

NEIGHBORHOOD STABILIZATION PROGRAM

MANAGEMENT PLAN Program Policies and Procedures NSP1 and NSP 3

City of Port St. Lucie, Florida

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I. Program Description

A. Purpose

The Housing and Economic Recovery Act signed into law on July 30, 2008 provided Neighborhood Stabilization funds to assist local governments to acquire land and property for demolition, rehabilitation, and sale of foreclosed and abandoned properties or land banking in areas of greatest need to address neighborhood decline. The policies and procedures outlined in this document will be carried out in compliance with the federal register volume 23, notice 194 dated October 6, 2008 by

- Addressing neighborhoods with the greatest need based on HUD data
- Purchasing and rehabilitating properties for resale to income eligible households
- Demolishing blighted structures

The City is undertaking the following activities:

- 24 CFR 570.201(a) Acquisition
- 24 CFR 570.201(b) Disposition
- 24 CFR 570.201(d) Clearance and remediation
- 24 CFR 570.201(n) Homeownership Assistance
- 24 CFR 570.202(a) Rehabilitation
- 24 CFR 570.205 Planning Activities
- 24 CFR 570.206 General Administration

B. Eligible properties

Properties to be acquired under this program include properties that are:

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. Foreclosed. A home or residential property has been foreclosed upon if any of the following conditions apply: a) the property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or b) the property owner is 90 days or more delinquent on tax payments, or c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, contractor, developer, or end user.

3. Blighted Structure. For the purpose of the NSP the City will consider a blighted structure to be a structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to the human health, safety, or welfare of the public. Port St. Lucie will generally consider a structure as blighted if one of the following criteria is met:

- The structure is open, cannot be secured against entry, and is unsafe or unfit for human occupancy; The unsafe structure is secured against public entry, but it presents a threat to a neighboring property or public right of way (such as a sidewalk) because of a potential collapse or other threat;
- The structure is determined to harbor nuisances and threats to human health, safety or welfare which may negatively impact a neighboring property; or
- The structure presents a visual blight due to collapse or other unrepaired damage;
- It is determined that repairs will cost more than economically feasible which, in general, would be more than 50% - 75% of the appraised value, although mitigating factors may be considered; or
- The structure is lying in a state of incomplete construction, resulting in a negative view of the surrounding properties; or other similar conditions.

The City is not acquiring blighted properties with NSP3 funding and is not planning to acquire those properties with NSP1 funding unless there are overwhelming reasons to do so.

C. Property Selection

Properties must be located in areas of greatest need in the following census tracts:

Targeted Census Tracts	
15.03	20.03
18.01	20.05
18.02	21.04
20.01	21.05
20.02	

D. Other federal requirements:

1. Affirmatively furthering fair housing

The City will follow its affirmative fair housing plan in implementing all activities under this program.

2. Acquisition and relocation

All properties acquired with NSP funds will comply with the Uniform Acquisition and Real property acquisition policies Act of 1970 under 49 CFR part 24, except for modifications for the NSP program published by HUD. All transactions under the NSP program will be voluntary transactions. The seller will receive written notice that it is a voluntary transaction and the City will not exercise its power of eminent domain if negotiations between the seller and buyer fail. The seller will be advised of the fair market value of the property in writing. Any non profit or for profit contracted to carry out acquisition of property under this program will also provide proper written notices to the seller that it is a voluntary transaction and of the fair market value of the property.

3. Section 3

The City will comply with section 3 of the Housing and Urban Development Act of 1968.

4. Conflict of Interest

All contractors, board members, City staff, sub recipients, and program beneficiaries must disclose all potential conflicts of interest in writing to the City staff. All conflict of interest notices received by staff will be presented to Mayor and City and will be acknowledged in the meeting minutes. All conflicts will be made public and identified

prior to the award of any contracts or benefits under the NSP program. Any staff member, board member, commission member that has a potential conflict of interest will abstain from voting on that item after making their conflict of interest public.

E. Contract for Services

1. Sub-Recipients

Under the NSP Program, the City may enter into a formal agreement for services with non-profit sub-recipients. A written sub-recipient agreement including all HUD requirements, scope of services, payment information, and reporting mechanisms will be executed prior to the disbursement of funds. The City shall monitor sub-recipients periodically throughout the duration and upon close out of the NSP Program, as needed and in accordance with HUD guidelines.

