## Action Plan

**Grantee:** Hsg Trust of Santa Clara County  

**Grant:** B-09-CN-CA-0054  

<table>
<thead>
<tr>
<th>Grant Amount:</th>
<th>$25,000,000.00</th>
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<tbody>
<tr>
<td>Status:</td>
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### Funding Sources

<table>
<thead>
<tr>
<th>Funding Source</th>
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<tr>
<td>Housing Trust of Santa Clara County Matching</td>
<td>Other Private Funds</td>
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### Narratives

#### Executive Summary:

The Housing Trust of Santa Clara County (HTSCC), the City of San Jose, and Neighborhood Housing Services Silicon Valley (NHSSV) have formed the San Jose Consortium (Consortium) to apply for and administer our $25,000,000 grant for the Neighborhood Stabilization Program 2 funds made available by the U.S. Department of Housing and Urban Development (HUD) under the American Recovery and Reinvestment Act (ARRA) of 2009. The main objectives of this Grant are to stabilize neighborhoods in our Target Geography by reducing the number of foreclosed or abandoned homes and residential properties, and to create new affordable housing opportunities for very-low, low, and moderate income households. The Consortium will provide secondary financing for income eligible purchasers of foreclosed homes and will purchase and rehabilitate foreclosed or abandoned homes in the Target Geography. The goal of the Consortium is to assist in the purchase of no less than 205 foreclosed properties or units for the purpose of creating affordable homes.

#### Target Geography:

The Consortium has identified 35 census tracts in the City of San Jose that are the hardest hit by foreclosures. Using HUD's established methodology to identify those areas with the highest foreclosure and vacancy rates, the Consortium has identified 35 census tracts with an average foreclosure score of at least 18 within the City of San Jose. Foreclosures continue to be concentrated in these specific San Jose Census tracts, as identified in our “target geography”. Additionally, these target geographies have several socio-economic characteristics that make them not only the epicenters of destabilization, but also the areas in which targeted investment is necessary to re-stabilize them. The 35 census tracts and neighborhoods are as follows: “Central San Jose” -- 5009.02, 5011; “Willow Glen” -- 5024, 5025; “South San Jose” -- 5031.03, 5031.06, 5031.11, 5032.04, 5032.17; “Evergreen” -- 5033.04, 5033.05, 5033.17, 5033.19, 5033.2, 5033.28; “Alum Rock” -- 5034.01, 5034.04, 5035.08, 5035.1, 5037.02, 5037.06, 5037.07, 5039, 5040.02, 5041.02; “Berryessa” -- 5043.1, 5043.18; “Edenvale” -- 5120.01, 5120.02, 5120.16, 5120.21, 5120.23, 5120.29; “Coyote” -- 5123.04.

Although each of the target geographies has been significantly impacted by the housing market downturn and foreclosures, the geographies are not homogeneous. San Jose is a large city, in terms of both population and physical size. Therefore socio-economic conditions in each target geography can vary widely. For example certain Census tracts have higher overall incomes than other tracts. Both types of Census tracts suffer from destabilization due to the housing market downturn but for different reasons. Residents in the target geographies are employed in a broad range of sectors, all of which are impacted by the economic downturn. Lower-income residents are employed in sectors such as production, transportation, food preparation, retail sales, janitorial/maintenance, and office administration; higher-income residents are primarily employed in information technology, finance, and business and management (California Employment Development Department). The decline in technology-related businesses in San Jose has particularly impacted residents in higher-income geographies. The deteriorating labor market will lead impacted areas into the next wave of foreclosures characterized by job losses or reduction in pay. This next wave of foreclosures will be composed primarily of prime borrowers with 30-year fixed mortgages rather than the first wave characterized by subprime borrowers holding adjustable-rate mortgages. This distinction is crucial. In San Jose, the first wave of foreclosures has occurred in the lower income Census tracts. Unless the families with subprime, adjustable-rate mortgages in these neighborhoods can receive loan modifications to reduce their payments to an affordable level, the lower-income tracts will continue to be impacted by foreclosures due to resetting mortgage rates.

The City of San Jose has a number of impacted Census tracts, which is defined as a tract in which at least 50% of the households are low-income. A significant number of the target geographies (26 of the qualifying tracts, and 18 of the 19 lower income tracts) is either identical to or next to an impacted tract. The ability for a community to stabilize and recover from the housing downturn is in large part dependent on the financial capacity of existing residents to maintain neighborhood conditions. Additionally, these impacted areas have historically had greater difficulty attracting economic development as well as more affluent residents. For these reasons, these areas require greater assistance for recovery than other neighborhoods in the City that have a better mix of residents across income levels, and that reflect greater levels of economic development.

Based on the preceding analysis, the Consortium will undertake two programs to stabilize the target geographies: 1) homebuyer assistance...
program; and 2) acquisition/rehabilitation of foreclosed upon or abandoned homes to sell, rent, or redevelop. The combination of these programs will allow the Consortium to best respond to the widely varying conditions found in its 35 qualifying Census tracts. As indicated, the Census tracts vary in terms incomes, ethnic composition, housing values, and other socio-economic factors. Moreover, housing conditions can change significantly block by block and street by street even within a single neighborhood.

