

Grantee: Macomb County, MI

Grant: B-08-UN-26-0003

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-UN-26-0003

Obligation Date:**Grantee Name:**

Macomb County, MI

Award Date:**Grant Amount:**

\$9,765,375.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

NSP

Plan Description:

A. NEED: We used a matrix to measure 1) # foreclosures, 2) # predicted foreclosures, and 3) # sub-prime loans, to rank distress in each community. The maximum score was 14 pts. Scores ranged from 13.5 to 0.5, with a cutoff at 7.5. The County allocated funds to Eastpointe [13.5], Mt. Clemens [10], and Center Line [7.5]. B. DISTRIBUTION AND USES: The populations of Eastpointe, Mt Clemens, and Center Line are rough multiples of each other, doubling from Center Line to Mt. Clemens to Eastpointe. Their distress follow a similar pattern, but with a 50% increase. These two patterns were used to weight the distress scores and determine NSP funding for each community. Center Line (1 pt), Mt. Clemens (2 pts) is twice Center Line, and Eastpointe (4 pts) is twice Mt. Clemens. We added the weights to derive a factor of 7. \$5,273,303 is reserved for these communities. Simple math was then applied to derive sub-allocations. If progress is slow, the County would redirect funds to other projects or expand into the next tier of distressed communities, Shelby Township [5.5], and New Haven [5.0]. We expect most foreclosed/abandoned properties to be located in the target areas, although some may be located in non-targeted areas. At least \$2,441,343.75 will assist HH 50% AMI. Targeting and Beneficiary Considerations \$9,765,375.00 - NSP Grant 976,537.00 > 10% planning/admin exempt from LMMI \$8,788,838.00 - NSP projects 3,515,535.00 > 40% NSP for LMMI homebuyers throughout County \$5,273,303.00 - 60% NSP committed to distressed communities C. DEFINITIONS/DESCRIPTIONS (1) Blighted structure: A structure is blighted when 1) it has deteriorated to the point where it constitutes a threat to human health, safety, and public welfare (as determined by the municipal building official) and the estimated cost of repair to correct those deficiencies exceeds 50% of the structure's State Equalized Value (SEV), 2) it constitutes a nuisance to the public, or 3) it is structurally and/or functionally obsolete and therefore no longer has a useful purpose. Due to high performance expectations, the County will directly implement the NSP to ensure consistency. It will, however, work with and through communities to demolish blighted homes. They are experienced and can comply with State/local law. The County will manage the demolition process to ensure NSP progress and compliance. Each partner therefore has a defined role. (2) Affordable rents: We do not intend to do rental projects. If we did, however, we would define "affordable rent" pursuant to 24CFR 92.252(a). (3) Continued Affordability: The County will apply 24CFR 92.252 (e) and (f) for rental properties and, for homebuyers, at 24CFR 92.254 (a) (1), (2), (4) and (5)(ii) (A) (1). Specifics follow: a. Down-payment and housing rehabilitation assistance both 0 interest deferred payment loans, fully forgiven if HH owns and occupies home for 15 years, but repaid in full if sold before then. Assistance limited to \$50,000, or 49% of hard costs, but cannot exceed \$100,000. This ensures affordability across the range of properties and among families at varying income levels. b. Rental assistance, if provided, either in partnership with a housing commission (as public housing and subject to commission rules/policies) or non-profit provider (with properties secured by a second mortgage). Failure to comply would result in default and require repayment of the assistance provided.

Recovery Needs:

(4) Describe housing rehabilitation standards: The County will use the State of Michigan Residential Building Code (for existing dwellings) and, when applicable, HQS standards.

Additional Definitions: In addition to the above, the following terms that will govern the Purchase/Rehabilitation

Assistance Program.

Macomb Urban County: The "Macomb Urban County" as defined by CDBG regulation, is comprised of 21 participating jurisdictions, excluding Clinton Township, Roseville, St. Clair Shores, Sterling Heights, and Warren. Unless otherwise noted, the terms Macomb County and Macomb Urban County are interchangeable.

