



Neighborhood Stabilization Program (NSP)

Homebuyer Assistance Guidelines

Dept. of Community & Human Development
City of El Paso
<http://www.elpasotexas.gov/commdev/nsp.asp>

Current as of September 15, 2011



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Definitions

1. Abandoned – a home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.
2. Activity delivery costs – costs associated directly with a NSP eligible activity (e.g. acquisition, rehab, demolition, financing mechanisms) beyond the actual cost of that eligible activity. These costs may include work write-ups, inspections, structural integrity inspections, lead based paint inspections, legal fees associated with rehabilitation deferred payment loans (DPLs), and recording fees associated with rehabilitation DPL's. Costs to secure NSP purchased properties against vandalism during an interim period and costs for temporarily maintaining a property (security, grass cutting, insurance, etc.) are eligible expenses that are activity delivery costs. Activity delivery costs are distinct from administration activities.
3. Affordability Period – as defined by federal regulations, it is the period of time during which an assisted household is contractually obligated to occupy the assisted property as its principal residence.
4. AMI – Area Median Income
5. Blighted structure – a structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. HUD has taken the position that any type of structure that is blighted may be demolished with NSP funds. This means that commercial, industrial or other types of structures may be demolished in addition to homes and residential structures.
6. CDBG – Community Development Block Grant, a federally funded program in which many of the federal rules and regulations apply to the Neighborhood Stabilization Program.
7. Current market appraised value – the current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer; provided, however, if the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation.
8. Current Value – in the context of a tax foreclosed property, today's value of the property.
9. Debt-to-Income Ratio – also known as the back end ratio, defined as totally monthly income divided by total monthly expenses
10. Department – the Community and Human Development Department of the City of El Paso.
11. Deferred Agreement – refers to a deferred payment loan structure where one lump sum is due at the maturity of the loan note per agreement on the note and conditions of the program.
12. Director – the Director of Community and Human Development Department of the City of El

Paso.

13. Foreclosed – a property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.
14. HUD – Department of Housing and Urban Development
15. Housing Ratio – also known as the front end ratio, defined as total monthly income divided by cost of monthly housing expenses (Principal, Interest, Taxes, and Insurance) **plus** utility expenses.
16. Homes – any type of permanent residential dwelling unit, such as single family structures, townhouses, condominium units, multifamily rental apartments (covering the entire property), and manufactured homes where treated under state law as real estate (not personal property).
17. International Building Code (IBC) – the code which the City of El Paso has adopted in the construction of structures.
18. Judgment Amount – in the context of a tax foreclosed property, the amount that is owed on taxes.
19. Judgment Value – Central Appraisal District (CAD) value of property at the time of judgment.
20. Low Moderate and Middle-income Households (LMMH) – A household whose income is at or below 120 percent of Area Median Income.
21. REO Property – property a lender acquires as a result of foreclosure, also known as “Real Estate Owned” Property.
22. Subrecipient – Subrecipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c). This includes any nonprofit organization (including a unit of general local government) that a state awards funds to. The term also includes any land bank receiving NSP funds from the grantee or other subrecipient.
23. Vacant Properties – includes both vacant land and properties with vacant structures on the land.

City of El Paso Neighborhood Stabilization Program (NSP) 1

Introduction

This guide outlines the policies and procedures with respect to Neighborhood Stabilization Program (NSP) homebuyer assistance. NSP was created to address the negative impact of the nation's economic decline and housing market collapse. Under the NSP, the City of El Paso (the "**City**") offers various types of homebuyer assistance to make buying a NSP home more affordable for its residents. Applicants for NSP homebuyer assistance do not need to be first time homebuyers.

The City of El Paso received NSP funding from two sources: HUD and the Texas Department of Housing and Community Affairs (TDHCA). Individuals that are interested in purchasing a NSP home owned by the City may apply for homebuyer assistance. If an individual/household is determined to be eligible for the NSP, City staff will determine whether the applicant qualifies for HUD or TDHCA funds.

Properties that have been foreclosed and are vacant and properties that are abandoned may be purchased by the City, rehabilitated, and then sold to eligible households. Among other criteria, NSP properties acquired by the City must be located in one of the targeted Census Tracts.¹

Before each property is acquired by the City, a property inspection, environmental review, and title search are conducted and an appraisal and survey is obtained. Once the City has purchased a property, any necessary repairs and/or lead abatement/containment is performed by a contractor to bring the property up to building standards. Rehabilitation minimum property standards must comply with the locally adopted building codes and applicable state and federal building requirements. After all repairs are completed, the property is marketed for sale.

1.0 NSP Homebuyer Financing Summary

The City will sell NSP acquired properties to a qualified NSP homebuyer for a price that is equal to or less than the total acquisition cost plus rehabilitation costs. Financing is available to support households at or below 120% of Area Median Income (AMI) in purchasing a NSP property. Homebuyer financing is available in the form of down payment assistance, a first mortgage, and/or a second mortgage depending on the availability of HUD and TDHCA funds. A homebuyer may qualify for HUD NSP or TDHCA NSP, but not both programs. Homebuyer assistance will be available until the HUD and TDHCA funds have been depleted.

Applicants interested in purchasing a NSP home and obtaining homebuyer assistance under the HUD NSP or TDHCA NSP must become qualified with a City Housing Program Specialist.

Under the HUD NSP, applicants must obtain first mortgage financing from a lender registered with the City's Affordable Housing Finance Coordinator and on the NSP Registered Lender's List. Qualified HUD NSP applicants may then receive down payment and closing cost assistance, second mortgage financing in the form of a principal reduction loan, and/or a forgivable loan if purchasing a NSP home in a City recognized revitalization area.

¹ See Attachment A for a list of the targeted HUD NSP Census Tracts. See Attachment B for a list of the targeted TDHCA NSP Census Tracts. See Attachment C for a map of the targeted HUD NSP Census Tracts. See Attachment D for a map of the targeted TDHCA NSP Census Tracts.

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Under the TDHCA NSP, the State of Texas will provide 100% financing with the exception of \$500 required as the down payment contribution from the applicant. City staff will package loan applications for the TDHCA NSP and send to TDHCA upon which the application will be approved or denied.

