

**Northeast Economic Development, Inc. (NED, Inc.)**

**Nebraska Affordable Housing Trust Funds**

**Owner Occupied Rehabilitation (OOR) Reuse Housing Program Guidelines**

**PURPOSE**

It is the goal of Northeast Economic Development, Incorporated (hereinafter referred to as NED, Inc.) to assist low to moderate income households to improve the health and safety of their living conditions through housing rehabilitation. The State of Nebraska, Department of Economic Development, Nebraska Affordable Housing Program (NAHP) provides Nebraska Affordable Housing Trust Fund (NAHTF) resources to eligible entities in order to respond to needs of affordable, decent, safe, and appropriate housing as part of balanced economic development in Nebraska and to promote housing preservation by improving the quality of Nebraska's existing affordable housing. The Northeast Nebraska Economic Development District (NENEDD) works with NED, Inc. as the housing administrator to administer their NAHTF resources. This program will be operated by NED, Inc. through its Board of Directors. The NED, Inc. Board of Directors is responsible for the establishment of the following guidelines.

**APPLICANT ELIGIBILITY**

**1.1 General (Conflict of Interest)**

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

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 applicant shall provide a statement of disclosure which outlines the nature of any possible conflict of interest and a description of the 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 In addition, the applicant will provide a verification that the affected person has withdrawn from any active involvement in any housing rehabilitation grant related issues.

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

**1.2 Income Eligibility**

Households receiving assistance under these programs will be at or below 120% of the AMI 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 eligibility for the program. For the purposes of confidentiality, a statement by the NENEDD Housing Specialist, who has been presented with adequate documentation to verify that a program participant has met 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.

## **2.0 PROPERTY ELIGIBILITY**

### **2.1 Location (Geographic Boundaries)**

The housing units selected for rehabilitation will be located within the NED, Inc. service areas within the City limits and are subject to limitations set forth by NAHTF grant rules. The NED, Inc. service area is defined as follows: Properties located within the city limits of communities located within the counties of Antelope, Boone, Burt, Cedar, Colfax, Cuming, Dixon, Dodge, Knox, Madison, Nance, Pierce, Platte, Stanton, Thurston, and Wayne.

Any housing units selected for the rehabilitation program cannot be located within a Special Flood Hazard Area (SFHA) as defined by the U.S. Federal Emergency Management Agency (FEMA). Any units selected for the program must also conform to other policies as set forth within these guidelines.

### **2.2 Unit Characteristics**

Only owner-occupied, single family housing units, which are currently in substandard condition, and are occupied by the owner as their primary residence, may be eligible for rehabilitation. Duplexes may also be eligible for rehabilitation if one of the two units is owner occupied by the owner as their primary residence, and rent is charged for the other half of duplex, which would be calculated as part of the applicant's household income and income eligibility.

Mobile homes, land, real estate contracts, life estates, housing units connected to other space that is used for commercial purposes, and rental units (unless as part of an above-mentioned duplex) are not eligible for assistance.

Units located within a Special Flood Hazard Area (SFHA), as defined by the U.S. Federal Emergency Management Agency (FEMA), are not eligible for assistance.

Ownership of the property will be verified by conducting a title search of the property as well as the homeowner submitting a copy of the filed property deed with their application.

### **2.3 Taxes**

Property taxes must be paid current at the time an application is submitted. Property taxes must also be kept current throughout the homeowner's loan (or forgivable loan) repayment period in order to remain in compliance with the program.

## **2.4 Insurance**

Owner-occupants are required to carry a basic property insurance policy for an amount that is at least one hundred percent (100%) of the unit's replacement cost. The insurance coverage must be carried on the unit for the entire duration of the rehabilitation loan term. NED, Inc. will be named as a loss-payee on all insurance policies.

All proceeds resulting from an insurance claim must be applied toward the costs of any needed repairs to the home. Documentation of repairs completed must be provided. At NED, Inc.'s discretion, insurance proceeds may be held by NED, Inc. pending the completion of home repairs.

## **2.5 Types of Improvements**

All units must be improved to meet NEDED Minimum Rehabilitation Standards at the completion of the rehabilitation. **The correction of deficiencies in Minimum Rehabilitation Standards is given top priority in the rehabilitation process.** The following activities are eligible expenditures to bring a unit up to NEDED Minimum Rehabilitation Standards. These activities include:

**Structural Repairs:** Foundations; sagging or rotting beams; joists or columns; stairs and porches; roofs; chimneys; and floors.

**Modernization Improvements:** Plumbing and plumbing fixtures; furnaces; water heaters; lighting; and wiring.

**General Interior Renewal & Modernization Improvements:** Wall, ceiling, and floor repair; painting and paneling (no lead-based paint will be used); room rearrangement; and additions to alleviate overcrowding conditions.

**Energy Conservation & Weatherproofing:** Ceiling and wall insulation; window/door repair or replacement; caulking and weather stripping; storm window/storm door installation; roof covering removal and installation; siding and trim painting or replacement.

