

2010 FORT BEND COUNTY NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

Southeast Texas Housing Finance Corporation (SETH) has received funds from Fort Bend County through its allocation of **Neighborhood Stabilization Program Funds**. These funds will be available to assist eligible homebuyers in an amount **up to \$25,000** per household, depending on the applicant's income level (see below)

Program Requirements

- Must be "first-time homebuyer"
- The home must be a **FORECLOSED** Single family home located within Fort Bend County and in eligible census tracts and block groups (see attached.)
- Maximum purchase price is \$200,160. **The sales price must be at least 1% under the appraised value.**
- Buyer(s) must be able to get an acceptable loan within thirty (30) days of being qualified for the program from a lender
- Buyer(s) household gross income cannot exceed the following amounts by family size:

Family size:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>Amount of Assistance</u>
Income: 50% or below	\$22,800	\$26,050	\$29,300	\$32,550	\$35,200	\$37,800	\$40,400	\$43,000	Up to \$25,000
Income: 51% - 80%	\$36,500	\$41,700	\$46,900	\$52,100	\$56,300	\$60,450	\$64,650	\$68,800	Up to \$14,500
Income: 81% - 120%	\$54,700	\$62,500	\$70,300	\$78,100	\$84,350	\$90,600	\$96,850	\$103,100	Up to \$8,000

Principal Residence. All homebuyers will be required to certify that they intend to occupy the unit as their principal residence during the recapture period.

Homebuyer's Counseling Certification. The borrower must successfully complete an 8 hour HUD Approved Homebuyer Counseling Course.

Recapture Provisions. The assistance is in the form of a deferred loan. If the homebuyer(s) sells, refinances or vacates the property within the applicable Affordability Period, the homebuyer(s) will be responsible for the full amount of the loan that has not been forgiven. For homebuyer(s) who receive less than \$15,000 in NSP funding, the 5-year deferred loan will be forgiven at 25% per year beginning the second year. For homebuyer(s) receiving \$15,000 but less than \$40,001, the 10-year deferred loan will be forgiven at 20% per year beginning the sixth year.

Form of Ownership. Fee simple title is the only acceptable form of ownership.

Property Conditions. Property under contract must pass HQS and SETH Housing Standards.

Income Verification. SETH will calculate the total household income using HUDs approved method. Income verification will be valid for a three-month period following receipt of information. If the homebuyer does not close within three months, income must be re-verified.

Minimum Borrower Investment. The homebuyer(s) will be required to provide at least 50% of the down payment required by the 3rd party Lender's programmatic or regulatory guidelines. For example, if the Lender will require a 5% down payment, the homebuyer(s) must provide at least 2 ½% of the required down payment. NSP funds may be used for the balance of the down payment, reasonable closing costs, and / or Principal reduction of the Note. **100% FINANCING IS NOT ALLOWED UNDER THIS NSP APPLICATION.**

SETH reserves the right to amend program guidelines when it is deemed necessary. Applicants, Lenders, and Professional Real Estate Persons are required to go online at www.sethfc.com and print up the current Program Guidelines.



This Program is designed to assist low-income first-time homebuyer's purchase Foreclosed, affordable, safe and decent housing. Funds are available on a first come first served basis.

**SETH REQUIRES A \$50.00 NON-REFUNDABLE APPLICATION FEE WITH EACH APPLICATION
(MONEY ORDER OR CASHIERS CHECK PAYABLE TO SETH)**

Administration Procedures

Mortgages provided will be conventional loan programs, FHA, Rural Housing, or VA home loans. The direct assistance to the homebuyer will be up in the form of a deferred forgivable loan. The loan will be forgiven over a five or ten-year period (the recapture period) if all Program requirements have been met. The maximum purchase price of the home will be \$200,160.

