

DeKalb County NSP Second Mortgage Program

Revision Notes

Program Guide Updates Version v1.3

Effective February 9, 2010

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Update Instructions:

Thank you for participating in the DeKalb NSP Second Mortgage Program. ANDP is pleased to offer you guidance in this version 1.2 of the Program Guide.

This is the 2nd update to the Program Guide. Please refer to each applicable section for a program update.

Program Guide page # 8 - Closing Cost

Where applicable under Option D of the Program, the definition of allowable closing costs shall be expanded to be more inclusive of standard closing costs associated with residential transactions. More specifically, to include additional costs that is directly a result of the NSP Regulations. The Program currently allows for origination, attorney fees, title insurance and appraisal. The expanded definition will include:

- Flood Certification Fee
- Prepaid (Mortgage Interest)
- Hazard Insurance Premium
- Hazard Insurance (Reserves to Lender)
- All Title charges (i.e. examination, Document Preparation)
- Recording Fee
- HQS inspection fee

Program Guide page # 9- Repayment

If the Eligible Property is sold, refinanced, or is not occupied as the Borrower's principle residence during the affordable period, the repayment amount will be determined as specified below. ***Please note that Option C & D have been modified.***

Option A & B

100% within the first 18 months of the affordability period
80% 19th through 30th month of the affordability period
60% 31st through 42nd month of the affordability period
40% 43rd through 54th month of the affordability period
20% 55th through 66th month of the affordability period

Option C & D

Under program Options C & D the recapture schedule for NSP second mortgage loan, if property is sold, refinanced or is not occupied as the Borrower's principal residence, shall be 100% within the first 72 repayment months of the affordability period and 20% thereafter. The following modification to the Program Guide accurately identifies the affordable period:

100% within the first 72 months of the affordability period
80% 73rd through 84th month of the affordability period
60% 85th through 95th month of the affordability period
40% 97th through 108th month of the affordability period
20% 109th through 120th month of the affordability period

Program Guide page # 9 – Participating Lenders

The following paragraphs replace the original first paragraph under this heading.

All Participating Lenders will be responsible for origination, underwriting and closing DeKalb NSP Second Mortgage Loans. Participating lenders are also responsible for all communication with borrower regarding their second mortgage loan. Participating Lenders **will not** be

responsible for table funding the second mortgage loan at closing. Atlanta Neighborhood Development Partnership, Inc. will be the lender responsible for funding the second mortgage.

Program Guide page #12 - Minor Repairs and Final Inspection
The following paragraph replaces the original paragraph

The intent of the NSP Second Mortgage Program is to increase the affordability of the purchase of a home for the potential home buyer. As such, a portion of the zero percent (0%) Second Mortgage loan will be allocated to a principal write down of the first mortgage principal balance and no more than 50% of the second mortgage will be allocated for minor repairs for all options (A, B, C and D). The required repairs are dictated by a Housing Quality Standard (HQS) assessment.

The first mortgage lender will be responsible for establishing the repair escrow at closing, monitoring the completion of minor repairs, payment of contractors, and obtaining final inspection reports and lien waivers to document compliance with the DeKalb NSP Second Mortgage Program.

Any and all exceptions are subject to approval by DeKalb County.

Program Guide page #14 –Lender Administration Fee
Formerly referred to as to NSP Origination Fee

The approved Participating Lender will receive a NSP Flat Fee in the amount of \$750.00.

As an incentive to the lending institutions, the \$750 flat rate fee is applicable and paid for each loan closed under the DeKalb NSP Second Mortgage Program.

Program Guide page #18 – ANDP Underwriting Period

The internal review period for ANDP's compliance underwriting and approval of the NSP second mortgage loan shall be extended from five (5) business days to seven (7) days. This review period will include a three (3) day review period for ANDP and three (3) days for DeKalb County. The lender would be provided an approval on the seventh day.

Review period will begin once ANDP is in receipt of a completed underwriting package.

Program Guide page # 21 –Loan Closing Documents (Notice to Seller Guidance)

When HUD REO is the Seller of the foreclosed subject property, execution of the DeKalb NSP Form 7- Sales Contract Addendum and Notice of Seller only will not be required.

Program Guide page # 21 –Title Insurance Policy

A second tile policy is not required for the DeKalb NSP Second Mortgage Loan.

Program Guide page #58 – Forms

Updated DeKalb NSP Forms may be found on the website at www.andpi.org/dekalb