Macomb County Neighborhood Stabilization Program: A program funded by HUD to assist HH acquire and redevelop foreclosed or abandoned properties within Macomb County, that might otherwise become sources of abandonment and blight. The NSP will focus on high distress communities: Eastpointe, Mt. Clemens, and Center Line.

Purchase Price: The amount needed to buy a home, including reasonable closing costs

Rehabilitation Costs: Amount of Rehabilitation Contract and any used contingency amounts for repairs needed to make the home decent, safe and habitable (including unforeseen and validated costs discovered during the course of rehabilitation), and comply with the Michigan Building Code for Existing Structures, plus any amounts for energy efficiency items selected by the homeowner.

Hard Costs: The sum of Purchase Price and Rehabilitation Costs for a property. The maximum of Hard Costs (including private investment) for a home receiving NSP assistance is \$226,100.

Mortgage Default: is when or if...

1. the mortgaged property ceases to be the primary residence of the NSP borrower or, if there is more than one borrower, of at least one of the borrowers.
2. the home is rented, sold, or title transferred in any way, or if the borrower fails to timely pay property taxes, or to maintain adequate fire and hazard insurance to cover all outstanding mortgages.
3. the homeowner refinances the mortgaged property and the new mortgage does not meet County standards to allow mortgage subordination to the new mortgage.

Current Appraised Market Value(CMAV): the property value reported on a Uniform Residential Appraisal Report. The appraisal must be performed by a Certified Residential Real Estate Appraiser, and be no older than 60 days from the date of a purchase offer for that property. For purposes of mortgage repayment only, if the homeowner does not provide an appraisal, CMAV can be established at an amount equal to two times the current State Equalized Value, as substantiated by property tax records.

Abandoned Home: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, when no mortgage or tax payments have been made by the property owner for at least 90 days, and the property has been vacant for 90 days.

Foreclosed Home: A home upon which title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state law.

Down-Payment Mortgage (DPM): A mortgage given to an NSP beneficiary from NSP funds in order to purchase a foreclosed home in Macomb County, to be used as the NSP beneficiary's primary residence. The combined total of the DPM and HRM (see below) may not exceed \$50,000, or 49%, of hard costs, whichever is greater, (with an ultimate of \$100,000). The DPM will carry a 0% interest rate, and payments on the mortgage are deferred until Mortgage Default, as defined above, occurs. If Default occurs within the 15-year period of affordability, the Mortgage becomes due and payable in full. The DPM is forgiven if Default occurs after the 15-year period of affordability expires.

Housing Rehabilitation Mortgage (HRM): A mortgage given to an NSP beneficiary from NSP funds in order to finance rehabilitation of a foreclosed home located within Macomb County, purchased through the NSP, to be used as the NSP beneficiary's primary residence. The combined total of DPM and HRM may not exceed \$50,000, or 49%, of hard costs, whichever is greater, (with an ultimate assistance limit of \$100,000). The HRM will carry a 0% interest rate, and payments on the mortgage will be deferred until Mortgage Default, as defined above, occurs. If Default occurs within the 15-year period of affordability, the Mortgage becomes due and payable in full. The HRM is forgiven if Default occurs after the 15-year period of affordability expires.

Soft Costs: Amounts used to finance and implement distribution of NSP funds on a particular property. These amounts include but are not limited to appraisals, homebuyer counseling, housing inspections, lead based paint inspections and clearances, costs of staff time involved in the activity delivery, office expenses, necessary mileage charges and other costs necessary to the administration and completion of a home purchase and rehabilitation of

the home. These amounts will be financed with NSP funds but will not be charged to the homebuyer nor require repayment.

Development Costs: The sum of Hard Costs plus Soft Costs

D. LOW INCOME TARGETING: Response: Macomb County will ensure that a minimum of \$2,441,343.75 is used to benefit households < 50% AMI. The income limits, based on household size, follow:

The County's NSP will primarily assist homebuyers. Staff will verify the income-eligibility of all potential homebuyers and will therefore be able to monitor progress in meeting the LI benefit objective. Should that become doubtful, the County would investigate root cause, and adjust its activities accordingly, possibly through implementing the rental activities already described. The County will advise HUD of any changes to objectives and/or activities through the DRGR.

