



Neighborhood Stabilization Program

April 22, 2010



Minnesota Housing Neighborhood Stabilization Program

April 22, 2010 9:00 AM – 10:30 AM CDT

-Welcome-

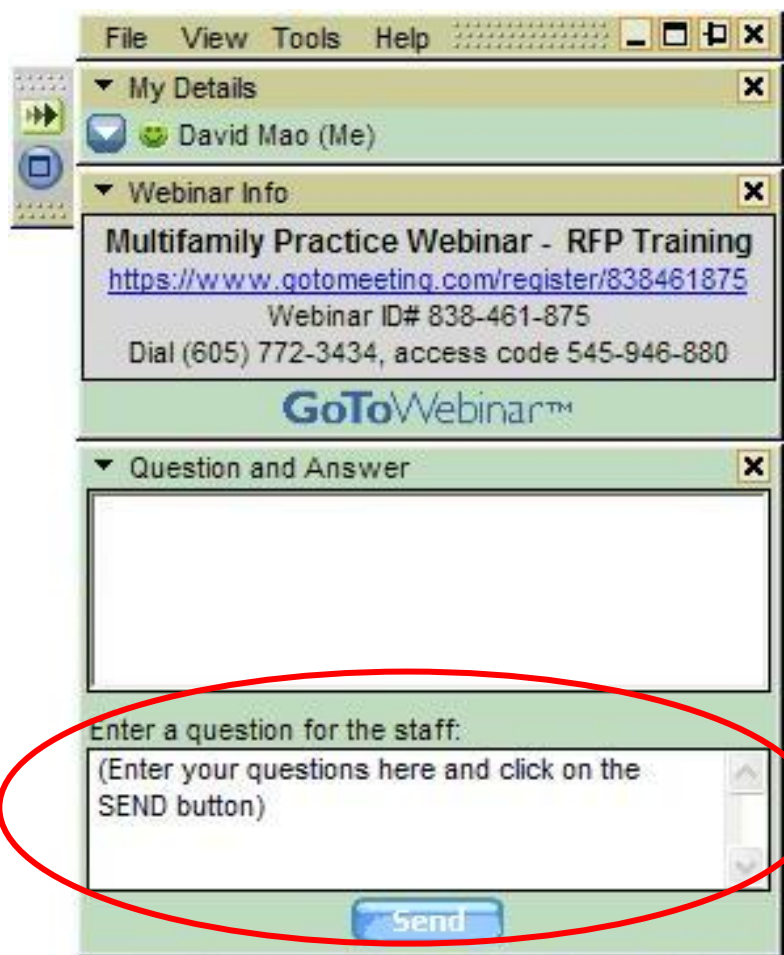
The presentation will begin at 9:05 AM CDT to allow for registrants to log into the system. When you join the presentation, you will hear background music. Please stay on the line.

To join the conference call:

Dial: 1-888-824-5783 - Access Code: 66122793#

- If you are having difficulty joining, please e-mail:
stacy.bray@state.mn.us**

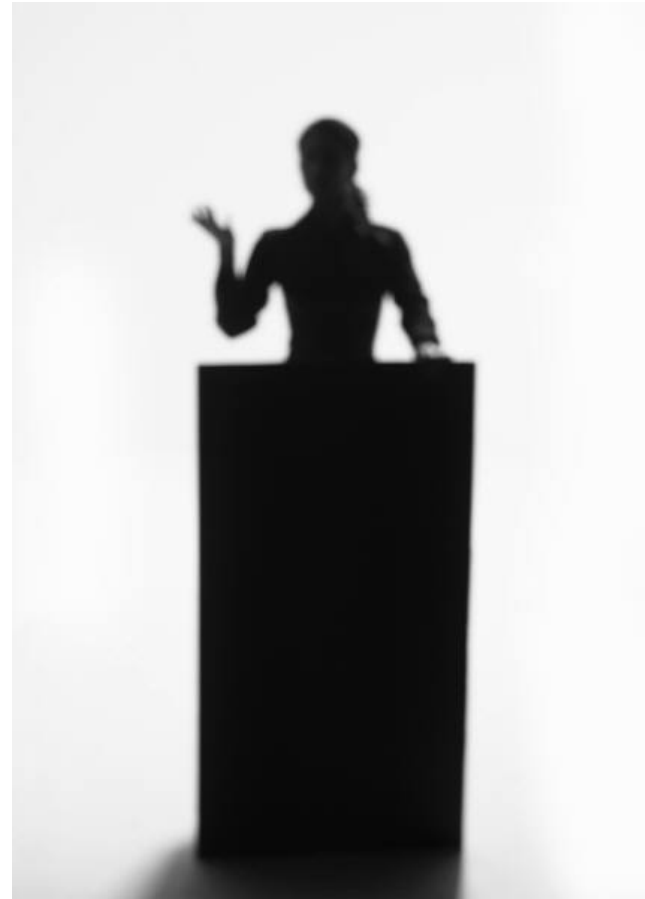
Questions During Presentation



- We will batch online questions and answer them throughout the webinar
- A complete Q & A list will be posted to the Minnesota Housing website when training is completed
- All presentation materials from Minnesota Housing and our partners are posted on our website at www.mnhousing.gov/resources/training/sf-assistance/MHFA_009091.aspx