If necessary, deficiencies in the Minimum Rehabilitation Standards have been completed, and there is funding available, the following activities can be included in the rehabilitation work if these activities contribute to the health, safety, and well-being of the housing occupants, or the activities contribute to the structural integrity or long-term preservation of the unit. These activities include:

**Additional Improvements:** Handicap accessibility items; painting (no lead-based paint will be used); paneling; carpeting; improving clothes closets or shelving; improving kitchen cabinets; air conditioning; and sidewalk repair.

## **3.0 MINIMUM HOUSING REHABILITATION STANDARDS/CODE ENFORCEMENT**

### **3.1 Condition**

At the time of an initial inspection, the unit's condition must be such that it can be rehabilitated at a reasonable cost. (See also Section 4.6 of the guidelines.) At the completion of rehabilitation, units must be in compliance with the NEDED Minimum Rehabilitation Standards to ensure the quality of the housing stock, with the exception of emergency repair situations. An emergency is defined as,

improvements that directly affect the safety, habitability, or accessibility of the unit. All emergency repairs will be determined by NED, Inc's Housing Specialist.

Any lead-based paint (LBP) hazard control, including LBP removal or remediation, will be completed in accordance to HUD's Lead Safe Rule.

Hazardous Conditions: Hazardous conditions are subjective, but generally are defined as urgent health and/or safety issues as determined by the Housing Specialist on a case-by-case basis. Program participants, as part of their application packet, shall receive a copy of the HUD brochure titled "Protect Your Family from Lead in Your Home" which provides information about lead-based paint (LBP). A signed receipt from the program participant of this brochure will be documented in the application.

### **3.2 Lead-Based Paint Hazard Evaluations and Reduction**

The following evaluation and reduction process will be utilized in order to comply with HUD's Lead Based Paint Regulation, 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.

Hazardous Conditions: Hazardous conditions are subjective, but generally are defined as urgent health and/or safety issues as determined by the Housing Specialist on a case-by-case basis. Program participants, as part of their application packet, shall receive a copy of the HUD brochure titled "Protect Your Family from Lead in Your Home" which provides information about lead-based paint (LBP). A signed receipt from the program participant of this brochure will be documented in the application.

#### **1. Work under \$5,000- "Do No Harm"**

For work completed that is under \$5,000, safe work practices must be followed for all rehabilitation activities. Any paint disturbed during the rehabilitation work must be repaired, and clearance of the worksite must be performed.

#### **2. Work between \$5,000 to \$40,000-Risk Assessment and Interim Controls**

For work completed that is between \$5,000 to \$40,000, the Housing Specialist may presume the presence of lead and perform standard treatments OR may complete interim controls.

##### **Presume Presence of Lead and Perform Standard Treatments**

If lead-based paint and/or lead-based paint hazards are presumed to exist, standard treatments must be carried out for the entire unit. Standard treatments include: paint stabilization; making horizontal surfaces smooth and cleanable; correction of dust generated conditions; treatment of bare soil exceeding 9 square feet; ensure safe work practices are performed while completing the work; and the unit must pass clearance.

##### **Interim Controls**

Interim controls must be performed on hazards identified by the risk assessment. Any paint disturbed during the rehabilitation work must be repaired. Interim controls include: paint stabilization; dust removal; preventive maintenance that keeps lead hazards from developing; treating some or all

friction and impact surfaces; and covering contaminated bare soil. (Note: if there is more than 9 ft<sup>2</sup> of bare soil, which has not been tested, soil treatment is required (24 CFR 35.1330). Bare soil can be covered with appropriate treatments such as gravel, wood chips, sod, or permanent covering.)

A person performing interim controls must be trained in accordance with the hazard communication standard for the construction industry issued by the U.S. Department of Labor, Occupational Safety and Health Administration (OSHA) per guidelines at 24 CFR 1926.59, and either be supervised by an individual certified as a lead-based paint abatement supervisor or have successfully completed one of the following lead-safe work practices courses noted below. Supervision or lead-safe work practices training are not required for work that is considered to disturb painted surfaces less than the de minimis limits as set forth in 24 CFR 35.1350(d).

Lead-safe work practices courses include:

1. A lead-based paint abatement supervisor course accredited in accordance with 40 CFR 745.225;
2. A lead-based paint abatement worker course accredited in accordance with 40 CFR 745.225;
3. The Remodeler's and Renovator's Lead-Based Paint Training Program, prepared by HUD the National Association of the Remodeling Industry; or
4. Another course approved by HUD for this purpose after consultation with the U.S. Department of Environmental Protection Agency (EPA).

