

Foreclosure Rehabilitation Acquisition Program (FRAP)

The Prince William County Office of Housing and Community Development's Foreclosure Rehabilitation Acquisition Program (FRAP) uses Neighborhood Stabilization Program funding through the Housing and Economic Recovery Act of 2008 to provide new homebuyers financial counseling, Homeownership Education, deferred loans for downpayment, closing costs, energy efficiency improvements or rehabilitation for purchase of foreclosed properties in targeted census tract areas within Prince William County, City of Manassas or City of Manassas Park. Available funding is estimated to provide 50 households purchase in Prince William County, 6 in the City of Manassas, and 2 in the City of Manassas Park. First trust financing must be obtained from local lenders that have been designated as Virginia Housing and Development Authority (VHDA) approved lenders.



Applicant Eligibility Criteria

For purposes of determining eligibility for the FRAP Program the income, assets and circumstances of all individuals, persons, families or households currently residing together (whether related by blood, marriage, adoption, or unrelated), and others anticipated to occupy the housing unit will be considered, and must meet all program requirements.

- ◆ All individuals, persons, families and/or household members must be U.S. Citizens, U.S. non-citizen nationals, or qualified alien legally admitted to the U.S. with valid USCIS documents.
- ◆ Homebuyer status: At the time of application to settlement no household member may have ownership interest (own, purchase, co-sign on a loan, inherit, etc. regardless of whether they lived there) in a home or other residential property anywhere in the United States, foreign land or country.

- ◆ Gross household annual income is projected forward for one year from date of settlement. Household income can not exceed 120% area median income (AMI), per the table below. Interest from assets is added to income in determining eligibility. Interest on assets over \$5,000 is imputed @ the HUD determined passbook rate. For assets over \$5,000, the greater of the actual interest earned, or interest imputed at the passbook rate is included as income. Households must meet these income guidelines up to, and projecting forward for one year from the day of settlement. Actual or anticipated increases in income must be reported within 10 days of occurrence or notification.

1 Person	2 Person	3 Person	4 Person
\$86,250	\$98,600	\$110,900	\$123,250
5 Person	6 Person	7 Person	8 Person
\$133,100	\$142,950	\$152,800	\$162,700

- ◆ Previous recipients of HAP or other homebuyer program funds who met all terms of the Deed of Trust and have repaid all loan funds may apply, provided they currently do not own property.
- ◆ Certificate of Completion of the program's financial counseling and homeownership educational requirements no more than one year old.
- ◆ Minimum of 2 years since discharge of bankruptcy.
- ◆ Sufficient income and good credit to qualify for a first trust FHA, VHDA, VA or conventional loan from a VHDA approved lender at interest rate within 1% of current market rate.
- ◆ First trust financing must be obtained through a VHDA approved lender at fixed rate, or buydown. No ARM's, balloons, interest only, negative amortization loans allowed.
- ◆ Borrowers are required to obtain a first trust loan for which they can qualify according to FHA, VA, VHDA or Conventional standards with Income/Debt ratios 29/41. The FRAP program may consider expanded qualifying ratios not to exceed 33/45 on case by case basis with demonstrated ability to pay or save at higher level for at least the prior six months.
- ◆ Borrower is required to have 1.75% of the sales price from personal funds invested in the purchase transaction for program allowable costs such as earnest money deposit, loan application fee, credit report, home inspection, appraisal and other closing costs as required by first trust financing.
- ◆ Specific requirements of first trust financing may cause the contribution to exceed 1.75% of the sales price.
- ◆ Processing fees charged to borrower by the Selling Agency, can not be paid by the FRAP Program, and can not be considered toward the 1.75% household contribution.

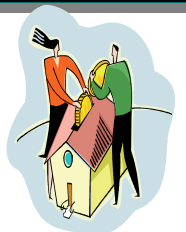
FRAP Loans

Option 1 Downpayment /Closing Cost Loan +Rehabilitation Loan	Option 2 Downpayment/Closing Cost Loan +VHDA SPARC
Downpayment up to \$10,000 +Actual Closing Costs up to 6% of sales price Rehabilitation Loan up to \$30,000 for repairs, energy improvements, replacement of aging systems **Cannot use VHDA SPARC with Rehab Loan	Downpayment up to \$40,000 +Actual Closing Costs up to 6% of sales price -No funds for rehabilitation -Qualifying households may access VHDA SPARC primary financing at .5% below VHDA 1st time homebuyer rate

- ◆ Downpayment/Closing cost assistance loan will be in the form of an interest free, 30 year deferred loan which is secured by a deed of trust in second position behind the first trust loan.
- ◆ The rehabilitation assistance will be an interest free, 30 year deferred loan secured by a deferred deed of trust in third position behind the downpayment/closing cost loan.
- ◆ The principal amount of the FRAP loans along with a share in the market appreciation equal to the percent of FRAP funds in the original acquisition and rehabilitation cost will be due upon sale, refinance with cash out, movement off the property, or any other breach of the deed of trust. If all conditions of the deeds of trust are fulfilled, the FRAP loans will be entirely forgiven after 30 years.
- ◆ The FRAP loans will not be subordinated for any other loan, or for refinance of the first loan for the purpose of removing equity for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, etc.).

