



MEMO

Date: October 5, 2009

To: Buyer's Agents

Re: City of Phoenix Neighborhood Stabilization Program

As part of the Housing and Economic Recovery Act (HERA), passed by Congress in July 2008, \$3.92 billion was provided to communities hardest hit by residential foreclosures and mortgage delinquencies. The city of Phoenix received Neighborhood Stabilization Program (NSP) funds to help families purchase foreclosed homes at a discount, which in turn helps stabilize neighborhoods. The three programs are:

Program 1 - Homeownership Assistance

- A \$15,000 loan for down payment and closing cost assistance.
- The full amount of the loan is paid back to the City when the homebuyer sells or refinances the home.
- The Homeownership Assistance program is for down payment and closing cost assistance **only** and cannot be used to fund rehabilitation activities. Homebuyers can work with a lender to qualify for an FHA 203K loan, which can provide dollars for rehabilitation.

Program 2 - Home Improvement

- A \$15,000 loan for down payment and closing cost assistance.
- Up to \$40,000 in assistance if the home requires rehabilitation, which is determined through inspections by City representatives.
- The full amount of the loan is paid back to the City when the homebuyer sells or refinances the home.

Program 3 - Move In Ready

- A \$15,000 loan for down payment and closing cost assistance to buyers of foreclosed homes that have been remodeled or rebuilt by Program Developers representing the City.
- A list of these homes is available, upon request.
- The full amount of the loan is paid back to the City when the homebuyer sells or refinances the home.

All Programs require the homebuyer to meet the following eligibility requirements, which are described in more detail in our Steps Flyer:

- Family income must not exceed income limits
 - 8 hour Homebuyer Education and 2 hour Credit Counseling classes
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- The loan and home must meet City of Phoenix parameters, including a 30 or 15 year fixed rate loan, the buyer's Debt to Income ratio not to exceed 31/43%, the house meets HUD Housing Quality Standards (HQS), etc.

R.O.I. Referral Policy and Tips:

- NSP eligible homebuyers who are not working with a RE agent will be routed to Heather Carrera in an on-going basis, for referral to ROI agents.
- Please contact the homebuyer immediately once a referral is received.
- Refer to the NSP Real Estate Agent Steps Flyer for details on the process.
- More Information can be found on the City's NSP website, <http://www.phoenix.gov/nsd/nspe.html>
- R.O.I. is an approved HUD Broker. Refer to the "HUD Homes BrokerAgent Handbook" located in the Z: shared drive/NSP/RE Agent Tools folder for instructions.
- **HUD gives preference to Owner Occupants (versus Investors) during the first ten days of a new listing.**
- **FNMA (Fannie Mae) gives preference to Owner Occupants during the first 14 days of a new listing.**
- Is you're working with an NSP client you'll be copied on client emails during the steps in the process.
- R.O.I. **cannot** act as both buyer's and seller's agent. If your buyer is interested in offering on an R.O.I. property you must refer them to an R.O.I. approved RE agent. Please contact Heather Carrera for guidance.

Thank you and please don't hesitate to contact Faith McLoone at 602-714-3544 or fmcloone@roipropertiesaz.com.

NEIGHBORHOOD STABILIZATION PROGRAM PROGRAM 1 - HOMEOWNER ASSISTANCE

For the Real Estate Agent

This program, offered through the City of Phoenix, provides buyers with \$15,000* to use towards down payment and closing costs on foreclosed single-family homes, townhomes and condominiums (*no condo conversions*). If you are interested in finding out how to help your clients purchase a foreclosed property using this program, please see the informational steps and links below.

STEP 1: Buyer contacts HUD Certified Housing Counselor to schedule the following.