E. ACQUISITIONS & RELOCATION: Detroit, like other metropolitan areas, has a large and increasing number of vacant homes and too few buyers for them. It is unique, however, in that its economic base, heavy manufacturing, is at extreme risk. This could, in a worst-case scenario, cause further and extensive population decline and leave immense numbers of homes vacant and deteriorating. It could also compromise Regional economic viability and growth for years. Prices could decline and remain depressed until the economy recovers. Increased availability and reduced prices would predict that it is highly unlikely that the number of dwelling units affordable to low- and moderate-income households will diminish.

Physical conditions in some neighborhoods within the target communities therefore demand demolition. All have older and modest housing units, and all have blighted properties that are beyond repair, or threaten to further erode the surrounding neighborhoods. It is reasonable to assume that most, if not all, are affordable to LMMI households, and are therefore subject to the preceding question, which is answered as follows:

* We may demolish as many as 65 homes with NSP funds.

* We may provide 174 units of vacant and foreclosed housing to LMMI households with NSP funds.

* Roughly one-quarter of the total number of units to be provided to LMMI households will be reserved for LI families.

As indicated, there should be no decrease in the number of housing units affordable to LMMI households as a result of NSP-assisted demolition.

Macomb County does not intend to engage in any activity that would trigger the Uniform Acquisition and Relocation Act. Should that inadvertently happen, however, compliance would be obtained.

F. PUBLIC COMMENT: In addition to posting the Substantial Amendment on the County's website, it consulted with member and peer communities, and with select stakeholders to obtain feedback concerning the program. The Amendment generated considerable interest, but no comments that evaluated the Plan were received.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$9,765,375.00
Total CDBG Program Funds Budgeted	N/A	\$9,765,375.00
Program Funds Drawdown	\$555,822.54	\$592,835.42
Obligated CDBG DR Funds	\$555,822.54	\$592,835.42
Expended CDBG DR Funds	\$592,835.42	\$592,835.42
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$50.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$1,464,806.25	\$0.00
Limit on Admin/Planning	\$976,537.50	\$106,501.92
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

Substantial progress occurred during the second reporting period (July 1, 2009 through September 30, 2009). A large number of client applications were reviewed and deemed eligible, or were deemed to be ineligible and withdrew from consideration. As of September 30 the following statistics obtained:

- a total of 321 applications were received, 81 applicants had been determined program-eligible, 59 had been referred for homebuyer counseling, and 16 had made purchase offers on a property thereby starting the actual purchase and rehabilitation process.
 - 15 applicants, moreover, had received mortgage pre-approval and were looking for homes, 8 clients were being readied for loan closing, and 4 loans had closed. The latter figure is not as high as originally projected, but we were pleased to note that after 5 months of writing and revamping NSP procedures, the program was beginning to gain traction. Of the 4 loans closed, 3 closings occurred between 9/20 and 9/30.
- The reasons for the delay follow:

- Concerns identified in the last report continued. The period for the homebuyer to ready the loan for closing is still too short, and we are pressed to meet the seller's deadlines. This is hard for the homebuyer who sometimes has to pay a penalty for each day that the loan takes to close.
- the banks appear to have a minimum mortgage threshold below which there is a reluctance to lend. This poses problems for homes selling at low prices (a condition found in areas of Macomb County). We have been able to obtain financing from one bank but cannot be certain that these terms will always apply. We are exploring several options to address this concern but have made no determinations at this point in time.
- in one instance that could apply in other, similar instances, a bank pre-approved a mortgage for a very-low income applicant and condition that loan by establishing a maximum (and very low cash value level) for taxes and insurance. This could effectively preclude homebuyer assistance for ELI households who might otherwise be credit worthy. The bank's position is understandable since ELI households may theoretically be able to afford a house payment, but in reality might not be able to successfully sustain a mortgage over time. In the banks view, lending to such individuals could replicate the bad lending practices which gave rise to the foreclosure crisis in the first place. If this proves to be a stumbling block the County may consider a program of rental assistance. No decisions, however, are yet imminent.
- difficulties with mortgage brokers obtaining private financing and thereby holding a closing. In several cases, the County had concluded its work but could not close for several weeks and, in one instance, over a month. We do not know if this reflects difficulties with one mortgage lender or indicates a more pervasive issue.
- the County has not yet served any of the 3 target communities. This largely due to the pattern and order of application receipt from NSP applicants. Most, if not all, of the early applicants determined to be eligible, expressed a desire to buy housing outside of the 3 NSP target areas. It has taken longer than expected to close these cases