SETH will charge a \$200 processing fee to be paid at closing

Eligible properties will be foreclosed single-family properties that are for sale in the eligible Fort Bend County census tracts and block groups and meet the County's Housing Quality Standards (HQS), as well as all applicable local building codes, ordinances, zoning ordinances. **An Inspection will be conducted by SETH and a fee of \$200 will be collected at closing and in some circumstances, may be required to be paid prior to closing.**

Program Administration

The Program will be operated in accordance with all applicable rules and regulations of the Department of Housing and Urban Development (HUD), Fort Bend County, and Southeast Texas Housing Finance Corporation (SETH). Administrative procedures used to implement the Program will be added or modified to meet any changes made to such rules and regulations of the above entities that may occur over time. Administrative authority for operation of the Program will rest with the Program Administrator (Administrator) appointed by SETH. The Administrator will serve as the approving office for Program Assistance. The Administrator will be responsible for carrying out the processing of applications for assistance, recommendation for Program Assistance, identification of property deficiencies, preparation of security documents and any other required forms, maintenance of program records as required by HUD and/or Fort Bend County, and marketing and public relation efforts as needed to promote the Program.

Eligible Borrower Financing

The mortgage loans offered to the borrower must be fixed rate loans. Balloon payments, adjustable rate loans, subordinate financing, and owner financing are not acceptable. In addition, SETH reserves the right to deny assistance to a buyer if in its sole discretion the mortgage product and fees indicate that the monthly payment exceeds the buyer's ability to repay the loan or the fees charged seem excessive.

Second Lien Terms

The County shall use a five or ten -year deferred forgivable loan note to enforce the principal residence requirement during the five or ten -year recapture period. The loan will be non-recourse, no-interest five or ten-year non-amortizing forgivable loan. The loan shall have a second lien holder position, and will allow for recapture of the NSP assistance out of the net sales proceeds if the homeowner sells the dwelling before the end of the recapture period. If the NSP assisted property is sold after the end of the recapture period, no recapture provisions apply. If the net proceeds are not sufficient to recapture the pro rated NSP Investment no recapture provisions apply, however, the homeowner will not be allowed to recover more than the amount of the homeowner's down payment, principal payments and any capital improvement investment. No refinancing is allowed during the second lien period or full repayment will be expected. The Note will be secured by a recorded Deed of Trust.

Please return all of the following pages (completed application) to:



**Attn: Program Assistant
1111 South Sam Houston Parkway East
Houston, TX 77089
Phone: (281) 484-HOME Fax: (281) 484-1971
(4663)**

REQUIREMENTS FOR LOANS ACCEPTED INTO OUR HOMEBUYER PROGRAMS.

All loans must be:

- ✦ A Conventional (conforming or non-conforming), Portfolio, FHA, VA or Rural Development (RHS) mortgage loan.
- ✦ **A Fixed Interest Rate** for the life of the loan is required, unless written approval is given by SETH.
- ✦ Buyer's Housing Costs cannot **exceed 30%**, based on SETH Income calculations.
- ✦ Buyer's back end ratios cannot **exceed 45%**.
- ✦ No Prepayment Penalties will be allowed.
- ✦ **All Buyers must contribute at least 50% of the down payment required by the Lender.**
- ✦ Loan Terms must be 10 to 30 years.
- ✦ Assets listed on 1003 Loan Application may be counted as Assets of buyer and calculated as Income by SETH.
- ✦ Buyers with Liquid Assets in excess of the amount of assistance applied for are not eligible. This includes gifts listed as assets on 1003 and will be counted as assets for SETH income calculations.
- ✦ Fort Bend County will not subordinate its lien.
- ✦ Fort Bend County's lien must be in a second lien position.
- ✦ Gift Programs in combination with our funds are allowed but must be approved by SETH.
- ✦ If Buyer is requesting more than one assistance program, written approval from SETH is required.
- ✦ **Buyer cannot receive money back at closing.**
- ✦ SETH does not allow the same person to act as both Real Estate Agent and Lender in same transaction.
- ✦ "Homebuyer Assistance Fees" cannot be charged regardless if it is considered a Lender or Real Estate Fee.

Fair Marketing Procedures:

SETH will conduct public meetings, meet with applicants individually; work with local financial institutions, and real estate agents to explain the Program, and to request their participation. Program information will also be made available to the public through local newspapers. Press releases will be distributed to places that will reach potential low-income homebuyers such as local newspapers, social service agencies, the local chamber of commerce, apartment buildings, and other public places.

