



PRO NEWARK HOMEOWNERSHIP SALE POLICY (Purchase-Rehabilitate-Occupy)

PRO Newark Homeownership helps First-Time, Owner Occupied Home Buyers successfully purchase homes to rehabilitate, and live in. Eligible properties owned by the Newark Land Bank (the "NLB") are sold to qualified applicants that can demonstrate a clear intent and ability to undertake the appropriate rehabilitation and reside in the property as their principal residence for seven (7) consecutive years after a Certificate of Occupancy ("CO") or a Certificate of Continued Occupancy ("CCO") is received by the buyer. In addition, properties purchased through the Move-In Ready Homeownership Sale are subject to a deed restriction for a period of 20 years as summarized in Section V(10) below.

I. PROPERTY ELIGIBILITY:

Properties selected for inclusion in PRO Newark Homeownership sales will be based on the current condition of the property and its potential for rehabilitation and renovation.

II. APPLICANT QUALIFICATION:

The applicant must be a first-time home buyer who will live in the property as their principal residence for seven (7) consecutive years after a CO or CCO is received by the buyer.

Applicants must provide NLB with satisfactory documentation that shows that the potential buyer has the ability to finance, at a minimum, the cost of acquisition & renovation (property bid amount plus the total cost of renovation plus 10% renovation reserve amount).

Applicants, at their sole expense, may hire licensed contractors to perform rehabilitation work on their behalf. NLB assumes no liability for contractors hired by the applicant.

III. FURTHER CONSIDERATIONS:

PRO Newark Homeownership properties are sold in an "AS IS" "WHERE IS" condition with no warranty or representations by NLB. Therefore, potential buyers must carefully inspect these properties.

As a precedent to closing, NLB requires all First-Time homebuyers to take a HUD-approved homebuyer education course. The homebuyer is required to have taken the course within two years prior to the closing date. To qualify as a First-Time Homebuyer the buyer must not have owned a home in the past five (5) or more years.

PRO Newark Homeownership Sales are subject to a Use and Occupancy deed restriction for a period of twenty (20) years as summarized in Section V(10) below.

APPLICANT QUALIFICATION DOES NOT GUARANTEE APPROVAL OR PRIORITY. NLB SHALL HAVE SOLE DISCRETION FOR THE APPROVAL, OR DISAPPROVAL, OF ANY APPLICATION.

IV. PRICING:

Purchase price shall be determined by staff based on a comparative market analysis, minus any adjustments made in consideration of the amount of work that buyers will generally have to undertake. The minimum purchase price as determined by NLB is non-negotiable. However, you may bid more than the minimum.

V. APPLICATION PROCESS:

Applications will be accepted from qualified applicants for a minimum of 15 days after the property appears on the NLB website. To submit an application for a PRO Newark Homeownership property:

1. Visit the *Purchase A Property* tab on the NLB website, and select *PRO Newark Homeownership* for properties currently in the sale.
2. Review the Property Purchase Application, the Housing Quality Standards, and NLB General Disposition Policy.
3. If you are interested in a property and wish to see it, click "Apply". You will be asked to create an account in order to complete and submit the application, along with the **non-refundable** \$50 application fee. Incomplete applications will not be processed. Submission of an application and fee does not guarantee approval or transfer of property.
4. NLB will then notify you of arrangements to see the property. Potential buyers should bring an experienced contractor and/or home inspector to the property inspection with them in order to better assess the repair work that will be required.
5. After visiting the property, and having determined that you want to submit a bid for its purchase, go back to the website, and login to complete and submit the PRO Newark Bid Package. You must submit the completed bid package and all required documents before the bid end date, which is calculated to be 15-days from the date of your property inspection. *Bids will **NOT** be accepted after the bid end date.* (note: the stronger the bid, the more likely you are to be the successful bidder.)

A Complete Bid Package consists of:

- a) Completed Bid Form, signed, dated and notarized.
- b) Detailed Rehabilitation Plan & Budget (use of a licensed contractor to complete the rehab plan and budget is **strongly** encouraged). The rehabilitation plan should include cost estimates for the repairs as well as a timeline for the completion of the project.

