

# Neighborhood Stabilization Program

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## Closing Documents & Procedures

# CITY/COUNTY AS GRANTEE

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- GENERAL INFORMATION
- FILE CONTENTS
- RENTAL
- HOME OWNER (Phase 1: Acquisition Rehab)
- HOME OWNER (Phase 2: Resale with HO Subsidy)
- HOME OWNER (Phase 2: Resale without HO Subsidy)
- HOME OWNER (Mandatory Deed Language)
- Foreclosure Survivability Exception

# Grantee: City/County

## General Information

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- Where the City/County is the grantee and there is a third party developer, the City/County is the “Responsible Entity” and responsible for compliance issues.
- The original Mortgage and Deed Restriction should be filed with the County Recorder of Deeds and returned to the Responsible Entity (City/County).

# Grantee: City/County

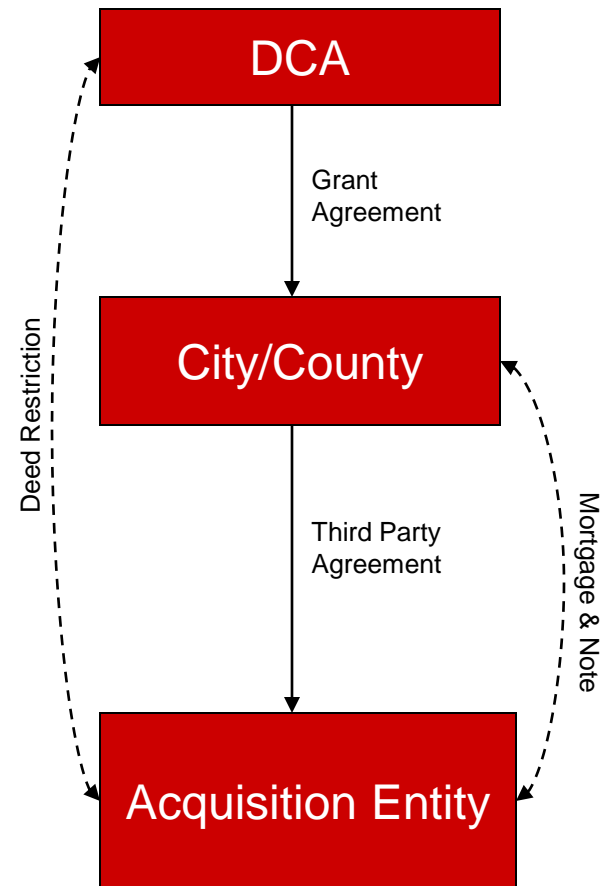
## File Contents

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- Responsible Entity:
  - Original Recorded Mortgage
  - Original Recorded Deed Restriction
  - Original Mortgage Note
  - Original Forgivable Homeowner Note (If applicable)
  - Original Recorded Forgivable Homeowner Mortgage (If applicable)
  - Original Recorded Deed (If applicable)
- State:
  - Copy of all the above documents

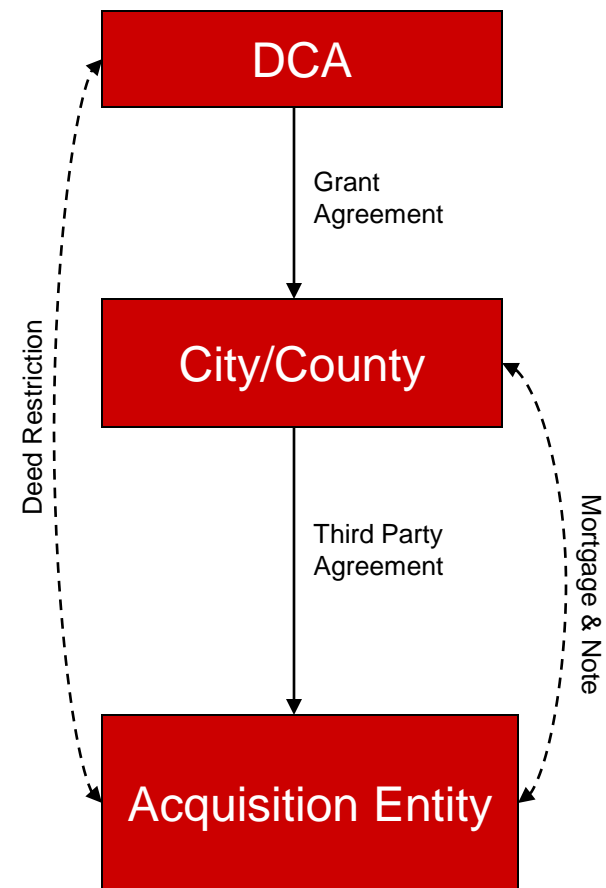
# Grantee: City/County Third Party Developer Rental