Today's Speaker

- **Minnesota Housing**
 - » **Ruth Simmons**





Minnesota Housing finances
and advances affordable housing
opportunities for low and moderate
income Minnesotans to
enhance quality of life and foster
strong communities.

Photo by Scott Stieble


**Minnesota
Housing**
Finance Agency

End long-term homelessness.

Finance new affordable housing opportunities.

Increase emerging market homeownership.

Preserve affordable housing.

Agenda

- **New Announcements:**
 - » **Redefining “foreclosed” and “abandoned”**
 - » **Appliance purchases**
 - » **Risk Indicator form**
 - » **Program income reports**
 - » **Other updates**
- **NSP Transactions**
 - » **Progress report - benchmarks**
 - » **Obligations submitted**
 - » **Properties completed report**
 - » **Contract amendments**
- **Next Steps**
 - » **Update on Monitoring visits**
 - » **Loan file audits**



Current Definitions:



Foreclosed:

- **Wait until the property foreclosure is complete and title has transferred to the foreclosing entity**

Abandoned:

- **Requiring the property be vacant 90 days because it was abandoned by owners**

Federal Register Notice:

- **Website for April 9th Notice:**
<http://edocket.access.gpo.gov/2010/pdf/2010-8131.pdf>
- **Minnesota Housing's NSP website link:**
http://www.mnhousing.gov/partners/lenders/programs/MHFA_008368.aspx

HUD NSP Information

[HUD NSP Information](#)

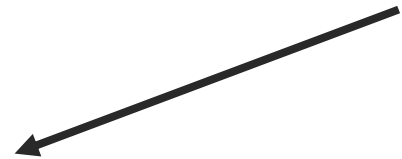
[HUD FAQs](#)

[HUD NSP Approved Counseling Agencies](#)

[HUD NSP Notice](#)

[HUD NSP Notice on Abandoned and Foreclosed Property](#)

[HUD Guidance on NSP Appliance Purchases](#)



HUD's Federal Notice – April 9th:

- **Redefining Foreclosed and abandoned**
- **Sole purpose**
 - » **Expedite the use of grant funds**
- **Effective date**
 - » **December 1st, 2008**
 - » **regardless of the current status of acquisition, redevelopment, or disposition activities already undertaken**

Redefining Foreclosed

- **Ability to intervene when a foreclosure is initiated but not completed**
 - » **Current delinquency status is at least 60 days under the MBA delinquency calculation and the owner has been notified of this delinquency, or**
 - » **The property owner is delinquent on tax payments 90 days or more, or**



Redefining Foreclosed

- **Ability to intervene when a foreclosure is initiated but not completed**
 - » **Under state, local or tribal law, foreclosure proceedings have been initiated or completed, or**
 - » **Foreclosure proceedings have been completed and title has transferred to an intermediary aggregator or servicer that is not an NSP grantee, contractor, or subrecipient, developer, or end user**



Documenting your file

Foreclosure

- **Current delinquency status is at least 60 days under the MBA delinquency calculation**
- **Owner has been notified of this delinquency**
- **Use the MBA Delinquency calculation method to determine the current delinquency status of the mortgage**
 - » **August 1st due : 30 days delinquent Sept 1st**
 - » **September 1st due: 60 days delinquent Oct 1st**

Documenting your file

Foreclosure

- **Request letter to include information of monthly payments due**
- **Notification of delinquency to owner**
- **Agreement for a short sale signed by the lender**
- **Foreclosure advertisement document**
- **Delinquent tax notice, evidencing 90 days or more delinquent**

Redefining Abandoned

- **If a mortgage, tribal leasehold, or tax payments are 90 days delinquent, or**
- **A code enforcement inspection has determined the property as not habitable and the owner has taken no corrective actions within 90 days of notification of deficiencies, or**
- **The property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state, local or tribal law, or**
- **Meets the state definition of an abandoned home or residential property**