- A. NSP Orientation (1 hr)
- B. One-on-one credit assessment (2 hrs)
- C. Homebuyer's education (8 hrs)

HUD Approved Housing Counseling Agencies

Arizona ACORN:	1018 W. Roosevelt St., Phx, AZ 85007	602-253-1111	www.acornhousing.org
Chicanos Por La Causa:	1242 E. Washington St. Ste 102, Phx, AZ 85034	602-253-0838	www.cplc.org
Greater Phoenix Urban League:	1402 S. Seventh Ave., Phx, AZ 85007	602-254-5611	www.gphxul.org
Neighborhood Housing Services:	1405 E. McDowell Rd., #100, Phx, AZ 85006	602-258-1659	www.nhsphoenix.org

Additional Agency Resources

Phoenix: <http://www.phoenix.gov/nsd/fhudage.html>

HUD: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?&webListAction=search&searchstate=AZ>

TIP: Step 1 and 2 can be done at the same time. It is strongly recommended that buyers complete these steps before selecting a home to purchase, due to the time required.

Step 2: Buyer contacts preferred lender. Go to <http://www.phoenix.gov/nsd/NSPLenders.pdf> for a list.

- A. Buyer provides income documentation.
- B. Lender and buyer verify the loan meets the City's Program parameters.
- C. Lender issues Conditional Loan Agreement (CLA) and forwards to Buyer's Housing Counselor.
- D. Buyer follows up with their Housing Counselor to receive results of CLA.

Step 3: Housing Counselor emails eligibility to Community Housing Resources of Arizona (CHRA).

- A. Housing Counselor creates a pre-qualification packet and sends to CHRA to include:
 - a. Two-part certificate with dates the buyer completed steps 1 A, B and C.
 - b. CLA from lender.
 - c. Income documentation.

Step 4: CHRA will contact buyer to schedule an appointment

- A. Buyer brings all required documents to appointment. Buyer can contact CHRA to verify required documentation at 602-631-9780 or www.communityhousingresources.org.
- B. CHRA will review the pre-qualification packet.
- C. CHRA will issue an eligibility letter within 2-3 days of appointment, if applicable.

Step 5: Buyer starts to work with Real Estate Professional to find a qualified property.

- A. Real Estate agent gathers required documents for purchase contract. Go to <http://www.phoenix.gov/nsd/hmbuyca.pdf> for the NSP Addendum.
- B. Real Estate Professional helps buyer find a qualified property, that is:
 - a. Located within City of Phoenix boundaries.
 - b. A foreclosed single family, condominium (condo conversions are not eligible) or townhome residential property.
 - c. Has changed title.
 - d. Can pass a Housing Quality Standards (HQS) inspection prior to the close of escrow or at the completion of the rehab activities. Go to <http://www.hud.gov/offices/adm/hudclips/guidebooks/7420.10G/7420g10GUID.pdf>
- C. Buyer and Seller enter into a purchase agreement. **TIP:** Allow at least 45 days from accepted contract to complete steps 6-10 prior to close of escrow.
 - a. Ensure the purchase contract includes the city-required four contingencies:
 - i. Purchase price is no more than 99 percent of the "as is" appraised value of the property as determined by an appraisal conducted within 60 days prior to closing.
 - ii. Property is in compliance with the city of Phoenix Neighborhood Preservation Codes. Go to phoenix.gov/CLEANPHX/topseng.pdf for standards.
 - iii. Property must pass a Housing Quality Standards (HQS) inspection as defined by the Department of Housing and Urban Development (see Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f)).
 - iv. Purchase contract must contain a signed "Lead Disclosure Form" from seller for properties built pre-Jan. 1, 1978. Additionally, an HQS inspector will assess the paint condition. Lead paint repairs must comply with requirements in the Lead Disclosure Rule (24 CFR part 35, subpart k).
- D. Buyer must contribute \$1,000 to escrow account. **TIP:** Extra escrow funds will be applied to reduce loan balance. No funds will be returned to buyer.
- E. Ensure family purchases a three-year home warranty policy not to exceed \$1,500. This cost will be paid from the \$15,000 Homeownership Assistance loan.

Step 6: Real Estate Agent forwards a copy of the executed Purchase Contract to:

Community Housing Resources of Arizona (CHRA)
4020 N. 20th Street, Suite 220, Phoenix, AZ 85016
Phone: 602-631-9780
Fax: 602-631-9757

TIP: allow at least 14 days to complete the following steps.