2. Contract for Services

Under the NSP Program, the City may contract with non-profit or for-profit businesses or consultants for required professional services. A formal agreement including all requirements, scope of services, payment information, and reporting mechanisms will be executed prior to the disbursement of funds. The City will advertise with a Request for Proposal or Request for Qualifications dependent upon area of expertise using the City Procurement Management Department and policies which conform to 24 CFR 85.36.

II. NSP Activities

1. Acquisition 24CFR 570.201(a)

A. Summary of Activity

This activity will provide funds to acquire foreclosed and abandoned homes and residential properties and blighted structures (if foreclosed or abandoned), for the purpose of rehabilitation and resale to LMMI households. Properties will be acquired through privately negotiated purchases between a City representative and lending institutions. All properties acquired will be utilized for the development of affordable housing to benefit LMMI households or for clearance activities.

B. Property Type

Acquisition funding will be available for purchase of single family residences.

C. Purchase Price Limit

Properties will be acquired for a purchase price not to exceed 99% of the appraised value. Price for acquisition will be negotiated by the City legal department and will take into consideration the carrying cost of the property and cost of repairs to ensure the maximum reasonable discount.

D. Advertising requirements

Request for proposals will be placed in DemandStar and requested from realtors and contractors. All postings will follow the City's procurement rules and regulations.

Participant selection will include but not be limited to the following factors:

- Past experience in federal and state programs
- Readiness to proceed
- Ability to complete the work within the required timeline

- Ability to leverage resources
- Capacity to carry out the task requested

In addition to formal advertising the City will use its main website to post notices for all services procured.

E. Method for Obtaining listing of Foreclosed, abandoned or blighted structures

The City will encourage Realtors to provide a list of properties that comply with the program requirements. A letter was sent to the local Realtors Association and a notice was also posted on the City's website at the beginning of the program. Information continues to appear on the Neighborhood Stabilization section of the City's web site. City Staff also identifies potential properties for acquisition in the target area based on public records, through the First Look program and websites which list foreclosed properties such as, <https://www.homepath.com/>.

F. Identification of Units

The realtors have been requested to provide a list of properties that meet the requirements of the program for acquisition by the City. The City reviews each list of potential properties for purchase.

G. Criteria for selecting units to be acquired

Properties located within the areas of greatest need will be given priority for acquisition based on one or more of the following factors:

- Property must be vacant
- Property was built after January 1, 1978
- Property is not located in a flood zone
- Property is not more than 50 years old
- Property needs no repair or minor repair
- Property that are not in association
- Properties that do not pay assessments
- Properties that do not have liens

Properties not eligible for acquisition under this program:

- Properties that have underground pools
- Mobile homes or trailers

The Department of Community Services will prepare a list of potential properties for acquisition and update the list as new properties become available. The City Council must approve all units that will be acquired under this program.

H. Real Estate Professional

The City has contracted with a real estate professional to assist in selling rehabbed units to income qualified buyers. Professional services rendered include but are not be limited to: showing property to approved homebuyers and working with Title Company to prepare for closing. Realtors have an active license issued by the Department of business and professional regulations, be in good standing with no complaints filed, and be active members of the National Association of Realtors. Realtors were selected

based on their experience in working the areas of greatest need, experience with federal and state programs, years they been licensed and in good standing, any additional training and certifications that increase capacity to carry out activities under this programs, ability to pre-qualify applicants for the program, ability to work with lenders to get buyers approved for a first mortgage.

I. Housing Inspections

The Building Department inspector provides an initial inspection of all properties proposed for acquisition under this program. Initial inspection includes a preliminary work write up to estimate rehabilitation costs in accordance with the City Housing Quality Standards and local codes. The Department Director or his designee will review the work write up to ensure that all standards and program requirements have been followed.

J. Code Violations and Liens

City staff reviews the public records of all properties to be acquired under this program to determine if property meets local codes. If there are City violations or liens on the property, the City requests that violations fees be waived. All violations will be corrected to ensure that all properties comply with local codes. If violations or liens are filed by organizations other than the City, including but not limited to County government or utility companies, those liens or violation fees will be paid when the property is acquired if they cannot be negotiated for release.

Before any work is initiated on property purchased with NSP, the building department inspector reviews all building records to check for open permits and any additions or improvements performed on the property. If the City chooses to proceed with the acquisition for the property, all open permits will be closed. All violations will be addressed as part of the rehabilitation process. If records reveal that there are liens filed by the City on the property, the City staff will request that liens be waived by the appropriate department.