State's Definition of Abandoned

- **“Abandoned property” means property that:**
 - » **Has been substantially unoccupied or unused for any commercial or residential purpose for at least one year by a person with a legal or equitable right to occupy the property;**
 - » **Has not been maintained; and**
 - » **For which taxes have not been paid for at least two previous years.**

Documenting your file

Properties subject to code enforcement action



- **When grantee has power of eminent domain**
 - » **If subrecipient or contractor of the grantee acquires property and involuntary acquisition occurs**
 - **URA requirements under 49 CFR part 24, subpart B applies**

Documenting your file

Properties subject to code enforcement action

- **When grantee has power of eminent domain**
 - » **If other NSP assisted entities acquire the properties, subrecipients are advised to carry out due diligence to ensure that prohibited coercion of the seller is no way involved in the transaction.**

Documenting your file

Abandoned

- **Foreclosure advertisement document**
- **Delinquent tax notice, evidencing 90 days or more delinquent**
- **Code enforcement inspection/notice with no corrective action within 90 days**
- **Court receivership notice or nuisance abatement notice related to abandonment**
- **Document the State's definition of abandonment**

Appliance Purchases

- **High-efficiency clothes washers, dryers and dishwashers can be purchased with NSP funds when the following conditions are met:**
 - » **NSP funds have rehabilitated or constructed the home**
 - » **Installation of such appliances is comparable to unassisted homes in the local housing market**
 - » **Deed restrictions or covenants ensure that the appliances remain in the home, if appropriate**
 - » **Qualifying appliances meet or exceed Energy Star standards**

Risk Indicator Form implementation

- **Effective immediately**
- **Subrecipients are required to document the review of the borrower's Truth-In-Lending statement, in order to identify risk indicators that could impact buyers' long-term homeownership**
 - » **If any risk indicators are identified, the buyer should be referred for a one-on-one counseling appointment with a homebuyer counselor**
 - » **Subrecipient or counselor must review the risk indicators with the buyer – conditional for approving the NSP assistance**
- **Document your file with the Risk Indicator Form**

http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_009333.pdf

Risk Indicator Form implementation

[PRG - HUD Counseling Agency Availability](#)

[Banker's Certification Form](#)

[Obligated Funds Report - Template](#)

[Properties Completed Report - Template](#)

Resources

[NSP Procedural Manual](#)

[NSP List of Resourceful Website Info](#)

[Continued Affordability Requirements Guidance](#)

[Sample Rental Declaration of Covenants](#)

[Data Practices Information](#)

[Guidance on NSP - Eligible Acquisition and Rehabilitation Activities](#)

[NSP Homebuyer Counseling HUD Eligible Agencies](#)

[Homebuyer Risk Indicators](#)

[NSP Year to Date Obligations Report](#)

[Banker Signed Compliance Certification Report](#)

Other Updates

- **Target Area borders defined**
 - » **Both sides of the boundary street will be part of the target area**
- **New FDIC REO listing**
- **Environmental Assessment tools**

NSP Property Rehabilitation

Making Sound Economic Decisions



- **Employ cost-effective principals, with project goals identified early on, while following the NSP Home Improvement Standards**

NSP Property Rehabilitation

Making Sound Economic Decisions

- **NSP Home Improvement Standards**

http://www.mnhousing.gov/idc/groups/home_s/documents/webcontent/mhfa_007631.pdf

Rehabilitation Guidance

[Housing Improvement Standards](#)

[Intent to Comply with Green](#)

[2009-2010 Minnesota Overlay to the Green Communities Criteria](#)

NSP Property Rehabilitation

Making Sound Economic Decisions

- **Rehabilitation work should be justifiable and consistent with market need, including improvements that promote the health and safety of residents.**
- **The size of the unit and rehabilitation scope should result in a home which is marketable without further NSP subsidy and is of comparable quality to neighboring homes.**

NSP Property Rehabilitation

Making Sound Economic Decisions

- **Meeting the goals of the NSP contract in units impacted is of prime importance in maximizing the effects of stabilization. If the level of NSP funding available is not sufficient to produce the units identified in the NSP contract, the subrecipient must contact Minnesota Housing to review this issue**
- **Subrecipients are advised to employ the cost reasonable test, and consider all funding resources available to them, including those available through utility companies for energy efficiency improvements**

NSP Property Rehabilitation

Making Sound Economic Decisions

- **“Sniff Test” - Subrecipients should be sensitive to the Sniff test (CDBG language)**
 - » **improvements of a type or quality exceeding those customarily used in the locality for properties of the general type as the property to be improved. Should a borrower choose to install an item over and above the program standards, borrowers shall be allowed their choice, provided they pay the difference between the borrower’s preferred standard or item and the program’s standard or item**

