

Georgia Department of Community Affairs (DCA)
Housing Finance Division
Neighborhood Stabilization Program (“NSP”)
Georgia Dream/NSP Purchase Program (“NSP PP”)
Term Sheet

Purpose To provide a financing mechanism which enables increased access to affordable housing and to assist Georgia’s efforts to implement neighborhood stabilization strategies in areas of greatest need as established by HUD (Housing and Economic Recovery Act H.R. 3221) through rehabilitation and down payment assistance as set forth in the Georgia Dream/NSP Purchase Program and through the allocation of Federal NSP block grant assistance.

Eligible Activities Financing of Eligible Properties for Eligible Homebuyers as defined in this Term Sheet.

NSP funds will be available in the amount of \$14,000.00 for needed repairs and down payment assistance. NSP funds must be used first for repairs to bring the property up to Housing Quality Standards (HQS) minimum property standards. Any remaining funds must be used for down payment assistance. DCA will be in a second lien position. If repairs are not needed or are not made a part of the financing, the entire \$14,000.00 must be used for down payment assistance.

Eligible Uses Establish financing mechanisms for the purchase and rehabilitation of foreclosed upon residential properties. (2301 (c) (3) (A)).

Eligible Properties DCA has determined the State’s areas of greatest need and potential allocations for all jurisdictions through a calculation that uses the data elements required in Section 2301(c)(2) of HERA in addition to several others. The methodology calculates need on a county basis and ranks all counties based on a methodology that considers the percent and number of actual residential foreclosures (including remnant Residential Owned Properties [REO], the percent and number of subprime mortgages used to purchase residential properties along with variables that consider residential vacancies and severe housing cost burdens for households with low-, moderate- and middle incomes.

Subject property will be in an area of greatest need with an area minimum threshold of \$100,000.00.

Additional information on the State of Georgia NSP Needs Analysis and Potential Allocations can be found on DCA’s website:

http://www.dca.ga.gov/communities/CDBG/programs/documents/NSP_Substantial_Amendment_V2_for_Public_Comment.pdf

Subject property must be a Fannie Mae, Freddie Mac, HUD, VA or bank-owned foreclosure. Foreclosed properties purchased by a government agency or non-profit are also eligible.

The following one-unit single family property types are eligible for this program:

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- Detached
- Attached
- PUD
- Condominium

Manufactured Homes are not eligible.

Subject property must comply with Housing Quality Standards (HQS).

Discount Requirements For individual purchase transactions, the purchase discount is to be at least 15% from the current market appraised value of the home or property as determined by the required appraisal.

In order to determine the statutory purchase discount, an appraisal that meets the requirements set forth at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property is required (i.e., within 60 days from the date of the final offer).

Eligible Homebuyers Applications will be evaluated in accordance with normal underwriting requirements. Standard FHA and VA credit underwriting requirements apply. In addition to meeting FHA or VA underwriting guidelines, all applicants must meet the NSP HUD Income requirements of being at or below 120% of Area Median Income.

Applicants are not required to be first time homebuyers.

Eligible borrowers must complete eight (8) hours of homebuyer pre-purchase counseling provided by a HUD-approved housing counseling agency. The homebuyer counseling requirement can be fulfilled using a classroom style, individual (one on one) or a combination of both formats.

Funding Terms/Amount The Georgia Dream/NSP Program Loan will only be available with a 30 year fixed rate first mortgage that is insured by either FHA or VA.

DCA will release a portion of the Georgia Dream/NSP Program Loan amount for each year that the property remains in compliance with the terms of the first mortgage promissory note.

Long Term Affordability Restrictions NSP funds will be provided as loans with a five year period of affordability in accordance with the HUD HOME Program. The amount that will be released each year is as follows:

- 20% first year
- 20% second year
- 20% third year
- 20% fourth year
- 20% fifth year

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<http://www.dca.state.ga.us/housing/Homeownership/programs/GeorgiaDream.asp>

Recapture	<p>If the Eligible Property is sold, refinanced, or is not occupied as a principal residence within the affordability period the repayment amount will be determined as specified below:</p> <p style="padding-left: 40px;">100% within the first 12 months of the affordability period 80% 13th through 24th month of the affordability period 60% 25th through 36th month of the affordability period 40% 37th through 48th month of the affordability period 20% 49th through 60th month of the affordability period</p>
Application	<p>The Georgia Dream/NSP Purchase Program will be available through Georgia Dream Participating Lenders throughout Georgia.</p>
Application Fee	<p>Not applicable</p>
NSP Origination Fee	<p>The Georgia Dream-approved Lender will receive a NSP Origination Fee in the amount of \$900.00 when the first mortgage and/or NSP Loan is purchased by DCA.</p>
Deadline	<p>All NSP loans must be approved for purchase by DCA no later than September 3, 2010 and the Lender must have received a Firm Commitment from DCA dated on or before September 3, 2010 in order for the transaction to be an eligible NSP activity.</p>
Agreements	<p>Written agreements shall be entered into between the Georgia Housing and Finance Authority (GHFA) and the borrower. DCA administers the NSP Down payment Assistance Program on behalf of GHFA.</p>
Reporting	<p>All reporting requirements as outlined in the Georgia Dream/NSP Purchase Program will be met.</p>