



**The City of Milwaukee's
Neighborhood Stabilization
Program**

NSP Homebuyer Assistance Program

The Housing and Economic Recovery Act of 2008 provided the City of Milwaukee with \$9.2 million in federal funding for the Neighborhood Stabilization Program (NSP) to address foreclosed properties in Milwaukee neighborhoods impacted by the foreclosure crisis.

If you are interested in home ownership – you may want to consider the great opportunities available under the City of Milwaukee's NSP Homebuyer Assistance Program.

The NSP Homebuyer Assistance Program provides funding to help prospective homeowners purchase and rehabilitate foreclosed homes they will occupy as their primary residence. Both financial and technical assistance are provided as part of the program.

Financial Assistance Provided

The Program provides forgivable second mortgage loans to income eligible homebuyers for the purchase and rehabilitation of foreclosed properties in the NSP Program Area. *Refer to attached map for program area.*

The level of assistance is based on your income and the location of the property:

	Income less than 80% Area Median Income (AMI) Amount of assistance:	Income more than 80%, but less than 120% of Area Median Income (AMI) Amount of assistance:
Program Area	\$20,000*	\$10,000* (Projects with total purchase + rehab costs less than \$50,000 are capped at 20% of the total.)
Incentive Area	\$30,000*	\$20,000*

- *1. City-owned properties may only receive assistance for rehabilitation (not purchase). The amount of assistance for City-owned properties cannot exceed the cost of rehabilitation.
- 2. Assistance may not exceed 1/2 of the total project (acquisition plus rehabilitation) cost; limit for condominiums is 1/3 project cost.
- 3. The NSP Program reserves the right to limit the amount of assistance to any project if additional federal/City resources are being utilized.

Income limits:

Family Size	120% of Area Median Income	80% of Area Median Income
1	\$59,400	\$39,600
2	\$67,920	\$45,250
3	\$76,320	\$50,900
4	\$84,840	\$56,550
5	\$91,680	\$61,050
6	\$98,400	\$65,600

Technical Assistance

As part of the program, technical assistance will be provided to insure the house is code compliant. If rehabilitation is necessary, a technical specialist will prepare a scope of work, assist you in obtaining bids for the work (final contractor selection will be your decision) and monitor the construction process.

Eligible Properties

1-4 unit vacant bank- and City-owned foreclosed properties located in the program area shown on the attached map are eligible for purchase assistance. NSP guidelines require that you purchase the property for at least a 1% discount below its current appraised value. For an interactive map showing foreclosed properties, as well as a list of City owned foreclosed homes, go the City's foreclosure information website:

www.milwaukeehousinghelp.org

Owner-Occupancy & Period of Affordability

Since the primary goals for the program are promoting and preserving affordable home ownership, certain affordability requirements apply. If a property is sold prior to expiration of the affordability period, it will require repayment of the loan. In some cases, the loan may be assumable by another qualified low-income purchaser.

Assistance Amount	Period of Affordability
\$15,000 or less	5 years
\$15,000-\$30,000	10 years

