

NEIGHBORHOOD STABILIZATION PROGRAM - FREQUENTLY ASKED QUESTIONS

What is the Neighborhood Stabilization Program?

The Neighborhood Stabilization Program (NSP) is a federally funded initiative established by the Housing and Economic Recovery Act of 2008, signed into law by the President on July 30, 2008. Congress appropriated \$3.9 billion in federal funding to help states and units of local government to stabilize neighborhoods most affected by home foreclosures.

How much money is available to Arlington, Texas?

The US Department of Housing and Urban Development (HUD) allocated \$2,044,254 in NSP funds to the City of Arlington.

How will the City of Arlington use its allocation of NSP funds?

On March 9, 2009, the City of Arlington executed a grant agreement with HUD to implement the following three eligible NSP activities:

1. Establish financing mechanisms to help qualified, income-eligible homebuyers to purchase an eligible home in Arlington; and
2. Acquire and rehabilitate foreclosed or abandoned homes in Arlington and sell homes to qualified, income-eligible homebuyers; and
3. Acquire and demolish vacant, blighted foreclosed homes and redevelop the property with NSP eligible activities such as construction of a new home.

Buying a home is a challenging process. What is the appropriate sequence of steps in the NSP acquisition process?

A flow chart of the steps involved in purchasing a home through the Neighborhood Stabilization homebuyer assistance program is available to examine on the NSP web site at <http://www.arlingtontx.gov/housing/neighborhoodstabilization.html>.

I am interested in purchasing a home in Arlington using the NSP program. How do I get started?

Carefully review the information available on the City of Arlington Neighborhood Stabilization Program web pages and the frequently asked questions and answers. If you believe you meet the eligibility criteria contact the City of Arlington's Program Administrator – Tarrant County Housing Partnership (TCHP) at 817-924-5091 to schedule an appointment to meet with a HUD approved housing counselor who will help you get started on the journey to purchasing an affordable home of your choice in Arlington, Texas. You can also contact John Redmon, the City's point of contact available at 817-276-6701 or by email at John.Redmon@arlingtonhousing.us.

Who can I speak with about obtaining a loan to purchase a home?

The purchasing household may contact any approved lender to secure a mortgage to purchase a home in the NSP program. A list of NSP approved Lenders for the City of Arlington on the NSP web site at <http://www.arlingtontx.gov/housing/neighborhoodstabilization.html>.

If your lender would like to be included on the list of NSP lenders, please have them contact the Program Administrator at 817-924-5091.

How can Lenders obtain information about participating in the Neighborhood Stabilization program?

Lenders interested in participating in the NSP program may review the Lender Guidelines located on the NSP web site at <http://www.arlingtontx.gov/housing/neighborhoodstabilization.html>.

How will NSP funds help me purchase a home in Arlington’s designated target areas?

NSP funds will be available on a first-come, first-served basis to qualified homebuyers. Qualified homebuyers may be eligible to receive financial assistance to acquire a home in either of the two target areas as outlined on the table below. Eligible households with incomes at or below 120% of Area Median Income may receive \$10,000 to assist with the downpayment and principal reduction, reasonable closing costs, and up to \$24,500 in housing rehabilitation based on a City of Arlington inspection, work write up and cost estimate for eligible rehabilitation.

Eligible households with incomes at or below 50% of Area Median Income may receive \$20,000 to assist with downpayment and principal reduction, reasonable closing costs, and up to \$24,500 in housing rehabilitation assistance.

Neighborhood Stabilization Program – Homebuyer Assistance		
	120% of Area Median Income	50% of Area Median Income
Downpayment Assistance/Principal Reduction	\$10,000	\$20,000
Closing Costs	Paid by COA with NSP funds	Paid by COA with NSP funds
Housing Rehabilitation	Up to \$24,500	Up to \$24,500

Can I make an offer as soon as I find a home in the target area?

If you intend to use NSP funding with your purchase, it is recommended that you be pre-approved by a participating lender, attend homebuyer education, and obtain City of Arlington approval of the proposed property before you make an offer. John Redmon, Program Coordinator approves individual properties for the NSP program after receipt of a preliminary application. John can be reached at 817-276-6701 or John.Redmon@arlingtonhousing.us.

The purchase price of homes must be less than 99% of the appraised value. Who will pay for the cost of the appraisal to determine what the purchase price can be?

The City of Arlington will order and pay for the appraisal report required for this determination. This will be paid for with NSP funds and is part of the property approval process. The final offer must be within 60 days of the appraisal, or a new appraisal will be required.

How do I know if I am qualified to participate in the NSP program?

NSP funds are available to households who have gross annual household incomes less than 120% of Area Median Income. Twenty five percent of NSP funds must be used by the City of Arlington to assist households with incomes at or below 50% of Area Median Income.