- A. CHRA will perform the City's due diligence to assure that the property is eligible under NSP guidelines.
 - a. Reviews the title report.
 - b. Orders the HQS inspection and environmental review at Buyer's expense. **TIP:** Buyers pay this fee of approximately \$110. The HQS inspection does not replace a traditional home inspection.
 - c. Assures that the purchase agreement contingencies have been met.
 - d. Prepares escrow instructions for the Title Company.
 - e. Requests funds from the City of Phoenix.
 - f. Collects all relevant data and documents.

Step 7: CHRA will contact buyer for a Pre-Close Session. Allow 1½ hours for meeting.

- A. Cover City of Phoenix loan agreement and loan documents.
- B. Verify Buyer has identified home warranty.
- C. Review HUD-1 Settlement Statement.

Step 8: Buyer signs documentation for the \$15,000 down payment at the CHRA office.

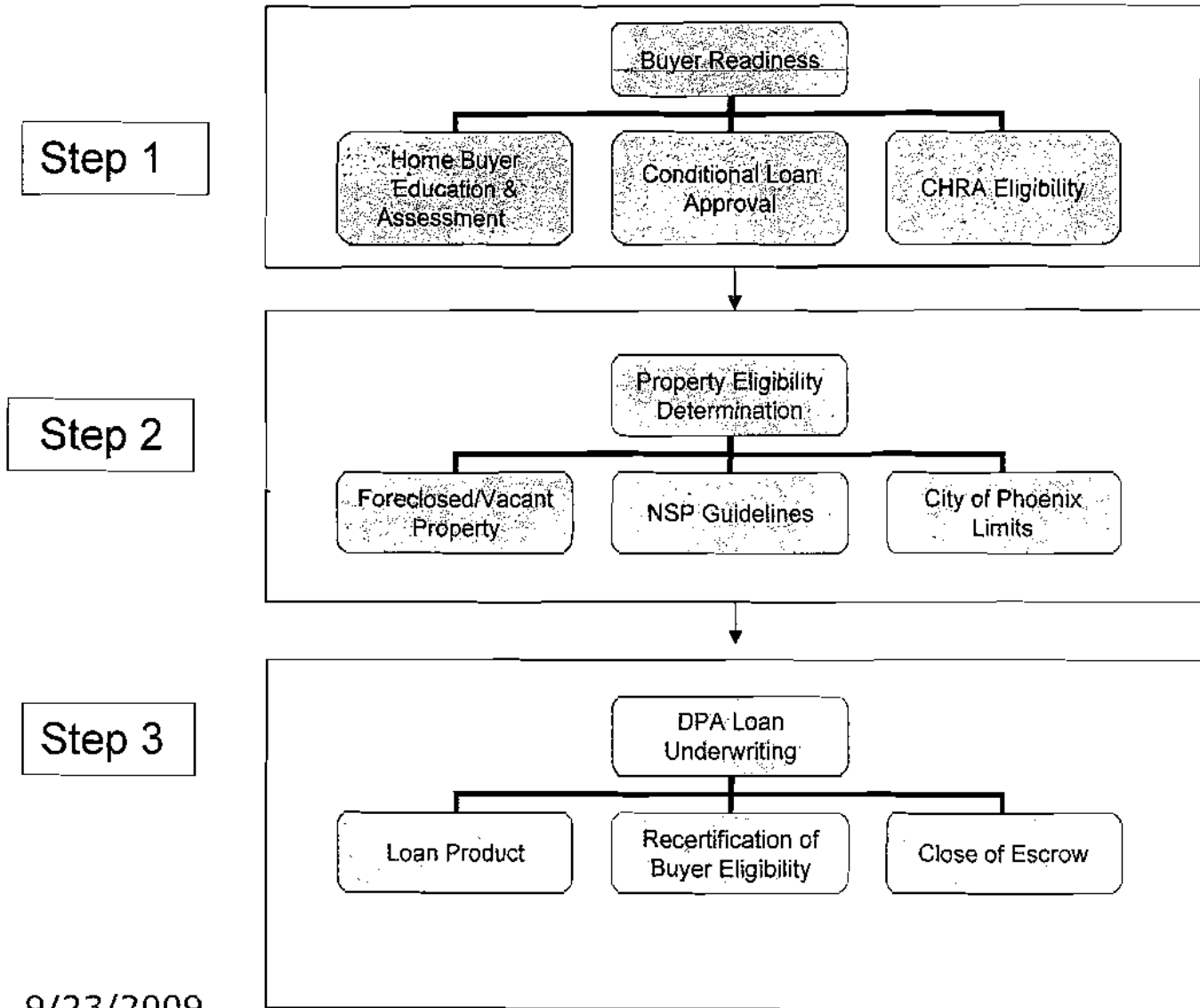
Step 9: CHRA coordinates with the Title Company to complete the sale. **TIP:** Complete Step 9 at least 10 days prior to close of escrow.