**Program Approach:**

The Consortium will spend a total of $25,000,000 to undertake the eligible activities outlined below. Funds will be allocated to target areas with the highest foreclosure impact, and to households earning less than 120% of Area Median Income (LMMI). Pursuant to NSP2 regulations, 25% of the funding will be targeted for the benefit of very-low income households earning at or below 50% of the Area Median Income (VLI).

**Activity A - Financing Mechanisms - Purchase Assistance Loans.**

As amended, under the eligible activity (A) Establish Financing Mechanisms, the Consortium plans to allocate up to $64,245.00 to this program to assist a minimum of 1 eligible homebuyer to purchase a foreclosed home by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to $50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.

The loan will be a 30-year payment-deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% deferred, simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-approved counseling service. The assisted unit must remain as the homeowner&rsquos primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City's Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank&rsquos regulatory guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain 30% mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.

**Activity B - Purchase and Rehabilitate Homes and Residential Properties that have been foreclosed in order to sell, rent or redevelop to eligible households**

Under eligible activity (B) Purchase and Rehabilitate Foreclosed Homes and Residential Properties, the Consortium will implement an Acquisition and Rehabilitation Program. Under this eligible activity, the Consortium proposes three strategies as summarized below:

**Strategy #1: Acquisition and Rehabilitation for Re-Sale.**

This program is designed to augment the NSP1 - Single-Family Acquisition/ Rehabilitation and Re-Sale Program offered by the Consortium member, the City of San Jose, Housing Department. The City will seek to purchase a portfolio of foreclosed homes in the target geography from one or more lenders or in the market at a 1% discount of the current market appraised value as defined as a property value established through an appraisal made in conformity with URA appraisal requirements. Following acquisition, the City will rehabilitate the homes to mitigate any damage due to deferred maintenance or vandalism. Energy saving green technology will be incorporated whenever practicable and utilizing the Build-It-Green system. Common upgrades such as furnace replacement, duct sealing, attic insulation and replacement lights and appliance upgrades can potentially reduce energy bills by up to 38%. The homes will then be sold to income-qualified households at or below the cost of acquisition and rehabilitation.

The Consortium plans to allocate up to $11,750,000 to this program. In addition to the direct acquisition and rehabilitation of foreclosed properties by the City, funds will be made available to nonprofit and responsible for-profit developers. We plan to supplement the NSF funds with a $2 million loan provided by the Housing Trust of Santa Clara County. The first phase of the program will consist of up to 32 homes. As homes are sold to qualified households, the funds will involve, enabling the purchase and rehabilitation of the second phase of 32 homes. Homebuyers under this program will be required to meet the same criteria as required under activity (A), which includes a minimum 3% downpayment, successfully complete a minimum of 8 hours of homebuyer counseling as offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-approved homeownership counseling service, and occupy the assisted home as their primary residence.

The Consortium recognizes that acquisition of foreclosed properties is the key to a successful NSP program. The Consortium will work with the Santa Clara County Association of Realtors, the National Association of Hispanic Real Estate Professional, California Association of Mortgage Brokers, Silicon Valley Chapter, and the 18 participating organizations in the target market. The Consortium has contacted the National Community Stabilization Trust to request technical assistance in the purchase of properties in bulk prior to listing in the Multiple Listing Service (MLS). The Consortium is familiar with the Real Estate Owned (REO) Property Acquisition Program and REO Capital Fund programs developed by the National Community Stabilization Trust.

The Consortium is also working with the foreclosure departments of financial institutions that hold significant quantities of foreclosed property.
to request their listings of properties in the Target Geographies. Consortium member City of San Jose has extensive experience in housing rehabilitation. City Housing Rehabilitation staff will provide crucial oversight of housing rehabilitation projects developed by nonprofit or for-profit entities receiving NSP funds to acquire and rehabilitate foreclosed properties. This oversight will ensure that the work is done efficiently, in a cost-effective manner, and in compliance with employment and contracting rules as they relate to Equal Opportunity Employment, Section 3 Economic Opportunity, MBE/WBE, Davis-Bacon Act, lead hazard abatement and NEPA. The Consortium will conduct an extensive outreach campaign to identify and market homes to low and moderate-income households. Neighborhood Housing Services of Silicon Valley conducts regular first-time homebuyer workshops that will be one avenue for developing a pool of potential buyers. NHSSV generally maintains a pool of 30 to 40 pre-approved, ready-to-buy households. NHSSV, with monitoring by the City of San Jose, Housing Department to ensure compliance with fair housing regulations and efforts to affirmatively further fair housing, will perform the necessary buyer qualification process to ensure that income-targeting goals are met.