- ❑ Grant Agreement between DCA and County/Muni
- ❑ Third Party Agreement between Muni/County and Developer
- ❑ Mortgage & Note between Acquisition Entity (Developer or Holding Company) and County/Muni
- ❑ Deed of Easement and Restrictive Covenants (Deed Restriction) between Acquisition Entity and DCA
- ❑ Separate set of closing documents for each property



# Grantee: City/County Third Party Developer Home Owner (Phase 1 : Acquisition Rehab)

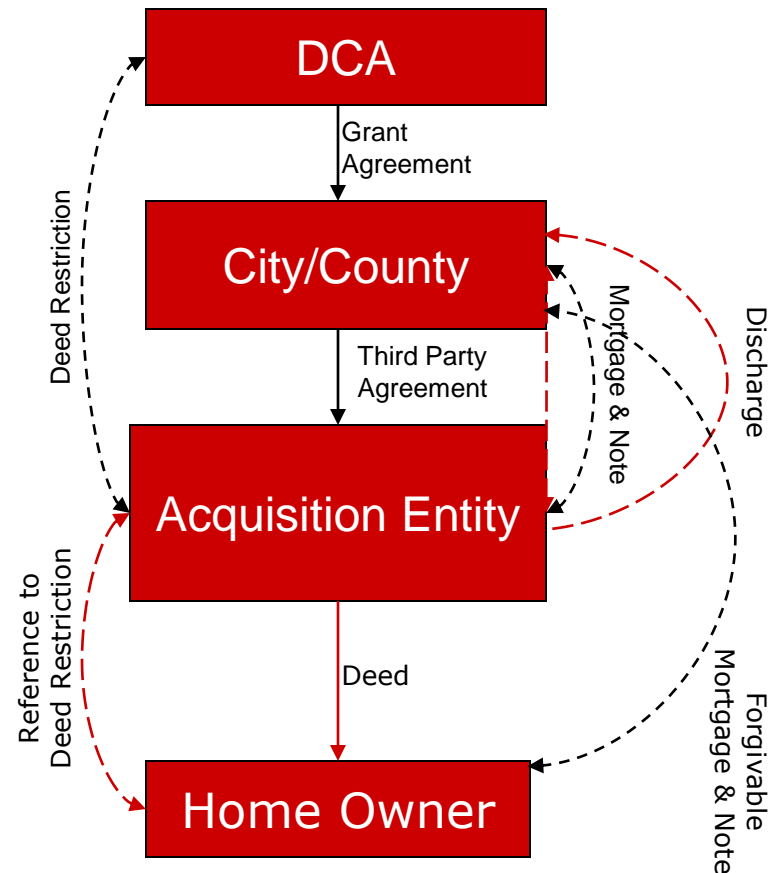
- ❑ Grant Agreement between DCA and County/Muni
- ❑ Third Party Agreement between Muni/County and Developer
- ❑ Mortgage & Note between Acquisition Entity (Developer or Holding Company) and County/Muni
- ❑ Deed of Easement and Restrictive Covenants (Deed Restriction) between Acquisition Entity and DCA
- ❑ Separate set of closing documents for each property



