

**Northeast Economic Development, Inc.  
Nebraska Affordable Housing Trust Funds  
Direct Homebuyer Assistance Program Guidelines**

**PURPOSE**

The purpose of the Northeast Economic Development Inc. (hereinafter referred to as NED, Inc.), Direct Homebuyer Assistance (DHA) Program is to provide financial assistance to low-to-moderate income households for the purchase of single-family residential housing units, which are safe, decent, sanitary, and affordable utilizing Nebraska Affordable Housing Trust Funds (NAHTF). NED, Inc.'s DHA Program will provide homebuyer financing to those persons of greatest need, promote home ownership, and increase attractiveness of designated underdeveloped neighborhoods and increase local employment. This program will be operated by the NED, Inc. Board of Directors. NED, Inc. is responsible for the establishment of the following guidelines.

**1.0 APPLICANT ELIGIBILITY**

**1.1 General (Conflict of Interest)**

No member of the governing body, official employee, agent or member of their immediate family of NED Inc. and/or its affiliate Northeast Nebraska Economic Development District (NENEDD) who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the DHA Program shall directly or indirectly benefit from this program, unless the Nebraska Department of Economic Development (NDED) has granted written exception to that member. This prohibition shall continue for one year after an individual's relationship with NED, Inc. or NENEDD ends.

Any other employee, officer, or board member may be eligible, but will be treated no differently than other applicants applying for the program and any applications accepted for funding. In order to apply, the applicants shall provide a statement of disclosure which outlines the nature of any possible conflict of interest and a description of how their public disclosure was made. In addition, the applicant will provide a verification that the affected person has withdrawn from any active involvement in any Direct Homebuyer Assistance grant related issues.

NED, Inc. understands that a NAHTF-eligible entity must comply with the conflict of interest prohibitions set forth in the NAHTF program, in the event prohibited conflict of interest arise. NED, Inc. must inform NDED of such conflicts of interest. Exceptions to the prohibition may be granted on a case by case basis by NDED.

**1.2 Income Eligibility**

All determinations for assistance will be based upon need. Households receiving assistance from this program for existing housing or newly constructed units will have an annual anticipated gross income at or below 120% of the area medium income for NAHTF Funds for the county in which they receive assistance as established by the U.S. Department of Housing and Urban Development (HUD). Annual anticipated gross income (as defined in 24 CFR 5.609) is the gross income of all adult household members that is anticipated to be received during the upcoming 12 months.

Third-party verifications and various credit checks, recent pay stubs and tax returns will determine the applicant's income eligibility for the program. For the purposes of confidentiality, a statement by the NENEDD Housing Loan Specialist, who has been presented with adequate documentation to verify that program participants meet the income thresholds as defined by HUD, shall be deemed sufficient to document low-income status and income eligibility when applications are presented to the NED, Inc. Board of Directors.

### **1.3 Family Status**

To qualify for a home mortgage under this DHA Program, the applicant must be a minimum of a one-person household.

### **1.4 Real Property**

In order to qualify under the program, an applicant shall not currently own or have any interest in other real property at the time of application. The property to be purchased must be the principal residence of the applicant during the deferral/repayment period of the DHA Program loan. The property to be purchased cannot be an occupied rental or have had tenant occupancy within the previous 12 months.

## **2.0 PROPERTY ELIGIBILITY**

### **2.1 Location**

The housing units to be purchased by program participants will be located within NED, Inc.'s service area including the counties of Antelope, Boone, Burt, Cedar, Colfax, Cuming, Dixon, Dodge, Knox, Madison, Nance, Pierce, Platte, Stanton, Thurston, and Wayne, Nebraska, and subject to limitations set by NAHTF grant rules and regulations. The City of Columbus will be excluded until their own 2020 NAHTF DHA project funds are expended.

### **2.2 Purchase Price**

The maximum purchase price of each housing unit will not exceed 140% of the median purchase price for the area. To calculate 140% of the medium purchase price for an existing one- unit refer to the HUD Exchange website link listed below. (Use the Unadjusted Median Value for the County in which assistance will be received x 140% to determine the maximum purchase price). For a newly constructed unit (Use the Unadjusted Median Value for the County in which assistance is received for new construction x 140% to determine the maximum purchase price).