- c) Verifiable proof of funds for your bid amount plus the total cost of renovation plus 10% renovation reserve amount. Applicants are required to have the funds necessary to purchase and rehabilitate the property. Funds must be in cash, line of credit, mortgage preapproval or a similar source of funding.
6. After the final bid period ends for the property, NLB will screen all bids to ensure that the potential buyers' certifications are true and correct.
NLB will let you know if your bid has been accepted within 2 weeks.
7. If the potential buyer, with the strongest bid, successfully passes the screening, NLB will notify the potential buyer of the successful bid and then forward a purchase agreement in accordance with the terms in the PRO Newark Bid Form and NLB General Disposition Policy. The potential buyer then has a final opportunity to view the property to make sure that the renovation specifications and corresponding costs are accurate. The final property visit must be scheduled within one (1) week of receiving the purchase agreement. If the potential buyer fails to pass the screening or the potential buyer, having completed their final inspection, elects not to proceed with the purchase of the property, NLB will consider the next best qualified bid.
8. Next, within seven (7) business days of the final inspection, the potential buyer returns the signed purchase agreement to NLB along with an earnest money deposit in an amount as follows:

Financed Sales: \$1,000.00

Non-financed "Cash" Sales: 15% of the accepted bid price

Earnest money deposits are payable to the Newark Land Bank in certified funds. Failure to execute and return the purchase agreement along with the appropriate certified deposit within the specified time frame may result in NLB rescinding the approved bid. \$500 of all earnest deposits will be retained by NLB as an administrative fee. The balance of the earnest money deposit will be applied against the balance of the purchase price due at closing.

If NLB is unable to provide insurable title, the full earnest money deposit will be refunded. However, should the potential buyer fail to close, through no fault of NLB, the full earnest money deposit will be forfeited.

9. NLB will prepare the deed and any additional paperwork. The deed will contain following conditions:

Financed Sales: Quit Claim Deed with Right of Reverter

NLB will prepare the deed and otherwise facilitate closing to occur within sixty (60) days. During this time the buyer is required to coordinate with their attorney, lender, and title company in order to close within the sixty (60) day timeframe.

Non-financed "Cash" Sales: Quit Claim Deed Held in Escrow with Right of Reverter

The deed will be held in escrow until the property is rehabilitated in accordance with the Purchase and Sale agreement and NLB policies.

All NLB properties are sold "AS IS" "WHERE IS" with title transferred via a quitclaim deed containing a Right of Reverter until the buyer performs in accordance with the purchase agreement and receives a CO or CCO.

In addition to the accepted bid, less the balance of the earnest money deposit, the applicant may shall be required to pay any necessary fees required to facilitate the actual transfer of the property, such as closing costs, deed recording fees and transfer taxes.

BUYERS CANNOT LIVE IN THE HOUSE UNTIL A CERTIFICATE OF CONTINUED OCCUPANCY HAS BEEN OBTAINED AND THE DEED IS TRANSFERRED.

10. Once the property is rehabilitated the NLB will perform the following:

Financed Sales:

Once the buyer has completed the property renovation, has obtained the appropriate UCC occupancy certificate, and has passed the final inspection by the NLB, the Right of Reverter shall be extinguished.

Non-financed "Cash" Sales:

Once the buyer has completed the property renovation, has obtained a Certificate of Continued Occupancy, and has passed the final inspection by the NLB, the Right of Reverter shall be extinguished, and the deed held in escrow will be released and title transferred to the buyer.

However, the use and occupancy restriction will not be discharged for a period of twenty (20) years from the date of the issuance of the appropriate UCC Occupancy Certificate as determined by the City of Newark's building department pursuant to the following:

- Property owner must notice Invest Newark prior to marketing the property for sale
- Invest Newark has the right of first refusal to purchase the property
- Property owner is only permitted to resell to a first-time homebuyer who earns no more than (80%) of Area Median Income (AMI) as certified by Invest Newark.
- Property owner must reside in the home for a minimum of seven (7) years
- Profit from the sale of the property will be limited as follows:
 - 7-11 years - 50% of profit to homeowner, 50% to Invest Newark
 - 12-15 years - 60% of profit to homeowner, 40% to Invest Newark
 - 16-20 years - 80% of profit to homeowner, 20% to Invest Newark

*Note- The synopsis of the deed restriction above is for summary purposes only. The full deed restriction will be a part of the purchase agreement and will be available on the resources page of the Invest Newark website at landbank.investnewark.org.

Failure to meet the obligations under the agreement may result in a forfeiture of the purchase price, all property costs borne by the purchaser, and all investments in materials and services made on the property.

Should you require additional information, you may visit the Contact tab on the website or email us at NLBinfo@investnewark.org.