Step 10: Sign closing documents for the home purchase at the Title Company.

CONGRATULATIONS! YOUR CLIENT HAS JUST BECOME A HOMEOWNER!

* This program, offered through the City of Phoenix, provides buyers with a \$15,000 loan to use towards down payment and closing costs on foreclosed homes (single-family homes, townhomes and condominiums). The remaining balance may be applied to the principle of the first mortgage loan. The loan is at 0%, with deferred payment due in full at either the time of sale, transfer of the property, refinance, failure to make the home their principal residence, or at 45 years (whichever comes first).

City of Phoenix Neighborhood Stabilization Program



NSP Participating Lenders List

The following lenders have agreed to use all city-required loan documents and processes. If you are a lender who would like to be added to this list, contact Community Housing Resources of Arizona at 602-631-9780 for more information.

Alliance Financial Resources

2155 W. Pinnacle Peak Road, Ste. 201
Phoenix 85027
602-867-6000
602-427-4318 Fax

American Financial Lending, Inc.

20860 N. Tatum Blvd., # 160
Phoenix 85050
602-277-3800
602-631-9788 Fax

Bank of America

14850 N. Frank Lloyd Wright Blvd., #117
Scottsdale 85260
602-739-6585

Bank of America

20241 N. 67th Ave., Ste. A-5
Glendale 85308
602-390-2374

Bank of America

225 E. Germann Road, #170
Gilbert 85297
480-726-5080

Bank of America

5980 Cooper Road, Ste. 1
Chandler 85249
480-200-1880

Bank of America

3100 W. Ray Road
Chandler 85226
480-855-8090

Bank of America

14648 N. Scottsdale Road
Scottsdale 85254
480-624-0376

Bank of America

18185 N. 83rd Ave., #101
Glendale 85308
623-537-3162

Broadview Mortgage
5425 E. Bell Road, Ste. 103
Scottsdale 85254
480-609-2109
480-248-2180 Fax

W.J. Bradley Mortgage Corporation
9237 E. Via De Ventura, Ste. 100
Scottsdale 85258
480-648-2200
480-362-1959 Fax

Chase
2201 E. Camelback Road, Ste. 605-B
Phoenix 85016
602-474-8615
866-270-1692 Fax

Desert Hills Bank
2929 E. Camelback Road, Ste. 215
Phoenix 85016
602-324-6780
602-324-6757 Fax

DHI Mortgage
16430 N. Scottsdale Road, Ste. 250
Scottsdale 85254
Branch Manager: Darla Eberhardt
dmeberhardt@dhimortgage.com
480-998-8535
866-328-9010 Fax

Express One Mortgage Corp.
3489 E. Baseline Road
Gilbert 85234
480-635-3001
480-635-3101 Fax

Homeowners Financial Group
16427 N. Scottsdale Road, Ste. 280
Scottsdale 85254
480-305-8500
480-305-8501 Fax

Homeowners Financial Group
2151 E. Broadway Road, Ste. 120
Tempe 85282
480-305-8700

imortgage
1757 E. Baseline Road, Ste. 141
Gilbert 85233
480-907-6745
480-388-8830 Fax

