

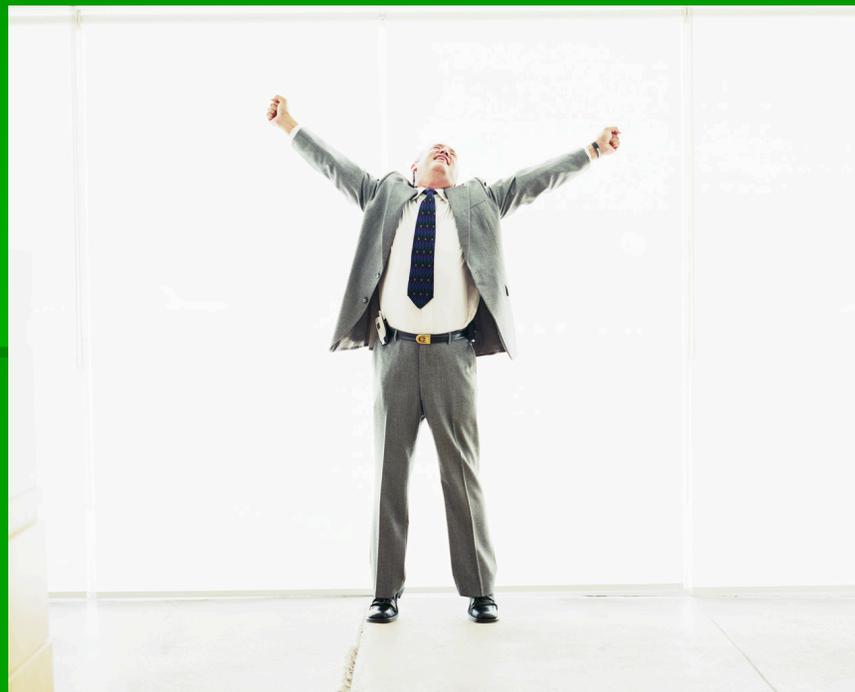


NSP Flow Chart

From REO prospect
to LMMI Homeownership

Banker is Happy

- The banker has one less REO to be criticized for



Locality is Happy

- The Locality is about to take a vacant property; save it from vandalism and put it back on the tax rolls



The Non Profit is Happy

- The non profit completes its mission by helping a LMMI client become a homeowner and makes some money for itself



& Todd is Happy

- DHCD completes it's mission by accomplishing our action plan

Preliminary: Identifying Properties

- You may locate properties a variety of ways
 - Bank/REO direct sites
 - Realty Trac
 - Tax records (these are not always up to date)
 - Realtor
 - *Do not rely on a single source for all of your background information*

Your First Step

- Make a decision on appropriate neighborhood to target
- Track down owners of housing units
- Inspect a home with realtor/ rehab specialist
- Talk to banks & look at leveraging funds
- Coordinate partnerships with local non profits/ housing agencies
- Begin Environmental Review Process

Do Your Homework



Target Neighborhood
w/ 10% REO

Inspect Homes w/Realtor&
Rehab Specialist

Meet with local Banks for LOC/
Leveraged Funding

Coordinate Partnerships w/
Non Profit/ Localities

Complete the ERR if
required

Do the numbers work



Procure Appraiser
/ Order appraisal

Make offer to bank
management company

Docs to DHCD for
purchase funds

Example 1

Do the numbers work?

For Illustrative Purposes

Yes		NO	
▪ REO Asking Price	\$ 125,000.00	▪ REO Asking Price	\$125,000.00
▪ Initial Rehab Estimate	\$ 12,500.00	▪ Initial Rehab Estimate	\$ 25,000.00
▪ Appraised Value Now	\$ 115,000.00	▪ Appraised Value Now	\$115,000.00
▪ Neighborhood Price Point	115-125k	▪ Neighborhood Price Point	105-115k
▪ NSP required 15% Discount	\$ 97,750.00	▪ NSP Required 15% Discount	\$97,750.00
▪ Rehab Work Estimate	\$ 12,500.00	▪ Rehab Work Estimate	\$25,000.00
▪ Closing Costs	\$ 4,887.50	▪ Closing Costs	\$ 4,887.50
▪ Total Into Home	\$115,137.50	▪ Back Taxes	\$ 1,500.00
		▪ Total into Home	\$129,137.50
▪ NSP Selling Price	\$115,150.00	▪ *REO would have to be negotiated down an additional \$15-20k to bring numbers in line*	

When reviewing a foreclosure for possible purchase the first question to ask:
Will an LMMI Homeowner be able to afford this home after rehab?

