

Foreclosure Project Management Program Program Policy

Program Summary

The “Foreclosure Project Management Program” is designed to allow qualified individuals or organizations to assist and coordinate the purchase and rehabilitation of foreclosed properties. A qualified individual or organization that wishes to participate in the Foreclosure Project Management Program will provide technical assistance to potential homebuyers for a variety of activities, including preparing the potential homebuyer for the purchase of a home, helping the potential homebuyer locate a suitable foreclosed home, providing assistance in the negotiation of the purchase of a previously foreclosed home at a discounted price, coordinating the development of a scope of work for the rehabilitation of a foreclosed home to make it safe and energy efficient, overseeing the successful rehabilitation of the home and providing compliance review and coordination of all applicable guidelines of the Neighborhood Stabilization Program.. The source of funding for the Foreclosure Project Management Program is provided through the Neighborhood Stabilization Program, which will be made available to qualified individuals or organizations to perform eligible activities as outlined in the Foreclosure Project Management Program Procedure Manual, the Foreclosure Project Management Program Notice of Funds Availability (NOFA), and the Foreclosure Project Management Program Policy as approved by the MFA Board of Directors. In addition, properties that are funded, in any capacity, with Foreclosure Project Management Program funds must meet all guidelines and requirements of the Neighborhood Stabilization Program (NSP) and Community Development Block Grant (CDBG) Program as well as applicable HOME Program guidelines.

Eligible Entities:

Entities eligible to participate in the Foreclosure Project Management Program include qualified individuals, non-profit organizations, governmental housing agencies, regional housing authorities, government entities, instrumentalities of the government, tribal governments, tribal housing agencies, realtors, corporations, limited liability companies, partnerships, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA.

Eligible Activities:

Eligible activities include, but are not limited to:

- Qualify potential homebuyers to meet HUD’s requirement that the purchaser’s family income be no more than 120 % of Area Medium Income.
- Identify properties that are foreclosed for purchase by a qualified homebuyer.
- Assist potential homebuyer in negotiating a Contract Price that reflects the required discount of at least 15% of as-is value.
- Arrange for the homebuyer to receive 8 hours of HUD approved homebuyer counseling.
- Obtain an appraisal on the subject property by a New Mexico licensed and certified appraiser, and in accordance with the appraisal standards set forth by the Neighborhood Stabilization Program as detailed in the Foreclosure Project Management Program.

- Provide information to MFA to allow MFA to complete an Environmental Review of the property to be purchased and rehabilitated.
- Obtain a HERS inspection of the foreclosed home
- Assist borrower in obtaining financing with a qualified Participating Lender.
- Assist potential homebuyer in preparing a Purchase Agreement on the property.
- Prepare and secure Scope of Work documentation and determine cost of proposed improvements and/or rehabilitation.
- Assist Participating Lender with loan closing
- Coordinate escrow of Rehab Grant funds.
- Assist homebuyer in retaining a Qualified Contractor to complete the required Scope of Work.
- Provide assistance to potential homebuyer during the rehabilitation phase.
- Obtain final HERS rating and inspect property to ensure rehabilitation is sufficient to satisfy contractual obligations.

Program Terms, Conditions and Descriptions:

1. **Housing Counseling:** Qualified individuals or organizations that participate in the Foreclosure Project Management Program must ensure that the potential homebuyers complete at least 8 hours of pre-purchase counseling with an HUD Approved and MFA certified non-profit or public agency partner prior to purchase of the property.
2. **Eligible Property Types:** Qualified individuals or organizations that participate in the Foreclosure Project Management Program must ensure that the proposed property must have been foreclosed. Beneficiary households that purchase the property must have household incomes at or below 120% of area median income, adjusted for family size and as demonstrated in Exhibit A (2). Exhibit A (2) identifies the maximum allowable purchase price for properties that are facilitated under the Foreclosure Project Management Program. Properties must be owner occupied single family residences (including Manufactured Homes built after 1976) which meet all secondary market guidelines for insurability. Properties constructed before 1978 are required to comply with the same regulatory requirements that apply to Community Development Block Grant (CDBG) programs relating to the Lead Disclosure Rule (24 CFR part 35, subpart A), and the Lead Safe Housing Rule's provisions for rehabilitation (subpart J). All properties must receive a Housing Energy Rating System (HERS) assessment. Homes must achieve a 25% reduction on the final HERS Index from the initial rating, and are not required to increase efficiency beyond the target HERS Index of 85. The process will include an initial assessment, energy improvement specifications, and then a final audit to confirm the house meets the threshold. In addition the purchase price of the home must be purchased at a discount of at least 15% of the appraised value at the time of purchase.
3. **Eligible Foreclosure Program Management Successful Applicants:** Each successful applicant must enter into a fully executed Professional Services Agreement with MFA.
4. **Geographic Requirements:** Initially, properties must be located within the designated areas of greatest need to be eligible to be financed with the Foreclosure Rehabilitation Mortgage Program.

5. **Fees:** Allowable fees under the Foreclosure Project Management Program are \$5000 per completed acquisition/rehabilitation. Fifty percent of the fee can be drawn down upon the closing of the loan Mortgage and 50 percent after the rehabilitation is successfully completed. Fees for HERS ratings, homebuyer counseling, appraisals, and retention funds will be paid by the lender holding the escrowed rehabilitation funds.

6. **Timeliness of Work:** Professional Services Agreement terms will be for eighteen months. However successful applicants must identify a minimum of one potential homeowner and property and have a purchase offer drawn up within four months of signing of Professional Services Agreement or the Agreement will be cancelled.