

MACOMB COUNTY HOMEBUYER ASSISTANCE PROGRAM FOR VACANT FORECLOSED PROPERTIES

PROCEDURES

Macomb County's Homebuyer Assistance Program provides loans to Homebuyers for down payment assistance, closing costs, home improvements or other financing associated with purchasing eligible vacant foreclosed single family homes located within select Macomb County communities. The home must be purchased by the Homebuyer as their primary residence.

Program information is available on the Macomb County website at:
www.macombcountymi.gov.

Successful applicants must follow and complete the program requirements and processes outlined below to receive funding.

APPLICATION PROCESS

- Applicant calls the automated telephone contact at (586) 469-6285 to request a Homebuyer Assistance Application.
 - Applicant will be given the option of receiving the application by three methods. The methods are:
 - via regular mail,
 - Applicant will provide name, address and telephone number.
 - down load from our web site, or
 - pick-up at our office during regular business hours.
- Macomb County clerical staff will log request.
- Homebuyer Coordinator will receive the application and preliminary documentation and create and maintain a Homebuyer Assistance Program case file.
- Homebuyer Coordinator will review the application for completeness. If it appears that the applicant is income and credit eligible for the program, the Coordinator will refer the applicant to Homebuyer Pre-purchase Counseling. Counseling can be completed through either Michigan State University Extension-Macomb or another contracted HUD approved counseling agency.
- Applicants must complete at least eight hours of group and/or individual homebuyer counseling from a contracted HUD approved counseling agency and supply documentation of completion to Macomb County.
- If counseling is to be obtained through Michigan State University Extension-Macomb, an initial individual consultation will be authorized. Upon completion of the individual consultation, counselor will notify Macomb County of the applicant's possibility of eligibility for program participation. A potentially eligible applicant will receive authorization to complete the 6 hour series of classes offered by Macomb County Extension-Macomb and submit documentation of completion to Macomb County. The final hour of individual counseling through

Michigan State University Extension-Macomb will be authorized by Macomb County once the applicant has successfully bid on a prospective property.

- Homebuyer Coordinator will review the application and documentation to determine if applicant should be able to qualify for a mortgage. Applicant is instructed to obtain a mortgage pre-approval from a lender and submit copy to Macomb County. Pre-approval must indicate that lender is aware that Homebuyer will receive a subordinate second mortgage from Macomb County to assist in the purchase.
- Homebuyer Coordinator will review the application package, obtain required verifications and documentation to determine Homebuyer eligibility and prepare an **Eligibility Complete** document for the Homebuyer.
- Homebuyer Coordinator provides the **Eligibility Complete** document to the homebuyer indicating that they income qualify for the Homebuyer Assistance Program.

HOME BUYING PROCESS

PART A

- Homebuyer contacts several banks and/or mortgage companies to explore the best mortgage rates and conditions available and obtain a **good faith estimate** and **pre-approval document**. This information should be at no cost to the potential Homebuyer. The pre-approval document should be submitted to Macomb County and recognize the fact that there will be a subordinate second mortgage.
- Applicant schedules with the Homebuyer Coordinator an individualized session to review their pre-approval mortgage documents and answer any questions they may have. A **Funding Certificate** indicating the amount of funding available to purchase a home is issued. Applicant receives information necessary for the completion of the home-buying process
 - Applicant is instructed to begin looking for a house. He or she must make an offer within 30 days.

PART B

- Homebuyer contacts realtor to assist in identifying a house.
 - Homebuyer will present the realtor with the Funding Certificate.
 - Homebuyer will notify the realtor of the additional conditions that must be included in the purchase agreement.
- Homebuyer seeks and finds a foreclosed vacant house located in one of the participating communities within Macomb County.
- Homebuyer schedules an on-site feasibility assessment with Macomb County.
- The Homebuyer makes an offer to purchase the property.
 - The purchase offer must include all contingencies required by Macomb County.
- Upon acceptance by the seller, the signed Purchase Agreement must be submitted to the Homebuyer Coordinator by the Homebuyer or buyer's representative.
- The Homebuyer Coordinator will review and ensure that all Macomb County required contingencies are included in the Purchase Agreement.

- The Homebuyer Coordinator will schedule an “As-Is” appraisal to be conducted by a Macomb County contracted appraiser at **no cost** to the Homebuyer. This “As-Is” appraisal must be submitted to Macomb County within 5 business days.
 - **The purchase offer must be 15 percent less than the current market appraised value.**

PART C

- Homebuyer applies for a mortgage.
- If Homebuyer is completing Pre-Purchase Counseling through Michigan State University Extension-Macomb, approval will be given to schedule an individual counseling session with a counselor. The counselor will review the purchase agreement, **good faith estimate** and **truth in lending** documents with the Homebuyer and prepare the homebuyer for closing.

