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# COMMONWEALTH of VIRGINIA

William C. Shelton  
Director

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Date: March 8, 2011

To: Whom It May Concern

From: Monica Spradlin, NSP Community Representative

Phone: (804) 371-7074

“Grantee A” has been awarded a federal Housing and Urban Development (HUD) grant of \$2,000,000 via the Virginia Department of Housing and Community Development as part of the Neighborhood Stabilization Program (NSP). “Subrecipient A” is one of Grantee A’s partners authorized by this Department to sell 4 Closure Street, Anywhere, VA.

NSP funds are used to acquire vacant foreclosed properties; and rehabilitate and resell them to low, moderate and middle- income families. The intent of the program is to stabilize existing neighborhoods impacted by the recent foreclosure crisis. All funds were obligated for expenditure by September 17, 2010.

This is to verify that grant funds have been allocated for the sale of 4 Closure Street, Anywhere, VA in the estimated amount of **\$59,400** for a NSP eligible homebuyer. These funds may be applied as subsidy, downpayment and closing cost assistance, and are to be secured as a junior lien, with no interest, and will be forgiven within the affordability limit of 15 years. No payments are expected to this Department.

Below is information on NSP funding assistance based on a Sale Price of **\$182,000** and First Trust Amount of **\$129,600**. Please note that a revision to this letter may be necessary once a HUD-1 is provided as a result of a change in the amount of closing cost assistance (not to exceed \$8,000) is needed.

### **SUBSIDY FOR HOUSEHOLDS 51-80% AREA MEDIAN INCOME**

A twenty-percent (20%) subsidy off the sales price is provided to households that are 51-80% of the area median income thus reducing the loan amount needed by the homebuyer from the lending institution. Therefore, **\$36,400** will be available as a subsidy for the client.

*Partners for Better Communities*



[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)

## **CLOSING COST ASSISTANCE**

A maximum of \$8,000 is available for closing costs. Closing costs include all costs necessary for property acquisition including (but not limited to) prepaids, direct legal, tax, permitting, financing charges, surveys, and escrow and appraisal costs. ***If NSP closing cost assistance is \$8,000 or less, then the amount is not required to be returned to DHCD and is immediately forgiven at loan closing.***

Any amounts over the maximum \$8,000 will be required to be paid at closing through sources other than NSP.

## **DHCD NSP MATCH**

In order to ease the burden of mortgage qualification on the home buyer, DHCD will provide **\$15,000** in down payment assistance that will also be included in the junior lien.

## **NSP SUBSIDY FORGIVEN**

Another 3.5% of the sales price, **\$6,370**, will be provided as an incentive that will be forgiven immediately at the time of closing and, therefore, not recorded in the junior lien. Therefore, the amount of the second lien should be an estimated **\$45,030**.