Strategy #2: Anti-displacement Acquisition and Resale or Lease. The Consortium will consider the purchase of properties in a foreclosed, pre-eviction status with the intent to re-sell or lease back to previous homeowners. In this strategy, Neighborhood Housing Services Silicon Valley (NHSSV) will conduct initial screening through their current HUD Foreclosure Counseling Program to identify eligible households. The City, or our selected developer, with the assistance of the Housing Trust, will negotiate a sale from the lender at a substantial discount. The home will then be re-sold or leased back to the former owners and current occupants at an affordable sales or lease price. If the property is to be sold back to the previous homeowners, the Housing Trust will put a shared equity loan in place to prevent the homeowner from realizing a windfall gain when home values recover. The new first loan will be a 30-year, fixed rate amortizing loan. The first new lender will perform the underwriting of the homebuyer for the new, affordable financing. The Housing Trust (HTSCC) will be the note-holder for any secondary financing.

Strategy #3: Acquisition and Rehabilitation for resale or lease to Very Low Income Households. To serve members of the community who qualify as very low income households, the Consortium will allocate up to $3,250,000 in loan eigbino-pisonprofit partnerships/collaboratives and/or eligible for-profit developers for the acquisition and rehabilitation of foreclosed properties to create affordable, permanent rental housing or for-sale housing to individuals and families at or below 50% AMI. A maximum loan of $150,000 will be available to a qualified nonprofit for each unit of affordable housing created. Flexible Terms of the loan to nonprofits include a 0.00% to 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department’s Asset Manager as well as Annual inspection for maintenance, local housing standards and rent roll. Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding. These three programs together will create a total of 185 affordable homes or units, and provide neighborhood stabilization by positively impacting targeted census tracks hardest hit by foreclosures. The Consortium may adjust the allocation of funds among the proposed activities to ensure that all funds are expended within NSP2 guidelines. The 25% minimum allocated for Very-Low Income activities will be maintained as required under NSP2 regulations.

Activity B - Acquisition/Rehabilitation - Purchase Assistance Loans. Under the eligible activity (B) Acquisition/Rehabilitation, the Consortium plans to allocate up to $4,935,755 to this program to assist a minimum of 99 eligible homebuyers purchase foreclosed homes by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs. As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to $50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition. The loan will be a 30-year payment-deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% deferred, simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinancing or expiration of note and affordability term as a balloon payment. This model has been adapted from the HOME Program-Homebuyer Activities, Recapture/Resale. All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by the Consortium will conduct an extensive outreach campaign to identify and market homes to low and moderate-income households. Neighborhood Housing Services Silicon Valley conducts regular first-time homebuyer workshops that will be one avenue for developing a pool of potential buyers. NHSSV generally maintains a pool of 30 to 40 pre-approved, ready-to-buy households. NHSSV, with monitoring by the City of San Jose, Housing Department to ensure compliance with fair housing regulations and efforts to affirmatively further fair housing, will perform the necessary buyer qualification process to ensure that income-targeting goals are met.

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**Consortium Members:**

Included in the San Jose Consortium are the Housing Trust of Santa Clara County (HTSCC), who will serve as the Lead Agency of the Consortium, the City of San Jose Housing Department (The City) and Neighborhood Housing Services Silicon Valley (NHSSV).

The Consortium combines the strengths of its three member organizations to build on their respective expertise and to maximize efficiency and effectiveness. Each of the members has direct experience administering all of the various programs and activities outlined in this application. Each has been engaged in housing acquisition and rehabilitation. Each has managed down payment assistance programs. Each has leveraged millions of dollars in lending capital on behalf of its low- and moderate-income constituents. Each has been deeply engaged in neighborhood revitalization activities over the past ten years either directly or through the provision of development financing. Each has close working relationships with the business and real estate sectors; and with the low-income communities afflicted by the foreclosure crisis. The Consortium currently possesses the capacity to both implement the scope of work quickly upon receipt of the NSP funds and to leverage extensive administrative and programmatic staff resources. Because of this depth of experience and capacities, the Consortium is able to implement the proposed activities while utilizing less than the permitted 10% maximum for administration; thus dedicating a greater percentage of NSP-2 funds to bringing direct impact on selected San Jose neighborhoods.

**Lead Agency: Housing Trust of Santa Clara County**

HTSCC is a 10 year old, 501(c)(3) public benefit, nonprofit community lending organization, located in San Jose, CA. The mission of HTSCC is to leverage public and private resources, to act as a catalyst for the creation of additional affordable housing, and to help low and moderate-income households in Santa Clara County in the purchase of their first home. Since 1999, HTSCC has raised over $38,000,000 in voluntary contributions from the public and private sector for the development of low-income housing and for the provision of loans to first-time low- and moderate-income homebuyers.

Over this same period, we have invested in over 7800 housing opportunities through three main programs: Loans to multifamily housing developers aimed at the creation of new rental housing units; loans to first-time homebuyers, helping to create over 2040 new low- and moderate-income homeowners in Santa Clara County; and grants to agencies serving homeless or at-risk of homelessness households through the provision of emergency rental assistance and other housing grants.

HTSCC has the experience necessary to successfully implement the NSP2 grant program. HTSCC will directly manage the $5,000,000 down payment assistance program outlined in this application (Purchase Assistance Loans). HTSCC has made over $14,000,000 in down payment assistance loans since 2001. Of the 2040 loans HTSCC has made to homebuyers throughout Santa Clara County, only 8 borrowers have defaulted; less than 0.04%.