2.0 Basic Homebuyer Qualifications

Eligible applicants will be selected on a first come, first qualified, first served basis subject to funding availability. Qualifications include, but are not limited to:

1. Be income eligible and qualify as a Low Moderate and Middle-income Household (LMMH). Income limits are adjusted by family size as published annually by HUD for the City. Income eligibility shall be determined upon completion of application process. Income eligibility is determined by using the total annual household gross income. Annual household income may not exceed 120% of Area Median Income (AMI) for the HUD NSP. Annual household income may not exceed 50% of Area Median Income for the TDHCA NSP.

Household Size	1	2	3	4	5	6	7	8
120% of AMI	\$40,800	\$46,650	\$52,500	\$58,300	\$63,000	\$67,650	\$72,300	\$77,000
50% of AMI	\$17,050	\$19,450	\$21,900	\$24,300	\$26,250	\$28,200	\$30,150	\$32,100

2. Purchase a NSP property within the city limits of El Paso.
3. Purchase a NSP property that is a single family property, condo, 1 unit in a 2-4 unit property, townhome, or manufactured house on its own lot and affixed to a permanent foundation.
4. Purchase a NSP property that does not exceed 95% of the area median purchase price as published by HUD. Currently, the max purchase price is \$125,305 for a 1-unit property.
5. Occupy the NSP property as your principal residence within 30 days after loan closing.
6. Provide proof of residency within the city limits of El Paso.
7. Not have an ownership interest in any other residential dwelling at the time of loan closing.
8. Complete an 8-hour homebuyer education course given by a HUD approved counseling agency prior to purchasing a NSP property.
9. If interested in HUD NSP assistance, qualify for a first lien mortgage from a registered lender participating in the NSP and present pre-qualification letter at time of NSP application.
10. If interested in HUD NSP assistance, contribute 50% of the first mortgage lender’s required down payment (e.g. if obtaining a standard FHA loan, the required down payment is 3.5% of the purchase price. NSP assistance can cover 50% of the required down payment (1.75%); homebuyer must contribute the remaining 1.75%).
11. Contribute \$500 if you qualify for TDHCA NSP assistance.
12. Agree to stay in the home for the duration of the affordability period.

3.0 Homebuyer Education Requirement

Individuals interested in applying for the HUD and TDHCA NSP assistance must first complete a homebuyer education course (minimum 8 hours) offered by a HUD approved housing counseling agency. For the TDHCA NSP, evidence of completion must include documentation describing the level of homebuyer counseling, including post-purchase counseling. This should be obtained by the housing counseling agency that delivered the course. Once a certificate of completion for homebuyer education is issued, an individual may apply for NSP assistance. The City has partnered with the YWCA Consumer Credit Counseling Service (CCCS) to provide housing counseling education for interested NSP applicants. Interested applicants should call the YWCA CCCS at 577-2530 to inquire about the schedule of classes for homebuyer education. Classes are offered in English and Spanish.

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If an individual has already completed a homebuyer education course, you may not have to retake the course if the following conditions are met:

- a) The homebuyer education course was delivered by a HUD approved counseling agency.
- b) The course entailed a minimum of 8 hours.
- c) All the individuals who will be purchasing the home completed the course.
- d) The course was completed no more than a year from the date of NSP application.
- e) Your financial situation has not substantially changed and you have maintained the required understanding of homeownership.
- f) The course was delivered in person and not completed via the internet.
- g) You have a certificate of completing issued by the housing counseling agency showing date of completion.

If you have already completed a homebuyer education course and believe that you meet all the above conditions, please contact the Affordable Housing Finance Coordinator at 541-4697.

4.0 Affordability Period

For single family homeownership, the period of affordability will be consistent with affordability as defined in the HUD program standards at 24 CFR 92.254 for both the HUD and TDHCA NSP:

Homeownership assistance NSP amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

5.0 Contract for Sale

Approved and qualified homebuyers will be assisted first come, first ready.

Qualified HUD NSP applicants who have been approved by their first mortgage lender, have completed the requisite homebuyer education course as evidenced by a certificate, have submitted their NSP application, and have been qualified by a Housing Programs Specialist to purchase the desired NSP property are eligible to sign a contract for sale.

Qualified TDHCA NSP applicants who have completed the requisite homebuyer education course as evidenced by a certificate, have submitted their NSP application, have been qualified by a Housing Programs Specialist to purchase the desired NSP property, and have been approved by TDHCA for financing are eligible to sign a contract for sale. City staff will submit applications to TDHCA for final approval.

Qualified NSP applicants will have 90 days to select a NSP property from a list of available properties released by the City and sign the contract of sale/purchase agreement. If a homebuyer has not selected a home within 90 days of the issuance of their award letter, their award letter will expire and they must request an extension in writing. The City will then have the ability to grant the extension or cancel the award contingent on the circumstances expressed in the extension request. The extension will be granted for delays that are outside of the applicants' control (i.e. major illness, death in the family) and will be verified and approved by City staff.

6.0 Judgments, Law suits, & Liens

Must be paid in full prior to closing.

7.0 HUD NSP - Summary

7.1 Income Eligibility

Applicants under the HUD NSP must have a household income of 120% of AMI or below. Assets include, but are not limited to checking accounts, savings accounts, certificates, stocks, bonds, and real estate. All income derived from assets will be included in the applicant's gross income amount. Homebuyers that have reached mandatory age for withdrawal from retirement accounts are exempt from the asset limit.

7.2 HUD NSP Loan Types: Downpayment and Closing Cost Assistance, Principal Reduction Loan, Revitalization Area Loan

Applicants under the HUD NSP must have a household income at 120% of AMI or below. There are three types of homebuyer assistance that may be awarded to an applicant:

- * Down Payment and Closing Cost Assistance (DPCC) and/or
- * Principal Reduction Loan (PRL) and/or
- * Revitalization Area (RA) Loan

DPCC

- DPCC maximum assistance of \$7,000. However, per HUD guidelines, 50% of the first lender's required down payment must be paid by the applicant's own resources.
- DPCC assistance is forgiven after 10 years of consecutive owner occupancy starting in year 6 with 20% forgiveness and 20% thereafter with each consecutive year of owner occupancy.
- The interest rate for DPCC assistance is 0%.
- Homebuyers who do not fulfill the owner occupancy requirement during the term of the DPCC will repay the unforgiven balance at the rate of 3% annually.
- Assistance is available to an applicant purchasing a NSP acquired home designated for the HUD NSP.