# Grantee: City/County Third Party Developer Home Owner (Phase 2: Resale with HO Subsidy)

At resale to qualified household:

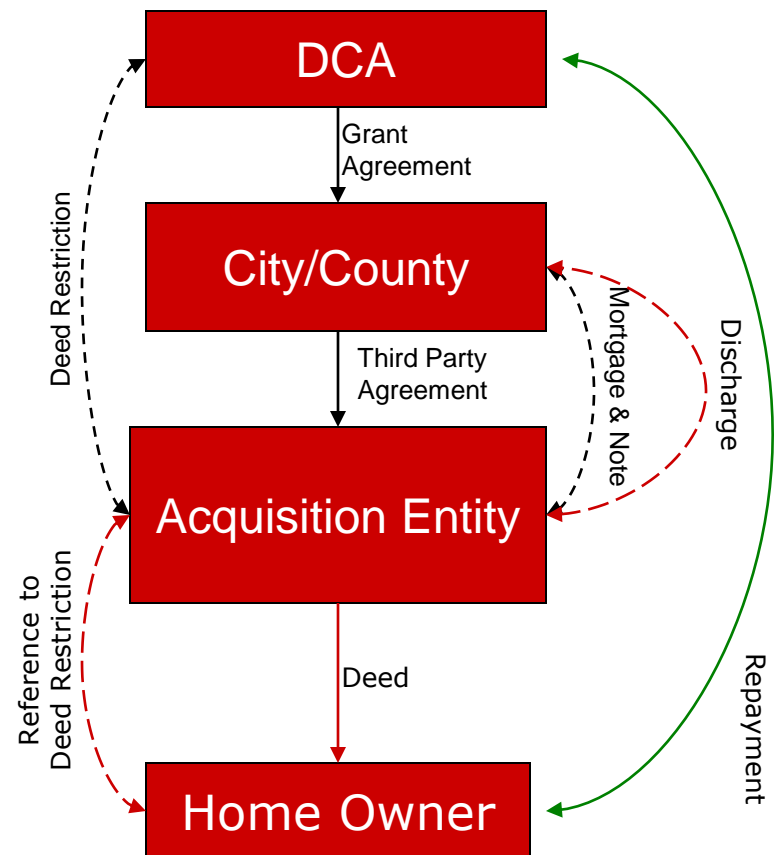
- ❑ County/Muni will release mortgage and replace with forgivable mortgage and note between County/Muni and Homeowner (HO)
- ❑ Forgivable Mortgage may be subordinated to a purchase money mortgage
- ❑ Deed from Acquisition Entity to HO must specifically reference and incorporate the Deed Restriction
- ❑ THE DEED RESTRICTION WILL NOT BE RELEASED UNTIL THE TERM EXPIRES



# Grantee: City/County Third Party Developer Home Owner (Phase 2: Resale without HO Subsidy)

At resale to qualified household:

- ❑ County/Muni will release mortgage upon receipt of payment from proceeds of sale to Homeowner (HO)
- ❑ Repaid sale proceeds will be treated as program income.
- ❑ Deed from Acquisition Entity to HO must specifically reference and incorporate the Deed Restriction
- ❑ **THE DEED RESTRICTION WILL NOT BE RELEASED UNTIL THE TERM EXPIRES**





# **Grantee: City/County Third Party Developer Home Owner (Mandatory Deed Language)**

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For all Homeowner Projects, the Deed transferring the property from the Acquisition entity to the eligible Homeowner, and every subsequent transfer of the property during the restricted period, SHALL contain the following language:

“Sale and use of the Property is governed by the *Deed of Easement and Restrictive Covenants* that was filed against the Property and recorded on \_\_\_\_\_, 20\_\_ in Deed Book \_\_\_\_\_ at pages \_\_\_\_\_ through \_\_\_\_\_, in the offices of the Clerk, County of \_\_\_\_\_ (the “Restrictions”), and is subject to all remedies set forth in the Restrictions.”