NSP Property Rehabilitation

Making Sound Economic Decisions

- **“Cost Reasonableness” - Costs are considered reasonable if they pass the prudent person test**
 - » They do not exceed an amount that could be incurred by a prudent person under similar circumstances
 - When layering with other federal grants or state dollars, subrecipients should address the ratio based on the NSP funds used last in the transaction

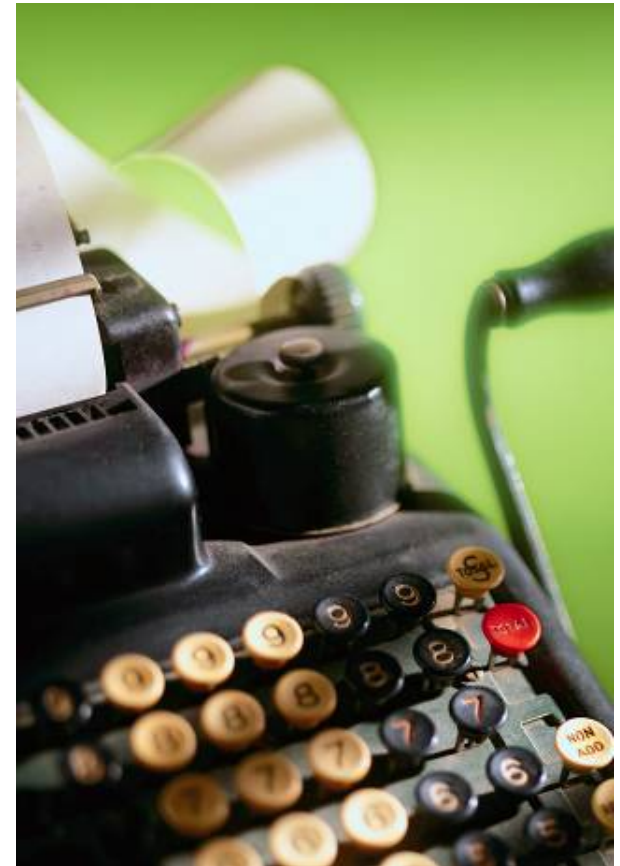
Program Income Status Report

- **Quarterly Report, 1st one due End of June 2010.**
 - » **Income on hand at close out or and last report**
 - » **Income received during current reporting period**
 - » **Income available**
 - » **Expended this period**
 - » **Use of Income**
 - » **Ending Balance**



Program Income Status Report

- **Income generated from NSP Activities that generate income. Include but are not limited to the following:**
 - **Loan repayments (principal and interest)**
 - **Interest earned on loan repayments deposited in a revolving fund**
 - **Proceeds from the sale of property purchased with NSP funds**