and the County is loath to pr ahead with more until it has a firm idea of how much money is necessary for these cases (We do not wish to overspend in non-target areas and do not wish to exceed our LMMI budget limitation). The County must also be fair and work on cases in the order of receipt. Sometimes applicants have been very tardy in responding to our requests for information, and even in responding to telephone inquiries. This has delayed implementation and staff are becoming increasingly aggressive in removing non-responsive clients from the caseload.

There are other progress items worthy of note. The County has a limited number of staff and is therefore contracting certain services (housing counseling, rehabilitation inspection, lead inspections, appraisal work, and demolition) to private contractors. These services were obtained through and RFP process handled by the County's Purchasing Department. This process went smoothly although it became necessary to reissue two requeusts (for rehabilitation inspection services and for appraisals). The former was necessary since the original contractor failed to perform adequately. The latter action became necessary to fill a 3 party rotation objective established by the County. A RFP was also issued for Demolition Contractors on September 27. Proposals will be received and reported upon in the January 10, 2010 report.

Changes to the program have occurred and are envisioned: As alluded to previously, start-up issues required several minor changes to the County's NSP. The most significant was an increased demolition budget for the City of Mt. Clemens. Originally set at \$360,000, the City, due to a large number of vacant, blighted properties that have little chance for repair, expressed a desire to more than double the figure, to \$750,000. This is almost half the of allocation set aside for the City. Although significant for the City, the change is below the 10% of NSP allocation budget, the target set for formal amendment of the Program. An amended application was therefore unnecessary. It was, nevertheless, approved by the County's Board of Commissioners in September. HUD is hereby notified of this change.

Since no obligations have yet occurred in the target communities, it may be necessary to change the design of the County's program. There are several alternate approaches under consideration to expedite program implementation in these communities, and feasibility is being reviewed. It would be premature to report them now. If implemented, they will be reported in the January report.

Finally, we are monitoring commitments and expenditures for LI families, and our accounting data indicate that \$74,481.50 applies to households at or below 50% of AMI, compared with \$403,649 for households above the 50% AMI. That is 15% of expenditures to date. It could be difficult for LI families to secure mortgages and sustain them over time, and there are some preliminary indications that seem to confirm that assumption. In once case, as already mentioned, a bank pre-approved a mortgage for am ELI family, but limited the household to \$2,500 (aggregate) for annual insurances and taxes. This could be impossible to achieve. The County will continue to monitor in order to ensure attainment of the compliance threshold. Alternatives will be considered if necessary.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, NSP	\$0.00	\$555,822.54	\$9,765,375.00	\$592,835.42
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number:	B8-27-10A
Activity Title:	Planning and Administration

Activity Category:

Administration

Activity Status:

Planned

Project Number:

1

Project Title:

NSP

Projected Start Date:

04/15/2009

Projected End Date:

12/31/2011

National Objective:

N/A

Responsible Organization:

County of Macomb

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$976,537.00
Total CDBG Program Funds Budgeted	N/A	\$976,537.00
Program Funds Drawdown	\$72,764.04	\$106,501.92
Obligated CDBG DR Funds	\$72,764.04	\$106,501.92
Expended CDBG DR Funds	\$106,501.92	\$106,501.92
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Planning and Administration - Ten percent of the grant has been reserved to cover legitimate costs of program planning and implementation. Anticipated costs include salaries and benefits, mileage, office expenses, and contractual help if and as necessary, e.g. appraisers and rehabilitation inspectors) deemed necessary to implement the program and achieve compliance with law and regulation.