# **Grantee: City/County Foreclosure Survivability Exception (FHA and FreddieMac)**

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Generally, NSP Deed Restrictions are superior to and survive foreclosure. However, DCA will agree to subordinate a NSP Deed Restriction to a NSP eligible homeowner's purchase money first mortgage for FreddieMac or FHA insured first mortgage only.

# Grantee: City/County Foreclosure Survivability Exception (FHA and FreddieMac)

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## Exception Requirements:

- ❑ Grantee must submit a written request to DCA;
- ❑ Written request must be supported by documentation that the exception is necessary to comply with FHA or FreddieMac underwriting requirements;

# DEVELOPER AS GRANTEE

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- REVIEW OF ACQUISITION ENTITY
  - Articles of Incorporation
  - Agreement between Developer and Acquisition Entity
  - Certificate of Good Standing
- GENERAL INFORMATION
- FILE CONTENTS
- RENTAL
- HOME OWNER (Phase 1: Acquisition Rehab)
- HOME OWNER (Phase 2: Resale with HO Subsidy)
- HOME OWNER (Phase 2: Resale without HO Subsidy)
- HOME OWNER (Mandatory Deed Language)
- Foreclosure Survivability Exception

# Grantee: Developer

## General Information

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- Where the Developer is the grantee, the State is the “Responsible Entity” and responsible for compliance issues.
- The original Mortgage(s) and Deed Restriction should be filed with the County Recorder of Deeds and returned to the Responsible Entity (DCA).

# Grantee: Developer

## File Contents

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- Responsible Entity:
  - Original Recorded Mortgage
  - Original Recorded Deed Restriction
  - Original Mortgage Note
  - Original Forgivable Homeowner Note (If applicable)
  - Original Recorded Forgivable Homeowner Mortgage (If applicable)
  - Original Recorded Deed (If applicable)
- Developer:
  - Copy of all the above documents

# Grantee: Developer

## Review of Acquisition Entity

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Where title is taken by business entity other than Developer/Grantee (i.e. holding company or LLC).

- Request the following documents:
  - Certificate of Good Standing for Acquisition Entity
  - Articles of Incorporation
  - Agreement between Developer/Grantee and Acquisition Entity

# Grantee: Developer Review of Acquisition Entity

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Certificate of Good Standing for Acquisition Entity:

- Issued by the State and indicates that the Acquisition Entity is authorized to do business within the State of New Jersey.



# Grantee: Developer Review of Acquisition Entity

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## Articles of Incorporation:

- Review purpose of Acquisition Entity to ensure that the business was formed for the purpose that it is undertaking.

# Grantee: Developer Review of Acquisition Entity

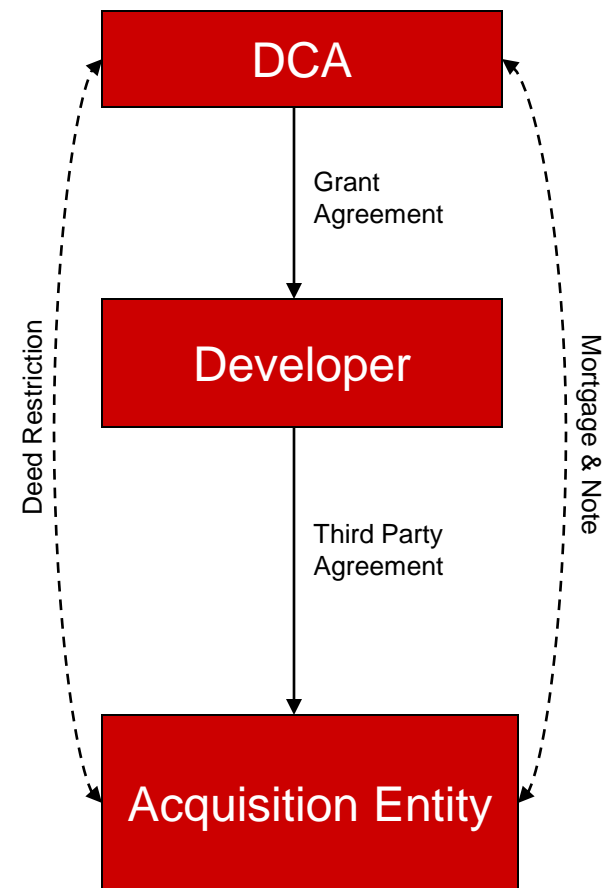
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Agreement between Developer/Grantee  
and Acquisition Entity :

