

CITY OF LAWRENCE
COMMUNITY DEVELOPMENT DEPARTMENT
147 Haverhill St. Lawrence, MA 01840 (978) 620-3510

Neighborhood Stabilization (NSP) Homebuyer Program
Summary Sheet

Purpose: The purpose of the Neighborhood Stabilization Homebuyer Program is to provide down payment and closing cost assistance to low-moderate and middle-income (LMMI) families for the purchase of a residential foreclosed and vacant property in the City of Lawrence.

Amount: City of Lawrence will provide qualified homebuyers with a **\$14,000** subsidy applicable towards the following options:

- **50% of the loan product's down payment requirements**
- **100% of the closing cost including up front private mortgage insurance**
- **Principal buy down option**

Eligibility Criteria: To be eligible for the NSP Homebuyer Program an applicant must:

- Not currently own a residential property
- Meet the NSP HUD income limits. See attached income limit table
- Complete a CHAPA approved Homebuyer class
- Have 1.5% of the purchase price for the use of down payment
- Purchase a foreclosed, vacant residential 1-3 unit property at a 1% discount from the current market appraised value of the home.

Purchase Discount Requirement The purchase price must be at least 1% less than the as-is appraised value of the home. The purchase agreement contract must indicate that the homebuyer is purchasing the house with federal NSP funds and must meet NSP requirements.

Market Appraisal Requirement The current market appraised value means the value of a residential property that is established through an appraisal made in conformity with the Uniform Residential Appraisal Report (URA)

Homebuyer Education Potential homebuyers are required to complete CHAPA-Approved Homebuyer Counseling class and meet with the Housing Specialist to review the NSP Homebuyer's program guideline See www.chapa.org for a homeowner education workshop schedule.

Borrower's Financing First lien loan must be a fully amortized loan of up to 30 years with an interest rate that does not exceed the prevailing market rates for conforming loans. "No Documentation loans", interest only mortgages, balloon mortgages or "NO Doc" mortgages are not accepted for program participation.

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HUD Income Limits

Down payment assistance is given to households earning at or below 120% of the area median income.

Household Size								
% of Median - Program Eligibility	1	2	3	4	5	6	7	8
	Person	Person	Person	Person	Person	Person	Person	Person
Under NSP Program LMMI income (120%)	\$71,250	\$81,400	\$91,600	\$101,750	\$109,900	\$118,050	\$126,200	\$134,300

**Income limits adjusted annually by the U.S. Department of Housing and Urban Development*

Type of Loan The City of Lawrence NSP Homebuyer program is a federally funded program that provides qualified income eligible homebuyers with a **zero interest silent loan** to assist with the purchase of a home. There is **no monthly payment due on the loan.**

Repayment As long as the NSP Federal guidelines are followed and the homeowner continues to reside in the property as their primary residence, the NSP Homebuyer Program loan shall be **forgiven after five years** from the anniversary date. The NSP Homebuyer Program loan must be repaid in full if during the term of the loan the property:

- Is sold;
- Ownership is transferred
- Is refinanced to cash out equity; or
- Is not maintained as the borrower’s principal place of residence

Property: Types of property purchased must be a 1 – 3 residential property that is foreclosed upon and vacant.

- **A foreclosed upon property** (*foreclosure must be complete=title transferred*)
- **Vacant** *unoccupied structures or vacant land that was once developed*

Location: Property must be located in the City of Lawrence and used as the owner’s principal residence for the entire affordability period.

Inspection: All units purchased with NSP assistance must meet the HUD Housing Quality Standards (HQS). This includes compliance with the Lead Based Paint Poisoning Prevention Act of 1971. A City Housing Rehabilitation Specialist will identify the home’s deficiencies based upon all applicable codes. If home repairs are needed, homebuyers could be eligible to receive additional NSP housing rehabilitation funding to complete the work according to HUD regulations.

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APPLICATION PROCESS

Step 1: Homebuyer Eligibility

- Applicants are encouraged to meet with the NSP Housing Specialist for a housing counseling session to review the NSP application process and guidelines.
 - Applicants looking to use NSP funding must register for and attend a CHAPA approved homebuyer workshop.
 - Applicant completes and submits an NSP Homebuyer application for determination of homebuyer eligibility.
 - Upon confirmation of applicant's income qualification, the Housing Specialist mails out an NSP pre-approval letter to applicant.
 - Applicant applies for a mortgage and gets a pre-approval.
 - Applicant searches for a foreclosed property in the NSP target areas.
 - Applicant makes an offer on a foreclosed, vacant home in Lawrence with all the NSP addendums.
 - Once offer is accepted, the City of Lawrence will need to determine property eligibility.
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Step 2: Property Eligibility

- Applicant completes and submits the property eligibility form with all supporting documentation.
- Housing Specialist will order a property appraisal and validate that all NSP requirements are in place.
- The City of Lawrence Rehabilitation Specialist will complete the necessary Housing Quality Standards inspection. Please note that the borrower is advised to obtain an independent inspection prior to purchasing any property. The inspection done through the City is for the purpose of meeting the NSP Homebuyer Program guidelines.
- A written inspection report will be generated to outline any failing items that do not meet code.
- If home repairs are required for code compliance, the homebuyer must agree to have the City of Lawrence coordinate the work that needs to be completed in order to meet the HUD HQS regulations.
- If the borrower and the property are eligible, the City of Lawrence will send the applicant an approval letter and assist in coordinating borrower's real estate closing.