Location Description:

This activity will benefit the entire jurisdiction of the Macomb Urban County.

Activity Progress Narrative:

The County is working with clients in order to establish eligibility, provide technical assistance and prepare closing documents, and pay for appraisals, rehabilitation and lead inspections, and other technical costs. These, when applied to completed cases, are activity delivery costs, and will be reclassified to reflect that fact. Costs incurred for failed cases will be classified as public services as mandated by HUD. The current level of administrative costs will therefore be changed. Administrative costs have also been incurred for the publication of public notices required to develop the NSP application, NOFONSI/RROF, and Requests for Proposals from contractors obtained through competitive procurement.

Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources**Amount**

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	B8-27-10B
Activity Title:	Homebuyer Assistance<50%

Activity Category:

Homeownership Assistance to low- and moderate-income

Activity Status:

Planned

Project Number:

1

Project Title:

NSP

Projected Start Date:

04/15/2009

Projected End Date:

12/31/2011

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

County of Macomb

Overall**Jul 1 thru Sep 30, 2009****To Date**

Total Projected Budget from All Sources	N/A	\$2,441,343.75
Total CDBG Program Funds Budgeted	N/A	\$2,441,343.75
Program Funds Drawdown	\$72,806.50	\$73,806.50
Obligated CDBG DR Funds	\$72,806.50	\$73,806.50
Expended CDBG DR Funds	\$73,806.50	\$73,806.50
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

This activity will consist of three components: 1) a Down Payment Mortgage, to reduce the purchase price on a foreclosed property; 2) a Housing Rehabilitation Mortgage, if required to meet State Building code, as defined previously, and 3) Soft Costs. The DPM and HRM will be secured by second and third mortgages on the property. Homebuyers seeking NSP assistance will complete an application and submit documentation to the Macomb County Planning and Economic Development Department. The following process will be followed: * Establish applicant eligibility, considering income and assets. The County will calculate income using IRS Form 1040 Adjusted Gross Income Method. Applicant incomes must fall below 120 percent of area median income. The applicant cannot have current liquid assets exceeding \$50,000.00, and cannot currently own a home. * Local partners, including HUD-approved counseling agencies and local lenders, will also evaluate the applicant's credit-worthiness. The applicant must complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency. The applicant must also be approved by a lender for a fixed rate loan, at or near the best available conventional rate, including FHA-insured mortgages and MSHDA mortgages, for a term not to exceed 40 years. * The lender must provide a written statement consenting to placing DPM and HRM (as defined previously), payable to the County of Macomb, on any property that the first mortgage would be used to purchase. * Based on the amount of loan pre-approved, the applicant will receive a list of potential vacant foreclosed single family properties, including HUD-owned properties, from lists of tax and mortgage foreclosures, the HUD website, local records and neighborhood research. The applicant may also identify a foreclosed, abandoned property of his/her choosing for purchase. * All properties will have been pre-negotiated to be available for sale at a discount from their current appraised value. The average purchase discount required from the seller will be 15% from the current market appraised value (CMAV), with few exceptions made in extraordinary instances. In no instance would the discount fall below 5% of CMAV. * The NSP DPM will reduce interest rates, mortgage principal, and pay reasonable closing costs, thereby achieving the long-term affordability objective, including as an objective, Private Mortgage Insurance fees. * Housing units acquired through the program may require rehabilitation in order to make them decent, safe, habitable and in compliance with the State's Building Code (see above definitions). The County will therefore provide a HRM for eligible Rehabilitation Costs secured by a lien on the property. * The total of NSP assistance will not exceed the greater of \$50,000 or 49% of hard costs. The maximum Hard Costs for a home receiving NSP assistance is \$226,100. County Staff will assist the homebuyer in: application preparation, determining applicant eligibility, property inspections, cost estimates, contractor bid process, preparing construction contract, an inspection to ensure contract compliance. (These are considered Soft Costs (see County definitions above), and will not be repaid by the NSP beneficiary). For housing related activities, include: * tenure of