- Should contain all provisions which are required in a third party agreement.

# Grantee: Developer Rental

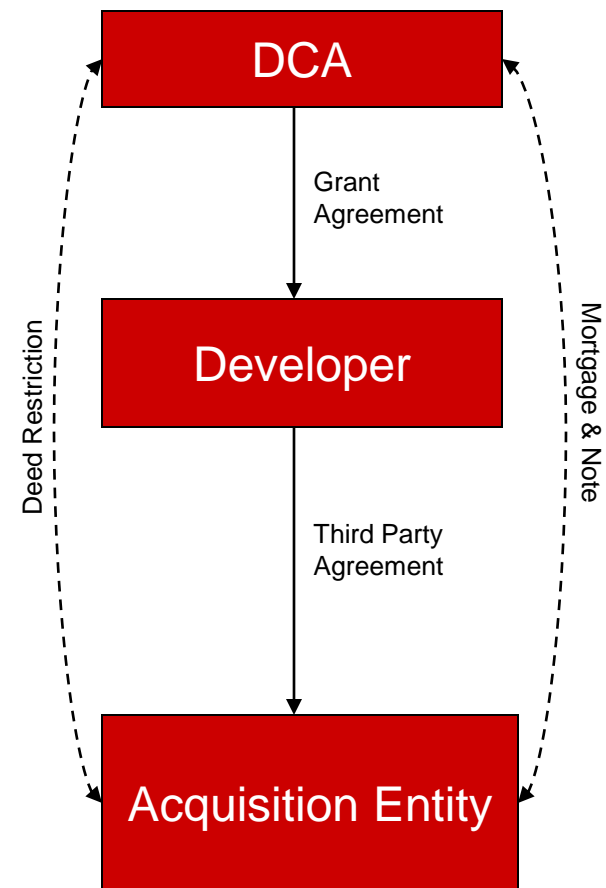
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- ❑ Mortgage & Note between Acquisition Entity (Developer or Holding Company) and DCA
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- ❑ Do separate set of closing documents for each property



# Grantee: Developer

## Home Owner (Phase 1 : Acquisition Rehab)

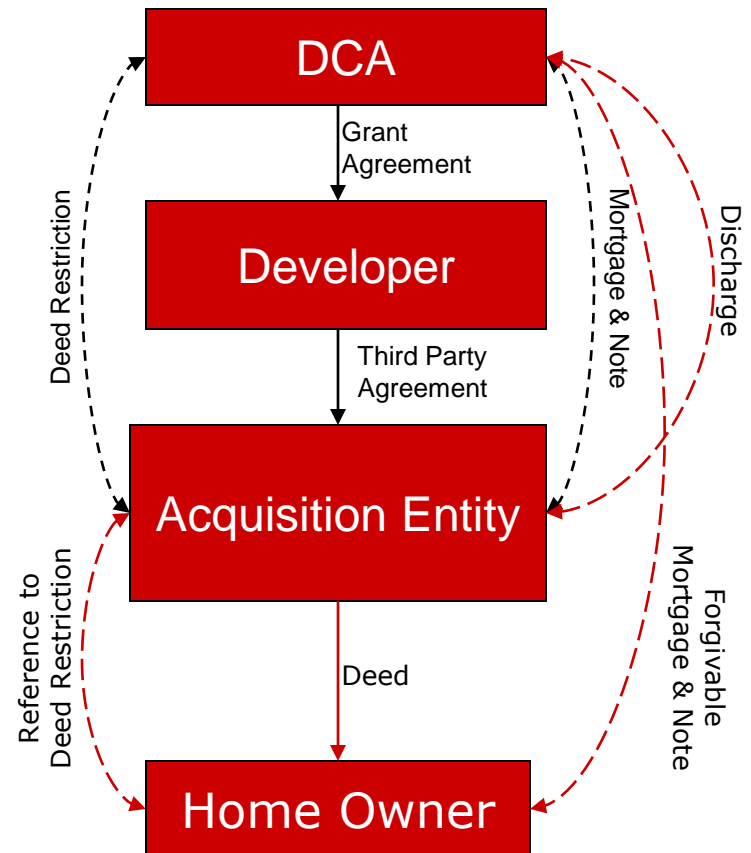
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# Grantee: Developer Home Owner (Phase 2: Resale) with Home Buyer Subsidies