Lead Based Paint:

The Lead Safe Housing Rule apply to any housing unit built prior to 1978 and it affects the way the County, SETH, Lenders, and Real Estate Professionals, implement homebuyer assistance programs as follows:

- ✦ During the Inspection of any house built before 1978, both the interior and exterior painted surfaces must be inspected for defective paint. Defective paint is paint that is cracking, flaking, chipping or peeling from a building component or the house.
- ✦ Defective paint surfaces must be corrected by workers trained in lead-safe work practices or workers supervised by a trained and certified supervisor or contractor. (SETH can provide information on how to locate appropriately trained workers.)
- ✦ If defective paint is not found, no corrective work or clearance testing is required.
- ✦ Seller must disclose presence of lead if known and provide any reports to buyer.
- ✦ Buyer cannot waive opportunity to get lead based paint risk assessment done in the sales contract.

Sales Price:

The sales price for homes in this program must be at least 1% under the appraised value. Acceptable appraisals are appraisals ordered by the lender in the transaction. No consideration will be given to appraisals ordered by the seller or owner of the property. All appraisals must be dated no more than 60 days from date of closing.



SETH APPLICATION SUBMISSION CHECKLIST (PLEASE PROVIDE THE FOLLOWING DOCUMENTATION ALONG WITH THE APPLICATION)

1. **\$50.00 Non-Refundable Application Fee**- Cashiers' Check or Money Order made payable to SETH.
2. Completed SETH application with signatures of all adults 18 years and older living in the home. (*Co-applicant information completed by spouse or significant other, even if co-applicant is not on the loan.*)
3. NSP Eligibility Release Form, signed by applicant, co-applicant, and all household members over the age of 18. (included in application)
4. Signed NSP Agreement (included in application.)
5. Signed Top 10 Reasons form (included in application.)
6. Provide copy of Valid ID / Drivers License for any household member 18 or over.
7. Provide copy of Resident Card for all household members. (if applicable)
8. Provide copy of Birth Certificates for all household members.
9. Provide copy of Social Security cards for all household members.
10. Provide copy of Lease or Rental Agreement all pages, or letter explaining current living arrangements.
11. Provide copy of the most current 3 months pay stubs for applicant, co-applicant, and all household members over 18.
12. Provide copy of the **most recent 6-months CHECKING** account statements for applicant, co-applicant, and all household members (*reflecting acct holders name, institutions name, monthly ending balance.*)
13. Provide copy of **most recent 3 months SAVINGS** account statements for applicant, co-applicant and all household members.
14. Explanation of all large deposits in Bank accounts that are not direct deposits from employer.
15. Copy of Last 2 Years W-2's & Tax Returns for applicant, co-applicant, and all household members over 18.
16. Complete form 4506T and sign and date - even if tax returns are provided. (included in application)
17. If anyone over 18 in the household is unemployed, please provide signed Certification of Zero Income. (included in application)
18. If self employed we will need the previous 3 years Tax Returns and Current year Profit and Loss Statement.
19. Current statement for any 401K, Retirement or IRA, Stock, Profit Sharing, and CD Accounts.
20. If SSI received, provide the most recent Social Security Disability Award Letter for any household member.
21. Copy of divorce decree. (*No assistance will be provided under a pending divorce or temporary separation decree.*)
22. Court order for child support or Attorney General Order & printout (*Even if the support is not receive.*)
23. TANF, AFDC, WIC award letters (if applicable.)
24. College: Current Transcript, Scholarship or Grant Award Letter for any household member.
25. Provide name and contact information of Lender and Realtor. (if applicable)
26. 8 hour HUD Approved Homebuyers Education Certificate. (if completed)

