

# Foreclosure Rehabilitation Acquisition Program

## Before you Apply...

## FRAP Quick Facts

### Special Requirements:

- Applicants must be credit worthy to qualify for a first trust loan from a VHDA approved lender
- Only VHDA approved lenders may participate
- Purchaser must occupy property purchased as their principal residence
- Program has no funding for Investors
- All adult household members must complete the Financial Counseling and Homebuyer Education, and have a Certificate of Completion before submitting a FRAP Application
- There will be no FRAP Waiting List
- FRAP funds will only be awarded upon successful completion of all Five Phases of the application and purchase process
- Purchase Contracts written prior to FRAP authorization are not eligible for funding
- Properties must be foreclosed, bank owned, vacant
- Properties must be in targeted Census Tract Areas

**Step 1 Complete the FRAP Application Readiness Self Check** available at [www.pwcgov.org/housing](http://www.pwcgov.org/housing) to determine if you are ready to apply. This step will help you determine if you meet some basic eligibility criteria and are credit worthy to qualify for a first trust loan from a VHDA approved lender. If you learn you can't qualify for first trust financing, you will not be able to purchase through the FRAP Program.

**Step 2 Obtain Homeownership Education Certificate.** If you meet the basic eligibility requirements in Step 1 all adults, regardless of whether they are on the first trust loan, must have a Certificate of Completion for 3 educational components:  
 \*Financial Assessment  
 \*SmartMoney Management  
 \*Home Ownership Seminar

**For Financial Assessment appointment contact**  
 Prince William County Office of Virginia Cooperative Extension (VCE)  
[www.pwcgov.org/vce/fined](http://www.pwcgov.org/vce/fined) for time, dates & locations, then to make an appointment email [smartmoney@pwcgov.org](mailto:smartmoney@pwcgov.org) or call 703-792-6289 Option 5

**To attend SmartMoney Management and Home Ownership Seminar obtain class schedule at**  
[www.pwcgov.org/vce/fined](http://www.pwcgov.org/vce/fined) no pre-registration required, arrive 15 minutes early to register and obtain class materials.

VCE will issue your Certificate of Completion the first week of the month after all 3 requirements have been met.

**Step 3 Make copies of documents** for each person in the household as required for application submission:  
 \*Birth Certificates or USCIS Documents

- \*Social Security Cards
- \*Drivers Licenses
- \*2 months recent consecutive pay stubs for each job, and each person employed
- \*Current Verification of other household income (i.e. benefits, support, alimony, Social Security, pension)
- \*Six months recent Checking Statements
- \*Recent statements for savings, mutual funds, retirement accounts, bonds, etc.
- \*Federal & State Tax return and W-2s for tax year 2008 for each adult
- \*Current tri merge Credit Report for all adults
- \*Certificate of Completion of Homebuyer Education issued by PWC Cooperative Extension Office

**Step 4 Obtain FRAP Application** for Prince William County, City of Manassas or City of Manassas Park available at [www.pwcgov.org/housing](http://www.pwcgov.org/housing) 703-792-7530 703-792-4364 TTY



This Publication is for use in conjunction with the Introduction to FRAP Brochure available at [www.pwcgov.org/housing](http://www.pwcgov.org/housing)