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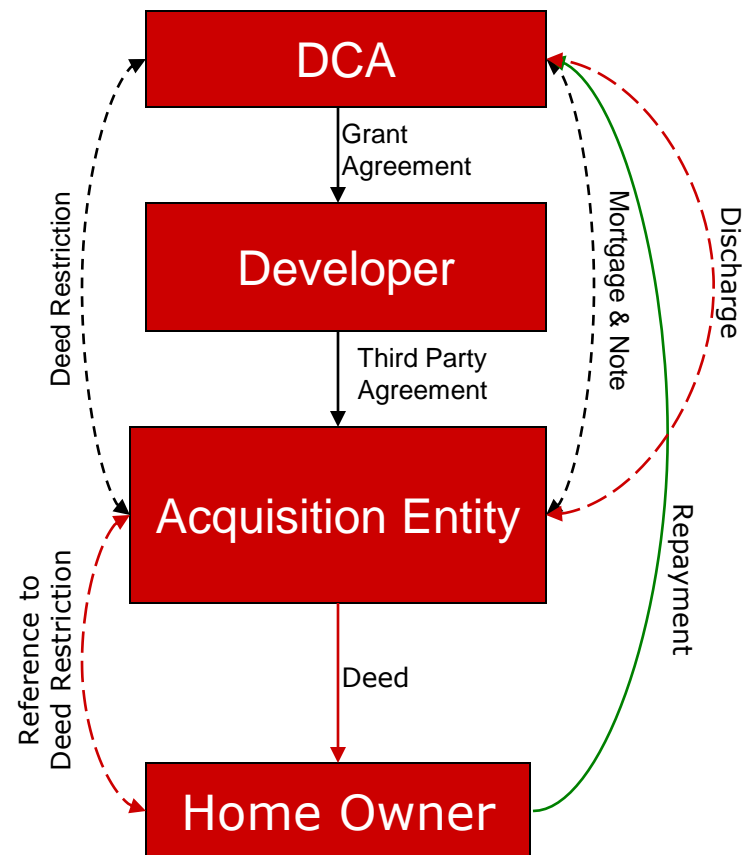
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- ❑ Forgivable Mortgage may be subordinated to a purchase money mortgage
- ❑ Deed from Acquisition Entity to HO must specifically reference and incorporate the Deed Restriction, Deed Restriction to be attached
- ❑ THE DEED RESTRICTION WILL NOT BE RELEASED UNTIL THE TERM EXPIRES



# Grantee: Developer Home Owner (Phase 2: Resale) without Home Buyer Subsidies

At resale to qualified household:

- ❑ DCA will release mortgage upon payment from proceeds of sale to Homeowner (HO)
- ❑ Deed from Acquisition Entity to HO must specifically reference and incorporate the Deed Restriction, Deed Restriction to be attached
- ❑ THE DEED RESTRICTION WILL NOT BE RELEASED UNTIL THE TERM EXPIRES



# Grantee: Developer

## Home Owner (Mandatory Deed Language)

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