TOP 10 REASON SETH APPLICATIONS ARE REJECTED OR DELAYED

1. **Poor communications.** There are many parties involved in a real estate transaction -- buyer, seller, real estate agent, mortgage banker, home inspectors, appraiser, title companies-- and each must have complete understanding of what is going on at any given time. These loans do not close themselves rather they require twice the work from everyone involved.
2. **Income calculation can differ based on the program and lender guidelines.** You, your lender and SETH may come up with different incomes for your household. SETH calculates income based on every working member of the household regardless of who is on the loan and uses pay stubs to calculate income and not historical data like Income Tax Returns.
3. **Misunderstandings.** You will need loan programs explained. SETH or your loan representative can help you with any loan terms you may not be familiar with. You can visit online glossaries or pick up one of the many real estate mortgage books, virtually all of which contain a glossary.
4. **Being in denial about what you can really afford.** Most folks let the lenders decide what they can afford to borrow. Some lenders may approve you for a higher than appropriate loan. You decide what your budget will realistically let you afford to pay each month. Be sure you understand your loan terms, interest rate and fees charged by your lender. SETH will not assist buyers with mortgage payments greater than 30% of the gross salary for the household.
5. **Over looking property repair problems.** Government loans on homes in need of repair need to come with instructions explaining who is responsible for repairs and when. SETH cannot assist/fund any loan until all repairs are corrected.
6. **Lack of understanding about the loan and SETH process.** A working knowledge of what happens during the processing, underwriting, and closing of a loan is crucial.
7. **Not completing loan conditions in timely manner.** Many times buyers do not understand the commitment from lender and SETH is based on meeting certain conditions. SETH requires Homebuyer Counseling of buyers, property inspections and possible repairs.
8. **Poor Preparation.** The more information you have available at application -- proof of income, investments, assets, debts, tax returns for the self-employed, even addresses, current and past -- the more complete the loan officer's and SETH's analysis can be in a more timely manner. SETH's approval process is approximately 30 days.
9. **Right House Wrong Location.** SETH administers several programs within the Houston-Galveston area but not all programs are available everywhere. Some Local Cities, Counties and the State also have some Programs that may be available. In all cases proof of census tract and block group will be reviewed to determine if home is located in eligible area.
10. **Non-Compatible loan products.** SETH only allows certain loan types. Usually sub-prime loans charge more than our guidelines will allow. Lenders offer a variety of products (ARMs, etc.) or have additional requirements such as prepayment penalties and these are not allowed by SETH.

Applicant: _____, Co-applicant: _____

2010 FORT BEND COUNTY NEIGHBORHOOD STABILIZATION PROGRAM (NSP) APPLICATION

Applicant Information Please type or print clearly.

<input type="checkbox"/> FEMALE <input type="checkbox"/> MALE DATE OF BIRTH: _____ MARITAL STATUS: <input type="checkbox"/> SINGLE <input type="checkbox"/> MARRIED <input type="checkbox"/> DIVORCED			
NAME (LAST, FIRST, MIDDLE INITIAL)		SS # _____ - _____ - _____	
CURRENT ADDRESS			
CITY/STATE/ZIP			
HOME TELEPHONE	WORK TELEPHONE	CELL PHONE OR PAGER	EMAIL

Co-Applicant Please list the name, relationship, and contact information for Co-Applicant.

Date of Birth _____ SS # _____

Benefits and Pensions List any Benefits, Pensions, or Public Assistance the Applicant, Co-applicant, or Dependent(s) is or will receive over the next year. This includes; TANF, AFDC, WIC, or Child Support.

Dependent (s) Information Provide name, relationship, ages and income received for all persons occupying the home with Applicant:

NAME	RELATIONSHIP	DATE OF BIRTH	YEARLY INCOME	SS #

Assets Provide Name of Institution, account numbers, and current balance

NAME OF BANK	CHECKING/SAVINGS/401K/CD/ IRA/RETIREMENT PLAN	BALANCE	ACCOUNT NUMBER

Note: SETH may count as assets any assets that are listed on Lenders 1003 Application.

What other assets (cash or non cash items) do you have and what is their worth? (example: stocks, bonds)

Do you own any Real Estate? Yes No

Are you currently on Public or Subsidized Housing? Yes No

Would you consider where you currently live Substandard Housing (lacking kitchen or plumbing facilities) Yes No

APPLICANT EMPLOYMENT

- Applicant is not employed
- Applicant is Self Employed
- Applicant is employed by:

}	COMPANY NAME	PHONE NUMBER
	COMPANY ADDRESS	
	OCCUPATION	
	WAGES OR ANNUAL SALARY	

CO-APPLICANT EMPLOYMENT

- Co-Applicant is not employed
- Co-Applicant is Self Employed
- Co-Applicant is employed by:

