

GWINNETT COUNTY

NEIGHBORHOOD STABILIZATION PROGRAM

Gwinnett County has established the Neighborhood Stabilization Program (GCNSP) to help stabilize neighborhoods where home values and conditions are deteriorating due to a large number of foreclosed homes, and to provide affordable housing to low, moderate and middle income homebuyers. To address the problems, the County acting through the GNSP, will purchase foreclosed properties in targeted areas, and sell the properties to qualifying homebuyers.

The United States Department of Housing and Urban Development (HUD) has announced that Gwinnett County will receive \$10.5 million to fund the program, and the County will also receive \$3.0 million of HUD funds from the Georgia Department of Community Affairs (DCA). Gwinnett County ranks as one of Georgia Counties with the largest number of foreclosed homes, subprime mortgages and delinquent mortgages, according to figures compiled by HUD. The county has set as its goal to purchase, rehabilitate and sell over 100 homes over the next year and a half.

IMPLEMENTATION

Gwinnett County will select Asset Management Entities (AMEs) using the normal selection process to assist the GCNSP purchase, manage, rehabilitate and sell foreclosed properties in targeted areas. The properties will be offered to low, middle and moderate income homebuyers. The program will be implemented as follows:

IDENTIFICATION OF PROPERTIES TO BE PURCHASED - The AMEs will have the responsibility of identifying homes to be purchased. They will seek input from real estate brokers, financial institutions, non-profit institutions, neighborhood organizations and all others who are aware of or own foreclosed properties. With GCNSP approval of a specific property and the price and terms of the purchase, the selected AMEs will negotiate for the purchase of the home. The purchase price can not be greater than 85 percent of the appraised value.

PURCHASE AND SALES AGREEMENT – The AMEs will enter into Purchase and Sales Agreements for the properties. The agreements will include an Option Clause allowing for due diligence. All agreements must be approved by GCNSP. The earnest money will be held by the GCNSP attorney assigned to this property.

DUE DILIGENCE - During this period the following will take place: 1) title search; 2) home inspection including a cost estimate for rehabilitation; and 3) appraisals to determine before and after rehabilitation values. The GCNSP attorney will be asked to review any special stimulations presented by the seller. The AME and the GCNSP will negotiate a price for the rehabilitation.

CLOSING OF THE SALES AGREEMENT - Upon approval of GCNSP, the AME will immediately enter into a binding agreement to acquire the property, using an interest free loan from the GCNSP, payable on the sale of the property. The GCNSP attorney will close the sale.

MANAGEMENT, REHABILITATION AND MARKETING - The AME will maintain the property including paying tax, utilities, homeowner fees and other reoccurring fees. The asset manager will rehabilitate the property according to the agreement with GCNSP. A contractor licensed in the State of Georgia must oversee the rehabilitation. The AME will engage a licensed real estate broker to market the home, including placing the property in the listing services. The broker and/or its agents must be knowledgeable about FHA mortgages and the requirements of the housing assistance programs offer through GCNSP.

BUYER ASSISTANCE – The goal of providing affordable housing will be addressed through providing down payment assistance and deferred payment second mortgages. Emphasis will be on first time homebuyers.

SALE AND CLOSING OF THE PROPERTY - Upon completion of rehabilitation, the property will be sold by the asset manager to a qualified homebuyer approved by GCNSP. The sales price can not be greater than the NSP investment in the property. At closing, the buyer's first mortgage and secondary loans available through GCNSP will be closed. GCNSP will pay the buyer's closing cost and assist with establishing escrow accounts. The asset manager will be paid the balance owed for the rehabilitation and a reasonable developer's fee. The asset manager will repay the interest free loan used to purchase the property and is responsible for seller's closing cost and real estate fees. The GCNSP attorney assigned to the property will close the sale and loans.

REINVESTMENT – The funds repaid by the asset manager will be reinvested to purchase additional foreclosed properties and to assist other neighborhoods and low, moderate and middle class income homebuyers.