



Down Payment Assistance (DPA) Program Summary

NAHAC is requesting implementation of a DPA Program to incentivize homebuyers to purchase a primary residence in targeted areas of Nevada. Providing incentives to qualified homebuyers in housing markets that have been hardest hit by delinquency, negative equity, distressed sales and foreclosures will strengthen demand in those areas, stabilize housing prices and prevent future foreclosures. This program will be offered to twenty-eight (28) zip codes in Nevada.

The goal of the DPA Program is to prevent future foreclosures by assisting with the stabilization of housing prices in targeted areas. NAHAC evaluated five (5) housing market distress indicators across the state of Nevada. The selected areas exceeded the statewide rate in at least four (4) out of the five (5) distressed housing market indicators. The five (5) distressed indicators are: delinquency rate; REO sales rate; Short Sales rate; Negative Equity; and Foreclosure rate.

Research:

NAHAC analyzed zip code data for the entire two hundred fifty-three (253) zip codes in Nevada using the. This data was evaluated using latest reporting information through November, 2017. Out of the two hundred fifty-three (253) zip codes, NAHAC identified 95 zip codes that had over 700 outstanding first lien loans. NAHAC took the ninety-five (95) zip codes and analyzed the data using the five (5) distressed indicators (delinquency, REO, Short Sale, Negative Equity and foreclosure). Twenty-eight (28) zip codes were found to have exceeded the state average in at least four (4) out of five (5) indicators of housing market distress. These zip codes are located in the counties of Clark, Nye and White Pine. The twenty-eight (28) zip codes are: 89011, 89030, 89031, 89032, 89048, 89060, 89081, 89101, 89102, 89103, 89104, 89106, 89107, 89108, 89109, 89110, 89115, 89118, 89119, 89120, 89121, 89122, 89128, 89142, 89146, 89156, 89169, 89301. Refer to Exhibit 1 Zip Code Data.

System Interactions:

The DPA Program will be implemented using the Nevada Housing Division's (NHD) Home is Possible Program framework. Making the DPA Program part of the Home is Possible Program will provide immediate access to the 100+ participating Lenders who are already certified to use the Home is Possible Program. Homebuyer reservations for the DPA Program will be made in the eHousingPlus system once the homebuyer is pre-approved for a first mortgage loan. The lender will submit the reservation on behalf of the homebuyer. NHD's Home is Possible Program will assist all other non-targeted areas in the state including new construction in the targeted areas to ensure the availability of a down payment assistance program statewide.

Program Parameters:

The following program parameters were derived from the NHD's Home is Possible Program for conformity purposes.

- Purchase Price Limit - \$400,000
- Income Limit - \$98,500
- Assistance Amount – 10% of the purchase price, not to exceed \$20,000
- Loan Types – 30-year fixed rate loans from the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture-Rural Development (USDA-RD) and Fannie Mae HFA Preferred
- Target Area – 28 zip codes
- Existing Properties only
- The borrower must complete a homebuyer education course before closing
- Borrower cannot have ownership interest in another property

Program Allocation:

NAHAC is requesting the following program allocations. The allocations were determined by the production of each program and expected amount needed to be expended through the end of the program term.

- Principal Reduction Program – From \$95,447,398 to \$88,416,201
- Second Mortgage Reduction Plan – From \$16,495,339 to \$8,494,267
- Mortgage Assistance Program – From \$43,043,410 to \$33,160,266
- Mortgage Reinstatement Program - From \$14,111,197 to \$3,026,610
- Down Payment Assistance Program – New Allocation \$36,000,000