

CITY OF HOMESTEAD
PROCEDURES FOR
DISPOSITION OF CITY OWNED PROPERTIES
PURCHASED THROUGH THE
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

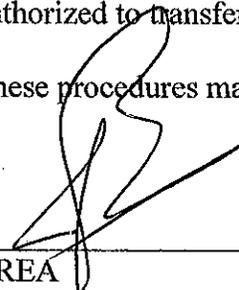
1. Homes purchased by the City for the NSP will first be offered via a lottery system to the nineteen (19) applicants who have already been issued an Award letter.
2. Each of the nineteen (19) Award applicants will be notified of the lottery system via certified mail, return receipt requested, and will be required to notify City staff if they wish to participate within 2 weeks of the date the letter was mailed.
3. Each lottery participant from the original group of awardees will be required to provide the following documents to the City prior to participation in the lottery:
 - a. New Certificate of Completion of 8 Hour Homebuyer Counseling Class in the name of the new mortgagor(s). If husband and wife are on the mortgage, they must both attend the class. Please select an agency from the attached listing;
 - b. New Pre-Approval from Lending Institution for Loan, Pre-Qualification Approvals will not be accepted;
 - c. Certification of Employment;
 - d. Contribution of \$1,500.00 of own funds to assist with project costs; and
 - e. Any other information needed to update their application.
4. Once this information is received, the City will determine that the applicant's income is still within 120% of the Area Median Income. If so, and after provision of the requirements under Number 3, a-e, applicant will be determined eligible for the lottery purchase program.
5. Notification of Eligibility – Once each applicant has completed the re-certification phase, they will receive a new award letter.
6. Applicants housing costs (including principle, interest, taxes and insurance) shall not exceed more than 30% of their gross monthly income or the monthly amount approved by their lender, whichever is higher.
7. If the City is unable to complete the sale of all homes purchased through the NSP project to the nineteen (19) awardees, the City will mail letters to others who submitted applications after the deadline date of September 1, 2009 to the City. If necessary, the City may elect to advertise the opportunity to receive NSP assistance to the general public.
8. The waiting list participants and general public will be required to complete the entire application process before participating in the lottery program.

9. The assistance the City will provide may be applied to down payment, closing costs, interest rate buy-down, mortgage insurance, mortgage buy down and any other allowable assistance necessary to complete the purchase of the selected home.
10. The City will offer this assistance through a second mortgage subsidy to the applicants in an amount that will allow the applicant to purchase the home. Staff will work with each applicant individually to determine the amount of funding required as a second mortgage subsidy to complete the financing required by a lending institution. Staff will ensure that the loan package is affordable and not predatory.
11. City subsidy will match up to the amount provided by the private lender noted in the lender approval letter.
12. The second mortgage subsidy shall be a 25 year, 0 percent loan that will be forgiven if the applicants remain in the home for the entire affordability period of 25 years. No repayment shall be required during this period as long as the applicants continue to occupy the home as their primary residence. After the 25th year, the loan is forgiven. If the property is sold during the 25 year affordability, it must be sold to an Income Eligible Family.
13. Renting, selling, or transferring the property prior to the end of the affordability period of 25 years will require the repayment of the subsidy and will require partial repayment of any gain received from the sale of the property.
14. Appreciation (gain) of sale price will be recaptured based upon the City's proportionate share of subsidy provided. Gain is defined as sales price minus cost.

Years of Ownership	Percentage of Gain to be Recaptured
1-5	100%
6-10 Years	80%
11-15 Years	60%
16-20 Years	40%
21-25 Years	20%
26 Years and over	0%

15. Buyer's Broker/Realtor Fees – City WILL NOT pay any Buyer's Broker/Realtor fees.
16. Applicants will select a house using the lottery system. The lottery system will work as follows:
 - A. The first group of lottery participants will be the original Down Payment Assistance applicants who have not purchased a home. These three (3) applicants will draw numbers to select the order that will be used to determine which home they select.
 - B. After qualification, a group of applicants will be afforded the opportunity to participate in the lottery. There may be more than one group of applicants, but in no case will the number of applicants exceed the number of houses available.

- C. Applicants will be grouped based upon completion of items in 3 a-e. The first group shall consist of the first 3 qualified applicants.
 - D. The second group shall consist of the next 4 qualified applicants.
 - E. The third group shall consist of the next 3 qualified applicants.
 - F. Other applicants shall be grouped as necessary.
17. Each applicant will be given descriptions of each house available and will be afforded an opportunity to physically visit each house.
 18. The lottery will take place in City Council Chambers and will be witnessed by the City Clerk or her designee. The meeting will be recorded.
 19. Each applicant will have an opportunity to draw lots, which will grant them the order of selection of housing units. There will be one lot for each applicant. Applicants will draw lots by alphabetical order of their last name. Applicants will announce their lot number, which will be recorded and affirmed by staff.
 20. Each applicant shall be given no more thirty (30) days to select a home and advise the City in writing the address of the home selected. City staff will let the other applicants know which houses have been selected in order to avoid duplication.
 21. If the applicant does not want the houses available, their eligibility for assistance will be revoked.
 22. This process will be repeated until all houses are selected.
 23. Upon closing, the house will then be transferred to the applicant. The City Manager is authorized to transfer ownership.
 22. These procedures may be changed with the written consent of the City Manager.



JULIO BREA
Interim City Manager

11/18/10

Date