Q & A

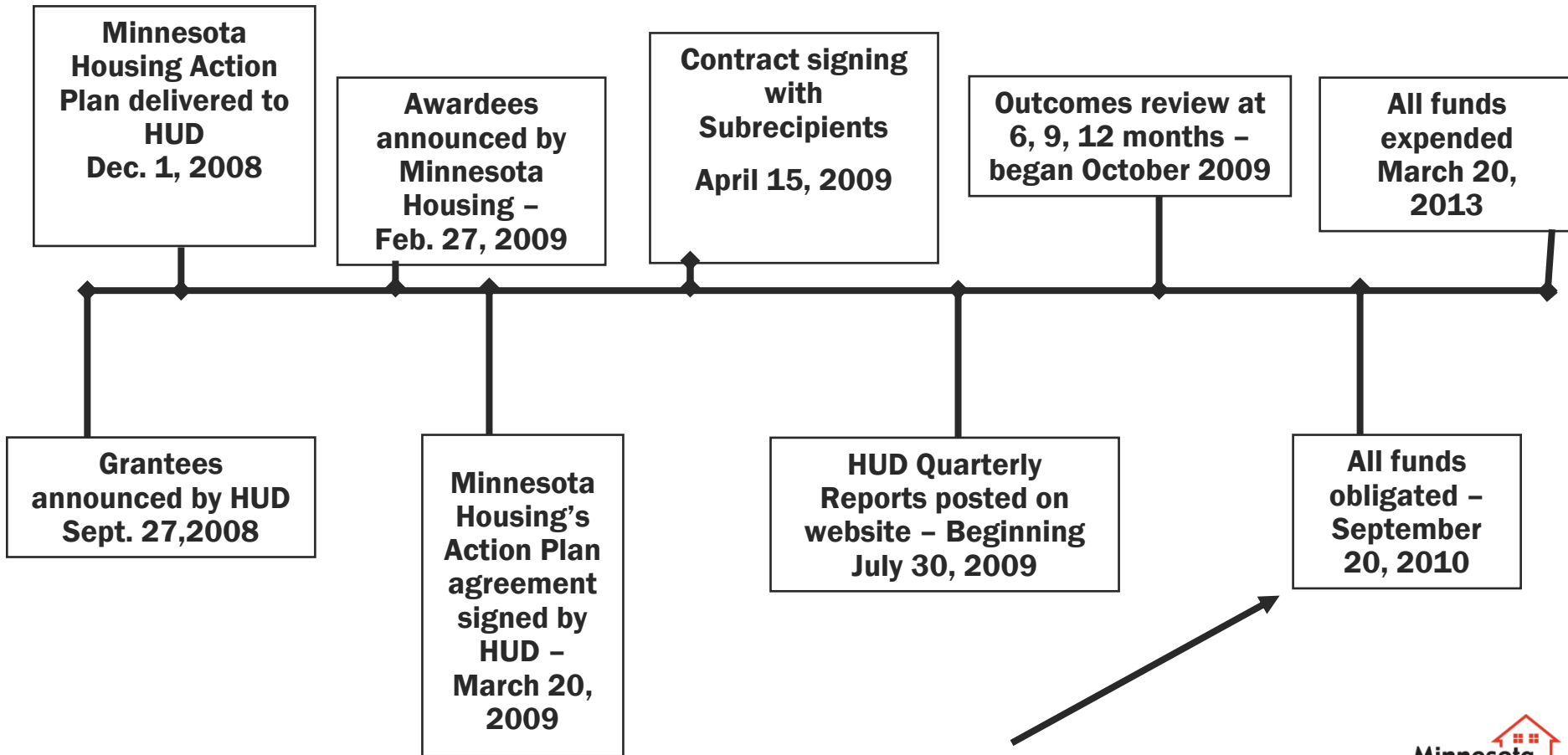
- **We will take time here to answer a few questions.**



NSP Timeframe – Progress



Neighborhood Stabilization Program Timeline



Progress through March 2010

Minnesota Housing NSP 1 \$38.8 million	State Program	Nation- wide
Commitments as % of total Amount	51.5%	44.3%
% of March Trend Goal Met	101.4%	77.9%
Expenditures as % of Total Amount	27.1%	19.1%
Program Income as % of Total Amount	0.8%	.4%
25% Low Income HH commitments as % of Total Amount	59.1%	49.8%

Metro Subrecipients

Monthly Average Obligations Required

\$422,594	Anoka County
\$92,187	Carver County
\$837,786	City of Minneapolis
\$871,720	City of St. Paul
\$101,280	Dakota County
\$475,759	Hennepin County
\$118,841	Ramsey County
\$60,719	Scott County

GM Subrecipient

Monthly Average Obligations Required

\$92,720	City of Big Lake	\$22,793	City of Monticello/Otsego
\$144,600	City of Duluth	\$42,023	City of Princeton
\$33,510	City of Isanti	\$74,400	City of Rochester
\$8,200	City of Montgomery	\$22,800	City of Zimmerman
\$152,660	City of St. Cloud	\$90,181	City of Faribault

Progress report as of April 21st

General Program Information

[Final NSP \(2008 Substantial Amendment\) Action Plan](#) - revised January 12, 2009

[NSP Program FAQs](#) - revised June 8, 2009

[NSP HUD Quarterly Progress Report 12-31-09](#) ←

[NSP Timeline](#)

[NSP ENews Archive](#)

[NSP Award Announcements](#)

[Program Concept](#)

[Program Forms](#) ←

[Homebuyer Risk Indicators](#)

[NSP Year to Date Obligations Report](#) ←

NSP Transactions



NSP Transactions

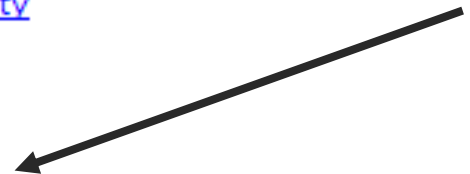
- **Subrecipient Activity:**
 - » **Obligations submitted**
 - » **Contract amendments**
 - » **Properties completed report**

http://www.mnhousing.gov/partners/lenders/programs/MHFA_008368.aspx

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[Properties Completed Report - Template](#)



Resources

[NSP Procedural Manual](#)

Next Steps

- **Coming Soon**
 - **Update on Monitoring visits**
 - **Loan file audits**

Q & A

- **We will take time here to answer a few questions.**



Contact Information

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NSP 1 Coordinator

Minnesota Housing

www.mnhousing.gov