



City of Phoenix Neighborhood Stabilization Program Home Improvement Program Homebuyer Checklist and Guide

NSP eligible homebuyers receive \$15,000 to use for closing costs and partial down payment to purchase their own foreclosed home that needs repair and up to another \$40,000, in addition to the \$15,000, to use toward eligible repairs to the home. The rehabilitation work is done by approved program partners. Below are the basic requirements and a checklist of the steps homebuyers take to become program eligible. More detailed information on each step can be found on the following pages.

Eligibility Requirements

- Homebuyer(s) annual household income cannot exceed the amounts below, based on household size.

Household Size	1	2	3	4	5	6	7	8
Max. Income	55,800	63,750	71,700	79,700	86,050	92,450	98,800	105,200

- Homebuyer contributes half of the required cash down payment or a minimum of \$1,000 of own funds.
- Homebuyer cannot be on the title of any residential property.
- Homebuyer(s) must be permanent legal residents of the U.S.

- STEP 1:** Homebuyer contacts a lender (see page 6) for a home mortgage and obtains a loan pre-qualification letter.
- STEP 2:** Homebuyer contacts a HUD certified housing counseling agency (see page 5) to schedule 2 hour One-on-One Credit Counseling session.
Appt Date: _____ Agency: _____
- STEP 3:** The housing counselor sends the homebuyer’s complete pre-qualification package to Community Housing Resources of Arizona (CHRA) who determines the homebuyer’s program eligibility.
- STEP 4:** CHRA contacts the homebuyer to schedule an eligibility appointment, once they receive a complete pre-qualification packet.
Appt Date: _____ Counselor: _____
- STEP 5:** Homebuyer contacts their HUD housing counseling agency to schedule an 8 hour Homebuyer Education class.
- STEP 6:** Homebuyer and their real estate agent are contacted by a HIP Specialist for property feasibility guidance.
- STEP 7:** Homebuyer works with the agent and Specialist to find a foreclosed property in eligible program areas.
- STEP 8:** Homebuyer verifies with their real estate agent that a copy of the purchase contract has been sent to CHRA.
- STEP 9:** Program partner NSPAZ contacts buyer and their agent to begin the rehabilitation due diligence.
- STEP 10:** Homebuyer ensures their lender has sent all the loan documents to the title company.
- STEP 11:** CHRA contacts the homebuyer to schedule a Pre-close session to sign the NSP loan documents.
Appt Date: _____
- STEP 12:** Homebuyer arranges an appointment with the title company to sign the closing documents for the first mortgage of their new home.
Appt Date: _____
- STEP 13:** NSPAZ begins the rehabilitation and once complete the homebuyer moves into their new home.



Home Improvement Program HOMEBUYER GUIDE

The following detailed information will help you navigate the process to open your window to homeownership and become eligible for the NSP assistance funds. For help, please contact Phoenix NSP Customer Advisory Services at **602-262-6602** (711 for TDD/TYY service) or e-mail nsphome@phoenix.gov.

Eligibility Requirements

- Homebuyer(s) annual household income cannot exceed the amounts below, based on household size (anyone living in the house). In determining income, all wages and other sources of income for all household members age 18 and older are considered. Program income requirements are different than Lender income requirements.

Household Size	1	2	3	4	5	6	7	8
Maximum Household Income (120% of Median)	55,800	63,750	71,700	79,700	86,050	92,450	98,800	105,200

- First mortgage debt to income ratios must be at or below 31 percent / 43 percent - aligned with FHA standard guidelines.
- First mortgage term is 15- or 30- year fixed-rate, fully amortizing.
- Homebuyer only contributes half of the required cash down payment or a minimum of \$1,000 of own funds, whichever is greater.
- Homebuyer cannot be on the title of any residential property.
- Homebuyer(s) must be a permanent legal resident of the U.S.
- Purchase price cannot exceed 95 percent of the FHA mortgage limit for one unit.
- Funds will be secured by a promissory note and recorded subordinate deed of trust.
- Funds will be paid directly to the title company. Excess funds will be applied to the principle of the first mortgage.
- First mortgage loan must be an FHA 203K loan or other loan product that allows for rehabilitation dollars in the first mortgage and utilizes a holdback account. See page 9 for lender options.
- Home must fail a Housing Quality Standards (HQS) inspection by the city and require at least \$5,000 in rehabilitation, but not exceed a maximum of \$40,000. We recommend using \$35,000 as a maximum to allow for a cushion on unforeseen costs.
- Purchase price cannot exceed 99 percent of the “as is” appraised value of the property as determined by an appraisal conducted within 60 days prior to closing.