K. Timeframe

Properties purchased under this activity are required to be made available for resale to eligible applicants within 45 days from completion of rehabilitation.

L. Property Appraisals

Appraisals will be conducted individually and are to be ordered once during initial purchase analysis within 60 days of final offer and again upon resale. Appraisal can be paid by the City, sub recipient, developer or homebuyer. Appraiser must be Florida State Certified and licensed in good standing with the State of Florida. Appraisals must be performed in conformity with the appraisal requirements of URA at 49 CFR 24.103. City will solicit services from multiple appraisers and rotate use of services on an as needed basis using a vendor list.

M. Environmental Assessments

All properties to be purchased, rehabilitated and sold are subject to an environmental review in accordance with 24 CFR Part 58 prior to a request of release of funds from HUD. Activities that are categorically excluded will contain the HUD approved checklist in each file. No funds will be drawn until all environmental activities have been concluded and cleared.

N. Historical Significance

Prior to making an offer on the property the City staff will review the public records from the Property Appraiser or Tax Assessor to document the age of the property. If the age of the property is greater than 50 years old and staff still chooses to purchase the property, the property will be submitted to the State Bureau of Historic Preservation to determine if the property is historically significant. All requirements of the State Historic Board will be followed for properties that are deemed historically significant. If the property is over 50 years old, the local historic preservation program will also be checked to determine if the property is on a local register of historic places.

O. Lead Based Paint

Units assisted with NSP funds are subject to the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, M and R of this title.

Lead based paint will be addressed for all units constructed prior to 1978 and receiving repairs that exceed \$5,000 as follows:

- All damaged paint surfaces will be repaired.
- The entire property will be evaluated by a risk assessment.
- Units assisted between \$5,000 and \$25,000 will have all lead hazards addressed by interim controls using lead safe work practices.
- Assistance above \$25,000 will have all lead hazards, as identified by the risk assessment, abated. Lead hazard reduction will be performed in a manner consistent with the findings in the risk assessment report (§35.1320).

P. Flood Plain

Homebuyers that purchase improved properties within the 100- year flood plain will be required to purchase and maintain flood insurance for the term of the affordability period.

Q. Title Search

The City will rely on the City attorney to review title of properties to be acquired. However, the City may solicit services from title companies or attorneys and rotate use of services on an as needed basis using a vendor list or utilize the seller's title company. The contracted Title Company will perform required title searches for NSP units.

R. Survey

A survey may be performed on all properties prior to purchase to determine encroachments and flood elevation.

S. Closing

The City will use its City attorney for closings or may contract with a real estate attorney or Title Company for services associated with all property closings unless the lender requires use of their closing agent. A title search and a title insurance policy shall be issued at closing to ensure a clear title will be transferred to the buyer. The title agent will notify all parties of date and time of closing and provide a HUD 1 to all parties at least 24 hours prior to closing.

T. Insurance

Builders Risk Insurance will be provided by the contractor on all properties under contract for rehabilitation or new construction until Certificate of Occupancy. All properties assisted under this program will be required to be covered under the City's insurance programs.

U. Acquisition Costs

Eligible costs under this activity include, but are not limited to, purchase of real property, professional services, closing costs, appraisals, title insurance, site surveys, and title searches.

V. Uniform Relocation Act

All property acquisition shall be undertaken in compliance with the "Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970" and applicable Florida Statutes. Since all properties to be acquired must be vacant it is not expected that any relocation activities will be undertaken.

2. Housing Rehabilitation 24 CFR 570.202 (a)

A. Summary of Activity

This activity will provide funds to finance the rehabilitation of foreclosed and abandoned homes and residential properties or demolition of blighted structures (if foreclosed or abandoned). All properties that are rehabilitated under this activity will be for the purpose of affordable housing to benefit eligible households for homeownership or for clearance activities under a concentrated neighborhood demolition program.

B. Rehabilitation and New Construction Standards

The City will ensure that all properties acquired under this program for resale comply with the locally adopted rehabilitation standards.