Your Second Step

- ▣ Congratulations you are about to be the proud owner of the property!
 - ▣ Rehab Specialist completes work write-up – final cost estimate
 - ▣ Begin Bid Solicitation from area contractors
 - ▣ Purchase & close on home with NSP funds
 - ▣ Bring the pre approved family into the loop

Purchase Your Property



Receive funds
From DHCD

Bid Solicitation
For Contractors

Purchase/ Close
On Property

Bring pre approved
Family into loop

Choose contractor/
Sign contract

Ensure proper
Accounting of funds



Your third step

- Now it's time to roll up your sleeves and get to work

- Rehab Work Begins

Rehabilitation of Property

Pull Necessary Permits
Rehab Work Begins

Keep Accurate Accounting
Records



Contractor
Completes job

Lead Paint Issues
If applicable

County/City
Inspection if required

HQS inspection
mandatory



Completion of Rehab

Turn in invoices to DHCD

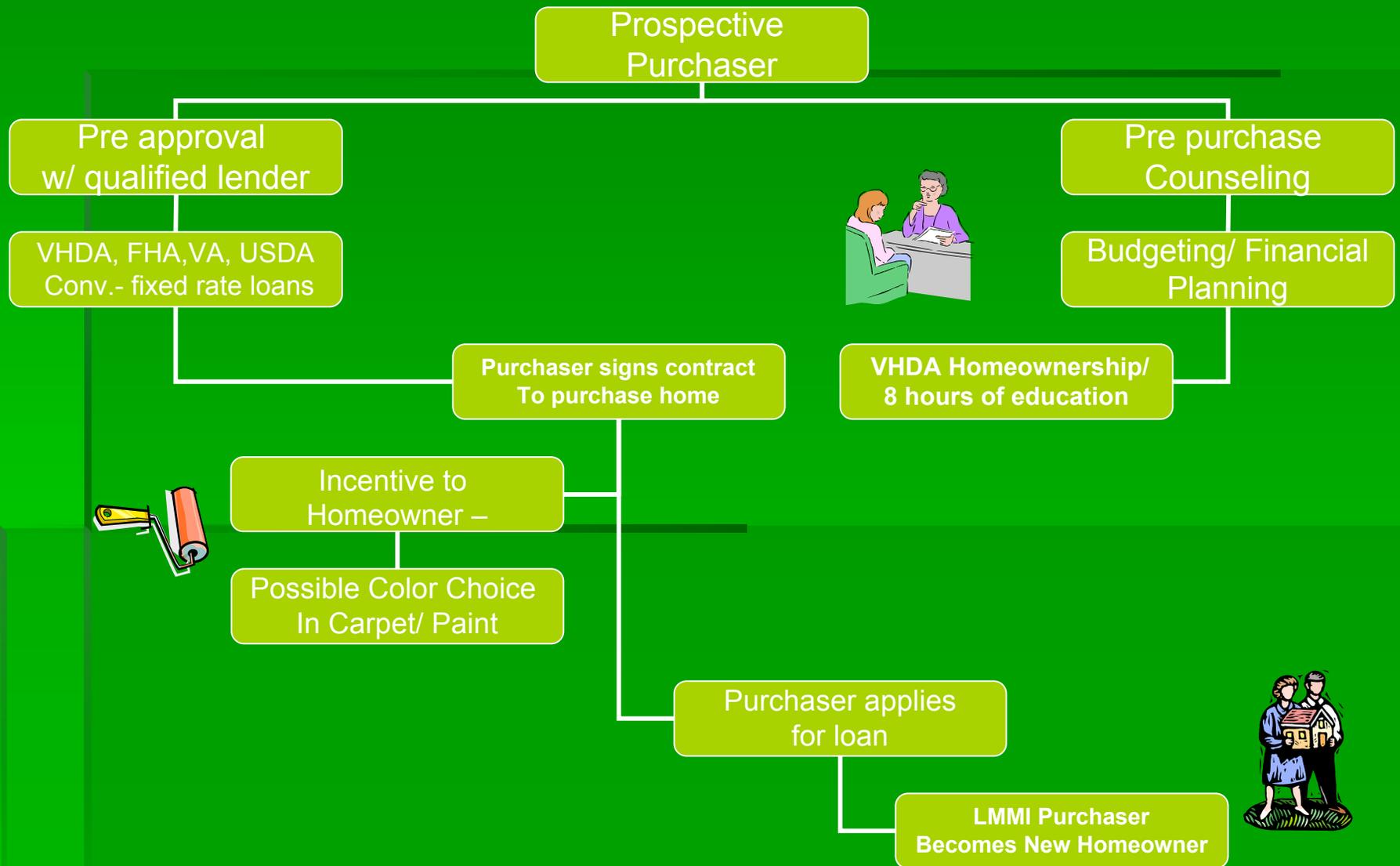
Locality/ Non profit receive funds to
Pay contractor