PRL

- PRL maximum assistance of \$35,000.
- DPCC and PRL maximum assistance combined may not exceed \$40,000.
- PRL assistance may be in the form of an amortized loan and/or deferred payment loan. Determination of the type of PRL assistance is based on applicant's front end housing ratio. NSP assistance that is within the 35% housing ratio is amortized over 30 years and repayable with interest of 0% computed annually. NSP assistance that is above the 35% housing ratio is deferred and due upon sale or property, lease or property, or transfer of title.
- The DPCC and PRL loan will remain due and payable by the participant during the affordability period.
- Assistance is available to an applicant purchasing a NSP acquired home designated for the HUD NSP.

RA

- RA assistance is \$10,000.
- RA assistance may be combined with DPCC and/or PRL.
- RA assistance is forgiven after 10 consecutive years of owner occupancy.
- Assistance is available to an applicant purchasing a NSP home in a revitalization area approved by City Council. Currently, these revitalization areas include Chamizal, Lower Dyer, and Segundo Barrio neighborhoods. To view a map of the Chamizal neighborhood see Attachment E. To view a map of the Lower Dyer neighborhood see Attachment F. To view a map of the Segundo Barrio neighborhood, see Attachment I.

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DPCC, PRL, and RA

- The total amount of the loan(s) including accrued interest becomes due and payable upon sale upon triggering events explained in Section 7.6
- There is no prepayment penalty.

7.3 Award Amount

For the HUD NSP, the amount of home purchase assistance and subsidy awarded will be based on the buyer's ability to purchase the property at a monthly payment that is affordable to the homebuyer. In most cases, the following award amounts apply:

For households whose incomes are $\leq 59\%$ AMI, the maximum award is \$40,000.

For households whose incomes are 60% to 80% AMI or less, the maximum award is \$30,000.

For households whose incomes are 81% to 120% AMI or less, the maximum award is \$20,000.

There may be special circumstances where the amount of the maximum award exceeds the amounts listed above.

7.4 First Lien Requirements

Under the HUD NSP, the first mortgage lender will determine the amount of the first lien subsidy that the applicant qualifies for but may not exceed the housing ratio as determined by the Housing Programs Specialist. In no instance will the front end ratio exceed 35%.

Lenders interested in providing first mortgage financing under the HUD NSP must be registered with the City's Affordable Housing Finance Coordinator. Registration entails signing a letter of understanding confirming understanding of NSP Policies and acceptance of the following first lien purchase loan requirements imposed for households receiving homebuyer assistance:

- No adjustable rate mortgage loans (ARMs) or interest rate buy-down loans are allowed
- No mortgage with a loan to value equal to or greater than 100% is allowed
- No subprime mortgage loans are allowed
- Lenders must require the escrow of taxes and insurance
- An origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount

Lenders should fill out Attachment G and submit to:

City of El Paso
Community and Human Development Dept.
Attn: Art Gloria
2 Civic Center Plaza
El Paso, TX 79901

Once Attachment G has been reviewed and approved, the lender will be notified and listed as a registered lender.

7.5 Assets

Applicants may not hold more than \$10,000 in non-pension savings, investment property, or any other form of account (i.e. CD, money market, mutual fund, stocks, bonds, etc.). Any amount in excess of \$10,000 shall be used by the applicant to pay down the principal.

7.6 Repayment

There is no prepayment penalty. All loan awards will be secured with a second mortgage recorded in

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the public records and a promissory note.

Repayment of the full loan award will be immediately due to the City if any of the following events occur prior to expiration of the note:

- Sale of unit
- Transfer of title
- Unit is rented
- Unit is refinanced without prior authorization of the City (cash out refinances are not allowed)
- Owner fails to maintain required insurance

7.7 Escrows

An escrow account must be established for property (real estate) taxes, hazard/homeowners insurance and, if applicable, flood insurance.

7.8 Prepaid Items - HUD

Prepaid items are collected prior to closing and deposited in the escrow account. These items include:

- Interest due on closing date
- Hazard Insure for 1st year
- Flood Insurance (when applicable)
- Escrow items (Insurance, etc.) excluding real estate taxes
- Mortgage Insurance payment in escrow

7.9 Closing Costs

HUD NSP funds may be utilized to pay the following allowable costs:

- A maximum amount of one percent (1%) origination fee
- Underwriting fee or doc preparation fee or processing fee
- Buyer's portion of the attorney's fee associated with the transaction
- Mortgagee's title fee/City's title policy
- Escrow fee
- Recording fees (determined by number of pages)
- Survey
- Mortgage Insurance Premium fee
- TREC Re-Inspection fee (final)
- HUD Homeownership Counseling application review fee (\$150)²

No Program funds can be used to pay the following:

- Appraisal
- Credit Report
- Lender's Inspection Fees and/or Buyer's Initial Inspection Fees
- Prepaid taxes or any other City, State, Federal Tax
- Amortization Schedule
- Restrictions
- Tax Certification

² Applicable to HUD Approved Housing Counseling Agencies that are not already being paid through the City for homebuyer education.

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- Courier Fee
- Initial Inspection (TREC) to be paid by Homebuyer prior to closing.
- Any other cost not specifically mentioned in Allowable Closing Costs and Prepaid Sections

7.10 Debt-to-Income Ratio

The debt-to-income ratio, also known as the back end ratio, may not exceed 55% including housing expenses and credit debt.

7.11 Credit Report

Credit report(s) must be pulled within last 3 months from date application is submitted.

8.0 TDHCA NSP - Summary

8.1 Income Eligibility

Applicants under the TDHCA NSP must have a household income of 50% of AMI or below. The total household liquid assets are limited to a verifiable total not to exceed 50% of the annual gross household income limit according to family size in checking, savings, liquid retirement funds, stocks, bonds or mutual funds and unimproved real estate assets. Homebuyers that have reached mandatory age for withdrawal from retirement accounts are exempt from the asset limit.

8.2 NSP TDHCA Loan Types – Permanent Financing and State Homebuyer Assistance (HBA)

Applicants under the TDHCA NSP must have a household income at 50% of AMI or below. There are two types of homebuyer assistance that may be awarded to an applicant:

- Permanent Financing
- State Homebuyer Assistance (HBA)

Permanent Financing

Mortgage loans will be for 30 years with a 0% interest rate. Fully amortizing scheduled repayment will be as set forth in loan documents executed at loan closing. Closing costs may be financed with the loan proceeds up to a loan to value ratio of 100%. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan with stated rights and remedies in the event of default. A down payment of \$500 will be required from all homebuyers receiving Permanent Financing through the Texas NSP. Homebuyers may provide more than the minimum \$500.00 at closing, any additional funds will be applied to closing costs and down payment in order to reduce the amount of required homebuyer assistance.