National Bank of Arizona

6001 N. 24th St., Building B
Phoenix 85016
602-351-3818

Northeast Mortgage Corporation

2023 W. Guadalupe Road
Mesa 85202
480-421-1134
480-874-0592 Fax

Peoples Mortgage Company

7025 E. Greenway Parkway, Ste. 800
Scottsdale 85254
480-282-6262
480-760-2380 Fax

Security Mortgage Corporation

7025 E. Greenway Pkwy., Ste. 100
Scottsdale 85254
480-282-5810
480-282-5874 Fax

Suburban Mortgage-Corporate Office

7500 N. Dreamy Draw Drive, Ste. 110
Phoenix 85020
602-942-7777
602-942-0227 Fax
Toll Free: 800-942-9469

Suburban Mortgage-Chandler Office

3100 W. Ray Road, Ste. 241
Chandler 85226
480-337-3450
480-337-3469 Fax
Toll Free: 800-897-6099

Suburban Mortgage-North Scottsdale Office

8377 E. Hartford Drive, Ste. 120
Scottsdale 85255
480-355-8100
480-538-2672 Fax
Toll Free: 866-400-2917

Suburban Mortgage-Peoria Office

8476 W. Thunderbird Road, Ste. 101
Peoria 85381
623-344-6200
623-344-6201 Fax
Toll Free: 800-454-5803

The Lending Co.

6910 E. Chauncey Lane, Ste. 200
Phoenix 85054

480-621-4230
480-237-5414 Fax

Wells Fargo

250 N. Litchfield Road, Ste. 101
Goodyear 85338
623-925-5100

Wells Fargo

4115 E. Valley Auto Drive
Mesa 85206
480-545-9928

Wells Fargo

2410 S. Power Road
Mesa 85209
480-854-3596

Wells Fargo

16150 N. Arrowhead Fountains Court
Peoria 85382
623-445-2290

Wells Fargo

5151 N. 44th St.
Phoenix 85018
602-667-8997

Wells Fargo

20830 N. Tatum Blvd., Ste. 100
Phoenix 85050
480-515-7600

Wells Fargo

16211 N. Scottsdale Road, Ste. A-1
Scottsdale 85254
480-421-8800

Wells Fargo

4167 N. Scottsdale Road, Ste. 202
Scottsdale 85251
480-421-5342

Wells Fargo

3920 S. Rural Road, Ste. 114
Tempe 85282
480-927-1685

Housing Quality Standards (HQS) Inspections Seller's Inspection Preparation Sheet

HQS inspector will conduct a Housing Quality Standards (HQS) inspection at your property as a requirement of the pending transaction for the purchase of your property. The property must earn a "Pass" rating on the inspection in order for the Buyer to proceed in the transaction. Following is a list of items that commonly cause HQS inspections to fail. Please use this list as a guide in your preparation for the HQS inspection. If you have any questions or would like additional information, please contact our office. Thank you for your cooperation.

Electrical

- Improper types of wiring, connections or insulation
- Outlets near wet areas (kitchen and bathroom countertops) must be GFCI protected
- Wires lying in or located near standing water or other unsafe places
- Missing light fixtures such as globes or other covers
- Missing or cracked cover plates on switches or outlets
- Exposed fuse box connections
- Smoke detectors must be installed in all bedrooms and must be operational

Plumbing

- Missing or incorrectly installed discharge lines on water heaters – discharge line must be directed toward the ground (with the flow of gravity) and must extend to within 6 inches from the ground
- Jammed or inoperable garbage disposals
- Missing valve handles
- Leaky water fixtures and/or showerheads
- Plugged drains for sinks, tubs, commodes
- Missing drain stoppers and/or strainers for kitchen sinks, bathroom sinks and tubs
- Seals around water fixtures, sinks, tubs must be clean (free of mildew or soap build-up) and caulked

Windows and Doors

- Windows that are designed to be opened that do not lock - Thumb locks are acceptable
- Broken or cracked windows and/or window panes
- Bathroom doors that do not lock
- Missing / Inoperable window coverings – i.e., mini blinds, vertical blinds, etc.
- Missing bug screens on all windows
- Doors / door knobs that are unaligned, do not latch, and/or are missing the striker plate
- Cracked or broken door jambs

Flooring

- Carpet / vinyl that is lifted or damaged creating a tripping hazard
- Carpet / vinyl that is heavily stained and/or soiled -- flooring must be in clean condition