STEP 1: Homebuyer contacts a lender for a home mortgage.

- Refer to the HIP Lender List on page 6 of this Guide for contact info.
- Homebuyer provides income documentation, per the lender’s instruction.
- Lender and homebuyer verify the homebuyer(s) income and that the loan meets city program parameters. Good credit is needed to qualify for most loan programs and you must maintain good credit through the process. Don’t make any major purchases until after the closing of your home purchase.
- Lender issues a pre-qualification letter, which they forward to the homebuyer’s housing counselor.
- Homebuyer follows up with their housing counselor to receive the results.

Tip: Step 1 & 2 can be worked on at the same time.

STEP 2: Homebuyer contacts a HUD certified housing counseling agency to schedule a 2 hour One-on-One Credit Counseling.

A. The following documentation is required for every wage earner, 18 years and older, in the household:

1. Most recent three years of tax returns. Not required of family members who are dependents.
2. Most recent 30 days of paycheck stubs.
3. Most recent two months of bank statements and all asset statements.
4. Other sources of income (i.e. child support, social security, disability, etc.)

Tip: Homebuyer must complete the One-on-One Credit counseling session (Step 2a) **and** receive an eligibility determination from Community Housing Resources (Step 4), prior to entering into a purchase contract. Homebuyer Education (Step 2b) must be completed by the homebuyer before the close of escrow.

HUD Certified Housing Counseling Agencies

Chicanos Por La Causa	1402 S. Central Ave., Phoenix 85004	602-253-0838	www.cplc.org
Desert Mission Nbrhd Renewal	9229 N. Fourth St., Phoenix 85020	602-331-5833	http://www.jcl.com/desert-mission/neighborhood-renewal
Greater Phoenix Urban League	1402 S. Seventh Ave., Phoenix 85007	602-254-5611	www.gphxul.org
Neighborhood Housing Services	1405 E. McDowell Road, #100, Phoenix 85006	602-258-1659	www.nhsphoenix.org
Community Housing Resources of AZ	4020 N. 20 th St., #100, Phoenix AZ 85016	602-631-9780	www.communityhousingresources.org

STEP 3: Once the homebuyer completes the One-on-One Credit Counseling and if deemed homeownership ready the housing counselor prepares and sends the homebuyer's complete pre-qualification packet to Community Housing Resources of Arizona (CHRA), which includes:

- A. Two-part certificate with date the homebuyer completed Step 2.
- B. Conditional Loan Approval from the lender
- C. Income documentation
- D. Credit Report

STEP 4: Community Housing Resources of Arizona (CHRA) contacts the homebuyer to schedule an appointment to determine the homebuyer's eligibility, once they have a complete pre-qualification packet. Their contact info is 602-631-9780 or www.communityhousingresources.org.

A. The following documentation is required for every person 18 years or older, in the household:

5. Most recent three years of tax returns.
6. Most recent 30 days of paycheck stubs.
7. Most recent two months of bank statements and all asset statements.
8. Other sources of income (i.e. child support, social security, disability, etc.)

- B. If all required documents are not provided to CHRA at the appointment, the homebuyer has 10 days to provide them. If the deadline is missed, the homebuyer will have to schedule another appointment with CHRA.
- C. CHRA will review the pre-qualification packet and issues an eligibility determination, within three days after the appointment. The homebuyer is **NOT** eligible for the program until they receive a letter from CHRA indicating eligibility.

Tip: In order to avoid extra costs and delays, the homebuyer must receive their eligibility letter from CHRA before looking for a home.

STEP 5: Homebuyer contacts their HUD certified housing counseling agency to schedule an 8 hour Homebuyer Education class. Once completed, they receive a two-part certificate with dates the homebuyer completed both the One-on-One Credit and the Homebuyer Education class. This step must be completed before closing escrow on a program home.

STEP 6: Homebuyer and their real estate agent are contacted by a HIP Specialist (city program partner) and provided technical assistance regarding the program and property eligibility requirements.