Other Eligibility Requirements

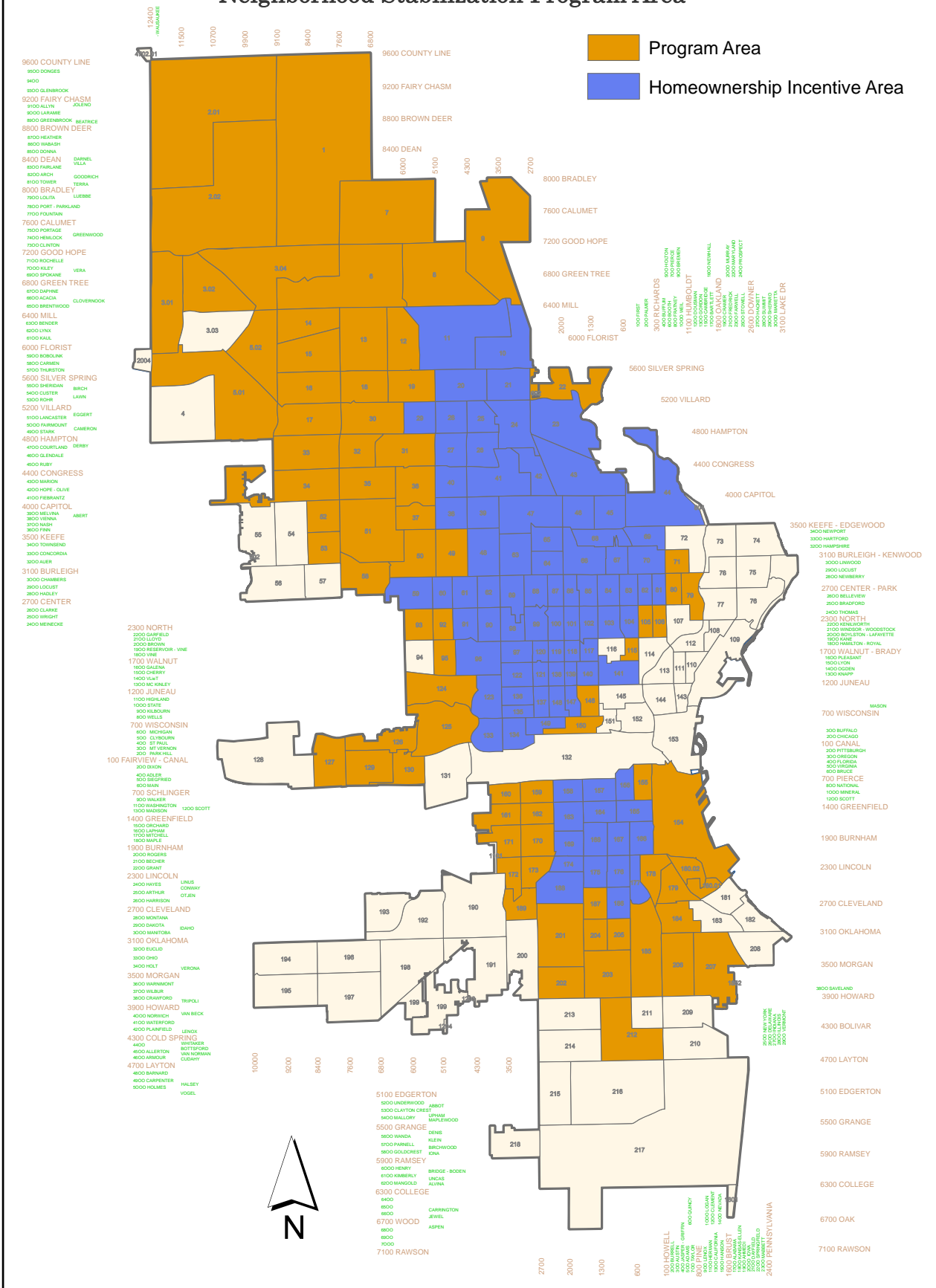
- Participants in the program must receive at least 8 hours of face-to-face homebuyer counseling from a HUD-approved Homebuyer Counseling Agency. This is important to insure your success as a homeowner.
- The interest rate on the loan you are receiving from your lender may be no more than 2 percentage points above the market rate of interest for a 30 year fixed first mortgage loan.
- The program reserves the right to review the terms of your first mortgage loan to insure that it provides terms that insure the long term affordability and your success as a homeowner.
- You must contribute at least 2% (and a minimum \$1,000) of your own funds towards the purchase (total project cost, including acquisition) of the home.

Getting Started and Applying to the Program

Prior to applying to the program, you will need to complete your 8 hours of homebuying counseling, have received a "pre-approval" from a local lender, and have an accepted offer to purchase on a property. (You may want to include the receipt of NSP funding as part of the financing contingency on your offer to purchase.) **We strongly recommend that you receive counseling and your financing pre-approval before shopping for a home, so that you know what your budget is.** Many foreclosed properties will need significant amounts of rehabilitation – so keep that in mind as you are considering homes for purchase.

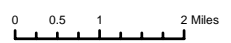
Applications for the program are available online at: www.milwaukeehousinghelp.org or by calling 414-286-5610.

City of Milwaukee Neighborhood Stabilization Program Area



Produced by
 Department of City Development Information Center, RTW
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 W:\Map Requests 2008\City Overview\Foreclosure risk 1 09.mxd
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Visit <http://mkedcd.org/foreclosures/> to check whether a specific property falls within the Program Area,





The City of Milwaukee's Neighborhood Stabilization Program

NSP Homebuyer Assistance Program FAQ's

Information About: Eligible Properties

How does NSP Homebuyer Assistance help?

The Program provides owner-occupants with forgivable loans to help pay for the purchase **and** rehabilitation costs of certain foreclosed properties.

Can I buy a foreclosed property anywhere in the City?

Home foreclosures have hit certain parts of the City the hardest. NSP assistance is available only in the eligible areas indicated on the Neighborhood Stabilization Program map.

How do I find eligible foreclosed properties?

The City has a map showing foreclosed properties on our web site: www.milwaukeehousinghelp.org The map is updated as quickly as possible after properties go into foreclosure. Keep in mind that only properties in eligible areas may get NSP assistance.

Are there foreclosed properties not on your list?

While the City attempts to provide a complete listing of foreclosed properties, a realtor or lender may be able to find bank owned foreclosed homes which do not appear on the City's map.

I know about a property that is going into foreclosure but hasn't gone to sale yet. Can I go through the NSP Program?

NSP Homebuyer Assistance is available only for vacant properties that have already been foreclosed on and sold at Sheriff's sale.

Information About: Purchasing a Foreclosed Property

How do I buy a foreclosed property?

Generally, buyers must work with real estate professionals. If you find a property on the City's map, click on the link to the Multiple Listing Service (MLS) where you'll find more information about the property. The listing agent will show you the property, and help with financing and other requirements.

What if a foreclosed property isn't listed on MLS or on your map?

There are many reasons a foreclosed property isn't listed with MLS. If you're unable to find the listing broker you may be able to contact the owner directly. Check the City Assessor web page <http://assessments.milwaukee.gov/> or the Department of Neighborhood Services <http://www.city.milwaukee.gov/DNSNSS> for ownership information.