For more information see NDED website at:

<https://opportunity.nebraska.gov/grow-your-community/data-for-applicants-and-grantees/>

Direct Link to HUD Exchange website found at: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

### **2.3 Owner-Occupied**

The DHA Program shall be for the purchase of an owner-occupied principle residence only and the property cannot be retained for rental purposes. At loan closing, the client will execute a Primary Residence Certification Form which indicates that the property being purchased with DHA Program funds must remain the client's primary residence throughout the DHA loan period. If, at any time during the DHA loan period, the property is no longer the client's primary residence, the client understands that they are in default of the DHA Loan Program.

### **2.4 Maximum Per Unit Subsidy**

Financial assistance provided to the homebuyer shall not exceed the NAHTF maximum per unit subsidy. The subsidy limits by county can be located at the following NDED website:

<https://opportunity.nebraska.gov/grow-your-community/data-for-applicants-and-grantees/>

Direct Link to the HUD Exchange website found at:

<https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>

## **2.5 Unit Characteristics/Eligible Properties**

Existing or newly constructed single-family housing units are eligible for this program. A home is considered "newly constructed" if no person or family has ever lived in the home. Housing connected to other space used for commercial purposes, mobile homes, and rental properties are not eligible for assistance. Housing units located within a Special Flood Hazard Area (SFHA) are not eligible for assistance. Duplexes are eligible for assistance if the unit is owner-occupied and a definitive property boundary is established.

## **2.6 Property Inspections**

All units assisted with NAHTF funds will be made to meet Housing Quality Standards (HQS), and NDED Minimum Rehabilitation Standards. Housing units that need repairs completed, as determined by the HQS initial inspection, will have all repairs finished and re-inspected prior to the Thursday before the NED, Inc. Board of Directors regularly scheduled meeting.

## **3.0 LEAD-BASED PAINT & RADON POLICY**

### **3.1 Lead- Based Paint Brochure**

The HUD/EPA Disclosure Rule includes the following language on a homebuyer's right to conduct a lead hazard evaluation. Program participants shall receive, as part of their application packet a copy of the HUD brochure on lead-based paint entitled "Protect Your Family from Lead in Your Home". The receipt of this brochure by the program participant shall be documented by signature of the homebuyer on the "Notification – Watch out for Lead-Based Paint Poisoning" form included in the application packet.

### **3.2 Work Plan in Accordance with 24 CFR Part 35, Subpart A**

1. After signing a purchase agreement, the buyer has 10 days to order a risk assessment or paint inspection of the home. The buyer and seller may mutually agree to lengthen or shorten this 10-day time period. If the buyer exercises this right, the buyer is responsible for scheduling and paying for the risk assessment or the paint inspection.
2. NED, Inc. Housing Specialist will conduct visual assessment on all units built prior to 1978.
3. If the lead hazard evaluation indicated that lead-based paint hazards are found, the buyer has the right to cancel the contract. However, this right does not exempt the buyer from any costs of cancellation if the right to cancel is not made clear in the contingency to the sales contract.
4. If a lead hazard is identified, it would be stabilized using lead safe work practices by trained and certified workers and clearance would be required. It is the intent of the Housing Program to eliminate lead hazards and achieve lead clearance in affected homes in a manner consistent with the 2012 HUD Lead Paint Guidelines, to repair, restore, or remodel a home.
5. Lead safe work practices are not required if the area of repair falls below de minimis threshold.
6. Four options for addressing lead hazards found due to such evaluations are (this will be determined on a case by case basis):
  - A. Refer buyers to a purchase/rehabilitation/resell program.
  - B. Reject homes with lead hazards from the program and assist buyer in finding another home.
  - C. Have the seller fix the hazard prior to purchase.
  - D. Negotiate the price of the home down to provide funds for the buyer to fix the hazards.



### **3.3 Radon Policy**

Program participants shall receive, as part of their application packet a copy of the EPA brochure on radon entitled "A Citizen's Guide to Radon". The receipt of this brochure by the program participant shall be documented by signature of the homebuyer on the "Radon – Healthy Homes" form included in the application packet. A map of the State of Nebraska listing area agencies contact information will also be included in the brochure "A Citizen's Guide to Radon". For new construction, a passive action radon mitigation system must be installed. A test kit can be provided to the homebuyer upon their request. Additional information can be obtained from the following website:

<http://dhhs.ne.gov/Pages/Radon.aspx>

## **4.0 RELOCATION POLICY**

The relocation of persons for acquisitions of properties either by voluntary or involuntary means must adhere to the federal rules and regulations as stated in 49.CFR 24.101. In cases where either voluntary or involuntary acquisition is anticipated, NDED will be contacted prior to any action.