Each housing structure acquired and rehabilitated with NSP funds will be inspected by the City Building Department to ensure that upon completion the housing unit will meet all of the following standards:

1. Local Rehabilitation Standards
2. HUD Section 8 Housing Quality Standards (24CFR982.401)
3. Local zoning ordinances
4. State of Florida Building Code
5. Local building code
6. Modern, green building and energy-efficiency improvements
7. Water efficient toilets, showers and faucets when replaced
8. Upgraded for hurricane mitigation to the extent practical
9. Florida Energy Efficiency Code for Building Construction (Newly Constructed Housing)
10. Accessibility requirements of 24 CFR Part 8, 24 CFR100.201, and 24 CFR100.205
11. Environmental requirements
12. All new construction will be designed to meet the standard for Energy Star New Homes

C. Work Write Up

City Building Department will prepare a detailed work write-up specifying the improvements needed to bring the unit up to NSP Rehabilitation Standards and local code requirements. The work write-up will consist of a detailed description of all repairs needed for the unit and a confidential estimate of the

associated costs that will be prepared by the inspector. Specifications will include energy conservation or energy production measures proposed for the structure, and lead based paint inspection and any necessary abatement. Additionally, the inspector will review the property to ensure that it meets all appropriate local codes such as nuisance, trash and other environmental or health codes.

D. Soliciting Qualified Contractors for Contractor List

A Request for Proposal will be published in DemandStar according to the City's bidding procedures in order to recruit interested area contractors. The Bidders list is open to any Florida Department of Business and Professional licensed and insured General, Residential or Building Contractor who wishes to participate in the program. The application will be provided to any interested Contractor through DemandStar in accordance with 24 CFR 85.36.

E. Contractor Screening

Contractors will be required to submit an application and all supporting documentation on the application checklist through DemandStar. Contractors who wish to participate in the rehabilitation / construction of homes must be licensed by the State of Florida, Department of Business and Professional Regulation (DBPR), may not be debarred by HUD; and must qualify according to the City's written procurement guidelines.

The City may disqualify any Contractor with a known record of discriminatory employment practices or complaints filed with DBPR. Contractors will be expected to comply with applicable equal opportunity and civil rights laws and regulations. The City will encourage participation by minority contractors and women owned businesses will provide assistance to them in qualifying to perform rehabilitation work. The City will comply with federal section 3 requirements, federal labor standard provisions and Davis Bacon, and all other applicable federal requirements.

Contractors who are found eligible to participate will be placed on a Master Contract list.

F. Contractor Project Limits

A single contractor may be limited to a maximum of three (3) projects at any given time.

G. Bid Process

1. Invitation to Bid

An Invitation to Bid letter will be sent in writing (mailed, faxed or emailed) to General, Residential or Building Contractors who have previously qualified for inclusion on master contract list.

2. Contractor Walk-Through

A voluntary pre-bid meeting will be held at the unit prior to bid submittal. All contractors must arrive on schedule and sign in prior to the unit walk-through and discussion of specific work items. Any changes to the work write up or specifications will be faxed to each participating contractor who attended the walk-through.

3. Bid Awards

Sealed bids will be accepted from previously qualified contractors that responded to the pre-bid walk-through. Bids are to be submitted to the City via DemandStar and prior to the deadline date

and time. Bids will be opened in a public meeting and reviewed by the City staff, which shall make recommendations for award. Bids will be awarded under purchasing and bidding policies established by City administrative policy. Consideration may be given to such factors as past contract performance, time of performance, and capacity to carry out the work. Awards will be made to responsible contractors possessing the ability to perform the work successfully under the terms and conditions of the contract. Consideration may also be given to such factors as contractor integrity, compliance with public policy, financial and technical resources.

Projects over \$100,000 will follow the City's formal bid process and will comply with the large purchase requirements of 24 CFR part 85.36 including bonding requirements.

H. Contracts

A pre-bid meeting will be held with the contractor prior to the start of work. At that meeting the contractor will provide all color and material samples to be used for the project. Rehabilitation contracts on homes owned by the City will be executed between the Contractor and the City. Rehabilitation contracts on homes owned by a sub recipient will be executed between the General Contractor and sub recipient.

I. Inspections

During construction, the building inspectors will periodically inspect the work to ensure compliance with all contracted work specifications, rehabilitation standards and the State Building Codes.

J. Payments

All contract payments shall be made by the City directly to the Contractor. Contractor will submit required pay request forms that require building inspector approval prior to issuance of payment. Progress payments may be received prior to contract completion, but progress payments may be subject to a 10% retention requirement for items not completed according to specifications. Payment request forms will be processed by timely submissions and the City will review and approve all work. A partial release of lien will be provided for each payment received.