Equipment / Appliances

- Inoperable burners on stove
- Missing knobs on oven and stove
- Missing refrigerator / Missing shelves, racks, appliance lights in refrigerators
- Missing / inoperable exhaust fan in bathroom -- Exhaust fan must be clean

Exterior

- Chipped and/or peeling paint
- Holes in exterior walls of property
- Dilapidated fences and/or gates
- Leaking hose bibs / washer/dryer connections
- Debris and overgrowth of grass and shrubbery

General Cleaning

- All rooms and areas of the home must be clean, including walls, floors, ceilings, appliances and equipment
- Kitchen appliances must be clean and operating as intended
- Kitchen countertops and the stove/range must be clean and free of any grease or food build-up
- Bathroom sinks, toilets and bathtubs/showers must be clean
- **NOTE: The inspection is not intended as an inspection of housekeeping skills, however, the unit must be clean and sanitary so that there are no concerns for the health and/or safety of the Buyer**

If the property does not pass the inspection on the first attempt, you will be provided with a list of items that must be corrected in order for the property to earn a "Pass" rating. A follow-up re-inspection of the property will be performed upon correction of all deficiencies.

ADDENDUM

To the Residential Purchase/Sale Contract dated _____

Buyer: _____ Seller: _____

Property address: _____ Phoenix, AZ _____

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) CONTINGENCY CLAUSES Required for NSP HOMEOWNERSHIP ASSISTANCE PROGRAM (Program 1 and Program 2)

If the Buyer desires to apply for or has applied for *Neighborhood Stabilization Program Homeownership Downpayment Assistance (City Program 1)* OR the *Neighborhood Stabilization Program Homebuyer Assistance and Rehab Loan Assistance (City Program 2)*, this Addendum must be added to the Purchase/Sale Agreement between the REO Seller and the Buyer.

The items listed below are necessary in order to comply with the federal and *City of Phoenix Neighborhood Stabilization Program (NSP)* requirements.

NOTE: If the conditions below are not met, the Buyer will not be eligible for any of the *NSP Assistance Programs*.

This Purchase Contract is contingent upon the following:

1. The purchase price shall not exceed 99% of the "as is" appraised value of the Property as determined by an appraisal conducted by a qualified appraiser within 60 days prior to closing and in accordance with 49 C.F.R. 24.2(a)(3) and 49 C.F.R.24.103 (URA Appraisal) and pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP). The lender's appraisal will be used.
2. If the property is built before January 1, 1978, the seller must provide a signed "Lead Disclosure Form." A Housing Quality Standards (HQS) Inspector must have access to the property to conduct the appropriate inspection(s) to assess the paint condition of the home. Lead paint repairs must comply with requirements in the Lead Disclosure Rule (24 CFR part 35, subpart k).
3. The Property shall be in compliance with the City of Phoenix Neighborhood Preservation Codes (also described in a City brochure at phoenix.gov/CLEANPHX/topseng). The City Code sections of the NPO that are cited in the brochure are: **39-6B** – Unsound fence; **39-7A** – Trash, litter or debris; **39-7B** – Litter or Vegetation in the right-of-way; **39-7D** – Vegetation; **39-7G** – Non-Dustproof Parking; **39-7H** – Outside storage (building, landscaping materials, machinery, appliances, inoperable vehicles, storage of personal property visible beyond the bounds of the property and does not include that portion of the yard behind the primary structure); **39-8B** – Nuisance of vacant and unsecured buildings; **39-10B** – Graffiti.
4. The Property must pass a Housing Quality Standards inspection as defined by the U.S. Department of Housing and Urban Development Office of Public and Indian Housing, authorized under Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f).
5. All items in Paragraphs 1 through 4 above must be completed prior to close of escrow unless the remediation is required to be completed after close of escrow as part of Buyer's FHA 203(k) loan provisions (under City of Phoenix Program 1), or required as part of Buyer's FHA 203(k) loan provisions (under City of Phoenix Program 2), or required as part of the City of Phoenix Rehab Loan provisions (under City of Phoenix Program 2).

REO Seller's initials _____

Buyer's initials. _____

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