STEP 7: Homebuyer works with their real estate agent and the HIP Specialist to find a property, assess its potential feasibility and enter into a contract with the seller. See the [Home Improvement Program Area Map](#) for eligible areas.

- A. Refer to "How to Find a Foreclosed Home" on page 9 for websites and tips to help with the home search.
- B. Include the completed [Home Improvement Program Contract Addendum](#), with the purchase contract.

- C. Homebuyer contributes half of the required cash down payment. Excess escrow funds will be applied to reduce the loan balance. No funds will be returned to homebuyer.

Tip: The HIP Specialist provides guidance on “First Look” programs that allow owner occupants the opportunity to place a purchase offer on homes before the seller looks at investor offers.

STEP 8: HIP Specialist verifies with the buyer’s real estate agent that the agent has forwarded a copy of the complete, executed purchase contract to CHRA, 4020 20th St., Suite 220, Phoenix, AZ 85016. Phone: 602-631-9780; Fax: 602-631-9757.

Tip: Close of escrow will take approximately 60-75 days from accepted contract, but is dependent on the time it takes the lender to submit the appraisal and final underwriting on the first mortgage, to CHRA.

STEP 9: Program partner NSPAZ contacts the buyer and their real estate agent to begin the rehabilitation due diligence, as follows:

- A. Assess the rehabilitation needed and prepare a preliminary Scope of Work.
- B. Review the preliminary Scope of Work and cost with the homebuyer and real estate agent, for approval.
- C. Finalize the Scope of Work, Cost Estimate and LOU and deliver to the homebuyer for final authorization.
- D. Submit the authorized documentation to the city, for approval.
- E. Notify CHRA that the rehabilitation is approved, so CHRA can perform the city’s due diligence, as follows:
 1. Collects all relevant data and documents.
 2. Ensures the property meets NSP program requirements.
 3. Prepares escrow instructions for the title company.
 4. Reviews the HUD Settlement Statement and prepares the NSP assistance loan documents.
- F. Contact the lender to review the Scope of Work and Cost Estimate for the 203K loan.

Tip: An incomplete purchase contract and mortgage lender delays are the most common causes for delays.

STEP 10: Homebuyer ensures the lender has sent all the loan documents to the title company, as soon as possible. CHRA coordinates with the title company to complete the sale.

STEP 11: CHRA contacts the homebuyer to schedule a Pre-close session, which includes:

- A. Review of the HUD-1 Settlement Statement that is an itemized list of funds paid at closing, including real estate commissions, fees, and initial escrow (impound) amounts.
- B. Review and signing the NSP loan documents, which CHRA forwards to the city for approval before sending to the title company.

Tip: Allow 10 business days for the city to approve and the title company to receive the NSP loan documents.

STEP 12: Homebuyer arranges an appointment with the title company to sign the closing documents for the first mortgage of their new home.

STEP 13: NSPAZ begins the rehabilitation work and keeps the homebuyer updated on the progress. Once the rehabilitation work is complete the homebuyer moves into their new home.

CONGRATULATIONS! YOU HAVE JUST BECOME A HOMEOWNER!

*Please note that this Guide and hyperlinked documents referenced within can be found at www.phoenix.gov/nsphome under “Homebuyer, Professional and Community Resources” on the left menu.



* These programs, offered through the City of Phoenix, provide eligible buyers with a \$15,000 loan to use toward the purchase of eligible foreclosed homes. The remaining balance may be applied to the principle of the first mortgage loan. The rehabilitation loan of up to \$40,000 in the Home Improvement Program is used for eligible repairs to the purchased home. Both loans are 0% interest with deferred payment and forgivable within 15 years.

