

COMMUNITY DEVELOPMENT DEPARTMENT

82 Ionia Avenue, N.W. Suite 390
GRAND RAPIDS, MICHIGAN 49503-3036
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LINDA S. LIKELY
Director

Kent County NSP Description for Realtors, Lenders, and Buyer's Agents

Under the Neighborhood Stabilization Program (NSP), Kent County received federal funds through the Housing and Economic Recovery Act of 2008 to address vacant foreclosed houses in specific target areas in Wyoming, Kentwood, Grandville, Gaines Township, and Plainfield Township. For more details, see the "Annual Action Plan Neighborhood Stabilization Program Substantial Amendment" posted at http://www.accesskent.com/pdfs/NSP_AnnualActionPlan.pdf.

Inner City Christian Federation, Lighthouse Communities, Inc., Lee Kitson Builders, Mohawk Construction, and Habitat for Humanity of Kent County were selected through a Request for Qualifications process to implement NSP activities. Developers will acquire and renovate foreclosed houses located in an NSP target area for resale to households earning up to 120% of area median income.

If you are selling an NSP home on behalf of one of the developers, or have a homebuyer who would like to make an offer on an NSP house, basic homebuyer incentives and requirements are described below. Further details can be obtained from the Kent County Office of Community Development (KCCD).

Homebuyer Incentives

- The NSP homebuyer assistance is based on the buying power of the homebuyer (as determined by their lender and homebuyer education program) and market sales price of the home. In general the NSP assistance will constitute at least 20% of the purchase price of the home and may also include closing costs over and above the 20%. Homebuyers will receive a minimum of \$1,000 toward closing costs or down payment assistance from Kent County NSP or HOME funds. The final amount is determined by Kent County NSP staff, based on details of the purchase such as home price, amount of funds contributed by the buyer, purchase loan from lender and closing costs.
- The homebuyer must complete at least 8 hours of homebuyer education at a HUD-approved housing counselor to purchase an NSP property.

Homebuyer Qualifications

- The homebuyer's household income cannot exceed 120% of area median income. The household income verification process will be completed by Homebuyer Education staff and is a separate process from qualifying for mortgage financing.

FY 2010 Income Limits for 120% of HUD Area Median Income						
1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household
\$52,500	\$60,000	\$67,500	\$75,000	\$81,000	\$87,000	\$93,000

Source: U.S. Department of Housing and Urban Development for Kent County MSA Effective 5/14/10

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Homebuyer Subsidy or Incentive Process

- The homebuyer must qualify for a fixed rate first mortgage loan. When the homebuyer has a first mortgage prequalification amount, the buyer can make an offer on an NSP house, with a contingency for receipt of Kent County NSP Homebuyer Assistance. Working with the seller (i.e. NSP developer) to determine the amount of homebuyer subsidy the household will need for the particular property and writing the correct language into the purchase offer will expedite the purchase agreement acceptance.
- The seller will request a reservation of HOME or NSP funds from KCCD for the homebuyer concurrent to the first mortgage underwriting process. Reasonable requests will not be denied by Kent County Community Development, based on availability of HOME or NSP funds and confirmed eligibility of the homebuyer.
- A check for the homebuyer subsidy or incentive amount will be provided by KCCD and delivered to closing along with second mortgage documents securing the affordability period.
- The second mortgage held by KCCD requires no monthly payments and a pro-rated amount is only due and payable upon default (e.g. the person sells or moves from the home prior to the end of the affordability period). These documents will be discussed with the homebuyer by the homebuyer educator.
- Units assisted with NSP or HOME dollars of \$15,000 or less are subject to a five year affordability period. Units with homebuyer assistance of \$15,000 to \$40,000 will be subject to a ten year affordability period. In the event the homebuyer sells the residence prior to the end of the affordability period, a portion of the assistance is subject to recapture by Kent County.

For a copy of the second mortgage documents, or for more information, please contact Stephanie Gingerich or Tracy Clingan at 616-632-7413, or 632-7428.

Kent County NSP Participating Developers

Inner City Christian Federation (ICCF)*
(616) 336-9333
<http://www.iccf.org/programs/>

Lee Kitson Builder, Inc.
(616) 363-6860
<http://www.leekitsonbuilder.com/>

Lighthouse Communities, Inc.*
(616) 451-9140
http://www.lcgr.net/housing_services.php

Mohawk Construction Group, LLC
(616) 241-5126
<http://mohawckcg.com/>

* Also a HUD-approved Housing Counselor