

\$5,000 HUD Home For Sale

Program Background

Northeast Shores Development Corporation is a non-profit development corporation that serves North Collinwood. Northeast Shores has developed strong partnerships with the City of Cleveland, HUD (Housing Urban Development) and other local non-profit organizations to strategically revitalize our neighborhood through the acquisition of foreclosed, vacant and abandoned properties to create a safe and stable neighborhood.

The City of Cleveland's Department of Community Development has committed to begin citywide collaboration between HUD and local non-profit Community Development Corporation through the acquisition of vacant, foreclosed and distressed properties. Through this citywide collaboration, Community Development Corporations are called upon to be the first recipient to acquire distressed properties located within our service area. Upon acquiring these properties, Community Development Corporations must board, secure and maintain the vacant properties until the properties are sold in an "as is" condition or Northeast Shores deems the property as a potential home to be rehabbed and then "for sale" property.

Program Details

Northeast Shores has developed a "\$5,000 HUD Home For Sale" program by selling HUD properties in an "as is" condition. Property acquisitions consist of single-family and two-family properties. This program presents an opportunity for residents and those whom have a great interest and desire to own property in North Collinwood to become an active participant in stabilizing our community. The goal of this program is maintaining homeownership, establishing a bridge between vacant properties to occupied properties and preserving North Collinwood's housing stock by requiring quality rehabilitation practices from the end-buyer. Northeast Shores has implemented program acquisition and rehab guidelines with the intent of decreasing the illegal practice of property owners or investors "flipping properties" which has created an abundance of abandoned properties in our community and throughout the Greater Cleveland area. Northeast Shores reserves the right not to sell a HUD Home to any person or persons involved in any previous or current non-desirable real estate transactions or contractor services. Additionally, Northeast Shores reserves the right to sell one \$5,000 HUD Home per buyer.

Therefore, the Northeast Shores Real Estate Development Director will create a list of rehab specifications with specific focus on the home being safe and habitable while offering curb appeal which will enhance the overall appearance of the neighborhood. Importantly, two-family structures are required to be converted to a single-family home.

Northeast Shores for sale purchase agreement includes a revisionary clause which stipulates all rehab work must be completed within a six-month timeframe, from the date the deed transfers. In the event the rehab work is not completed within the specified timeframe Northeast Shores reserves the right to take back the property. Prior to the sale

of the property, Northeast Shores Residential Property Development Committee must approve the transaction of the property.

Northeast Shores commitment is to our neighborhood and our priority is to sell these HUD acquired properties as owner occupied properties. On the other hand, we receive an abundance of interest in purchasing these properties so we are selling properties on a first come first serve basis with a preference of owner-occupancy. However, should the property be purchased by a non-occupied party we are requesting that the property fall under a lease to purchase program as an option for the tenant. Our expectation of the property owner is to screen tenants thoroughly and maintain fair market rents and have a portion of lease purchaser's payment go towards the down payment of the property.

Below are the program guidelines, requirement and purchasing a HUD home process:

Program Guidelines:

- No evidence of foreclosure within the last 5 years.
- Bankruptcy must be discharged for 2 years and buyer must have reestablished credit.
- Buyer may not sell, quitclaim or transfer title of property within 2 years purchase (deed transfer) from Northeast Shores to buyer.
- Northeast Shores reserves the right not to sell a \$5,000 HUD Home to someone who has been determined as
- Northeast Shores residential development staff will monitor the rehab process of the project on a bi-weekly basis for six-months after purchase.

Program Requirements:

- Buyer must include a development plan which includes their intent for the property.
- Buyer must have evidence of savings to cover necessary improvements or documentation that buyer is credit worthy.
- Buyer must submit a detail scope of work and construction timeline which meets the contractual timeline of 180 days rehab completion.
- Required permits must be pulled and copies submitted to Northeast Shores prior to commencement of construction.

Purchasing a HUD home process:

1. Buyer schedules an appointment to walk-thru property with Real Estate Development Director.
2. The Executive Director and Real Estate Development Director will walk-thru the property and generate a required improvement specification list, which focuses on the property meeting safety, sanitary and curb appeal standards.
3. Buyer submits development plan in writing.
4. Buyer schedules an appointment with NHS (Neighborhood Housing Service) credit counselor which will include: pulling credit report, verify savings and ability or inability to purchase a home.

5. All property owners must attend a HUD homebuyer seminar and receive a certificate of completion and attend a home maintenance session.
6. Northeast Shores Residential Development staff will determine Buyer's financial ability to rehab the property.
7. Residential Property Development Committee will approve the "for sale" transaction.
8. Schedule a day and time to sign purchase agreement.
9. Deed will transfer to end-buyer within 30-45 days of signing purchase agreement
10. Pull all required permits within 5-7 business days of deed transfer.
11. Copies of all permits are to be submitted to Northeast Shores Real Estate Development Director prior to commencement of construction.
12. City inspector's signatures must be obtained throughout rehab process for each applicable trade (HVAC, Electrical, Plumbing and Building Exterior)
13. Northeast Shores Real Estate Development Director will walk-thru property within 2 weeks of deed transfer date
14. Site visits from Northeast Shores Real Estate Development Director will occur on a bi-weekly basis for six-months.
15. A copy of the C of O (Certificate of Occupancy) must be submitted to Northeast Shores Real Estate Development Director upon completion of rehab project.