State Homebuyer Assistance (HBA)

- HBA maximum assistance may not exceed \$30,000.
- Funds may be used for down payment assistance, gap financing, closing costs.
- Subordinate, second or third lien (third lien position requires TDHCA approval)
- HBA assistance is in the form of deferred forgivable loan.
- Forgiveness of the loan will be calculated as a pro rata annual share over the loan term.³
- No payment will be due for the State HBA unless the property fails to meet its affordability period.

³ At each anniversary of the loan a portion of the loan balance will be forgiven, such that a zero balance remains at expiration of the term. For example: 1/10th of the balance will be forgiven annually for a 10-year note.

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- Assistance is available to an applicant purchasing a NSP acquired home designated for the TDHCA NSP.

8.3 Award Amount – HBA

The maximum loan amount is the amount of loan for which the homebuyer qualifies based on the maximum allowable debt-to-income ratio of 45%. The ratio is calculated as: total monthly debt (including proposed PITI)/total household eligible income.

8.4 Maximum Loan-To-Value

The maximum loan-to-value for ownership financing is 100% of the appraised market value of the property. Homebuyers' closing costs and allowable prepaids may be financed, so long as the final CLTV Combine Loan to Value does not exceed 100%

8.5 Repayment – HBA

HBA loans will be come due and payable if the homeowner or property fails to complete the affordability requirements:

- If the property ceases to be the owner's principal residence, or the first lien is paid off – whether by refinance or sale, the portion of the HBA loan that remains outstanding must be repaid.
- The payoff amount will be calculated on an annual pro-rata basis from the most recently passed anniversary date of the loan.
- The final payoff amount will be subject to the availability of the proceeds at sale.

8.6 Escrows

An escrow account must be established for property (real estate) taxes, hazard/homeowners insurance and, if applicable, flood insurance. Private mortgage insurance is not applicable on any of the Texas NSP mortgage loans. Two month's reserves for property taxes and hazard insurance will be collected at closing.

8.7 Prepaid Items

Prepaid items are collected are collected prior to closing and deposited in the escrow account. These items include:

- Minimum of 15 days of per diem interest
- Hazard insurance for 14 months
- Property taxes of 2 months

8.8 Closing Costs

These include non-recurring costs associated with the mortgage transaction, including the origination fee, appraisal fee, the actual cost of credit reports, any home inspection, settlement fee, employment/deposit verification fees, home inspection service fees, the cost of title examination and title insurance, document preparation fees (if performed by a third-party on loans not closed with TDHCA), property survey fees, attorney's fees, such as flood-zone determination fees, water tests, and other costs incurred in acquiring the property.

Note for lenders: It is anticipated that all NSP TDHCA loans will close with TDHCA.

8.9 Debt-to-Income Ratio

The back end ratio is not to exceed 45% of gross repayment income. If the homebuyer has lived rent free (for example, with relatives) and has non-traditional credit, the debt-to income ratio should not exceed 41% of gross income.

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8.10 Credit Report

Credit scores strongly impact the underwriting decision. Regardless of the credit score, evaluating all risk factors in each credit report will assist in determining the underwriting decision. A credit score of 620 or higher is preferred. Credit report must be pulled within last 3 months from date application is submitted.

8.11 Collection accounts

An aggregate amount not to exceed \$2,500 (excluding medical collection accounts) may remain open. Explanation letters required for each collection amount outstanding.

8.12 Bankruptcy

The bankruptcy must have been discharged at least two years before the borrower application date. An explanation letter for the bankruptcy must be included with the application, and reestablished credit must be evidenced on the credit report.

8.13 Federal, State or Local Debt

Borrowers who are delinquent on any federal, state or local government debt, such as Federal Tax Liens are not eligible for TDHCA NSP financing.

8.14 Student Loans

An applicant who is delinquent in student loan payments may be ineligible to receive NSP assistance unless he/she can provide documentation of either 1) Elimination of the delinquency by payment in full to the appropriate state agency (Texas Higher Education Coordinating Board), and evidence of current status on any monthly payments due; or 2) A written payment agreement with the appropriate state agency to eliminate the delinquency, and evidence of current status on both the payment agreement and on any monthly payments due.

8.15 Extenuating Circumstances

Extenuating circumstances are created by non-recurring events that are beyond the applicant's control, which result in a sudden, significant, and prolonged reduction in income or a catastrophic increase in financial obligations. Extenuating circumstances will be reviewed by TDHCA on a case-by-case basis; sufficient, well document evidence together with explanation letters must be provided for review.

Borrowers with credit scores under 560 will not be considered.

Borrowers with credit scores between 619-560 must have re-established credit:

- No more than one (1) delinquent revolving accounts within the last 12 months;
- No delinquency on installment accounts within the last 12 months;
- No delinquency rental history within the last 12 month; and,
- No new public records for bankruptcies, foreclosures, deeds-in-lieu, pre-foreclosure sales, unpaid judgments or collections (except medical), garnishments, liens, etc. since the discharge or completion of the bankruptcy or the completions of the foreclosure-related action, for last 12 months.

9.0 Other General Requirements

9.1 Income Verification

Verification of income for all household members must be used to determine client eligibility.

Documents submitted by the applicant for all household members include, but are not limited to pay stubs, social security/disability income information, retirement income, pensions, child support/alimony income information, business income, and tax returns. All assets will be verified in accordance

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with HUD and TDHCA guidelines. The City's Housing Programs Specialist will follow the HUD and TDHCA guidelines, as applicable, for determining household size and income eligibility for the household and will issue an income certification if the applicant is determined eligible. The City will issue an award letter to the applicant if determined that he/she is eligible. The award letter will serve as our commitment of funds for each applicant. A non-eligibility letter will be issued to an applicant if it is determined that he/she is not eligible for NSP assistance.