HTSCC works only with approved lenders and real estate agents. Homebuyers must attend homebuyer education and counseling sessions; and may access only 30-year fixed-rate mortgages. In this way, HTSCC has been a major force in the provision of down payment assistance, ensuring that low- and moderate-income homebuyers purchase homes that they can afford with loan products that provide successful outcomes in the best interest of the homebuyer. HTSCC borrowers may not use adjustable rate or other high-risk mortgage products.

In the past 24 months, HTSCC has made over 180 down payment assistance loans to low- and moderate-income homebuyers in Santa Clara County.

**Consortium Partner: City of San Jose Housing Department**

> The City of San Jose is a recognized leader in the creation of affordable housing, with a record of creating over 17,000 units of affordable housing since the creation of the City’s Housing Department in 1988. The Housing Department has a strong professional staff experienced in partnering with nonprofit and for-profit developers in the development of new affordable housing and rehabilitation of existing housing stock. The expertise of the City’s Project Development Program staff includes underwriting, urban planning and project management.

**How to Get Additional Information:**

To learn more about the San Jose Consortium and our NSP2 grant, please contact the following individuals and organizations:

Lead Agency: Housing Trust of Santa Clara County - www.housingtrustscc.org - 95 So. Market St, Suite 610, San Jose, CA 95113

Contact: Kevin Zwick, Executive Director - kevin@housingtrustscc.org - 408-436-3450 x225

Contact: Dan Lachman, Homeownership Program Manager - dan@housingtrustscc.org - 408-436-3450 x230
### Project Summary

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### Activities
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**Activity Title:** PAL - LMMI

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**Activity Title:** Homeownership Assistance to low- and moderate-income

**Project Number:** 0001

**Projected Start Date:** 05/03/2010

**Projected End Date:** 02/10/2013

**National Objective:**  
LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Environmental Assessment:** UNDERWAY

**Benefit Report Type:** Direct (Households)

**Total Funds Amount:** $64,245.00

**Total Budget, Program Funds:** $64,245.00

**Other Funds Total:** $0.00

**Proposed Beneficiaries**

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**Total Proposed Accomplishments**

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**Activity is being carried out by Grantee:** Yes

**Organization carrying out Activity:** Housing Trust of Santa Clara County

**Proposed budgets for organizations carrying out Activity:**

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<td>Housing Trust of Santa Clara County</td>
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**Location Description:**
35 Census Tracts in San Jose that score an average of 18 or higher on HUD’s NSP2 foreclosure need tool using Method 1. These Census Tracts comprise our Target Geography and are located throughout San Jose. This Target Geography includes Central San Jose, South San Jose, Alum Rock, Edenvale, Coyote, Willow Glen, Berryessa, and Evergreen.

**Activity Description:**
Under the eligible activity (A) Establish Financing Mechanisms, the Consortium plans to allocate up to $64,245.00 to this program to assist a minimum of 1 eligible homebuyer to a purchase foreclosed home by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeowenrsership assistance loans of up to $50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.
The loan will be a 30-year interest deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-certified homebuyer counseling service. The assisted unit must remain as the homeowner’s primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City’s Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank’s regulator’s guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.
Grantee Activity Number: B-02-200
Activity Title: PAL - LMMI

Activity Status:
Under Way

Project Title:
Acq/Rehab (Eligible Use B)

Activity Type:
Homeownership Assistance to low- and moderate-income

Projected Start Date:
07/01/2010

Projected End Date:
02/10/2013

National Objective:
LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Total Budget, Program Funds:
$4,435,755.00

Other Funds Total:
$0.00

Total Funds Amount:
$4,435,755.00

Benefit Report Type:
Direct (Households)

Proposed beneficiaries

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<tr>
<th># Owner Households</th>
<th>Total</th>
<th>Low</th>
<th>Mod</th>
<th>Low/Mod%</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>89</td>
</tr>
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Proposed Accomplishments

<table>
<thead>
<tr>
<th># of Singlefamily Units</th>
<th>89</th>
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</thead>
<tbody>
<tr>
<td># of Housing Units</td>
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Activity is being carried out by Grantee:
Yes

Organization carrying out Activity:
City of San Jose

Proposed budgets for organizations carrying out Activity:

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<thead>
<tr>
<th>Responsible Organization</th>
<th>Organization Type</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of San Jose</td>
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</tr>
<tr>
<td>Housing Trust of Santa Clara County</td>
<td>Non-Profit</td>
<td>$4,435,755.00</td>
</tr>
</tbody>
</table>

Location Description:
35 Census Tracts in San Jose that score an average of 18 or higher on HUD’s NSP2 foreclosure need tool using Method 1. These Census Tracts comprise our Target Geography and are located throughout San Jose. This Target Geography includes Central San Jose, South San Jose, Alum Rock, Edenvale, Coyote, Willow Glen, Berryessa, and Evergreen.

