

# MACOMB COUNTY NEIGHBORHOOD STABILIZATION PROGRAM HOMEBUYER ASSISTANCE FOR VACANT FORECLOSED PROPERTIES

## OVERVIEW and GUIDELINES

### OVERVIEW

Macomb 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 vacant 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 Macomb County Department of Planning and Economic Development.

Macomb County's Homebuyer Assistance Program provides loans to homebuyers for down payment assistance, closing costs, pre-pays, reasonable discount points, home improvements or other financing associated with purchasing eligible vacant foreclosed single family homes to be used as the primary residence of the homebuyer. Eligible properties must be located within the 21 communities participating in the Macomb "Urban County". (Attachment A). 60% of the 8.8 million dollars available for homebuyer assistance, or approximately 5.3 million dollars, must be spent on home purchases in the communities of Eastpointe, Center Line and Mt. Clemens. Approximately 3.5 million dollars is available for home purchases in the remaining 18 communities.

Homebuyers must income-qualify based on income limits established by HUD. Homebuyers with incomes at or below 120% of Area Median Income (AMI) are eligible for assistance. At least 25% of the NSP funds must assist lower income households with incomes at or below 50% of AMI. Based on a total NSP budget of \$9.7 million, \$2.2 million are reserved to finance homebuyers with incomes at or below 50% of AMI. The remaining \$ 6.6 million of homebuyer assistance is earmarked to assist homebuyers with incomes between 51% and 120% of AMI. Eligible incomes by family size are identified in Attachment B.

General program information and applications are available through the Macomb County Department of Planning and Economic Development by contacting the: NSP Hotline at (586) 469-6285, e-mailing the request to [Federal.NSP@macombcountymi.gov](mailto:Federal.NSP@macombcountymi.gov), or on the website at [www.macombcountymi.gov](http://www.macombcountymi.gov)

## **GUIDELINES**

### **Eligibility 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 120% 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 rules.
- Homebuyers must have liquid assets less than \$50,000.00
- Homebuyers must currently not own a home

### **Eligible Homebuyers**

- Homebuyers must purchase the vacant foreclosed single family home as their principal residence.

### **Homebuyer Education**

- Applicants must complete a total of eight hours of homeownership education through a HUD approved Housing Counseling Agency.

### **Eligible Properties**

- The property purchased must be a vacant and foreclosed property located in select Macomb County communities listed in Attachment A.
- Only single family homes or condominiums may be purchased. Mobile homes, 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 Macomb County 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.
  - Macomb County will finance the remaining 49 percent of the purchase and rehabilitation costs up to \$100,000.
  - Applicants whose income falls below 50 percent AMI or who purchase a home in one of the three target areas may qualify for additional assistance.
  - Each case will be assessed on an individual basis.
  - Macomb County must review and approve the lender's mortgage.
- Macomb County financing is provided as a deferred, no payment, 0% interest loans secured with a mortgage and mortgage note on the property. The loans are due and payable upon sale or transfer of the property title or when the property is no longer the homebuyer's principal residence. If the homebuyer

occupies the purchased home as his/her principal residence for 15 years, the loans will be forgiven and discharged.

- Homebuyers with incomes less than 50% AMI must have approximately \$1,000 to initiate the purchase. Homebuyers with incomes greater than 50% AMI must have approximately \$2,000 to initiate the purchase. These funds would cover prepaid expenses such as earnest money for the purchase agreement, property insurance, or mortgage application.
- In most cases, property taxes and homeowner insurance must be escrowed. Macomb County will not be the escrow agent.
- Macomb 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 15% less than the as-is appraised value.
- Macomb County will provide and pay for an appraisal. The appraisal will conform to 49 CFR 24.103 requirements.
- The purchase agreement must allow 75 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 Rehabilitation**

- Houses acquired must meet HUD Housing Quality Standards, Michigan Building Codes for Existing Structures and, if applicable local municipal codes when rehabilitation work is completed.
- A home inspector identified and paid for by Macomb County, will identify the home's deficiencies based upon all applicable codes.
- If home repairs are required, homebuyers must agree to have Macomb County coordinate the work that needs to be completed in order to meet U.S. Department of Housing and Urban Development Regulations, Michigan Residential Code, and, if necessary local municipality's residential code, Michigan State Historic Preservation Office, and Lead Based Paint requirements. Macomb County will complete work specifications and cost estimates, bid the work to licensed and insured Michigan residential contractors, and issue contractor payments. Home Rehabilitation Contracts are awarded to the lowest responsible bidder.
- Energy Star rated stove and refrigerator are eligible appliances purchased through the Macomb County Home Rehabilitation Program.
- The home rehabilitation contract will be compiled by the Macomb County Department of Planning and Economic Development.
- The home rehabilitation 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 repairs within 60 days after the date of the Proceed to Work Order as stipulated in the contract.
- When possible, Macomb County will act as the fiduciary for all home improvement work and pay home repair contractors directly.

**ATTACHMENT A**

**MACOMB COUNTY  
NEIGHBORHOOD STABILIZATION PROGRAM  
HOMEBUYER ASSISTANCE PROGRAM  
FOR VACANT FORECLOSED PROPERTIES**

**SELECT COMMUNITIES (21)**

**CITIES**

**Center Line\***  
**Eastpointe\***  
**Fraser**  
**Memphis**  
**Mt. Clemens\***  
**New Baltimore**  
**Richmond**  
**Utica**

**TOWNSHIPS**

**Armada**  
**Bruce**  
**Chesterfield**  
**Harrison**  
**Lenox**  
**Macomb**  
**Ray**  
**Richmond**  
**Shelby**  
**Washington**

**VILLAGES**

**Armada**  
**New Haven**  
**Romeo**

**\* TARGETED COMMUNITIES**

## Attachment B

### MACOMB COUNTY NEIGHBORHOOD STABILIZATION PROGRAM HOMEBUYER ASSISTANCE PROGRAM FOR VACANT FORECLOSED PROPERTIES

#### INCOME GUIDELINES

<b>Family Size</b>	<b><u>50%AMI</u></b>	<b><u>120% AMI</u></b>
1	\$24,450	\$58,700
2	\$27,950	\$67,100
3	\$31,450	\$75,500
4	\$34,950	\$83,900
5	\$37,750	\$90,600
6	\$40,550	\$97,300
7	\$43,350	\$104,000
8	\$46,150	\$110,700
9	\$48,950	\$117,500
10	\$51,750	\$124,200
11	\$54,500	\$130,800
12	\$57,300	\$137,500
13	\$60,100	\$144,200
14	\$62,900	\$150,950

Based on Area Median Income (AMI)