COMPANY NAME	PHONE NUMBER
COMPANY ADDRESS	
OCCUPATION	
WAGES OR ANNUAL SALARY	

OTHER EMPLOYMENT (IF APPLICABLE)

- _____ is not employed
- _____ is Self Employed
- _____ is employed by:

COMPANY NAME	PHONE NUMBER
COMPANY ADDRESS	
OCCUPATION	
WAGES OR ANNUAL SALARY	

I understand that the above information is being collected to determine my eligibility for Homebuyer Assistance. I certify that the above information is true and correct. I further certify that any discrepancies or omissions found later may be grounds for disqualification, and Funds I have or will receive will have to be paid back as enforced in the Note, NSP Agreement, and Deed of Trust. I understand this is a deferred forgivable loan to assist in the purchase of a home and authorize SETH to obtain a credit report from my lender.

Applicant _____

Co-Applicant _____

Household member over 18 _____

Household member over 18 _____

**NSP Program
Eligibility Release Form**

Organization requesting release of information
Southeast Texas Housing Finance Corporation

Information Covered: Inquiries may be made about items initialed by applicant/tenant.

Purpose: Your signature on this NSP Eligibility Release Form, and the signatures of each member of your household who is 18 years of age or older, authorizes the above-named organization to obtain information from a third party relative to your eligibility and continued participation in the:

NSP Homebuyer Program

Privacy Act Notice Statement: The Department of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant's eligibility in a NSP Program and the amount of assistance necessary using NSP funds. This information will be used to establish level of benefit on the NSP Program; to protect the Government's financial interest; and to verify the accuracy of the information furnished. It may be released to appropriate Federal, State, and local agencies when relevant, to civil, criminal, or regulatory investigators, and to prosecutors. Failure to provide any information may result in a delay or rejection of your eligibility approval. The Department is authorized to ask for this information by the National Affordable Housing Act of 1990.

Instructions: Each adult member of the household must sign a NSP Eligibility Release Form prior to the receipt of benefit and on an annual basis to establish continued eligibility. Additional signatures must be obtained from new adult members whenever they join the household or whenever members of the household become 18 years of age.

NOTE: THIS GENERAL CONSENT MAY NOT BE USED TO REQUEST A COPY OF A TAX RETURN. IF A COPY OF A TAX RETURN IS NEEDED, IRS FORM 4506, "REQUEST FOR COPY OF TAX FORM" MUST BE PREPARED AND SIGNED SEPARATELY.

	Verification Required	Initials
Income (all sources)		
Assets (all sources)		
Child Care Expense		
Handicap Assistance Expense (if applicable)		
Medical Expense (if applicable)		
Other (list) _____ _____ _____		
Dependent Deduction ____ Full-Time Student ____ Handicap/Disabled Family Member ____ Minor Children		

Authorization: I authorize the above-named HOME Participating Jurisdiction and HUD to obtain information about me and my household that is pertinent to eligibility for participation in the HOME Program.

I acknowledge that:

- (1) A photocopy of this form is as valid as the original.
- (2) I have the right to review the file and the information received using this form (with a person of my choosing to accompany me).
- (3) I have the right to copy information from this file and to request correction of information I believe inaccurate.
- (4) All adult household members will sign this form and cooperate with the owner in this process.

Applicant _____

Co Applicant _____

Household member (18 or older) _____

Household member (18 or older) _____

CERTIFICATION OF ZERO INCOME

(To be completed by adult household members only, if applicable)

Household Members

Name: _____

Property Address: _____

1. I hereby certify that I do not individually received income from any of the following sources:

- Wages from employment (including commissions, tips, bonuses, fees, etc.);
- Income from operation of a business;
- Rental income from real or personal property;
- Interest or dividends from assets;
- Social Security payments, annuities, insurance policies, retirement funds, pensions, or death benefits;
- Unemployment or disability payments;
- Public assistance payments;
- Periodic allowances such as alimony, child support, or gifts received from persons not living in my household;
- Sales from self-employed resources (Avon, Mary Kay, Shaklee, etc.);
- Any other source not named above.

2. I currently have no income of any kind and there is no imminent change expected in my financial status during the next 12 months.