Are there income restrictions?

Some income restrictions apply, but many families are eligible. See the table in the Program Information Sheet for more details. If you have questions about eligibility, speak with your real estate agent or lender.

Why do I have to go through homebuyer counseling?

The City wants to do everything possible to make sure you'll be able to stay in the home as long as you wish. Another family already lost the home; we don't want that to happen again. Counseling agencies will help you get bank pre-approval and provide a Certificate of Completion. Pre-approvals and the Certifications are required before you apply for the City's forgivable loan.

The counseling is free.

What Counseling Agencies are providing classes?

A list of eligible agencies is located on the website: www.milwaukeehousinghelp.org

Why does the sale price have to be lower than the appraisal?

The Federal government requires that buyers using NSP Homebuyer Assistance pay no more than 99% of the appraised value.

I already bought a foreclosed property. Can I still get assistance?

NSP Homebuyer Assistance is not available if you already purchased a property. Program dollars are available **only if you apply to the Program and are approved for a loan before purchasing a foreclosed property.** The purchase must occur after April 1, 2009, and you must meet other eligibility requirements.

Information About: Financial Assistance for Buyers

What help is available?

Levels of assistance depend on your income and on where the property is located:

	Income less than 80% Area Median Income (AMI) Amount of assistance:	Income more than 80%, but less than 120% of Area Median Income (AMI) Amount of assistance:
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How do I apply for NSP Homebuyer Assistance?

Applications are available online: www.milwaukeehousinghelp.org

Do I have to use NSP Homebuyer Assistance if I buy a foreclosed property?

Buyers are not required to use NSP, but because of the complexity of financing and rehabilitating a foreclosed home, and because the City is providing generous assistance, it is strongly suggested that eligible buyers consider the NSP Program before "going on your own."

What are the loan terms?

Other restrictions apply but generally, the loans bear no-interest, and are forgiven (i.e. become a grant) after 5 to 10 years.

I qualify for a forgivable loan, but what if our family income later goes up? Do we have to pay the money back?

The only time the City verifies your family income is **during the loan application process.** The City understands that family income changes over time, as family members get promotions, new jobs, move out, retire, etc. The amount and term of the forgivable loan stays the same, regardless of changes to family income.

How long do I have to own the home before the loan is forgiven?

NSP Homebuyer Assistance requires that you own and occupy the home for at least 5 years. The requirement for buyers receiving more than \$15,000 is at least 10 years. Although no interest accumulates, if you sell the home before the minimum occupancy period is up, the forgivable loan must be repaid.

What if I need to move?

If a qualified hardship condition requires that you sell the property, the new buyer will be able to assume the loan, as long as they are income-eligible and agree to the loan terms. Examples of a qualified hardship would be an out-of-state job transfer, or inability to make payments on the house (such as through loss of a job or medical emergency.) Hardship conditions are evaluated on a case-by-case basis.

If the new buyer assumes the loan, how long before their loan is forgiven?

The new buyer's time would start where your time left off. For example, if your hardship is approved and you sell the home 4 years into a 5-year forgiveness period, the new buyer's loan would be forgiven in 1 year.

Can the home be rented before the loan is forgiven?

Until forgiven, 100% of the loan is due if the home ceases to be your principal residence.

The home I'm interested in needs a lot of work. What help is available?

NSP Homebuyer Assistance helps with the purchase **and** the rehabilitation costs. All properties receiving NSP dollars must be code compliant and not have lead paint hazards. The City places a strong emphasis on the exterior condition of the property and on energy conservation.

A qualified Rehabilitation Specialist will go through the home with you and identify work that needs to be done. The Rehab Specialist will help you find qualified contractors and will monitor the construction.

Information About: Processing Time

How long does your process take?

A purchase-rehab can be complicated because with rehab there are several extra steps. However, after we receive a complete application, a DCD loan officer will issue a "pre-commitment" within 2-3 working days.

What about inspections, the scope of work, and appraisals?

After the pre-commitment, a staff Rehab Specialist will contact you to go through the property and write up the scope of work. Developing the scope of work can be difficult —allow *at least* 1-2 weeks. If you miss appointments or if there are problems getting into the property, the process could take longer.

The scope of work then gets referred to your bank's appraiser. DCD doesn't control the appraisal process, but your lender should be able to give you an estimate for how long the appraisal will take.

Then I have to get bids from contractors?

Yes, the next step is finding qualified contractors to do the work. DCD will help, but the primary responsibility for getting contractors' bids is yours. It may take 2-3 weeks, or longer, to get a bid from a contractor you trust, and whose price fits your budget. Once you get the bid, it will go to DCD and your lender, for final approval of the loans.

When will the DCD forgivable loan close?

DCD will close our loan whenever your lender is ready. When you bring your bids in, the loan officer at your bank will probably be able to estimate how long before closing.

How long will the construction take?

It's important that you discuss start and finish dates with your contractor. Generally you can't move in until the construction is done, so be sure you feel comfortable with the contractor's proposed schedule. It's best to give yourself extra time in case the contractor is delayed.

I've read the information on your website but still have questions.

Is there a number I can call?

414-286-5610