9.2 Non-U.S. Citizen Verification Requirements

The City of El Paso's Policy: all program beneficiaries for HUD/HOME/CDBG programs shall be a U.S. Citizen or Resident/Qualified Alien and must submit proper identification documentation in order to receive assistance. See Attachment H for document verification requirements.

9.3 Proper Notification and Disclosures

Upon selection of a housing unit, a qualified homebuyer must be given the necessary disclosures for the NSP. The homebuyer must read and sign all NSP disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer.

9.4 City's NSP Outreach and Marketing

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the City's NSP. No person shall, on the grounds of age, color, disability, familial status, national origin, race, religion, be excluded, denied benefits or subjected to discrimination under the City's NSP. The City of El Paso will ensure that all persons, including those qualified individuals with disabilities have access to the City's NSP.

1. The Fair Housing Lender logo will be placed on all outreach materials. Brochures or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the City's NSP Program-eligible areas and will be provided to any local social service agencies. The City NSP may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the City's NSP.
2. NSP staff will work closely with local real estate agents and primary lenders to explain the City's NSP requirements for eligible housing units and homebuyers, and to review the City's NSP processes.
3. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any City's NSP receiving Federal funds. The City's NSP will take appropriate steps to ensure effective communication with disabled housing applicants, residents, and members of the public.

9.5 Conflict of Interest Requirements

The City's NSP contains Federal funds, thus, in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the City of El Paso, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the City's NSP shall directly or indirectly be eligible for this City's NSP. Exceptions to this policy can be made only after public discourse and formal approval by the City Council of El Paso and HUD approval of a waiver exception.

9.6 Non-Discrimination Requirements

The City's NSP will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any City's NSP or activity funded in whole or in part with Federal funds on the basis of his or her religion or race, familial status (children), disability, or national origin.

9.7 Dispute Resolution and Appeals Procedure

Any applicant denied assistance from the City's Neighborhood Stabilization Program has the right to appeal within a 30-day period from the date of denial. The appeal must be made in writing to the Director of Community and Human Development.

Community and Human Development Dept.

Attn: Director

2 Civic Center Plaza

El Paso, TX 79901

(915) 541-4643

If the Director of Community and Human Development declines an application pursuant to the authority granted to the Director, the applicant shall have the right to appeal to the City Council.

current as of 9-15-11

Attachment A
List of HUD NSP Targeted Census Tracts – Acquisition and Rehab

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tracts 26.00, 28.00, 29.00*)

Lower Dyer Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tract 8.00*)

Segundo Barrio Neighborhood Revitalization
(*Census Tracts 17.00, 18.00, 19.00, 20.00, 21.00*)

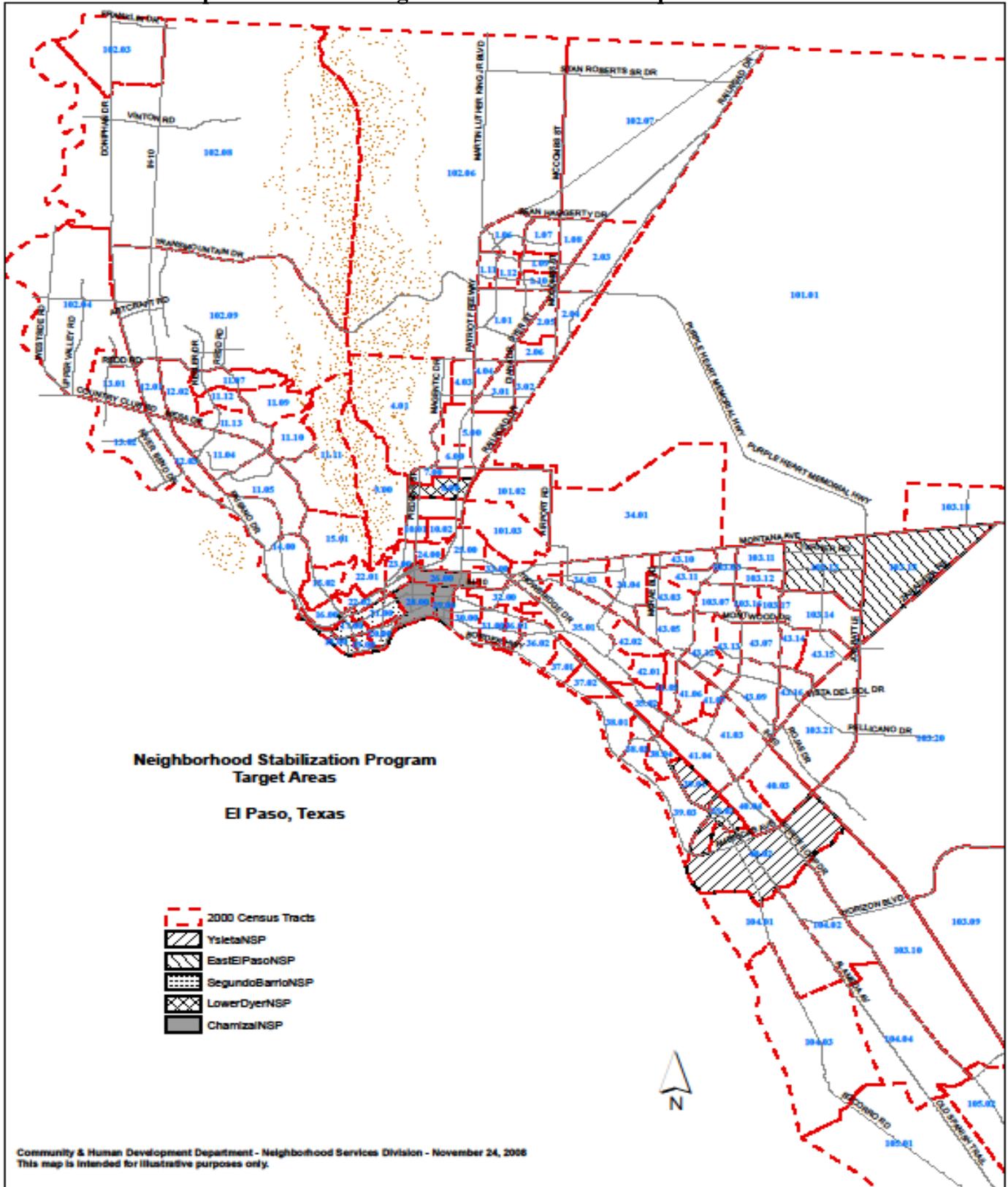
East El Paso
(*Census Tracts 103.13, 103.15*)