HOME INSPECTIONS, HOME REPAIR SPECIFICIATIONS, AND BIDS

- The Homebuyer will be responsible to get applicable utilities turned on for inspections.
- A Home Inspector, and if needed, a Lead Inspector, will be assigned by Macomb County and will make an appointment with the Homebuyer to inspect the property.
 - If a Lead Inspection is necessary, the Lead Inspector will be assigned first and Homebuyer will schedule the necessary inspection within three (3) business days of contact by the Lead Inspector.
 - The Lead Inspector will compile and submit a copy of the Lead Report to the Homebuyer and one to Macomb County within five (5) business days.
 - The Home Inspector will be assigned and provided a copy of the completed Lead Report. The Home Inspector will schedule an inspection with the Homebuyer to be completed within three (3) business days of contact.
 - The Home Inspector will identify the necessary repairs required to comply with U.S. Department of Housing and Urban Development (HUD) Housing Quality Standards (HQS) and state and local building codes, and will identify any energy efficiency items requested by the Homebuyer during the inspection process as alternate items to be possibly completed. The written specifications will be completed and a copy will be delivered to the Homebuyer and one copy to Macomb County.
 - The Home Inspector will compile a set of specifications that identify all the necessary repairs, indicating if they are lead items, and any alternate energy efficiency items requested by the Homebuyer and prepare a cost estimate.
- Specifications will be released to at least three (3) contractors working through the Macomb County Housing Rehabilitation Program for bid.
 - A copy of the specifications and list of contractors invited to bid will be sent to the Homebuyer.
 - A pre-bid meeting scheduled by the Homebuyer with the bidding contractors will be held at the house at a specified date and time.
- Contractors must submit their bids to the Macomb County Department of Planning and Economic Development by the designated date.
 - Bids will be opened at an established date and time.
 - Bids will be reviewed with the Homebuyer.

- The lowest best bidder will be recommended to complete the work.
 - The Homebuyer may chose a higher bidding contractor provided the Homebuyer pays the difference between the lowest best bidder and the selected bidder's price.
- The Homebuyer Coordinator, upon determination of the total housing rehabilitation loan amount, will calculate and convey the amount of down payment assistance to the Homebuyer and the Lender.
- The Homebuyer Coordinator will prepare loan and mortgage documents and arrange for such to be signed by the Homebuyer.
- The Homebuyer Coordinator, in conjunction with the Macomb County Department of Planning and Economic Development financial staff, will expense the down payment assistance and housing rehabilitation loan amounts and have checks prepared.
- The Homebuyer Coordinator will prepare the housing rehabilitation contract and have the Contractor and Homebuyer sign the contract prior to the home purchase closing.
 - The Housing Rehabilitation Contract is between the Homebuyer and the Contractor.
- If the Homebuyer is participating in pre-purchase counseling through Michigan State University Extension – Macomb, the Homebuyer will schedule the final housing counseling session.

HOME PURCHASE AND MORTGAGE CLOSING

- Homebuyer Coordinator in conjunction with the Realtor, Mortgage Lender, Title Company and Homebuyer will establish a closing date.
- Prior to the mortgage loan closing, the Homebuyer Coordinator will review the lenders closing documents to ensure that they are the same as previously submitted.
- Homebuyer must purchase insurance on the property to minimally cover the cost of the mortgage and all Macomb County liens.
 - Macomb County must be listed as a loss payee.
- Homebuyer Coordinator will attend the loan closing and disburse the down payment funds
 - If the loan is a FHA 203 (k) loan, housing rehabilitation funds will be escrowed with the lender.

CONSTRUCTION PROCESS

- The Contractor can begin the home repair work upon notification.
- Contractor to meet with Homebuyer to make selections, gain access to property and schedule starting date.
- The Contractor is responsible for obtaining all necessary building permits.
- Any changes to the specifications must be approved in writing by Macomb County and Homebuyer prior to initiation of the change in work.
- Macomb County issues payments to contractors only after all work has been completed and inspected.
- After all the work is completed, and lead clearance is provided, if necessary, the Housing Inspector will inspect and approve the work to ensure compliance with Macomb County requirements.

- Prior to receiving final payment, the contractor must submit the following completed and signed documents:
 - Certificate of Occupancy, if necessary,
 - all closed municipal permits,
 - Sworn Statement,
 - full unconditional waivers from all subcontractors,
 - Homeowner's Acknowledgement,
 - Homebuyer verifies that the work was completed as identified in the specifications.
 - Minority Report (2516)
- After ensuring that all required paperwork has been received, the Housing Rehabilitation Supervisor will review, approve and submit request for final payment.
- Final payment request will be reviewed and approved by the Community Development Manager.
- If the loan is a FHA 203 (k) loan, the Housing Rehabilitation Supervisor provides documentation to mortgage lender that the rehabilitation work has been completed and authorizes final payment to the contractor.

ALL HOMEBUYER REQUIREMENTS AND WORK HAVE BEEN COMPLETED.