Phoenix Neighborhood Stabilization Program

HUD Certified Housing Counseling Agencies

<p>Chicanos Por La Causa 1402 S. Central Ave. Phoenix, AZ 85004 www.cplc.org</p>	<p>602-253-0838</p>	<p>Hours: 8 a.m. to 6 p.m. Mon.-Fri. Monthly Classes: 2nd Saturday 8 a.m. – 5 p.m. 4th Saturday 8 a.m. – 5 p.m. (Spanish)</p>
<p>Desert Mission Neighborhood Renewal 9229 N. Fourth St. Phoenix, AZ 85020 www.jcl.com/content/neighborhoodrenewal</p>	<p>602-331-5833</p>	<p>Hours: 8 a.m. to 5 p.m. Mon.-Fri. Monthly Classes are usually: 2nd Tues. & Thurs. 3 – 7 p.m.* 3rd Saturday 8 a.m. – 4 p.m. Check website for schedule</p>
<p>Greater Phoenix Urban League 1402 S. Seventh Ave. Phoenix, AZ 85007 www.gphxul.org</p>	<p>602-254-5611</p>	<p>Hours: 8 a.m. to 5 p.m. Mon.-Fri. Monthly Classes: 1st Tues & Wed 5:30 – 9:30 p.m. * 3rd Saturday 8 a.m. – 5 p.m.</p>
<p>Neighborhood Housing Services of Phoenix 1405 E. McDowell Road, Suite 100 Phoenix, AZ 85006 www.nhsphoenix.org</p>	<p>602-258-1659</p>	<p>Hours: 8 a.m. to 5 p.m. Mon.-Fri. Monthly Classes: Orientation: 2nd & 4th Monday, 6-7 p.m. 8 Hr Class: 1st & 3rd Saturday, 8 a.m.-5 p.m. Classes held in Spanish once each quarter Check web site or call for schedule</p>
<p>Community Housing Resources of Arizona 4020 N. 20th St., Suite 220 Phoenix, AZ 85016 www.communityhousingresources.org</p>	<p>602- 631-9780</p>	<p>Hours: 8:30 a.m. to 5 p.m. Mon.-Fri. Offers One-on One credit counseling but does not offer Homebuyer Education Classes</p>
<p>*must attend both Sessions</p>		
<p>Schedules might vary, so call for current dates and times</p>		

NSP Eligibility and Loan Administrator

<p>Community Housing Resources of Arizona 4020 N. 20th St., Suite 220 Phoenix, AZ 85016 www.communityhousingresources.org</p>	<p>602- 631-9780</p>
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Home Improvement Program *Lender Partner*

NSP customers can contact either of the loan officers below to schedule an appointment, in person or by phone, to obtain an FHA 203k first mortgage loan:

Wells Fargo Contacts:

Tina M. Clark, Renovation Specialist
Wells Fargo Home Mortgage
Office: 623-445-2286
Tina.m.clark@wellsfargo.com

Rick Bodine, Mortgage Consultant
Wells Fargo Home Mortgage
Office: 623-445-2286
Richard.l.bodine@wellsfargo.com

Homebuyers need to provide the following information to the lender for a loan pre-qualification:

1. Most recent 30 days of paycheck stubs.
2. Most recent two months of bank statements and all asset statements.
3. Most recent three years of tax returns. Not required of family members who are dependents.
4. Other sources of income (i.e. child support, social security, disability, etc.) that need to be included when determining the homebuyer meets program income requirements.



Phoenix Neighborhood Stabilization Program Required Financial Documents Checklist

The following documents need to be provided to the housing counselor when the homebuyer attends their one-on-one credit counseling session. Please note that the homebuyer will need to provide updated documents with the most current information (paystubs, bank statements, etc.), if they are referred to Community Housing Resources of Arizona for eligibility determination.

From Homebuyer:

- Current Pay Stubs: Most recent 30 consecutive days for all household members over 18
- Other Income Documentation:
 - Social Security Income Disability Income
 - Child Support Alimony
 - Unemployment Pensions
 - Worker’s Comp
- Recent two month’s statements for all assets including:
 - Bank Accounts
 - Retirement Accounts, IRA, Stock.
- Most recent 3 years Federal Tax Return & W2’s

From Lender:

- Loan Transmittal Summary (1003) to verify meets NPS ratios 31.00%/43.00%
- Loan Application (1008) to verify names and amounts match
- Loan Prequalification including Purchase Power Amount \$ _____
- Credit Report

PLEASE NOTE: The city assistance dollar amount of \$15,000 should be entered into Subordinate Financing on the 3rd page (Details of Transactions) of the Uniform Residential Loan Application (1003). The funds are a lien not an asset to the borrower.



