCHIP), to obtain and review my credit report. My credit report will be obtained from a credit reporting agency chosen by OCHIP. I understand and agree that OCHIP intends to use the credit report for the purpose of evaluating my financial readiness to purchase a home and/or to engage in post-purchase counseling activities.

My signature below also authorizes the release to credit reporting agencies of financial or other information that I have supplied to OCHIP in connection with such evaluation. Authorization is further granted to the credit reporting agency to use a copy of this form to obtain any information the credit reporting agency deems necessary to complete my credit report.

This authorization expires one year from today's date unless otherwise stipulated in writing.

Applicant's Name (Print)

Co-Applicants Name (Print)

Applicant's Signature

Co-Applicant's Signature

Social Security Number

Social Security Number

Date

Date

Please return completed form to:

Oakland County Community & Home Improvement
Oakland Pointe, Ste 1900
250 Elizabeth Lake Road
Pontiac, MI 48341-0414

ATT. Shameka Davenport