

March 29, 2010

**MEMORANDUM**

TO: Virginia Neighborhood Stabilization Program Partners

FROM: Denise H. Ambrose, Associate Director

SUBJECT: Notice #NSP-04, Policy Changes and Updates

The deadlines imposed by Neighborhood Stabilization Program regulations have prompted DHCD to incentivize acquisition and rehabilitation activities over the next 60 days from April 1, 2010 through May 31, 2010. New down payment and subsidy allowances will also be available for moderate- and middle-income homebuyers, permanently.

Based on statistics of the state-wide program, our partners will need to purchase at least 40 houses per month over the next five months in order for our goal to be met. We know it can be done, particularly with a firm commitment from each partner, the incentives listed below, and the upcoming one-on-one technical assistance training.

**Acquisition Delivery Increase** – For every home with a ratified offer leading to acquisition, between April 1 and May 31, 2010, the delivery cost will be doubled from \$5,000 per unit to \$10,000 per unit.

**New Rehab Delivery** – The new delivery cost will allow for \$3,000 in NSP funding earned when a rehabilitation contract is signed between April 1 and May 31, 2010. This makes the total allowable deliverables for rehab equal to \$5,500. The earlier allowance of \$2,500 we found, was exhausted with construction related soft costs.

**New Down Payment and Subsidy Assistance** – NSP funded down payment assistance is currently capped at 3% and must be matched dollar for dollar by non-NSP funds. For incomes at 81-120% the new NSP funded down payment allowance will be capped at 10% and must be matched by non-NSP funds. For incomes at 51 – 80% AMI the new NSP funded subsidy will be 20% with no down payment assistance.

**Pay Requests by Next Day Delivery** – Once your offer has been ratified, please prepare the Funding Reservation Package and the blue Pay Request and transmit to us by Next Day Delivery so that the whereabouts of your documents can be tracked. Please notify your Community Rep that you have a ratified contract. Our policy remains in effect on your receipt of funding within 21 days as we have limited control after it is approved by the Project Management Office. This forecasting method, immediately upon ratification, should give you a window of 30 days or so before a closing is scheduled. Our average turnaround has been approximately 6-10 days for payment of draws.

cc: Basil Gooden, DHCD  
Carmen Bucci, HUD- Richmond