beneficiaries--rental or homeownership; the NSP will assist households that do not currently own homes and intend, after purchase, to own and occupy their homes indefinitely. * duration or term of assistance; both the DPM and HRM will be effective while the homebuyer owns and occupies the property, and will be repayable upon default if within 15 years of purchase. They will be forgiven if the owner owns and occupies the property as its principal residence for 15-years after purchase. Specifics for a rental program have not been determined due to the priority for homebuyer assistance. * a description of how the design of the activity will ensure continued affordability. Affordability was a key consideration in the design of the Macomb County NSP as indicated by the following: * both the DPM and the HRM carry no interest and are not payable until default occurs. They are completely forgiven if the homebuyer uses the home as its principle residence for at least 15 years. This policy is intended to encourage long-term residence by the assisted homebuyer. * The DPM is intended to insure that 20% of the purchase price is not lender-financed, thereby eliminating the need for Private Mortgage Insurance (PMI) and the fees associated with it. * The rehabilitation loan, moreover, allows the buyer the option of installing energy-saving improvements, including windows, insulation, HVAC systems, refrigerators and stoves. This will help the family lower operating costs, thereby encouraging long-term affordability. For acquisition activities, include: * discount rate An overall purchase discount of 15% will be charged pursuant to NSP regulation J. The County will ensure a minimum 5% discount on select properties, if warranted, but will achieve the overall discount rate through corresponding increased discounts on other loans. For financing activities, include: * range of interest rates Both the DPM and the HRM are no interest and payment is deferred until the time of Mortgage Default. Both are completely forgiven after 15 years.

Location Description:

Assist HH 50% AMI purchase foreclosed homes anywhere within the 21 community Urban County jurisdiction.

Activity Progress Narrative:

Two homes purchased by LI homebuyers in Shelby Township.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	2	0/0	0/0	2/43
# of Households benefitting	2	0	2	2/43	0/0	2/43

Activity Locations

Address	City	State	Zip
8344 Millis Rd.	Shelby Township	NA	48317
6629 Powers Ct.	Shelby Township	NA	48317

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number:	B8-27-10C
Activity Title:	Homebuyer Assistance >50%

Activity Category:

Homeownership Assistance to low- and moderate-income

Project Number:

1

Projected Start Date:

04/15/2009

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

NSP

Projected End Date:

12/31/2011

Responsible Organization:

County of Macomb

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$5,277,494.25
Total CDBG Program Funds Budgeted	N/A	\$5,277,494.25
Program Funds Drawdown	\$410,252.00	\$412,527.00
Obligated CDBG DR Funds	\$410,252.00	\$412,527.00
Expended CDBG DR Funds	\$412,527.00	\$412,527.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