Contractor is paid in full/ Job Complete

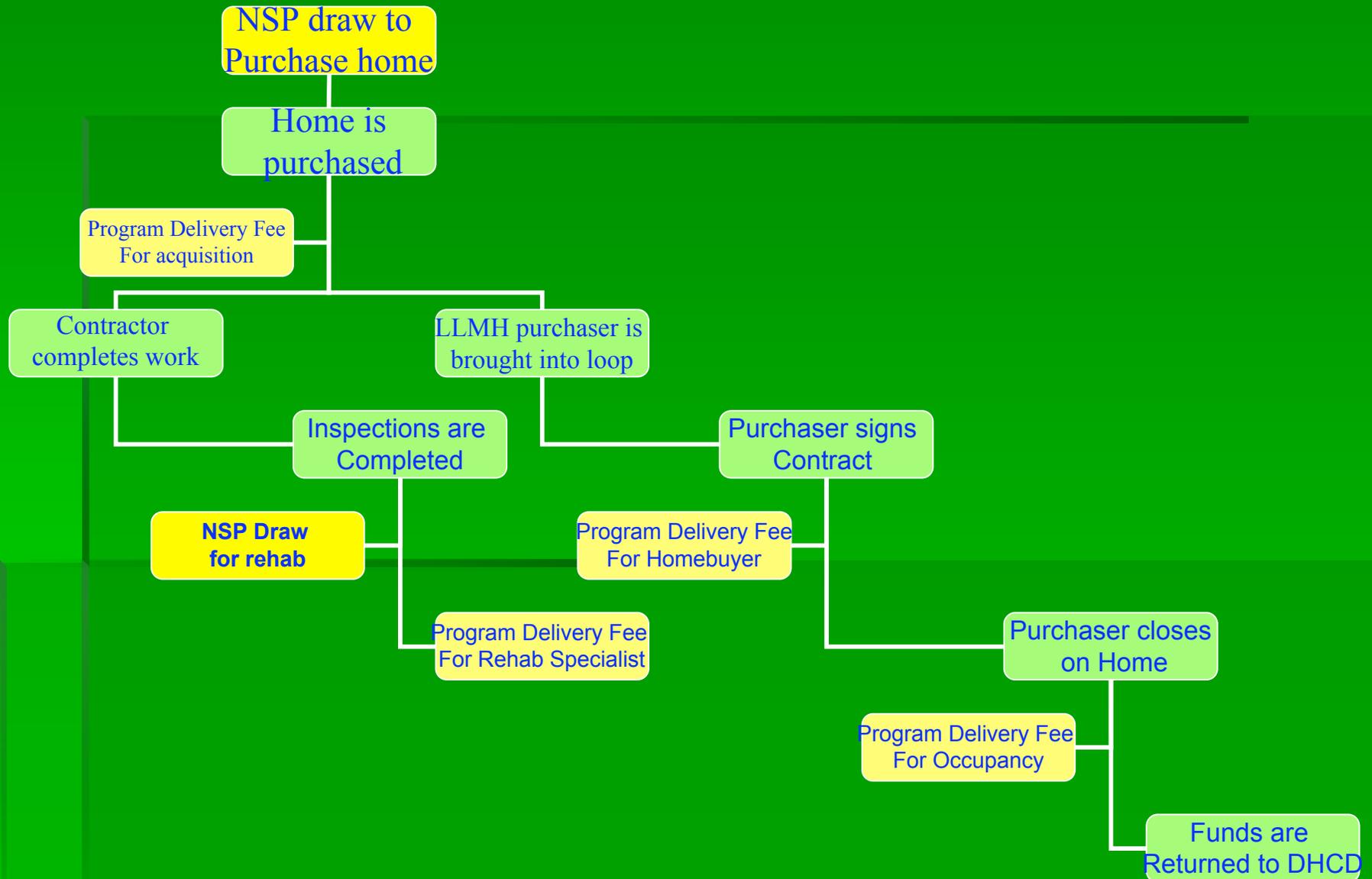
Final Step- Your purchaser

- All your hard work is about to pay off-
 - The pre approved purchaser is ready to come on board

LMMI Purchaser



Funding through NSP – Sample Scenario



Q&A