K. Change Orders

Changes in work that may become necessary during construction will be negotiated by the Department staff and approved in accordance with City bidding/purchasing policies. The Contractor shall note make changes in the work or seek payment for changes or additional work without prior issuance of a written change order authorized by the City.

L. Final Inspections/ Project Closeout

Upon completion of the work, a final inspection will be performed by the Department staff and the Building Department to ensure that all work complies with the contract and building code. The Contractor shall submit a final invoice and warranty documents including a Certification of Completion and Compliance, a statement from the contractor that all work authorized under the contract and any subsequent change orders has been completed and inspected as per code, City Release of Lien, Subcontractor Release of Liens and Warranty for Rehabilitation. Following receipt of required documents and approval of work, the Department Administrator will authorize final payment. Prior to listing the property for resale it must meet all applicable building codes. Deficiencies must be corrected prior to final payment to the contractor.

M. Work Guarantees

Contractors are required to guarantee all workmanship for a period of at least one year following contract close-out. In addition the contractor will provide separate warranties for other trades, such as roofing and A/C and provide applicable appliance and material manufacturer warranties.

3. Disposition 24 CFR 570.201 (b)

A. Summary of Activity

Disposition, through sale, donation, or otherwise, of residential units acquired with NSP funds or reasonable costs of temporarily managing such properties. All properties under this activity will be transferred for the purpose of affordable housing to benefit LMMI households. All dispositions of property under this program shall be made subject to contractual conditions and/or covenants insuring the continuing use of the property for purposes consistent with NSP program objectives.

B. Sales Price

The sales price of each NSP unit shall be determined by adding the price paid by the City to purchase the property plus rehabilitation costs and activity delivery costs or the appraised value, whichever is less.

C. Disposition / Homeownership

The City will use members of its lender consortium, or other approved lenders, to qualify applicants who will purchase a home under this program. The applicant will be provided with the list of lenders that work with the NSP program and those applicants will select a lender from that list. Other lenders may be utilized if the programs are more beneficial to the homebuyers or the NSP program.

D. Marketing

The department of Community Services plans to advertise the NSP home purchase program in both English and Spanish to very low, low, moderate and middle income households through media such as newspapers, the Port St. Lucie web site, and TV 20. Local lenders may also help market the program to eligible homebuyers and information can be made available to schools, local police, fire district and sheriffs offices.

E. Qualifying Potential Homebuyer

1. Counseling Requirements

Homebuyers purchasing NSP assisted housing must complete 8 hours of home buyer counseling from a HUD approved agency. The Counseling may be provided in a classroom setting, one on one or a combination of both formats. The applicant must provide proof to that they have attended this course within the last 12 months prior to closing by presenting a Certificate of Completion which shall be maintained in client file. Information concerning classes offered will be provided to applicants when they apply for the program.

2. Loan Requirements

Homebuyers must be prepared to purchase a home in a designated target area and obtain a conventional, FHA, VA, 30 or 15 year, fixed rate mortgage. Sub prime mortgages and adjustable

rate mortgages are not allowed. The purchaser may qualify for a second mortgage subsidy under the NSP program based on the income limits and income guidelines under 24 CFR Part 5. Second mortgage subsidies will not exceed \$40,000 for households with income at 50% of the area median income. Second mortgage subsidies will not exceed \$30,000 for households with income at 80% of the area median income. Second mortgage subsidies will not exceed \$20,000 for households with income at 120% of the area median income. Assistance will be in the form of second mortgage deferred payment loan. Subsidies will also be limited to the guidelines in Section 4 I.

The term of all loans will be 25 years at 0% interest, forgiven at a rate of 4% per year over the 25 years. The prorated payment is due and payable if the property is sold, transferred and/or ceases to be the primary residence of the applicant during the term of affordability. An heir that meets the income guidelines of the program can execute a new second mortgage loan instrument and must agree to comply with all of the terms and conditions of the second mortgage.

F. Environmental Review

Disposition is categorically excluded subject to Sec. 58.5.

G. Disposition Costs

Eligible costs under this activity include but are not limited to printing of marketing materials associated with resale of the unit, sellers closing costs, appraisal.