INCOME LIMITS
Neighborhood Stabilization Program - City of Arlington, Texas
FY2009

Persons per Household	Middle Income Limits	Very Low Income Limits*
	120% of Area Median Income	50% of Area Median Income
1	\$55,450	\$23,100
2	\$63,350	\$26,400
3	\$71,300	\$29,700
4	\$79,200	\$33,000
5	\$85,550	\$35,650
6	\$91,850	\$38,300
7	\$98,200	\$40,900
8	\$104,550	\$43,550

Do I have to be a first time homebuyer in order to participate in the NSP program?

No! This program is open to all eligible, qualified homebuyers. The first time homebuyer requirement is not applicable to the Neighborhood Stabilization Program.

In addition to meeting the income limits is there any other criterion I must meet to participate in the NSP program?

Homebuyers must be able to qualify for a mortgage to purchase the selected home. Homebuyers must have incomes equal to or less than the above income limits. A qualified lender, real estate professional, or HUD Housing Counselor can assist you in determining how much you qualify to borrow based on your household's income and credit score.

NSP assisted homebuyers must reside in the home as their primary residence for an affordability period determined by the amount of assistance received.

NSP assisted homebuyers must successfully complete a minimum of eight hours of free HUD approved homebuyer education before they can receive NSP assistance.

Will I need to repay the City of Arlington for NSP funds that I received?

The amount of NSP funding provided to assist homebuyers in purchasing a home is a forgivable loan. At closing, the City of Arlington will place a second lien on the home equal to the direct assistance provided. The amount of funds will be provided as a forgivable loan, secured by the aforementioned lien. No monthly payments are required. No interest will accrue. The loan amount will be forgiven in monthly increments over the term of the forgivable loan (term of forgivable loan may vary – contingent on affordability period). If the home is sold or transferred during the affordability period, the remaining balance of the forgivable loan will be required to be repaid to the City of Arlington, consistent with the terms of the promissory note. If the homebuyer does not utilize the home for their primary residence, or is in violation of homebuyer obligations, the loan may become due and payable.

What homes are eligible for purchase with NSP funds?

- The home must already be foreclosed.
- Eligible homes must have been vacant for a minimum of 90 days, or occupied by the intended purchaser.
- Homes must be located in one of two target areas.
- The home must be appraised within 60-days of the final offer to purchase.
- Foreclosed homes must be acquired at a 1 % discount from the appraised value. Homebuyers are encouraged to seek the maximum discount possible when negotiating purchase price.
- Homes must be approved by the City of Arlington and pass a City of Arlington approved inspection.

Will homes be required to pass an inspection to be eligible?

The City of Arlington will inspect the home and complete a feasibility test to ensure the property can be brought up to NSP property standards within the amount of funds available. If a property passes inspection and no repairs are needed or requested by the homebuyer, a feasibility test is not required.

What assistance does the NSP program provide if the home I intend to purchase needs repairs?

The Arlington NSP program will provide up to \$24,500 in housing rehabilitation assistance. A City of Arlington inspector will inspect the home you plan to purchase. The inspector will inspect the home, identify items that need repair or improvement to meet City code, and prepare an estimate of the cost of the identified repairs. The work write up and cost estimate will be provided to the purchaser and lender in advance of closing with an agreement that the City of Arlington will secure a qualified contractor from its list of qualified rehabilitation contractors who will perform the work after closing and the work will be paid for by the City of Arlington using NSP funds. Repairs are made to meet applicable code, improve neighborhood stability, and improve affordability. Examples of eligible repairs or improvements are listed below.

Eligible Repairs/Improvements

- Repairs required to meet City Code
- Foundation repairs
- Electrical repairs
- Heating and plumbing repairs
- Structural repairs; especially roofs, porches, windows, and doors
- Replacement of essential built-in appliances
- Vinyl siding in lieu of exterior paint
- Install ramps, widen doorways
- Install grab bars, install wheel chair accessible shower
- Energy efficiency improvements

Ineligible Repairs

- Luxury items
- Wall paper
- Luxury flooring
- Hot tubs, whirlpool baths, steam showers
- Patios or decks
- Room additions
- Installation of fireplaces

- Window treatments (curtains, blinds, etc.)
- Additions that alter or increase the square footage of the residence
- Repairs otherwise covered by homeowner's insurance or seller provided repair escrow

Where can I purchase a home utilizing NSP funding in Arlington, Texas?

NSP funding can be used in either of two target areas in the City of Arlington. Target areas are identified in South East Arlington and East Central Arlington. There are several maps of the target areas located on the NSP website at:

<http://www.arlingtontx.gov/housing/neighborhoodstabilization.html>. For additional assistance in finding an eligible home, please contact John Redmon, Program Coordinator at 817-276-6701.

For More Information

For more information about purchasing a home utilizing NSP assistance, contact [Tarrant County Housing Partnership \(TCHP\)](#) at 817-924-5091 or info@tchp.net or John Redmon at John.Redmon@arlingtonhousing.us or 817-276-6701.