## **5.0 FINANCIAL ASSISTANCE**

### **5.1 Loan Program**

The intent of the Homebuyer Financing is to be used as a subordinate loan for part of the purchase price, at no interest, for an amount of funds the payments on which together with that required under the first mortgagee, would be affordable to the purchaser. All applicants will be required to secure a single-family mortgage loan from a lender of their choice to purchase a single-family housing unit. Applicants will need a pre-qualification letter and Loan Estimate Statement from the primary lender prior to applying for Homebuyer Financing. The primary lender and its underwriting criteria determine the basis for the Homebuyer Financing. The amount of the Homebuyer Financing will be determined at the time of application and will not exceed 20% of the total project cost of the housing unit and will be no more than \$30,000 whichever is less for either an existing or newly constructed single-family housing unit. The loan will be used toward the purchase of one housing unit and associated closing costs. NED, Inc. will charge a \$500 closing fee which can be applied toward the \$1,000 requirement. The primary lender will order the appraisal of the property.

A subordinated lien in favor of the NED, Inc. will be placed upon the property at the time of signing the promissory note in an amount equal to the Homebuyer Financing loan. This lien will take a subordinate position to the primary lender's original mortgage. No interest will accrue on the Homebuyer Financing loan. Future refinancing, home equity loans and all future liens will take a subordinated position to NED, Inc.'s loan. At the request of the borrower, future equity loans, which require a release or subordination of NED, Inc.'s lien, will require NED, Inc.'s loan balance to be paid off unless NED, Inc. receives a written explanation of need. All subordination requests will follow NED, Inc.'s subordination policy. Refer to Section 5.2 Subordination Policy). The homeowner will be required to pay all closing and filing costs associated with refinancing and subordination if approved by the NED, Inc. board of directors.

The Homebuyer Financing loan shall consist of a 0% deferred interest loan. This loan is not amortizing, and no debt service of the borrower will be required for the Homebuyer Financing loan until the property is sold or upon transfer of title.

Loan repayment shall become due and payable up to the amount of net proceeds, if any, in the event borrower or his or her heirs shall sell, rent or otherwise convey the said property, or should the borrower(s) not occupy the said property as their primary residence according to the term of Section 2.3 Owner/Occupied. In the event repayment of the Homebuyer Financing loan occurs during the NAHTF 10-year imposed affordability period, recapture of all NAHTF assistance funds is required. The amount recaptured cannot exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than NAHTF funds) and any closing costs.

Funds recaptured during the open contract must be used prior to drawing down any additional NAHTF funds in the contract period. Recaptured funds must be used for the same activity.

## **5.2 Subordination Policy**

All release or subordination requests must follow the NED, Inc.'s subordination policy as follows:

- A. Maximum combined 80% Loan to Value policy on all "Cash Out" refinances or home equity loans where NED, Inc. remains in current lien position.
- B. Maximum combined 100% Loan to Value on "No Cash Out" refinances where NED, Inc. remains in current lien position.

\*\* All subordination documents must be provided by the lender requesting the subordination.\*\*

## **5.3 Foreclosure**

Lender shall give the notice to Borrowers following Borrower's breach of any covenant or agreement in the Promissory Note and the Deed of Trust of which it secures. The notice shall specify (a) the default, (b) the action required to cure the default, (c) a date not less than thirty (30) days from the date the notice is given to Borrowers by which the default must be cured, and (d) failure to cure the default on or before the date specified in the notice may result in acceleration of the sum secured, the deed of trust and resale of the property. Upon acceleration of the sum secured and resale of the property, NED, Inc. shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale including, but not limited to, NED, Inc.'s fees as permitted by Nebraska law and reasonable fees; (b) to all sums secured by this security agreement; and (c) any excess be recaptured by NED, Inc. will recapture the new proceeds in the case of foreclosure.