Activity Description:
Under the eligible activity (B) Acquisition/Rehab, the Consortium plans to allocate up to $4,435,755 to this program to assist a minimum of 89 eligible homebuyers purchase foreclosed homes by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to $50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment...
assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.

The loan will be a 30-year interest deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-certified homebuyer counseling service. The assisted unit must remain as the homeowner’s primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank’s regulator’s guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.
Grantee Activity Number: B-02-210  
Activity Title: PAL - 25% Set Aside

Activity Type: Homeownership Assistance to low- and moderate-income

Project Number: 0002

Projected Start Date: 02/01/2011

Projected End Date: 02/10/2013

National Objective: LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Environmental Assessment: UNDERWAY

Activity Status: Under Way

Activity Title: Acq/Rehab (Eligible Use B)

Activity Description:
Under the eligible activity (B) Acquisition/Rehab, the Consortium plans to allocate up to $500,000 to this program to assist up to 10 eligible homebuyers, at or below 50% AMI, purchase foreclosed homes by providing downpayment and/or closing cost assistance. Downpayment assistance will not exceed 50% of original acquisition costs.

As administrator of the Purchase Assistance Loan, the Housing Trust of Santa Clara County (HTSCC) will award homeownership assistance loans of up to $50,000 or 20% of the purchase price of the home, whichever is less, to income eligible homebuyers purchasing foreclosed homes, on an over-the-counter basis. The eligible uses will include downpayment assistance not to exceed 50% of purchase price, closing costs and minor repairs of foreclosed homes to facilitate the acquisition.

Location Description:
35 Census Tracts in San Jose that score an average of 18 or higher on HUD’s NSP2 foreclosure need tool using Method 1. These Census Tracts comprise our Target Geography and are located throughout San Jose. This Target Geography includes Central San Jose, South San Jose, Alum Rock, Edenvale, Coyote, Willow Glen, Berryessa, and Evergreen.

Proposed Beneficiaries:
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<thead>
<tr>
<th># Owner Households</th>
<th>Total</th>
<th>Low</th>
<th>Mod</th>
<th>Low/Mod%</th>
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<td>10</td>
<td></td>
<td>100.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th># of Total Households benefiting</th>
<th>Total</th>
<th>Low</th>
<th>Mod</th>
<th>Low/Mod%</th>
</tr>
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<tbody>
<tr>
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<td>10</td>
<td>10</td>
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<td>100.00</td>
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</tbody>
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Proposed Accomplishments:
<table>
<thead>
<tr>
<th># of Singlefamily Units</th>
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<tbody>
<tr>
<td></td>
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</table>

<table>
<thead>
<tr>
<th># of Housing Units</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
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Proposed budgets for organizations carrying out Activity:

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<th>Responsible Organization</th>
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<tr>
<td>Housing Trust of Santa Clara County</td>
<td>Non-Profit</td>
<td>$ 500,000.00</td>
</tr>
</tbody>
</table>

Benefit Report Type: Direct (Households)
The loan will be a 30-year interest deferred promissory note secured by a deed of trust, held in second or third position, and at a 3% simple interest rate. The note will be due in 30 years, or at sale, title transfer, refinance or expiration of note and affordability term as a balloon payment. This model has been adopted from the HOME Program-Homebuyer Activities, Recapture/Resale.

All recipients of funds will be required to make a minimum 3% downpayment and attend at least 8 hours of homebuyer counseling offered by Consortium member Neighborhood Housing Services Silicon Valley or another HUD-certified homebuyer counseling service. The assisted unit must remain as the homeowner’s primary residence.

Though property values have decreased over 35% in the targeted areas, the cost of housing in Santa Clara County remains high. The Purchase Assistance Loan program will enable income eligible households to realize affordable homeownership while participating in community neighborhood stabilization efforts supported by the City Code Enforcement Unit, Strong Neighborhood Initiative, and the Foreclosure Prevention Task Force, a consortium of nonprofit housing and legal services agencies, real estate and lending professionals, and local jurisdictions.

Purchase Assistance Loan financing will also be made available to income eligible households purchasing homes that the Consortium has acquired and rehabilitated as part of eligible use (B).

The Consortium will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank’s regulator’s guidance for non-traditional mortgages under the Statement of Subprime Mortgage Lending issued by the Office of Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of Treasury and National Credit Union Administration (Statement). In accordance with the Statement, the Consortium will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

Additionally, if an NSP2 assisted home was previously assisted with HOME funds, but on which the affordability restrictions have been terminated through foreclosure or transfer in lieu of foreclosure (Deed in Lieu), the Consortium will revive the HOME affordability restrictions to the greater of the remaining period of HOME affordability or the continuing affordability requirement as stipulated.
Grantee Activity Number: B-02-300
Activity Title: Acquisition - LMMI

Activity Type: Acquisition - general
Project Number: 0002
Projected Start Date: 07/01/2010
Projected End Date: 02/10/2013

National Objective:
LMMI: Low, Moderate and Middle Income National Objective for NSP Only
National Objective:

Environmental Assessment:
COMPLETED

Activity Status:
Under Way
Project Title:
Acq/Rehab (Eligible Use B)