3. Please explain the source of funds you will be using to make your mortgage payments:

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of federal assistance.

Signature of Household member

Printed Name

Date

NSP PROGRAM AGREEMENT

VALUE OF THE PROPERTY

The Sales Price of the Home under Contract is \$ _____, and must be acquired within 6 months.

PRINCIPAL RESIDENCE

The property must be a **FORECLOSURE** and applicant's Principal Residence located in eligible Fort Bend County census tracts and block groups.

TYPE OF ASSISTANCE AND AMOUNT

The type of assistance SETH is providing to Applicant is a _____ -year deferred payment loan to be used for down payment, closing costs and principal reduction; to be evidenced by a promissory note to be signed and delivered at closing by Applicant, and secured by second lien deed of trust against the Property from Applicant to a trustee for the County (both in the form required by County). The amount of the assistance is \$ _____.

TERMS AND CONDITIONS

1. Applicant agrees that, as an express condition precedent to County's willingness to forgive repayment of the Loan on the _____ anniversary date of the Note, Applicant must occupy the Property on a substantially continuous, full-time, full-year uninterrupted basis as its principal residence throughout the _____ -year term of the Loan commencing on the date of the Note.
2. Applicant acknowledges and agrees that, as a further condition precedent to County's willingness to forgive repayment of the Loan at _____% per year starting at the end of the _____ year and in full on the _____ anniversary date of the Note, Applicant must maintain the Property and keep in good repair and condition throughout the _____ -year term of the Loan commencing on the date of the Note. SETH may periodically inspect the property.
3. Applicant agrees that, in the event that Applicant vacates, rents, leases or sells the Property during the term of the Loan the Applicant shall:
 - A. Notify the County by certified mail, return receipt requested, or hand deliver against a signed receipt written notice of the proposed sale and a copy of the sales contract to the County and SETH at least fourteen (14) days before the proposed closing date; and
 - B. Reimburse the County at closing or at time applicant no longer occupies property as principal residence, the amount due under the promissory note.
4. Applicant understands and agrees that, except where otherwise required or permitted by the County in connection with a transfer on death, divorce, legal separation, or legal incapacity, the promissory note may not be assumed, assigned, or otherwise transferred in any way. Subject to the requirements of applicable law, the County may sell, assign, and transfer its ownership of the Loan and all of County's rights hereunder with or without notice to or consent from Applicant.
5. Applicant and its representative shall inspect the property prior to closing and by closing on property SETH shall take that as acknowledgement of accepting property in its current condition and that all required repairs were made.

Executed this _____ day of _____, 20____.

Applicant

Co-Applicant

Administrator, Margie Koenning

**FORT BEND COUNTY
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**

**FIRST-TIME HOMEBUYER STATUS AND CERTIFICATION OF PRINCIPAL RESIDENCE
HOMEBUYER ASSISTANCE**

HOMEBUYER INFORMATION:

Homebuyer:

Property Address:

County:

A first-time homebuyer is an individual who meets any one of the following criteria:

- **An individual or spouse who has had no ownership interest in a principal residence during the previous 3-year period ending on the date of purchase of the property.**
- **A single parent (must have primary custody of child) who has only owned with a former spouse who now owns the previous residence.**
- **An individual who is a displaced homemaker and has only owned with a spouse.**
- **An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.**
- **An individual who has only owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.**

I/We hereby certify:

- I/We meet the definition of a first-time homebuyer as described above.
- I/We will occupy the above-referenced address and it will be my/our principal residence for the term of the Affordability Period as specified in the Deed of Trust.
- I/We understand that my/our acceptance of Homebuyer Assistance through this NSP Program will result in the attachment of a 2nd lien in favor of the County of Fort Bend to the above-referenced property.
- All information and copies provided to the Program Administrator are true and correct.
- I/We understand that any discrepancies or misstatements may result in my/our disqualification from the NSP Program.
- I/We understand that any discrepancies or misstatements may result in my/our disqualification from the NSP Program and funds I/We have received will have to be repaid as enforced in the Deed of Trust.

Signature of Homebuyer

Date

Signature of Co-borrower

Date

FORM 1010