## **6.0 APPLICATION PROCESS**

### **6.1 Application**

In order to obtain an application form, the applicant may call or visit NENEDD's office or the website at [www.nenedd.org](http://www.nenedd.org). Staff will explain the assistance available and will be responsible for processing the application, verifying income and determining the applicant's eligibility for participation in the program. During the application review, NENEDD staff may make recommendations and referral to other programs available such as USDA Direct Rural housing loans.

### **6.2 Purchase Agreement**

A signed purchase agreement will be required once the applicant is pre-qualified with their primary lender.

### **6.3 Homebuyer Education Workshop**

Each applicant is required to attend a Homebuyer Education workshop prior to loan closing. The Homebuyer Education Workshop includes an educational packet and instructional material on topics such as family financial management, record keeping, property maintenance and upkeep, landscaping, lawn and pest management, appliances and home furnishings. A copy of the certificate of completion of the Homebuyer Education Workshop is to be sent to NENEDD staff from an approved REACH program provider similar to those offered by NeighborWorks Northeast Nebraska, Wayne Housing Development Corporation, Northeast Housing Initiative (NEHI) or USDA Rural Development. Homebuyers wanting to attend a workshop other than these listed will need to contact NENEDD to determine if the workshop is provided by an approved REACH program provider. If the homebuyer is unable to attend a workshop sponsored by any of the above-mentioned organizations, then it is their responsibility to find an alternative approved REACH program provider.



#### **6.4 Underwriting Criteria**

NENEDD staff will take into consideration underwriting criteria of the primary lender and the following mitigating factors in making a credit recommendation to NED, Inc.'s Board of Directors. (criteria is intended as a guide and not as absolute determinants.)

- A. Credit Guidelines: Credit payment history, revolving accounts, any collections, judgments, liens, bankruptcy, foreclosures, repossessions, and credit depth.
- B. Debt to Income Ratios: Housing expense maximum of 28% and total household expense ratio maximum of 40%.
- C. Compensating Factors: Any of the following may be considered as compensating factors providing, they are strong: ratios, equity, assets, credit scores, time on the job.

#### **6.5 Procedure for Approval or Denial**

Applications will be taken on a first-ready first-serve basis. Only complete, original, and signed applications containing all information and documentation that are delivered to the offices of NENEDD, 111 South 1<sup>st</sup> Street, Norfolk, NE 68701 will be processed. Electronic copies received via e-mail or fax will not be processed until the original application is received via postal mail or delivery in person to the NENEDD office. First-ready means that the following items have been completed in order to present the application to NED, Inc.'s Board of Directors : (1) applicant has completed application/initial interview, (2) income eligibility has been determined through third party verifications of income and assets, (3) Annual Income Worksheet prepared by NENEDD staff and signed by the applicant, (4) Pre-qualified letter/ Loan Estimate Statement received from primary lender, (5) Purchase Agreement signed, (6) Housing Quality Standards (HQS) initial inspection and re-inspection (if required), and (7) board loan summary prepared by NENEDD staff.

NED, Inc.'s Board of Directors typically meets on the last Wednesday of each month. Applications will be presented to the NED Inc. Board of Directors if all the above-mentioned items are completed by noon on Thursday prior to the regularly scheduled meeting. Applications will be presented to NED Inc.'s Board of Directors by designated applicant number and not the applicant name or address.

The application will be reviewed and approved/denied by NED, Inc.'s Board of Directors based upon the recommendation of NENEDD staff. Approved applicants will be notified in writing and/or via e-mail, if available. Denied applicants will be notified in writing stating the reason for not being selected.

#### **6.6 Requests for Funds**

NED, Inc. will utilize NENEDD to provide the funds for the Direct Homebuyer Assistance loans. NED, Inc. will submit a Request for Funds and reimburse NENEDD once the funds are received from NED.

It is expressly understood NENEDD may activate its line of credit in order to expedite the loan closing. It is also understood that any Line of Credit interest accrued from the time of loan closing to the date NENEDD receives reimbursement from NED, Inc. will be considered Housing Management expense of the project and will not be charged to the homeowner.