Total Budget, Program Funds: $11,750,000.00
Other Funds Total: $0.00
Total Funds Amount: $11,750,000.00

Benefit Report Type:
Direct (Households)

Proposed Beneficiaries

<table>
<thead>
<tr>
<th>Total</th>
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<tbody>
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Proposed Accomplishments

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<tr>
<th>Total</th>
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<tbody>
<tr>
<td>64</td>
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Activity is being carried out by Grantee:
No

Organization carrying out Activity:
City of San Jose

Proposed budgets for organizations carrying out Activity:

<table>
<thead>
<tr>
<th>Responsible Organization</th>
<th>Organization Type</th>
<th>Proposed</th>
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</thead>
<tbody>
<tr>
<td>City of San Jose</td>
<td>Local Government</td>
<td>$11,750,000.00</td>
</tr>
</tbody>
</table>

Location Description:
Thirty-five (35) Census tracts (tracts) in San Jose qualify as &ldquo;target geographies&rdquo based on HUD&rsquo;s NSP2 need calculation tool using method 1 as specified in the Notice of Funding Availability. (See Table 1 below) Collectively, these tracts average a score of 18 points on the 1-through-20 needs index provided by the NSP calculation tool.

Table 1.2
Qualifying Target Geographies &ndash City of San Jose
Census Tract
City
Zip Code
Planning Area
5009.02
San Jose
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<tr>
<th>Zip Code</th>
<th>Neighborhood</th>
<th>Address</th>
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<tbody>
<tr>
<td>95112</td>
<td>Central</td>
<td>San Jose</td>
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<tr>
<td>5011</td>
<td>Central</td>
<td>San Jose</td>
</tr>
<tr>
<td>5024</td>
<td>Willow Glen</td>
<td>San Jose</td>
</tr>
<tr>
<td>5025</td>
<td>Willow Glen</td>
<td>San Jose</td>
</tr>
<tr>
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<td>South</td>
<td>San Jose</td>
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<tr>
<td>5031.06</td>
<td>South</td>
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</tr>
<tr>
<td>5031.11</td>
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<td>5032.04</td>
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</tr>
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<td>5032.17</td>
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<td>5033.04</td>
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<tr>
<td>5033.05</td>
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<tr>
<td>5034.01</td>
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</tr>
<tr>
<td>5035.04</td>
<td>Alum Rock</td>
<td>San Jose</td>
</tr>
</tbody>
</table>
Activity Description:

The City of San Jose, as the responsible entity for the Consortium, will seek to purchase a portfolio of foreclosed homes in the target geography from one or more lenders or in the market at a 1% discount of the current market appraised value as defined as a property value established through an appraisal made in conformity with URA appraisal requirements. Following acquisition, the City will rehabilitate the homes to mitigate any damage due to deferred maintenance or vandalism. Energy saving green technology will be incorporated whenever practicable and utilizing the Build-It-Green system. Common upgrades such as furnace replacement, duct sealing, attic insulation and replacement lights and appliance upgrades can potentially reduce energy bills by up to 38%. The homes will then be sold to income-qualified households at or below the City’s cost of acquisition and rehabilitation.

The Consortium will allocate up to $11,750,000 to this program. In addition to the direct acquisition and/or rehabilitation of foreclosed properties by the City, funds will be made available to nonprofit and responsible for-profit developers through a competitive RFQ process. We estimate that up to $360,000 of NSP funds will be invested in each house which will be repaid by the sales proceeds. The first phase of the program will consist of up to 32 homes. As homes are sold to qualified households, the funds will revolve, enabling the purchase and rehabilitation of the second phase of 32 homes. Homebuyers under this program will be required to meet the same criteria as required under activity (A), which includes a minimum 3% down-payment, successfully complete a minimum of 8 hours of homebuyer counseling as offered by Consortium member Neighborhood Housing Services of Silicon Valley or another HUD-certified homeownership service, and occupy the assisted home as their primary residence.

Market research by the Consortium has indicated that foreclosed homes requiring extensive rehabilitation in the target market are currently being sold for approximately $250,000. The Consortium intends to acquire vacant, foreclosed properties that propose the greatest threat of blight, vandalism and gang related activity.

The Consortium expects to purchase a foreclosed property in an identified target area for $250,000 including the 1% discount, add estimated rehab costs of $100,000, including contractor profit and overhead of 10%, and an estimated $10,000 of acquisition and holding costs for a total acquisition and rehabilitation cost of $360,000. Home prices for traditional sales (non-foreclosed properties) of homes in good condition in our target geography range from $350,000 to $400,000, ensuring a market will exist for the Consortium’s rehabilitated homes.

Based on the example above, this home would be sold to income-qualified households at or below the cost of acquisition and rehabilitation. This would easily provide affordability to a family of four earning up to $126,600 (120% of County AMI) as shown below, and Soft seconds and equity share loans will be made available to expand the affordability range to low-income families. The Consortium is confident that homes in the target census tracts, particularly homes that have undergone recent rehabilitation, can be sold $360,000. According to the Santa Clara County Association of Realtor June 2009 Sales Report, the median price for a single-family homes selling under $500,000 in San Jose is $365,000. It is anticipated that the homes acquired under this program will be placed on the market well below the overall San Jose median price of $410,000, enhancing their marketability and promoting the success of the program.