## Application and Purchase Process... Five Phases

Phase I	Phase II	Phase III	Phase III	Phase III
<p><b>Application Process</b></p> <p><b>Step 1</b> - Effective July 1, 2009 Prince William County Office of Housing (OHCD) will administer the FRAP Program for the Prince William Area (Prince William County, City of Manassas, and Manassas Park).</p> <p><b>Step 2</b> - Obtain Application from OHCD, complete, sign and return the Application</p> <p>No FAXes—only complete applications with all required documentation will be reviewed.</p> <p><b>Step 3</b>-Application will be screened for eligibility by staff. Eligible applicants will be sent a letter to attend Informational Session .</p>	<p><b>Informational Session</b></p> <ul style="list-style-type: none"> <li>• The Informational Session must be attended by Applicant, Lender and Realtor (the Team).</li> <li>• The Team will be briefed on the FRAP purchase requirements.</li> <li>• A Certificate of Readiness will be issued at the meeting allowing the Team to search for foreclosed, bank owned, vacant properties in the Targeted Census Tract Areas.</li> <li>• Available funding is estimated to assist with purchase/rehab of approximately 50 properties in Prince William County, 6 properties in the City of Manassas and 2 properties in the City of Manassas Park .</li> </ul>	<p><b>Step 1 - Property Selection</b></p> <p>Property must be located within targeted Census Tract Areas: Prince William County Census Tracts 9002, 9004, 9006, 9007, 9008, 9009, 9012, 9015, 9016, 9017</p> <p>City of Manassas all four Census Tract within the City of Manassas 9101, 9102, 9103, 9104</p> <p>City of Manassas Park Census Tract 9201 old Manassas Park</p> <p>Property must be foreclosed, bank owned, and vacant. Final agreed upon Contract Price must be at least 1% below current Fair Market Appraised value as determined by a licensed appraiser within 60 days of the offer.</p>	<p><b>Step 2 - Review Property Selection</b></p> <ul style="list-style-type: none"> <li>• When property is identified, MRIS Listing must be submitted for review of location in eligible Census Tract.</li> <li>• Property Eligibility Letter will be issued to the Team which states the property address and Census Tract Location and list the Contract contingencies required in connection with the FRAP program.</li> </ul>	<p><b>Step 3 - Review of Appraisal and Sales Contract</b></p> <p><b>Before</b> submitting a Sales Contract to the Listing Agent, Staff must review and approve</p> <ul style="list-style-type: none"> <li>• If bank's appraisal is used, the Appraisal and proposed Contract must be submitted for determination of allowable Contract Price and required contingency language</li> <li>• If a Contract is written contingent upon the final agreed sales price being at least 1% below the appraised value, the Contract must be submitted for review and approval of Contract language and required contingencies</li> </ul> <p>Phase IV and V continued next page</p>

## FRAP Quick Facts

December 7, 2009 4th Edition

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## Application and Purchase Process– con't

### How to Locate Census Tracts

- [www.pwcgov.org](http://www.pwcgov.org)
- E services
- County Mapper
- Select Census Tract on Legend  
Check Boxes: Visible, Active
- Click "Apply Changes"
- Search by Address Option on Right will show the property location and list the Census Tract

**Properties purchased must be Foreclosed, Bank Owned and Vacant in approved Targeted Census Tract Areas**

### Phase IV

#### Ratified Contract

After the Contract is Ratified it must be returned to OHCD along with

- Copy of legible ratified contract
- Copy of Lead Paint addendum
- Signed Voluntary Sale program form
- Completed Program Information Sheet
- Purchaser Under Contract Form

### Phase V

#### Loan Process

- Letter of FRAP Loan Commitment given to Team
- Purchaser makes formal loan application with first trust lender
- OHCD/MHTF sends Lender and Settlement Company Closing Instructions for FRAP loan
- First Trust Lender must have final Loan Closing figures to settlement company 7-10 days prior to settlement for preparation of Draft HUD 1

## FRAP Loan Repayment Terms

- Downpayment and 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 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 will cost will be due upon sale, refinance with cash out, movement off the property, or any other breach of the deeds of trust

- If all conditions of the deeds of trust are fulfilled, the FRAP loans will be entirely forgiven after 30 years
- The FRAP loan will not be subordinated for any other loan, or for refinance of the first loan for purposes of removing equity for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, etc

## FRAP Provides Two Loan Options

### Option 1

#### Downpayment/Closing Cost + Rehabilitation Loan

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

The loan for rehabilitation is provided after settlement and is secured as a third Deed of Trust filed in the Land Records.

OHCD Housing Rehabilitation specialists will work with the homebuyer to identify areas that need repairs or improvements and will coordinate the rehabilitation process with licensed contractors

### Option 2

#### Downpayment/Closing Cost Loan + VHDA SPARC

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

## Only VHDA Approved Lenders May Participate

First trust financing must be obtained from local lenders that have been designated as Virginia Housing Development Authority Approved (VHDA) approved lenders.

VHDA approved lenders are listed at [www.vhda.com](http://www.vhda.com)

Click on "Find a Lender"

The VHDA approved lender can determine if you are credit worthy as discussed on Page 1, Step 1.

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