### **7.0 LOAN CLOSING**

#### **7.1 Loan Closing**

NENEDD staff will schedule the loan closing with the borrower and the primary lender. The primary lender will prepare all closing documents for its loan. NENEDD staff will prepare and have the borrower execute the following items at closing:

- A. Regulation-Z Loan Disclosure
- B. Promissory Note

- C. Memorandum of Understanding
- D. Deed of Trust
- E. Request for Loss-Payee
- F. Primary Residence Certification Form
- G. Promotional Use Form (Beneficiary is giving a voluntary release and authorization for publication of photos that are taken at the time of inspection of the property.)

Upon signing of the closing documents, the Deed of Trust will be recorded at the Register of Deeds Office of the county in which the property is located. The Request for Loss Payee form will be mailed to the borrower's local insurance agent.

## **7.2 Insurance**

Owner-occupants are required to carry a basic property insurance policy of a least one hundred percent (100%) of replacement cost. All proceeds resulting from insurance must be applied toward the cost of needed repairs to the home. Documentation of repairs completed must be provided. At NED, Inc.'s discretion insurance proceeds may be held pending the completion of the repairs. Homeowners insurance must be carried on the dwelling throughout the loan deferral and repayment period in order to maintain compliance in the program. NED, Inc. is to be named as a loss-payee on all insurance policies in a subordinate position to the primary lender.

## **7.3 Close-Out**

NED, Inc. shall maintain and keep all applications as well as all other required documents, records, and other evidence in conformance with NAHTF regulations.

## **8.0 GRIEVANCE PROCEDURES**

In the event that any applicant feels he or she has been unfairly treated or discriminated against during the process of selection of projects to be funded, excluding the determination of ability to secure a home mortgage loan from a financial institution, or within any other segment of this DHA Program, the applicant may appeal the decision of the NENEDD staff to NED, Inc. for their consideration.

The appeal must be submitted in writing to the Board Chairman of NED, Inc. and postmarked within 14 calendar days of the Housing Loan Specialist's decision. The Board of Directors of NED, Inc. will act to support or overturn the Housing Loan Specialist's decision at the next regularly scheduled Board meeting after receipt of the written appeal. A written response will be provided to the applicant by NED, Inc. within 30 days of their decision. The Board of Directors of NED, Inc. will have final authority in the decision.

NED will be notified of any grievances that the grantee receives which are not resolved by the grantee's standard grievance procedures. In some cases, it may be necessary to use a neutral party as mediator between the homeowner, the grantee, and the grant administrator. The third-party mediator cannot be the grantee administrator or a member of the grantees' decision-making council. A member of one of the Economic Development Districts throughout the State of Nebraska would be utilized as the third-party mediator.

Appeals regarding loan ability shall be made to the financial institutions in accordance with their procedures.

## **9.0 AMENDMENTS TO THE GUIDELINES**

In an ongoing effort to improve the quality of the DHA Program, NED, Inc. will accept suggestions from the public, program participants, realtors, financial institutions or members of the NED, Inc. Board of Directors with regard to any amendments to program guidelines. All suggestions received will be taken under consideration by the NED, Inc. Board of Directors. Upon adoption of the amendments by the

NED, Inc. Board of Directors, the NDED Program Representative will review and approve the amendments which will be included in the program guidelines.

## **10.0 OFFICIAL CONTACT OFFICE**

The place of contact for this program shall be the office of NED, Inc., 111 South 1<sup>st</sup> Street, Norfolk, NE 68701. Any grievances, suggestions, or requests for information shall be directed to that office. This in no way shall be construed to limit other interested parties from distributing information about the program or receiving suggestions for amendments to the program. All grievances shall be directed to NED, Inc. in writing.

## **11.0 AFFIRMATIVE MARKETING**

NED, Inc.'s affirmative marketing procedures include but are not limited to marketing to local and regional residents, tenants of public housing and manufactured housing, other families assisted by public housing agencies, and households identified to be potentially eligible but least likely to apply. Marketing will include advertisements in daily and weekly newspapers, and notices posted on NENEDD's website. NED, Inc. will also display posters and brochures in areas where interested persons may visit on a daily basis.

## **12.0 REPORTING REQUIREMENTS**

NENEDD staff will prepare and submit to NDED all reports required applicable to the program rules and regulations.

## **13.0 ADVERTISING POLICY**

NDED requires every project funded with NDED resources to collect photographs of units purchased including, but not limited to indoor, outdoor, and grounds photos. NED, Inc. will ensure that each applicant selected for the program will be provided with a voluntary release and authorization for publication of these photographs from the owner or beneficiary.