Additional down payment assistance from other sources will be permitted in this program.

Using the housing cost standard of 38%, a household income of approximately $84,432 would be necessary to qualify for this purchase. For a household size of four with income at the middle-income (120% AMI) maximum of $126,600 would be able to easily afford this housing purchase.

The Consortium recognizes that acquisition of foreclosed properties is the key to a successful NSP program. The Consortium will work with the Santa Clara County Association of Realtors, the National Association of Hispanic Real Estate Professional, California Association of Mortgage Brokers, Silicon Valley Chapter, and other local lenders to facilitate the acquisition and financing of foreclosed properties in the target market. The Consortium has contacted the National Community Stabilization Trust to request technical assistance in the purchase of properties in bulk prior to listing in the Multiple Listing Service (MLS). The Consortium is familiar with the Real Estate Owned (REO) Property Acquisition Program and REO Capital Fund programs developed by the National Community Stabilization Trust. It is our intention to explore opportunities to participate in these programs.
The Consortium is also working with the foreclosure departments of financial institutions that hold significant quantities of foreclosed property to request their listings of properties in the Target Geographies.

The Department of Housing of the City of San Jose has extensive experience in housing rehabilitation with an active staff of 16, including eight Rehabilitation Inspectors. Housing Rehabilitation staff will provide crucial oversight of housing rehabilitation projects developed by nonprofit or for-profit entities receiving NSP funds to acquire and rehabilitate foreclosed properties. This oversight will insure that the work is done efficiently, in a cost-effective manner, and in compliance with employment and contracting rules as they relate to Equal Opportunity Employment, Section 3 Economic Opportunity, MBE/WBE, Davis-Bacon Act, lead hazard abatement and NEPA. As this oversight is an important component of the Consortium’s NSP2 program, the City will be seeking to add an additional Rehabilitation Inspector during the course of this program.

The Consortium plans to conduct an extensive outreach campaign to identify and market homes to low and moderate-income households. Neighborhood Housing Services of Silicon Valley conducts regular first-time homebuyer workshops that will be one avenue for developing a pool of potential buyers. NHSSV generally maintains a pool of 30 to 40 pre-approved, ready-to-buy households. NHSSV, with monitoring by the City of San Jose, Housing Department to ensure compliance with fair housing regulations and efforts to affirmatively further fair housing, will perform the necessary buyer qualification process to insure that income-targeting goals are met. The Housing Department’s Homebuyer Program consists of 3 full-time employees knowledgeable and experienced in homebuyer underwriting and will be available to assist with the NSP2 programs.
Grantee Activity Number: B-02-400
Activity Title: Acquisition - 25% Set-aside

Activity Status: Under Way

Project Number: 0002

Projected Start Date: 08/01/2010
Projected End Date: 02/10/2013

National Objective: LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Environmental Assessment: UNDERWAY

Benefit Report Type: Direct (Households)

Proposed Beneficiaries

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<tr>
<th></th>
<th>Total</th>
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<th>Low/Mod%</th>
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<tr>
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<td># of Total Households benefiting</td>
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Proposed Accomplishments

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<tr>
<th></th>
<th>Total</th>
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<tbody>
<tr>
<td># of Multifamily Units</td>
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<tr>
<td># of Housing Units</td>
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Activity is being carried out by Grantee: No
Activity is being carried out through: Organization carrying out Activity:
City of San Jose

Proposed budgets for organizations carrying out Activity:

<table>
<thead>
<tr>
<th>Responsible Organization</th>
<th>Organization Type</th>
<th>Proposed Funding Amount</th>
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<tbody>
<tr>
<td>City of San Jose</td>
<td>Local Government</td>
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Funding Source Name

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<tr>
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Location Description:
Thirty-five (35) Census tracts (tracts) in San Jose qualify as target geographies based on HUD’s NSP2 need calculation tool using method 1 as specified in the Notice of Funding Availability. (See Table 1 below) Collectively, these tracts average a score of 18 points on the 1-through-20 needs index provided by the NSP calculation tool. Additionally, Table 1.2 specifies the zip codes and City-designated planning areas that correspond with the respective qualifying tracts.

Table 1.2
Qualifying Target Geographies & City of San Jose
Census Tract
City
Zip Code
Planning Area
5009.02
San Jose
95112
Activity Description:
The Consortium will allocate up to $3,250,000 for loans to eligible nonprofit or responsible for-profit affordable housing developers for the acquisition and rehabilitation of foreclosed properties to create affordable, permanent rental housing or for-sale housing to individuals and families at or below 50% AMI. A maximum loan of $150,000 will be available to a qualified nonprofit for each bed/unit of affordable housing created. Flexible Terms of the loan to nonprofits include up to a 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department Asset Manager. Annual inspection for maintenance, local housing standards and rent roll. Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding.
Grantee Activity Number: E-03-200
Activity Title: Development of Vacant Properties - 25% Set-Aside