Maximum Project Cost

For acquisition without rehabilitation the initial purchase price cannot exceed HUD established FHA limits. For acquisition with rehabilitation the estimated after rehabilitation value cannot exceed HUD established FHA limits.



Property Eligibility

Properties purchased:

- ◆ Must be foreclosed, bank owned and vacant
- ◆ Must be located within one of the ten targeted census tracts in Prince William County: Census Tracts 9002, 9004, 9006, 9007, 9008, 9009, 9012, 9015, 9016, 9017. City of Manassas Census Tracts 9101, 9102, 9103, 9104. City of Manassas Park Census Tract 9201.
- ◆ Must be acquired at 1% discount from the current market appraised value as determined by a licensed appraiser not more than 60 days prior to the purchase offer.
- ◆ Must be purchased for owner occupancy and remain the principal residence of the purchaser.
- ◆ Property must be inspected by a licensed Home Inspector.
- ◆ Property must be inspected by Housing Staff for HUD Housing Quality Standards (HQS), and needed repairs.
- ◆ Serious health and safety issues (code violations, fire hazards, etc.) as determined by Home Inspector must be corrected before settlement.
- ◆ Properties built before 1978 with chipping/peeling paint must be tested for lead paint. Areas testing positive for lead paint will require correction of defective surfaces in accordance with Federal Lead-Based Paint Requirements using a certified lead abatement contractor, and providing satisfactory clearance test results conducted by an independent certified lead paint inspector. Areas testing negative for lead must be scraped and repainted with two coats of paint. In the case of acquisition with rehabilitation, the correction may be included in the rehabilitation assistance.
- ◆ First Trust Lender appraisal must be a minimum of the Contract Sales Price.

Applications

Go to www.pwcgov.org/housing and complete the FRAP Application Readiness Self Check to determine if you are ready to apply. If so, complete the program education requirement and submit a completed Application Packet, also available on the website or by calling 703-792-7530. There will be no FRAP Waiting List. FRAP funds will be awarded only upon successful completion of all phases of the application and purchase process as outlined for the program. Purchase Contracts written prior to FRAP authorization are not eligible for funding

Application and Purchase Process

First: Complete the FRAP Application Readiness Self Check.

Second: All Adults must have a Certificate of Completion for the Homebuyer Education issued by the Prince William County Office of the Virginia Cooperative Extension. Go to www.pwcgov.org/vce/fined for class schedules and Financial Assessment appointment process.

Phase I: Applicant must complete the FRAP application and submit all required documentation, including Certificate of completion of the Homebuyer Education, and Lender Pre Qualification form. Only completed applications with all required documentation will be reviewed. Application will be screened for income and program eligibility by OHCD Staff.

Phase II: Eligible applicants, their Realtor and Lender will be scheduled to attend a mandatory FRAP Informational Session to learn about the program's home selection requirements. Certificate of Readiness will be issued authorizing search for foreclosed property in targeted areas.

Phase III: When a foreclosed property is identified for purchase, OHCD must certify that the property is in a targeted area. OHCD will issue a Property Eligibility Letter authorizing the applicant to write a purchase contract. Before submitting a Sales Contract to the Listing Agent OHCD must review and approve the proposed Contract for compliance with FRAP requirements. The final agreed upon sales price must be at least 1% below the current market appraised value to qualify for FRAP funding.

Phase IV: Ratified Contract is submitted to OHCD for review of compliance with FRAP program requirements along with Purchaser Under Contract Pre Qualification Form and Good Faith Estimate. OHCD will issue FRAP funding commitment for downpayment and closing cost loan. Home Inspection and HUD HQS inspection are completed to assess need for repairs, rehabilitation, energy improvements.

Phase V: Purchaser makes formal loan application with first trust lender. OHCD issues Closing Instructions to the lender and settlement company. First trust lender issues loan commitment. OHCD reviews draft HUD 1 seven to ten days prior to settlement, prepares FRAP loan documents. FRAP funds are wire transferred to settlement agent for settlement.

Rehabilitation Phase occurs after settlement.

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FRAP Acquisition Guidelines

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