

NSP APPLICATION PROCESS AND HOMEBUYER QUALIFYING CHARACTERISTICS PLUS PROGRAM KEY POINTS

Application Process:

- ❖ Obtain lender pre-approval letter for the maximum mortgage that you can receive from a lender of your choice.
- ❖ Email lender pre-approval letter to Terry Rascoe at trascoe@cityofpalmdale.org or fax to 661-267-5155 along with your contact information and request to be placed on the waiting list for an application.
- ❖ Go to HUD.gov and select an 8-hour HUD approved Homebuyer Education Class to attend.
- ❖ The City will contact you when an application is available for you to pick up.
- ❖ Within 2 weeks submit the completed application and ALL the required documentation for review by staff for pre-approval into the NSP-HAP.
- ❖ After review an incomplete application, pre-approval or denial letter will be issued.
- ❖ Once an NSP-HAP pre-approval letter has been received an applicant may submit an offer on an available NSP home for consideration.

Homebuyer Qualifying Characteristics:

- ❖ Sufficient funds for lender required down payment – NSP requires that 1% of the lender down payment be from the applicants own funds. The remaining lender required down payment may be a gift.
- ❖ Income does not exceed income limit based on family size. Current inventory (as of 3/14) indicates that income in excess of \$60,000 does not meet the minimum amount of GAP assistance needed to participate.
- ❖ First time homebuyer or does not currently own a home
- ❖ Has completed Homebuyer Education or will complete within 14 days of submitting application

Key Program Points:

- ❖ Assistance of **up to** but not exceeding \$100,000, including closing costs
- ❖ Assistance cannot exceed 50% of purchase price
- ❖ 1st Trust Deed loan, NSP-HAP Subsidy, other subsidy plus closing costs can not exceed 100 % of purchase price

- ❖ No down-payment assistance will be provided
- ❖ Amount of assistance is based on need – GAP assistance to bring down monthly housing costs (PITI) to meet and not exceed 30% of gross monthly income
- ❖ Credit worthiness is important – a minimum 620 credit score is required
- ❖ 2nd Trust Deed and Covenants will be recorded against property
- ❖ No monthly payments are required on assistance
- ❖ Loans are not assumable
- ❖ Home must be owner occupied during the term of the NSP-HAP loan
- ❖ Loan can be repaid at anytime without penalty
- ❖ Percentage of loan is forgiven annually. Total loan is forgiven at 5, 10 or 15 years depending on the amount of assistance and if borrower is in compliance with program guidelines
- ❖ Yearly monitoring to determine compliance
- ❖ Refinancing is allowed for rate and term only – no cash out