Ysleta Neighborhood
(*Census Tracts 39.01, 39.02, 40.02*)

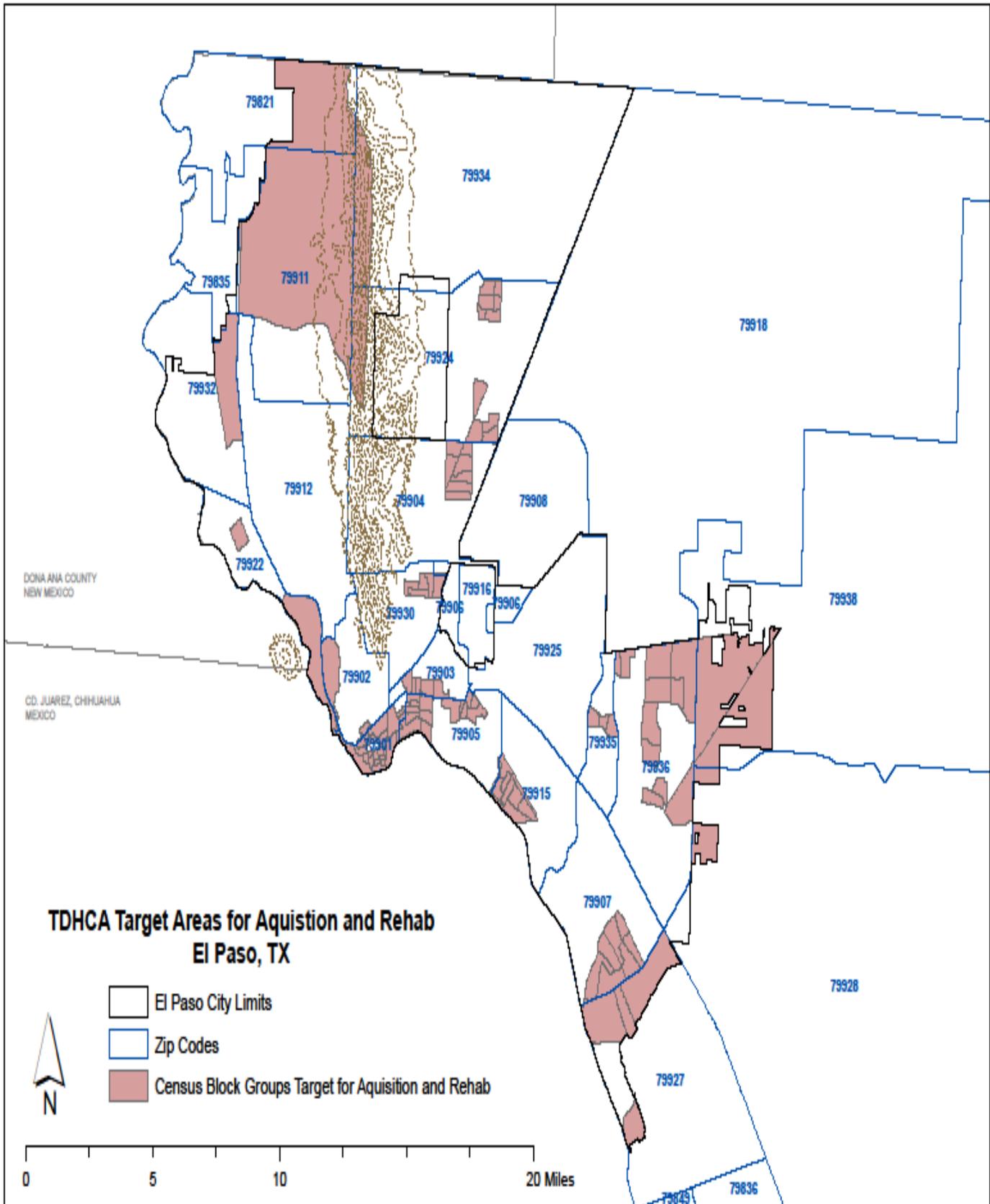
Attachment B
List of TDHCA NSP Targeted Census Tracts -- Acquisition and Rehab

Census Tract	Block Group	Census Tract	Block Group	Census Tract	Block Group
000101	2	002600	1	010208	2
000107	1	002600	2	010208	2
000107	2	002600	3	010208	2
000107	3	002600	4	010208	3
000107	4	002600	5	010208	3
000107	5	002800	1	010208	2
000107	6	002800	2	010208	1
000206	1	002800	3	010208	2
000206	2	002800	4	010209	1
000206	3	002800	5	010209	1
000301	1	002800	6	010209	1
000301	2	002900	1	010307	4
000301	3	002900	2	010307	5
000301	4	002900	3	010307	6
000301	5	003200	1	010311	3
000404	1	003200	2	010311	4
000404	2	003200	3	010313	1
000800	1	003200	4	010313	2
000800	2	003200	5	010313	3
000800	3	003200	6	010313	4
000800	4	003701	1	010314	1
000800	5	003701	2	010315	1
001302	3	003701	3	010315	1
001400	1	003701	4	010315	1
001400	1	003702	1	010320	4
001400	2	003702	4	010320	1
001700	1	003702	5	010320	2
001700	2	003702	6	010320	4
001700	4	003902	1	010320	1
001700	5	003902	2	010320	2
001800	1	004002	1	010321	1
001800	2	004002	2	010403	1
001900	1	004002	3	010403	2
001900	2	004002	4	010403	3
001900	3	004002	1	010403	4
001900	4	004002	3	010403	5
001900	5	004002	4	010403	1
002000	1	004104	1	010403	1
002000	2	004104	2	010403	2
002000	3	004104	3	010403	3
002000	4	004104	4	010208	2
002000	5	004104	5	010208	2
002100	1	004314	1	010208	2
002100	2	004315	4	010208	3
002100	3	004316	1	010208	3

