

NSP Tips 'N Techniques

HUD approval for non profits under NSP

As DHCD has spoken to several of our localities and non profits we have become increasingly aware up to 90% of the LMMI homebuyers may be using an FHA loan to purchase the NSP home. HUD has regulations regarding non profit agencies selling homes to FHA homebuyers and how these homes are titled during acquisition. Local governments and Housing Authorities are exempt from these regulations. If the locality or Housing Authority titles the home in it's name these regulations do not apply; however if the locality is titling the home in the name of a non profit this will impact your NSP.

HUD has 3 approval tiers for non profits. The first tier applies to offering FHA financing on resale and does not apply to NSP. The second approval tier allows a non profit to purchase a HUD home at a discount (up to 50%). The third approval tier allows a non profit to offer secondary financing (closing cost and down payment assistance). HUD has stated this approval process can take 6-8 weeks so you must begin these actions immediately.

The second tier approval– This approval not only allows a non profit agency to purchase HUD homes at a substantial discount it also waives the 90 day FHA anti flipping rule. FHA, in order to curb investors from flipping homes at a large profit, instituted a 90 day anti flipping rule. This rule applies to any home sale where the new homebuyer will be obtaining an FHA loan. **HUD has determined that homes sold under NSP will be waived from this requirement until May 2010.**

The third tier approval– This approval allows the non profit to offer secondary financing on the home behind an FHA loan. In order to record an NSP deferred second trust for closing cost and down payment **a non profit agency must have this approval.**



We are committed to your success

DHCD Update

The NSP competitive round deadline has been extended until **July 1, 2009.**



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HUD Contact for Approval



Ms. Tamie Contois - HOC, Program Support Division
Tamie.Contois@hud.gov

1. Act as a mortgagor using FHA mortgage insurance
2. Purchase HUD homes at a discount
3. Provide secondary financing; See "Application information for secondary financing/ down payment assistance providers."

For New Applicants: HUD is in the process of transitioning to an on-line application system for Nonprofits applying/re-certifying for approval to participate in FHA activities. Starting August 15, 2007 all new Nonprofits that want to obtain HUD approval to participate as a FHA mortgagor, purchase HUD Homes at a discount, or administer a Secondary Financing/ Down Payment Assistance Program must submit an e-mail directly to their local Homeownership Center (HOC), Program Support Division, indicating that your organization would like to apply for approval to participate in FHA Non-profit activities. The e-mail must also include the following information: your organization's legal name, address, and executive director's name and contact information (phone number and e-mail address). Additionally the e-mail should indicate whether the organization is a nonprofit or instrumentality of government, the date of your organization's 501 (C)(3) determination letter and whether your organization has a minimum of two years, within the last five years, of housing development experience. Housing development experience is defined as acquisition, rehabilitation, and sale to low-to-moderate income persons. This e-mail should be sent to the appropriate HOC contact below. After your e-mail is received, HUD staff will send your organization an e-mail with instructions for accessing the on-line application system and a password and user ID.

Bragging Rights

Congratulations to our Latest Grant Recipients

Alexandria	\$ 936,955
Fairfax	\$1,000,000
Habitat for Humanity of VA	\$1,500,000
Hampton	\$2,000,000
Newport News	\$ 700,000
Norfolk	\$1,794,375
Northern Shenandoah Valley Regional Commission	\$2,500,000
PEOPLE Incorporated City of Bristol	\$ 859,330
PEOPLE Incorporated Russell County	\$1,162,670
Portsmouth	\$2,000,000