City of Phoenix



Neighborhood Stabilization Program
phoenix.gov/nsphome

Home Improvement Program Boundaries

Neighborhood Stabilization Program (602) 262-6602

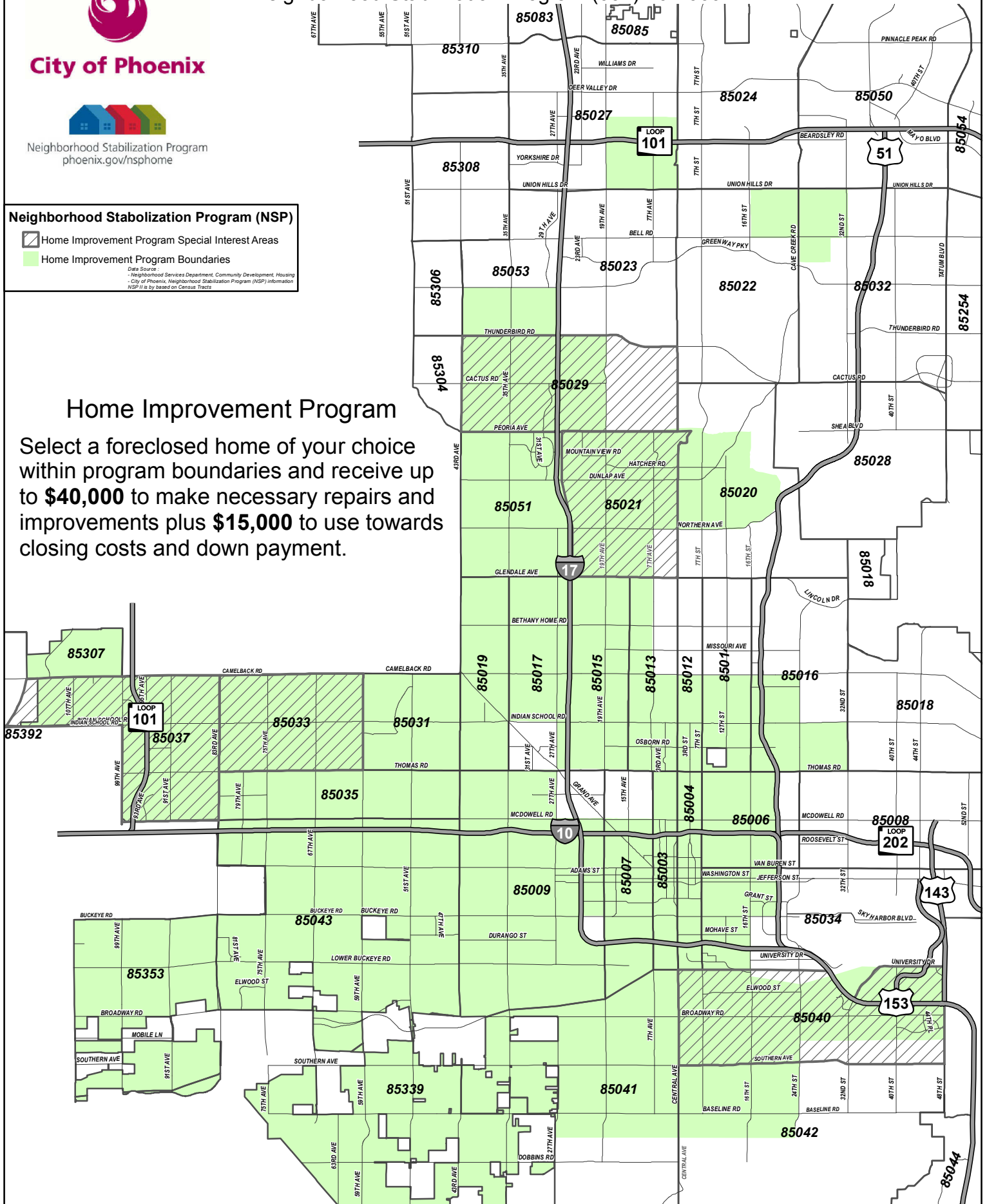
Neighborhood Stabilization Program (NSP)

- Home Improvement Program Special Interest Areas
- Home Improvement Program Boundaries

Data Source:
- Neighborhood Services Department, Community Development, Housing
- City of Phoenix, Neighborhood Stabilization Program (NSP) Information
NSP is a by based on Census Tracts

Home Improvement Program

Select a foreclosed home of your choice within program boundaries and receive up to **\$40,000** to make necessary repairs and improvements plus **\$15,000** to use towards closing costs and down payment.



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MARCH 2011

Neighborhood Services Department
Information Systems