## **14.0 FAIR HOUSING**

This program shall be conducted in a manner that is in compliance with the Fair Housing Act, as amended. NED, Inc. will ensure compliance with the following sections of the Fair Housing Act and the following regulations that include:

Section 818 [42 USC 3617] Interference, coercion, or intimidation; enforcement by civil action. NED, Inc. will ensure compliance with this Section while carrying out the implementation of its program.

In addition, NED, Inc. does not discriminate while carrying out the implementation of its program based on race, color, religion, sex, handicap, familial status, or national origin. NED, Inc. has adopted a Fair Housing Resolution and will ensure compliance with the following regulations below for implementing the Fair Housing Act for HUD funded programs. For additional information on the Fair Housing Act see the U.S. Department of Justice website at: <https://www.justice.gov/crt/fair-housing-act-2>.

NED, Inc. will ensure compliance with the following regulations. For additional information see also the Electronic Code of Federal Regulations at <https://www.ecfr.gov>. These regulations include:

Title 24 CFR 100, Subpart C-Discrimination in Residential Real Estate-Related Transactions. NED, Inc. program will ensure compliance with this section as it relates to HUD's interpretation for ensuring compliance with Section 805 of the Fair Housing Act. NED, Inc. will follow this interpretation when carrying out its programs.

Title 24 CFR 100, Subpart D-Prohibition Against Discrimination Because of Handicap. NED, Inc.'s programs will permit handicapped persons, as defined by HUD and Fair Housing Act, reasonable



modifications of their existing dwelling units that may be rehabilitated or improved through one of NED, Inc.'s programs.

Title 24 CFR 100, Subpart F-Interference, Coercion or Intimidation. NED, Inc.'s program will ensure compliance with this section as it relates to HUD's interpretation for ensuring compliance with Section 818 of the Fair Housing Act. NED, Inc. will follow this interpretation when carrying out its programs.

Title 24 CFR 107-Nondiscrimination and Equal Opportunity in Housing Under Executive Order 11063. NED, Inc. will ensure compliance with this section as it relates to ensure that all action necessary and appropriate be taken to prevent discrimination because of race, color, religion (creed), sex, or national origin. NED, Inc. will also ensure that legal documents contain provisions regarding nondiscrimination and will maintain necessary data required by NDED related to racial, national origin, or sex as required by NDED.

Title 24 CFR 110-Fair Housing Poster. NED, Inc.'s program will ensure compliance with this section as it relates to HUD's interpretation for ensuring compliance with Sections 804 through 806 of the Fair Housing Act. NED, Inc. will follow this interpretation when carrying out its programs. In addition, NED, Inc. will ensure that any necessary fair housing poster is prominently displayed, and of proper size, so that it can be read by persons seeking housing. NED, Inc. will also ensure that its letterhead and all housing brochures bear the Fair Housing logo.

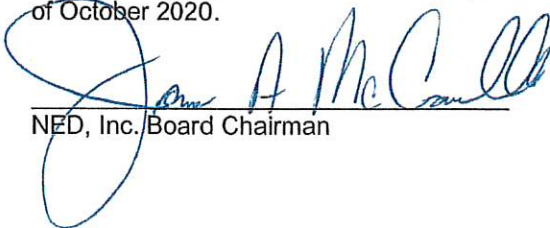
## **15.0 MISCELLANEOUS PROVISIONS**

**15.1 Energy Conservation Code** Although NED, Inc. does not anticipate completing new construction activities within this DHA Program, in the event new housing construction is completed, NED, Inc. will ensure newly constructed housing will meet or exceed the 2018 (or most current) International Energy Conservation Code.

### **15.2 New Construction of 5 or More Units**

Although NED, Inc. does not anticipate completing new construction activities within this DHA Program, in the event new housing construction is completed, NED, Inc. will ensure new construction consisting of five or more units will meet or exceed current Uniform Federal Accessibility Standards (UFAS), and 2010 (or most current) ADA Standards for Accessible Design.

These housing guidelines are hereby approved by action of the NED, Inc. Board of Directors this 28th day of October 2020.

  
NED, Inc. Board Chairman

10/28/2020  
Date