This activity will consist of three components: 1) a Down Payment Mortgage, to reduce the purchase price on a foreclosed property; 2) a Housing Rehabilitation Mortgage, if required to meet State Building code, as defined previously, and 3) Soft Costs. The DPM and HRM will be secured by second and third mortgages on the property. Homebuyers seeking NSP assistance will complete an application and submit documentation to the Macomb County Planning and Economic Development Department. The following process will be followed: * Establish applicant eligibility, considering income and assets. The County will calculate income using IRS Form 1040 Adjusted Gross Income Method. Applicant incomes must fall below 120 percent of area median income. The applicant cannot have current liquid assets exceeding \$50,000.00, and cannot currently own a home. * Local partners, including HUD-approved counseling agencies and local lenders, will also evaluate the applicant's credit-worthiness. The applicant must complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency. The applicant must also be approved by a lender for a fixed rate loan, at or near the best available conventional rate, including FHA-insured mortgages and MSHDA mortgages, for a term not to exceed 40 years. * The lender must provide a written statement consenting to placing DPM and HRM (as defined previously), payable to the County of Macomb, on any property that the first mortgage would be used to purchase. * Based on the amount of loan pre-approved, the applicant will receive a list of potential vacant foreclosed single family properties, including HUD-owned properties, from lists of tax and mortgage foreclosures, the HUD website, local records and neighborhood research. The applicant may also identify a foreclosed, abandoned property of his/her choosing for purchase. * All properties will have been pre-negotiated to be available for sale at a discount from their current appraised value. The average purchase discount required from the seller will be 15% from the current market appraised value (CMAV), with few exceptions made in extraordinary instances. In no instance would the discount fall below 5% of CMAV. * The NSP DPM will reduce interest rates, mortgage principal, and pay reasonable closing costs, thereby achieving the long-term affordability objective, including as an objective, Private Mortgage Insurance fees. * Housing units acquired through the program may require rehabilitation in order to make them decent, safe, habitable and in compliance with the State's Building Code (see above definitions). The County will therefore provide a HRM for eligible Rehabilitation Costs secured by a lien on the property. * The total of NSP assistance will not exceed the greater of \$50,000 or 49% of hard costs. The maximum Hard Costs for a home receiving NSP assistance is \$226,100. County Staff will assist the homebuyer in: application preparation, determining applicant eligibility, property inspections, cost estimates, contractor bid process, preparing construction contract, an inspection to ensure contract compliance. (These are considered Soft Costs (see County definitions above), and will not be repaid by the NSP beneficiary). For housing related activities, include: * tenure of beneficiaries--rental or homeownership; the NSP will assist households that do not currently own homes and intend, after purchase, to own and occupy their homes indefinitely. * duration or term of assistance; both the DPM and HRM will be effective while the homebuyer owns and occupies the property, and will be repayable upon default if within 15 years of purchase. They will be forgiven if the owner owns and occupies the property as its principal residence for 15-years after purchase. Specifics for a rental program have not been determined due to the priority for homebuyer assistance. * a description of how the design of the activity will ensure continued affordability. Affordability was a key consideration in the design of the Macomb County NSP as indicated by the following: * both the DPM and the HRM carry no interest and are not payable until default occurs. They are completely forgiven if the homebuyer uses the home as its principle residence for at least 15 years. This policy is intended to

encourage long-term residence by the assisted homebuyer. * The DPM is intended to insure that 20% of the purchase price is not lender-financed, thereby eliminating the need for Private Mortgage Insurance (PMI) and the fees associated with it. * The rehabilitation loan, moreover, allows the buyer the option of installing energy-saving improvements, including windows, insulation, HVAC systems, refrigerators and stoves. This will help the family lower operating costs, thereby encouraging long-term affordability. For acquisition activities, include: * discount rate An overall purchase discount of 15% will be charged pursuant to NSP regulation J. The County will ensure a minimum 5% discount on select properties, if warranted, but will achieve the overall discount rate through corresponding increased discounts on other loans. For financing activities, include: * range of interest rates Both the DPM and the HRM are no interest and payment is deferred until the time of Mortgage Default. Both are completely forgiven after 15 years.

Location Description:

This activity will be made available anywhere within the 21 community jurisdiction of the Urban County of Macomb.

Activity Progress Narrative:

Activity consisted of acquisition of homes in Chesterfield and Macomb Townships and the Village of Armada. Four loans were closed by September 30, and one closed in October, shortly after check was drawn on the NSP account. All homes were purchased by LMMI households. Additional expenses (including appraisal fee, staff charges, and closing costs) were incurred as activity delivery charges. Please note that the \$410,252 as drawn and obligated by HUD is at variance with the \$412,527 indicated by the County in this report. These numbers were validated and confirmed in a September 30, 2009 report obtained from DRGR. They are the correct figures.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	1	0/0	0/0	1/131
# of Households benefitting	0	1	1	0/0	1/131	1/131

Activity Locations

Address	City	State	Zip
74035 Jefferson Ln.	Armada	NA	48005
6629 Rachid Ln.	Chesterfield Township	NA	48047
16429 Jessica Dr.	Macomb Township	NA	48042
46552 Old Oak Lane	Macomb Township	NA	48042
47498 Sunshine	Chesterfield Township	NA	48047
18978 Calypso	Macomb Township	NA	48044

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number:	B8-27-10D
Activity Title:	Demolition - Eastpointe

Activity Category:

Clearance and Demolition

Activity Status:

Planned

Project Number:

1

Project Title:

NSP

Projected Start Date:

04/15/2009

Projected End Date:

12/31/2011

National Objective:

NSP Only - LMMI

Responsible Organization:

County of Macomb

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$210,000.00
Total CDBG Program Funds Budgeted	N/A	\$210,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000. No re-use is anticipated for the foreseeable future. Demolition will be limited to vacant or abandoned property. This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed. For housing related activities, include: Not applicable for demolition activities. * tenure of beneficiaries--rental or homeownership; * duration or term of assistance; * a description of how the design of the activity will ensure continued affordability. For acquisition activities, include: Not applicable for demolition activities. * discount rate For financing activities, include: Not applicable for demolition activities. * range of interest rates

Location Description:

This activity will be focused in the City of Eastpointe, which has been identified as being a foreclosure-distressed community.

Activity Progress Narrative:

No demolition activity to report yet. Please refer to general narrative for description of efforts to implement this activity.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/20

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number:	B8-27-10E
Activity Title:	Demolition - Mt. Clemens

Activity Category:

Clearance and Demolition

Activity Status:

Planned

Project Number:

1

Project Title:

NSP

Projected Start Date:

04/15/2009

Projected End Date:

12/31/2011

National Objective:

NSP Only - LMMI

Responsible Organization:

County of Macomb

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$750,000.00
Total CDBG Program Funds Budgeted	N/A	\$750,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000. No re-use is anticipated for the foreseeable future. Demolition will be limited to vacant or abandoned property. This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed. For housing related activities, include: Not applicable for demolition activities. * tenure of beneficiaries--rental or homeownership; * duration or term of assistance; * a description of how the design of the activity will ensure continued affordability. For acquisition activities, include: Not applicable for demolition activities. * discount rate For financing activities, include: Not applicable for demolition activities. * range of interest rates

Location Description:

This activity will be focused in the City of Mt. Clemens, which has been identified as being foreclosure-distressed.

Activity Progress Narrative:

There have been no demolitions to report yet, although the community has identified several properties that should be demolished. The basic activity procedures are in place and we expect to have contracts issued before the end of December that will allow the demolition activity to start. The City of Mt. Clemens wants to increase its demolition budget from the amount

originally allocated, \$360,000 to \$750,000. The County has approved that change and, through this report, is notifying HUD as required by regulation.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/35

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number:	B8-27-10F
Activity Title:	Demolition - Center Line

Activity Category:

Clearance and Demolition

Activity Status:

Planned

Project Number:

1

Project Title:

NSP

Projected Start Date:

04/15/2009

Projected End Date:

12/31/2011

National Objective:

NSP Only - LMMI

Responsible Organization:

County of Macomb

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$110,000.00
Total CDBG Program Funds Budgeted	N/A	\$110,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. The Cities of Center Line, Eastpointe, and Mt. Clemens indicate a need to demolish blighted structures that threaten to further erode the neighborhood viability. The County has therefore allocated funds for this purpose. The average estimated per unit cost is \$10,000. No re-use is anticipated for the foreseeable future. Demolition will be limited to vacant or abandoned property. This activity carries risk since the municipality involved would use its powers to demolish privately-held property. Demolition will be limited to instances where neglect and/or abuse require intervention to preserve public safety and/or neighborhood integrity, and will be implemented in conformance with established, acceptable local procedures. The County will require due care before authorizing any demolition. NSP procedures and safeguards have yet to be developed. For housing related activities, include: Not applicable for demolition activities. * tenure of beneficiaries--rental or homeownership; * duration or term of assistance; * a description of how the design of the activity will ensure continued affordability. For acquisition activities, include: Not applicable for demolition activities. * discount rate For financing activities, include: Not applicable for demolition activities. * range of interest rates

Location Description:

This activity will be focused in the City of Center Line, which has been identified as being foreclosure-distressed.

Activity Progress Narrative:

No properties have been demolished in the City of Center Line as of the end of the reporting period. Please refer to general narrative for details.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/10

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	