4. Homeownership Assistance 24 CFR 570.201(n)

A. Summary of Activity

Foreclosed and abandoned homes and residential properties and blighted structures that have been foreclosed shall be available for purchase by households at or below 120% AMI as defined by the current Income Limits chart adjusted to family size as published annually by HUD for the City. This activity will provide funds to reserve funding to support LMMI households in purchasing NSP properties. Any household/applicant who has qualified to purchase an NSP property may also qualify for housing assistance in the form of down payment assistance. Availability of subsidy to an applicant shall be based on need.

B. Applicant Selection Criteria

1. Eligible applicants will be selected on a first come, first qualified, first served basis subject to funding availability. Priority will be given to household at 50% of area median income until the 25% set aside required for this group has been met. If the number of houses that are ready to purchase is limited, a drawing may be held to determine priority.
2. Applicants must be income eligible for this program. Income eligibility will be based on the HUD rule under 24 CFR part 5 and will be based on total annual gross household income.
3. Applicant must have completed an 8-hour HUD approved Homebuyer Education class prior to purchasing an NSP property or benefiting from Housing Assistance.

C. Advertising

The City shall advertise the notice of funding availability in a newspaper of general circulation at least 15 days before the beginning of the application period. In addition to advertising in the newspaper, the NOFA will be placed on the City of Port St. Lucie website.

D. Application Process

Interested home buyers will be provided with a list of lenders that are part of the lenders consortium or have been approved for the program. The lender will require that the applicant complete an application for a determination of income eligibility. Applicants will be provided with a checklist of documents that must be submitted to determine client eligibility.

The list includes but is not limited to:

- a social security card for all household members
- proof of legal status for all household members
- supporting documentation of income and assets for all household members.

E. Income Verification

Verification of income for all household members must be used to determine client eligibility and will be conducted by the City. 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. City will follow the HUD 24 CFR Part 5 guidelines for determining household size and income eligibility for the household and will complete an income certification form showing verified financial information. Once the income certification is signed by the applicant, an award letter will be issued.

F. Assets

All assets will be verified for all household members in accordance with HUD guidelines. All assets held by each member of an applicant's household must be verified. 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. Applicants with non retirement assets in excess of \$15,000 may be asked to contribute those assets before any home purchase assistance will be disbursed.

G. Financing

Assistance will be provided to eligible households in the form of a deferred payment loan at 0% interest that will be forgiven at 4% per year for a term of 25 years.

All loan awards will be secured with a second mortgage/promissory note.

H. Recapture

Repayment of the prorated share of the loan will be immediately due to the City in the event any of the following events occur prior to expiration of the note. :

- Sale of unit
- Title transfer
- Unit is no longer continuously occupied by purchaser
- Unit is rented

Such repaid funds will be program income and will be used by the City to assist another client under the terms of the NSP program. If assisted homeowner does not trigger any of the above mentioned qualifying events the loan will be released at the end of the 25 year term. In the event the homeowner wishes to refinance his or her first mortgage or take out an equity loan to make repairs or improvements, the request must be in compliance with the City's subordination policy. This policy is provided to potential homeowners prior to purchase and the policy will be outlined in the mortgage agreement.

I. Maximum Award

The maximum award is limited to \$40,000 for households whose incomes are 50% AMI or less. The maximum award is limited to \$30,000 for households whose incomes are 80% AMI or less. The maximum award is limited to \$20,000 for households whose incomes are 120% AMI or less. The maximum is not automatically provided to an applicant; rather, the amount of subsidy awarded will be the minimum amount necessary to enable the buyer to purchase the property at a monthly payment that is affordable as determined by the first mortgage lender.

J. Borrower First Mortgage Requirements

Maximum combined Loan to Values for a borrower's purchase transaction is determined by the first mortgage lender.

1. FHA

The City may provide subordinate financing for the borrower's entire amount of required funds to close on a purchase, except for half of the 3.5% cash investment requirement.

2. Conventional/Bond/Portfolio

The City may provide subordinate financing for the borrower's entire amount of required funds to close on a purchase, except for 50% of any down payment required by the first mortgage lender from the homebuyer. If lender has a portfolio product that does not require a down payment, the City may pay for the entire amount of required funds.

K. Affordability

The first mortgage lender will determine what subsidy is needed for the household to make the monthly payment affordable. Front end ratios should be at 29%. The City will allow higher ratios (up to 32%) but would prefer ratios closer to 29%, especially in those cases where the client has not utilized all of the City funds available to them. It is not the intent of the City to assist clients so that their front end ratios go below 29% unless there are mitigating circumstances, such as a high back end ratio. Back end ratios should not exceed 45%.