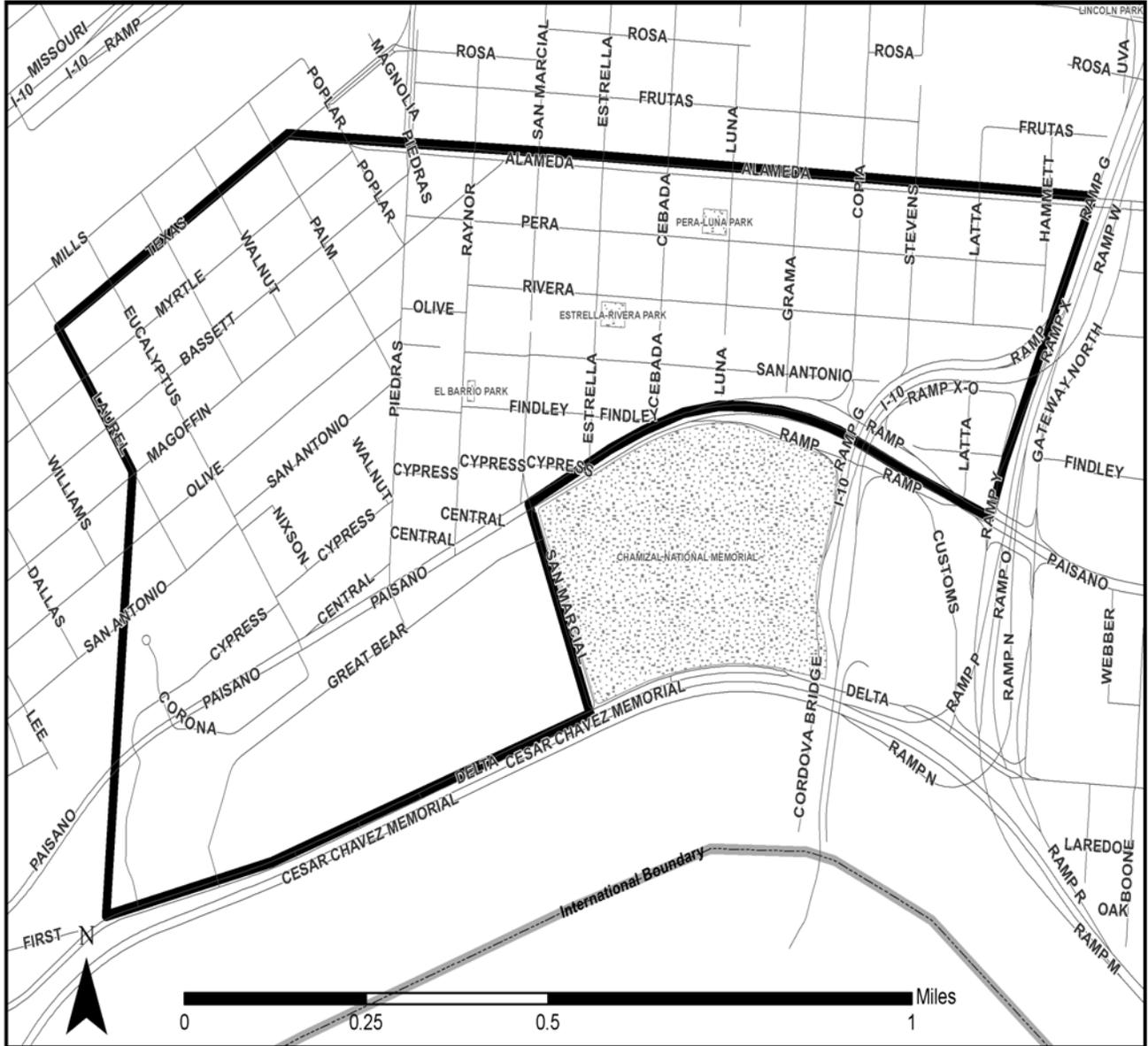
Attachment C Map of HUD NSP Targeted Census Tracts -- Acquisition and Rehab



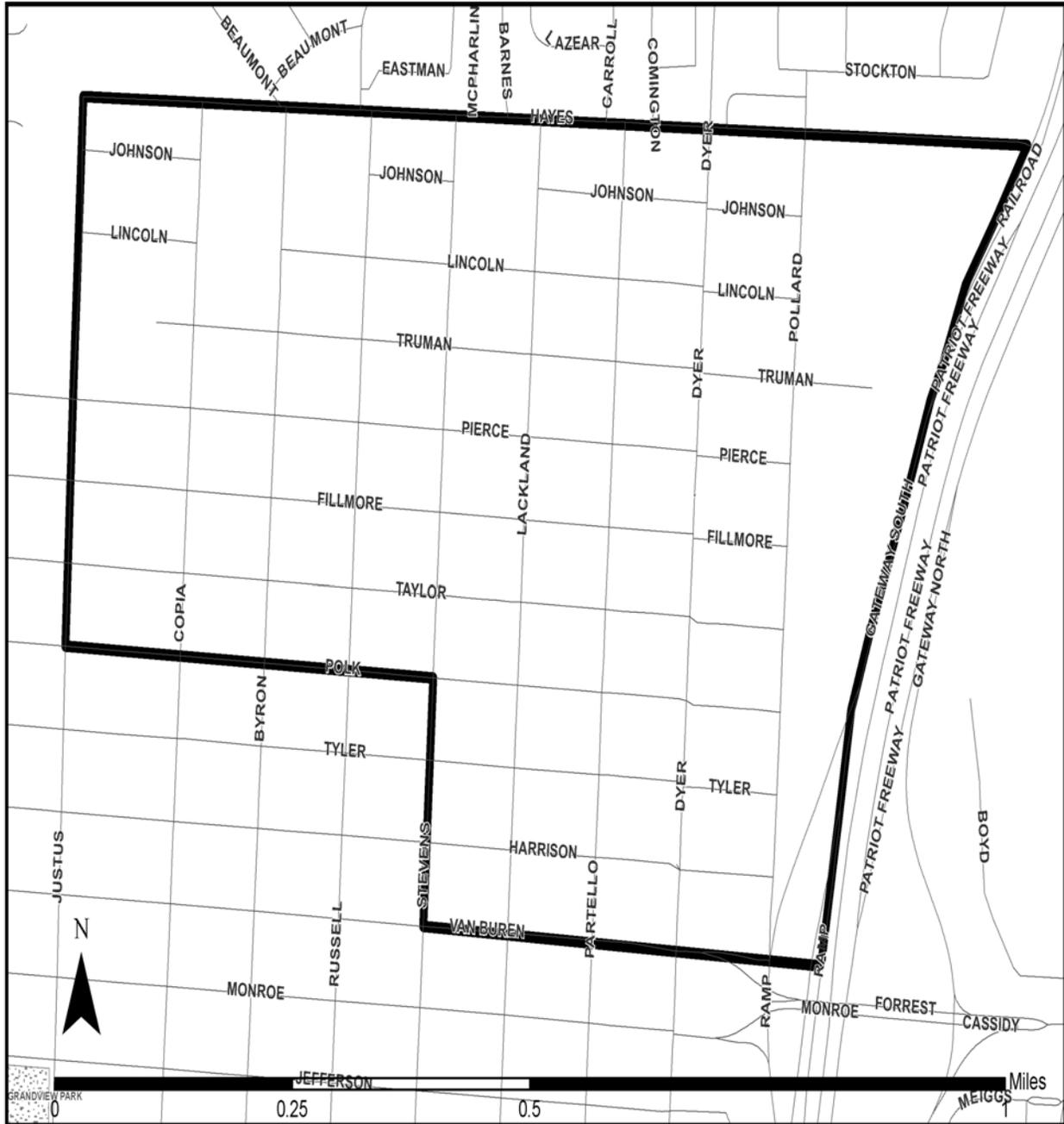
Attachment D Map of TDHCA NSP Targeted Census Tracts -- Acquisition and Rehab