Activity Type: Construction of new housing
Activity Status: Under Way

Project Number: 0004
Projected Start Date: 11/01/2010
Projected End Date: 02/10/2013

National Objective:
LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Environmental Assessment:
COMPLETED

Benefit Report Type:
Direct (Households)

Proposed Beneficiaries

# Renter Households
18
18
100.00

# of Total Households benefiting
18
18
100.00

Proposed Accomplishments

# of Multifamily Units
18

# of Housing Units
18

#Units <= other green
18

#Units exceeding Energy Star
18

#Units with bus/rail access
18

#Low flow showerheads
18

#Low flow toilets
18

Activity is being carried out by Grantee:
No

Organization carrying out Activity:
Housing Trust of Santa Clara County

Proposed budgets for organizations carrying out Activity:

Responsible Organization
Housing Trust of Santa Clara County

Organization Type
Non-Profit

Proposed
$3,000,000.00

Funding Source Name
Housing Trust of Santa Clara County Matching Funds

Matching Funds
Yes

Funding Amount
$500,000.00

Location Description:
See Acquisition - 25% Set-Aside Description

Activity Description:
Under Eligible Use E, the Consortium will allocate up to $3,000,000 for loans to eligible non-profit developers for the redevelopment of vacant properties to create up to 20 units of affordable, permanent rental housing to individuals and families at or below 50% AMI.
A maximum loan of $150,000 will be available to a qualified nonprofit for each unit of affordable housing created. Flexible Terms of the loan to nonprofits include an up to 4.00% interest rate, for 30-year loan with a 40-year affordability requirement. Deferred loans will be considered to ensure affordability and project feasibility. The nonprofit will also be required to submit a property management plan for review and approval by the Housing Department Asset Manager as well as Annual inspection for maintenance, local housing standards and rent roll. Nonprofits providing permanent housing solutions to special needs populations will also be required to document support services funding.
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<thead>
<tr>
<th>Grantee Activity Number: F-01-500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity Title: Administration - HTSCC</td>
</tr>
</tbody>
</table>

| Activity Type: Administration |
| Project Number: 0003 |
| Projected Start Date: 02/11/2010 |
| Projected End Date: 02/10/2013 |
| National Objective: Not Applicable - (for Planning/Administration or Unprogrammed Funds only) |
| Environmental Assessment: EXEMPT |
| Activity Status: Under Way |
| Project Title: Administration |
| Total Budget, Program Funds: $ 826,446.00 |
| Other Funds Total: $ 0.00 |
| Total Funds Amount: $ 826,446.00 |
| Benefit Report Type: NA |

**Activity is being carried out by Grantee:** Yes

**Organization carrying out Activity:** Housing Trust of Santa Clara County

**Proposed budgets for organizations carrying out Activity:**

<table>
<thead>
<tr>
<th>Responsible Organization</th>
<th>Organization Type</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Trust of Santa Clara County</td>
<td>Non-Profit</td>
<td>$ 826,446.00</td>
</tr>
</tbody>
</table>

**Location Description:**

**Activity Description:**
Grantee Activity Number: F-02-510
Activity Title: Administration - City

Activity Type: Administration
Project Number: 0003
Projected Start Date: 02/11/2010
Projected End Date: 02/10/2013

National Objective:
Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Environmental Assessment:
EXEMPT

Benefit Report Type:
NA

Activity is being carried out by Grantee:
Yes
Organization carrying out Activity:
City of San Jose

Activity is being carried out through:
Grantee Employees

Proposed budgets for organizations carrying out Activity:

<table>
<thead>
<tr>
<th>Responsible Organization</th>
<th>Organization Type</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of San Jose</td>
<td>Local Government</td>
<td>$1,113,554.00</td>
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<tr>
<td>Housing Trust of Santa Clara County</td>
<td>Non-Profit</td>
<td>$886,446.00</td>
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</table>

Location Description:

Activity Description:
Grantee Activity Number: F-03-520
Activity Title: Administration - NHSSV

Activity Type: Administration
Project Number: 0003
Projected Start Date: 02/11/2010
Projected End Date: 02/10/2013

National Objective: Not Applicable - (for Planning/Administration or Unprogrammed Funds only)
Environmental Assessment: EXEMPT

Total Budget, Program Funds: $60,000.00
Other Funds Total: $0.00
Total Funds Amount: $60,000.00

Activity is being carried out by Grantee: Yes
Organization carrying out Activity: Housing Trust of Santa Clara County

Proposed budgets for organizations carrying out Activity:

<table>
<thead>
<tr>
<th>Responsible Organization</th>
<th>Organization Type</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Trust of Santa Clara County</td>
<td>Non-Profit</td>
<td>$60,000.00</td>
</tr>
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</table>

Activity Description:
Administration of NHSSV activities associated with this NSP2 grant

Benefit Report Type: NA
Activity Status: Under Way
Activity Title: Administration
Project Title: Administration
Location Description:
## Action Plan History

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
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<tbody>
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<td>B-09-CN-CA-0054 AP#1</td>
<td>02/10/2011</td>
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