L. Sale to Homebuyer

Approved and qualified homebuyers will be assisted first come, first ready unless there is a limited amount of houses available. In this case, a drawing may determine who may be able to purchase. Qualified buyers who have been approved by the first mortgage lender, have completed their 8 hour counseling class as evidenced by a certificate and have been qualified by City staff as evidenced by an award letter will be provided with a list of eligible properties available for purchase. The applicant will have 30 days to select a property and enter into an agreement with

the city for purchase. The City will allow the buyer or the first mortgage lender to choose the title company that will perform the closing on behalf of both the bank and the City. If a homebuyer has not selected a home within 30 days of the issuance of the award letter, that award letter will expire and they must request an extension in writing. The City at that time will have the ability to grant the extension or cancel the award contingent on the circumstances expressed in the extension request. Extension will be granted for delays that are outside of the applicants control such as illness, death in the family, etc.

5. Demolition of blighted structures 24 CFR 570.201(d)

A. Summary of Activity

The City will identify foreclosed and abandoned homes and residential properties that are blighted structures in NSP eligible target areas for demolition. All properties will be inspected by the City inspector to ensure that they meet the definition of blighted and are therefore eligible for demolition. Properties that are demolished will be placed on the list of City inventory of land and may be offered to non-profits for development of affordable housing or rebuilt by the City through contracts with local builders. They may also be included as part of a neighborhood demolition strategy and meet the clearance national objective.

B. Acquisition of Properties

The City will locate blighted structures within the designated Area of Greatest Need that have been foreclosed upon or abandoned. This will be based on the list provided by lenders and realtors that have responded to the City procurement advertisement. The City staff will also create a list of properties based on referrals from the code enforcement office and building inspectors or from foreclosed property sites. Properties that are unsuitable for redevelopment of housing will not be acquired under this program.

The City will consider the suitability of each parcel for long term affordable housing by reviewing:

1. Environmental conditions
2. Available infrastructure
3. Access by public roads
4. Zoning and Land use classifications
5. Proximity to transportation, services and employment centers
6. Size and dimensions characteristics with consideration for assemblage

C. Property Type / Purchase Price Limit

Any property that meets the federal definition of foreclosed or abandoned as stated in this document will be considered for demolition. Properties will be purchased for no less than 99% below appraised value while taking into consideration the cost of demolition, maintenance and carrying cost of the property.

D. Code Violations and Liens

Any liens filed by the city will be waived. Any liens filed by the county, utility companies or other non city agency will be paid when the property is acquired if they cannot be negotiated for release.

E. Appraisals

Appraisals will be ordered within 60 days of final offer. Appraiser must be Florida State Certified and licensed in good standing with the State of Florida. Appraisals must be performed in conformity with the appraisal requirements of URA at 49 CFR 24.103. City may solicit services from multiple appraisers and rotate use of services on an as needed basis using a vendor list.

F. Environmental Assessments

The City will ensure compliance with the environmental requirements at 24 CFR Part 58. For properties that are categorically excluded the City will prepare the statutory checklist as required by HUD. Priority will be given to properties that are not in flood zones and have no historical significance.

6. Planning and Administrative Expenses 24 CFR 570.205 and 24 CFR 570.206

A. Summary of Activity

This activity will provide a means for the administration of all program strategies. Total amount expended for administration will not exceed 10% of the NSP allocation and 10% of program income earned and will be used for planning activities and general program administration.

B. Planning and Administrative expenses

Planning and Administrative expenses will be used for:

- Program Planning and Environmental Expenses
- Oversight and management to ensure compliance with the federal regulations
- Legal department oversight and management of real estate transactions

Eligible expenses include but are not limited to:

- General management, oversight and coordination
- Citizen participation compliance
- Program evaluation and monitoring
- Fair housing compliance

C. Program Income

All program income received under this program will be tracked and will be used to carry out eligible activities under the NSP program.

D. Reporting Requirements

All activities carried out with NSP funds will be reported on the Disaster Recovery Grant Reporting (DRGR) Program. Staff will update information on all projects and activities as they occur to accurately reflect program expenditures. Data will reflect actual performance for demolition and production, expenditures and un-liquidated obligations for approved activities.