Attachment E Map of Chamizal Neighborhood Revitalization Strategy Area



Attachment F Map of Lower Dyer Neighborhood Revitalization Strategy Area



Attachment G
Lender Registration Letter for the Neighborhood Stabilization Program (NSP)
CITY OF EL PASO

The City received federal funds to assist eligible homebuyers in the purchase of their principal residences under the U.S. Department of Housing and Urban Development (HUD). There are three types of assistance under the HUD NSP (1) Down Payment and Closing Cost Assistance (2) Principal Reduction Assistance and (3) Revitalization Area Loan. In accordance with HUD Docket No. FR-5255-N-02, an assisted homebuyer must obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages as described in the document entitled, "Statement on Subprime Mortgage Lending."⁴

Lenders who wish to register with the City as a registered NSP Lender should submit an original signed letter on official letterhead with statements #1 - #4 below. Along with the letter, lenders should fill out and submit the Lender Contact Form to Andrea Tirres, Affordable Housing Finance Coordinator, City of El Paso 8th floor, El Paso, TX 79901. Upon receipt of the Lender's acknowledgement letter, the City will register the Lender and include the Lender in its NSP promotional materials and its prospective homebuyer referral list. If the Department determines that the Lender is not abiding by the terms and conditions of the City's Program Guidelines and Lender Packet, the Lender's designation as a registered Lender will be cancelled. Any acknowledgement/renewal letter or withdrawal notice must be sent to the Affordable Housing Finance Coordinator.

1. We have received a copy of the Statement on Subprime Mortgage Lending, City's Neighborhood Stabilization Program (NSP) Homebuyer Assistance Guidelines, and NSP Lender Packet and have reviewed and understand all the terms and conditions for participating in the City's NSP.
2. We acknowledge that the City requires participating homebuyers to obtain pre-approval or prequalification letters from participating Lenders for standard mortgage products where the interest rate does not exceed the current 60-day price for Fannie Mae's 30-year fixed mortgages by more than 2.00%. We acknowledge that non-standard mortgage products such as adjustable rate mortgage (ARMs) loans, interest-only mortgages, reverse mortgages, or other products the City determines to be non-standard will not be allowed as the first mortgage for NSP homebuyers nor will mortgages with a loan to value equal to or greater than 100%.
3. We acknowledge that we must require the escrow of taxes and insurance and that an origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount.
4. We acknowledge that participating homebuyers may only be charged those costs that the City has determined are allowable closing costs under the NSP Program Guidelines and NSP Lender Packet.

Name of Company

Authorized Representative/Title

Signature

Date

⁴ Statement on Subprime Mortgage Lending is available online at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>

Attachment H Non-U.S. Citizen Verification Requirements

Requirements for documentation can be found in Title IV of the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA) (42 USC 601) also known as the Welfare Reform Act. The Welfare Reform Act prohibits the provision of federal public benefits to “Unqualified Aliens”.

A federal public benefit includes any grant, contract, loan, professional license, commercial license, retirement, welfare, health, disability, public or assisted housing, post-secondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit. Qualified Aliens may receive benefits and are lawful permanent residents, aliens who are granted asylum, refugees, parolees admitted for at least one year, aliens granted conditional entry, certain Cuban or Haitian entrants and certain battered aliens and alien parents of battered children under certain conditions.

City of El Paso’s Policy: All program beneficiaries for HUD/HOME/CDBG programs shall be a U.S. Citizen or Resident/Qualified Alien and must submit proper identification documentation in order to receive assistance. All households that apply for benefits that contain illegal aliens as part of the household will be prorated disallowing the illegal aliens in the family count of persons living in the household BUT WILL include all income if any as part of the household. The following documents are the **ONLY** types of documentation that will be accepted for clients who are not **US CITIZENS** for the **HUD** funded HOME or CDBG Programs.

A. Qualified Alien:

1. Texas Drivers License or Texas Department of Public Safety ID card
2. AND Social Security Number and card plus **ONE** of the following:
 - a. USCIS Form I-551, Alien Registration Card (Permanent resident aliens)
 - b. USCIS form I-688B, Employment Authorization Card which must be annotated “Provision of Law: followed by one of the provisions listed below:

▪ 274a.12(c)(11)	271a.12(a)(4)
▪ 274a.12(a)(1)	271a.12(a)(5)
▪ 274a.12(a)(3)	271a.12(a)(10)
 - c. USCIS form I-765 (Employment Authorization Document) annotated as follows:

▪ A3	A5	A10
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 - d. USCIS form I-571 (Refugee Travel Document)
 - e. USCIS form I-94 Arrival Departure Record with one of the following annotations:

▪ Admitted as Refugee Pursuant to Section 207
▪ Section 208 or Asylum
▪ Section 243(h) or Deportation stayed by Attorney General
▪ Paroled Pursuant to Section 212(d)(5) of the INA
▪ Admitted under Section 203(a) of the INA
 - f. A receipt issued by the USCIS indicating that an application for issuance of a replacement document in one of the above listed categories has been made and the applicant “entitlement to the document has been verified.

