

March 7, 2010

MEMORANDUM

TO: Virginia Neighborhood Stabilization Program Partners

FROM: Denise H. Ambrose, Associate Director

SUBJECT: Notice #NSP-06, Policy Change

Effectively immediately DHCD will institute a change to the NSP closing cost assistance structure. Previous policy allowed for a maximum of \$10,000 in closing costs per home; the first \$5,000 was forgiven at closing and the remaining funds, up to a maximum of \$10,000, were included in the NSP second Deed of Trust. This policy required a tremendous amount of collaboration between all parties (DHCD, Grantee, Loan Officer, Underwriter, Processor, and Title Company) on the day of closing, leading to numerous last-minute changes to the Tracking and Completion Report (TCR) prior to each closing. To date we have collectively resold over 85 homes, and these revisions were creating undue hardship to all parties involved.

NEW POLICY

The new policy will significantly decrease the last-minute changes caused by the fluctuating closing costs and provide an improved service to the client. Up to \$8,000 in NSP closing cost assistance will now be immediately forgiven at closing. The overall threshold for allowed NSP closing cost assistance will be reduced from \$10,000 to \$8,000. As a result of this policy, the NSP Deed of Trust will no longer include the closing cost assistance, instead, it will only reflect the DHCD match and subsidy.

All sales contracts signed by the borrower after March 8, 2011 will be subject to the new policy outlined above. Contracts with a signing date prior to March 8, 2011 can elect to complete the transaction under the old policy.

This policy change will be discussed in detail during the NSP Demystified Webinar on March 8, 2011. A new TCR, Underwriting Explanation Letter, and Loan Closing Instructions Letter will be provided to all Grantees and partners. Again, thank you for participating in the Virginia NSP. Should you have any questions please contact your Community Representative.

cc: Lisa A. Atkinson, DHCD
Carmen Bucci, HUD - Richmond