

Neighborhood Stabilization Program {NSP} e-update



April 2010

Tips 'N' Techniques Newsletter

Expanded definitions of foreclosed and abandoned homes

HUD recently released a Notice, Docket No. 5321-N-03, which expanded the Neighborhood Stabilization Program's (NSP) definition of "foreclosed" and "abandoned." These revisions apply to Virginia's program and are outlined below:

Abandoned:

A home or residential property is abandoned if any of the following occur:

- The mortgage, tax payments, or tribal leasehold are at least 90 days delinquent;
- A code enforcement inspection has determined the home is not habitable and the property owner has taken no corrective actions within 90 days of deficiency notification; or
- The property is subject to court-ordered receivership or nuisance; abatement related to abandonment pursuant to state, local laws, tribal laws or otherwise meets Virginia's definition of an abandoned home or residential property.

Foreclosed:

A home or residential property is foreclosed if any of the following apply:

- The property is at least 60 days delinquent under Mortgage Bankers of America delinquency calculation and the owner has been notified of the delinquency;
- The owner is 90 days or more delinquent on tax payments;
- Under state, local, or tribal law, foreclosure proceedings have been initiated or completed; or
- Foreclosure has been completed and the title has been transferred to an intermediary aggregator or servicer (not an investor) that is not an NSP grantee, contractor subrecipients, developer or end user

Please refer to the April 9 policy memo from Denise Ambrose for more information. We will inform you as we receive additional guidance from HUD on these changes. For the full notice, please visit: <http://hudnsphelp.info/index.cfm?do=viewResourceFile&resourceID=397>

Utilizing HOME funds: The need for a subsidy layering analysis

When HOME funds are being used as leverage, remember that all HOME funds regardless of source (DHCD or any entitlement HOME funds) are used in calculating the affordability period.

Other regulations apply, such as the sale price can not exceed 95 percent of the area median sales price and the need to complete a subsidy layering analysis.

Rehab specialists - Think GREEN -\$45,000 Green Ones

Homes acquired with NSP funds can be upgraded to provide the new buyer with an energy-efficient home that is the cream of the crop alongside other homes for sale within the area.

Make your NSP home the best by utilizing eco-friendly upgrades including: Energy Star appliances (including dishwashers), windows, roofing, insulation, mechanicals, exterior siding materials, and yes...curb appeal. In order to sell that beautiful interior that has been rehabilitated, the homebuyer has to want to stop at the property. Dirt and dead trees have no curb appeal, so think green.....

In March, CDBG regulations were revised to permit the installation of energy efficient (compliant with Energy Star standards) clothes washers, dryers, and dishwashers when done in conjunction with housing rehabilitation and/or sale projects in the NSP program. The following conditions must be met:

- NSP funds have rehabilitated or constructed the homes;
- Installation of such appliances is comparable to unassisted homes in the local housing market (see HOME Program standards);
- Deed restrictions or covenants ensure that the appliances remain in the home, if appropriate; and
- Qualifying appliances meet or exceed Energy Star standards.

Strategic Technical Assistance Team (STAT) visits are underway

Intensive all-day sessions geared at providing hands-on technical assistance and problem-solving are underway! We anticipate great results from these meetings and look forward to seeing you very soon.

Performance pool funds

Several grantees are beginning to request the use of the Performance Pool. Hats off!

Please keep in mind that these funds are on a first-come, first-serve basis. It is essential to keep a close eye on your budget and give DHCD notice as soon as possible if you anticipate running out of funds and wish to tap into the Performance Pool. Do not wait until all of your funds have been obligated. So, get in line now and please contact your community representative for guidance.

Reimbursement of certified renovator lead training

The Environmental Protection Agency's (EPA) Renovation, Repair, and Painting Rule is effective April 22. This rule outlines additional requirements for contractors performing rehabilitation work on all homes constructed prior to 1978. DHCD will reimburse contractors and/or training sponsors (grantees, subrecipients) for training leading to the designation of certified renovator for one representative per contractor.

The reimbursement cannot exceed \$275 per trainee/per eight hour course. Please refer to the April 9 memo from Denise Ambrose regarding reimbursement process for this training. Please contact Keira Johnson at: keria.johnson@dhcd.virginia.gov if you have questions.

REMINDER: Effective April 22 all contractors awarded construction contracts for pre-1978 houses must submit evidence of EPA Certified Renovator training with the first rehabilitation draw-down request. DHCD will reimburse one individual per contractor up to \$275 for training through an EPA authorized trainer through May 15. Both the firm and at least one individual assigned to each NSP house must be certified. All contracts exceeding \$25,000 still require a licensed abatement contractor.

DHCD will allow any construction contract issued prior to April 22 to complete the scope of work. Any contract issued after April 22 must show evidence of the dual certification (firm and individual). For more information visit: http://www.hud.gov/offices/lead/library/lead/rrp_lshr_guidance.pdf

NSP workshop provides counselors with key insight

Housing counselors are an essential part of the NSP equation. Without their knowledge and insight, the resale of NSP homes would grind to a halt.

On March 24 DHCD hosted NSP housing counselors at a half-day work session in Richmond, designed at the suggestion of grantees to correlate with the earlier sessions presented to the grant managers.

The counselors discussed several topics including: new subsidy formulas, homebuyer education, waiting lists, marketing, and interacting with their management team issues, and solutions. Communicating with grant administrators weekly, and getting to know rehabilitation specialists on a first-name basis were two of the main objectives counselors left the session with.



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