

NSP Tips 'N Techniques

Acquiring Properties at Auction

Auctions remain a popular choice for home sales throughout the state of Virginia. Properties can be purchased at auction as long as basic steps are taken to ensure NSP guidelines are followed.

The three most popular versions of the home auction are shown below.

- **Online Auction-** Several real estate sites, property liquidators, and online auction providers offer this service.
- **National Property Liquidators**, such as REDC.
- **Courthouse Steps/ Front Yard of the home**

Any of these can be an additional source of REO properties. However there are certain steps you must adhere to in order to use NSP monies for these acquisitions.

Steps

- 1) Identify a property coming up for auction with enough lead time to perform all necessary tasks.
- 2) Physically inspect the property with rehab specialist, realtor, and an appraiser if one can tag along. The banks provide "preview days" prior to the auction. *Remember if the appraiser does not attend the inspection it is imperative to have an accurate as-is BPO from the realtor to determine your discount.*
- 3) Work up numbers to determine opening bid and maximum bid
 - Decide when to put the paddle down
 - If you can not inspect the interior- this may be a property to avoid
- 4) Do you have homeowners lined up for this neighborhood?



We are committed to your success

DHCD Update

Governor Kaine announced the NSP approved grantees for the competitive round.



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Auction Steps cont'd

- 5) Send in prior authorization for acquisition/deposit
- 6) Localities will need to have deposit funds available on auction day
 - auctions require 5-10% deposit in order to bid
 - these funds will need to be certified
 - the locality may need to front these costs and submit for reimbursement through NSP
- 7) Bid Accepted
 - As the buyer, a proof of funds letter will be required within 5-15 days; a copy of the grant award notification should suffice.
 - Closings can occur within 15-30 days
 - If NSP funds are needed for closing, contact your Community Representative, Doug or Monica.
- 8) Go to Auctions, bid with confidence

Bragging Rights

Congratulations to our Newest NSP grantees:

Catholics for Housing	\$ 1,500,000
Chesapeake, City of	\$ 1,500,000
Chesterfield, County of	\$ 500,000
Culpeper, Town of	\$ 1,200,000
Fauquier, County of	\$ 1,500,000
Franklin, City of	\$ 400,000
Lynchburg Neighborhood Development Foundation	\$ 1,000,000
Pathways	\$ 600,000
Virginia Beach Community Development Corporation	\$ <u>1,200,000</u>
TOTAL	\$9,400,000