

Introducing the NSP Dollar House Program!

The City of Milwaukee is announcing a pilot program to sell **homes to eligible buyers for just \$1!** The *NSP Dollar House Program* is offering an initial group of 8 “fixer-upper” homes to owner-occupants. NSP will provide up to **\$30,000** to match buyer funds to pay for the cost of needed repairs. (See chart for details.)

Department of Neighborhood Services (“Building Inspection”) and Neighborhood Improvement Development Corp (NIDC) staff have thoroughly inspected the homes and developed scopes of work that list all the items needed to bring the homes up to code, including lead-safety. If the budget permits, additional work such as energy improvements, new cabinets, plumbing and electrical fixtures, floor coverings, etc. are permitted.

How Will It Work?

The first group of 8 homes will be available for inspection beginning February 1, 2011. In the meantime, it is expected potential buyers will enroll in a homebuyer education course and get a loan pre-approval from a participating lender. The pre-approval will help buyers determine their budget for the rehab and ensure they can complete needed repairs.

City staff will accept offers from potential buyers for a limited period beginning February 1. If the City receives multiple offers on one property, we will use a lottery to select the winning offer.



Requirements:

- You must complete 8 hours of homebuyer education from a HUD-approved agency and have proof of sufficient funds for your portion of the rehab (bank pre-approval or bank statement) in order to submit an offer.
- You must agree to occupy the home as your primary residence during an affordability period, usually 10 years.
- Your household income must be below 120% of Area Median Income (AMI). Additional assistance is available for households below 80% AMI. See the adjacent chart for income eligibility.
- A licensed contractor of your choosing must complete all plumbing, electrical, heating, and construction work. Self-help work is permitted, but only if it does not involve fixing a code violation (example: a homeowner could install their own carpeting).

Family Size	120% of Area Median Income (Eligible for up to \$20,000)	80% of Area Median Income (Eligible for up to \$30,000)
1	\$59,700	\$39,850
2	\$68,250	\$45,550
3	\$76,800	\$51,250
4	\$84,300	\$56,900
5	\$92,150	\$61,500
6	\$98,950	\$66,050

For more information email nspinfo@milwaukee.gov or call 286-5812.

A list of certified homebuying counselors and participating lenders is available at:

www.MilwaukeeHousingHelp.org

A Step-by-Step Guide to the Process

Step 1: Complete eight hours of homeownership counseling

A list of HUD approved agencies is available at www.milwaukeehousinghelp.org.

Step 2: Meet with a lender to determine how much you can afford

NSP assistance will cover a portion of required rehabilitation costs. Buyers are responsible to pay for the remainder using a loan or cash. A list of participating lenders is available at www.milwaukeehousinghelp.org.

Step 3: Work with a licensed real estate agent to visit homes

The first eight NSP Dollar Homes will be available for inspection beginning February 1, 2011. A list of homes will be available on the City website. Select a licensed real estate agent to set up showings of homes you are interested in. Ask friends, relatives, or your counselor for referrals if you need help finding an agent.

Step 4: Submit an offer to purchase

Work with your agent to submit an offer to purchase on the home that you are interested in. In addition to the offer, you will need to submit a completed application to the NSP Homebuyer Assistance Program and proof of funds (lender pre-approval or bank statement) for your portion of the rehab. Applications are available at www.milwaukeehousinghelp.org. The NSP Homebuyer Assistance application fee is waived for Dollar Homes.

Step 5: Offer accepted?

The City will market Dollar Homes for 30 days and offers can be submitted at any time during that period. This period ends March 2, 2011 at 2:00 p.m. for the homes listed February 1st. The City will accept qualified offers as soon as possible after March 2. If multiple qualifying offers are received for a property prior to 2:00 p.m. on March 2, a drawing will be held to select a winning offer.

Step 6: Get bids

If your offer was selected, you will work with a NIDC Rehabilitation Specialist to finalize the scope of work and get bids.

Step 7: Closing

After you have gotten final bids and finalized the financing for your portion of the rehab, you will close on the purchase of the home and your forgivable NSP loan. If you are using cash for your portion of the rehab, you will have to place it in escrow at the time of closing.

Step 8: Construction underway

You can't move in right away. Needed rehabilitation work will begin after closing. Your Rehabilitation Specialist will work with you during this process to monitor construction and approve payouts. This process can take up to two months (and potentially more if there are weather related delays).

Step 9: Move-in

Congratulations, you are ready to move into your affordable, newly rehabilitated home.

Notes for Real Estate Agents

Additional details about assisting clients purchasing City-owned homes, including the standard sales contract, are available at <http://www.mkedcd.org/realestate/inrems.html>. Commission on Dollar House properties is \$1,500. Offers for Dollar House properties must include a contingency that acceptance of offer is contingent on buyer's application for, qualification for, and use of City's NSP Homebuyer Assistance Program. Between offer acceptance and closing, agents may be responsible for arranging property access for potential contractors, appraisers, etc.