### **3.3 Relocation Policy**

Any relocation for the homeowner during rehabilitation is voluntary. See also 49 CFR 24.101. If temporary relocation should be deemed necessary through the Risk Assessment, the program will pay up to a total of \$500 for out-of-pocket expenses to ensure the health and safety of the residents. The homeowner will be notified before rehabilitation begins that the maximum amount for relocation expenses is \$500. If the homeowner participates in the program, they may voluntarily accept the \$500 limit for relocation expenses. The owner-occupant must provide valid receipts of relocation expenditures to the NENEDD Housing Specialist. These expenditures must be reviewed and approved by NED, Inc. in order for the owner-occupant to be reimbursed.

In cases where either voluntary or involuntary acquisition is anticipated, NEDED will be contacted prior to any action.

### **3.4 Environmental Concerns**

Necessary agencies, and agency information, will be consulted and reviewed in order to comply with HUD's environmental review requirements per 24 CFR 58. This compliance may include, but is not limited to historic preservation, floodplain management, archeological significance, and any other necessary environmental compliance. Any unit determined to have compliance issues after agency consultation will be rehabilitated in accordance with predetermined guidelines and requirements for such actions.



### **3.5 Radon Mitigation 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”.

## **4.0 TYPES OF FINANCIAL ASSISTANCE**

### **4.1 Loan Program**

An applicant’s anticipated gross annual income will be calculated and estimated in order to determine the specific loan program that will be utilized for the applicant. Each applicant’s gross annual income and net worth of assets will be calculated based upon the “Technical Guide for Determining Income and Allowances for the HOME Program: Calculating Annual Gross Income Chapter Three. NED, Inc. will provide current income thresholds to each applicant. These thresholds are set annually by HUD. Current income thresholds can be found at: <https://www.huduser.gov/portal/datasets/il.html>

The specific loan options that are available to eligible applicants include:

**Level A:** 66% to 80% of the Area Median Income (AMI) for the NAHTF program with terms that include a 2% interest rate loan for 100% of the rehabilitation costs of the project and a loan term that is up to 20 years (240 payments). This meets the minimum imposed affordability period.

**Level B:** 51% to 65% of the AMI for the NAHTF program with terms that include a 1% interest rate loan for 100% of the rehabilitation costs of the project and a loan term that is up to 20 years (240 payments). This meets the minimum imposed affordability period.

**Level C:** 50% or less of the AMI for the NAHTF program with terms that include a 0% interest rate loan for 100% of the rehabilitation costs of the project and a loan term that is up to 20 years (240 payments). This meets the minimum imposed affordability period.

**Level D:** This level is only available for those who meet specific criteria that include: Age 62 or older AND 50% or less of the AMI for the NAHTF program with terms that include a 0% interest rate loan for 100% of the rehabilitation costs of the project. The loan term will be forgiven at the rate of 1/10<sup>th</sup> of the principal per year for 10 years (120 forgivable payments). The period of forgivability will start from the date the rehabilitation work was completed, and the loan paperwork and amortization schedule were generated. This meets the minimum imposed affordability period.

The affordability period will be ensured utilizing a Deed of Trust, in an amount equal to the loan amount and placed as a lien on the property at the time the homeowner(s) signs the Promissory Note. This lien, in favor of NED, Inc., will take a subordinate position of all other existing liens.

At the request of the borrower, future equity loans that require a release or subordination of the NED, Inc. lien will require the balance of the loan to be paid off by the borrower unless the NED, Inc. Board of Director’s receives a written explanation of the need from the borrower, and the NED, Inc. Board of Directors issues a waiver of this clause.

Primary Residence-The property rehabilitated must be the borrower’s principal residence throughout the duration of the loan term. In the event the borrower(s), or his/her heirs sell or transfers title of the property, recapture provisions will be utilized in which the net sale proceeds (less all other superior loans and liens) will be applied to satisfy any unpaid balance of the loan.

In the event a rehabilitated property is no longer the borrower’s principal residence, is vacant for a period of more than 90 days, or is converted to a rental property, the borrower’s loan will be considered to be in default, and the whole of the principal sum will be due and payable immediately.

The Housing Specialist may re-inspect the property, at any time throughout the duration of the loan term in order ensure the property is being utilized as the borrower’s principal residence. The property owner will receive notice 24 hours prior to any inspection.

Method to ensure the first beneficiary and subsequent beneficiary (unless recapture provisions are used) must occupy property purchased by a new homebuyer as a principal residence for at least 5 years from the date that NAHP funds are invested in the property. Regardless, if resale or recapture provisions are utilized, the Affordability Period for the project must be a minimum of 5 years.

#### **4.2 Subordination Policy**

All release or subordination requests must follow 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 subordination. The borrower is required to pay all closing costs and filing costs associated with the refinancing or subordination. The NED, Inc. Board of Directors will determine whether a request for loan release or subordination is approved or denied.

#### **4.3 Per Unit Rehabilitation Limitations**

1. The estimated cost of rehabilitation will not exceed the maximum per unit NAHP subsidy as noted on the NEDED website at:

<https://opportunity.nebraska.gov/wp-content/uploads/2021/12/2021-Iowa-and-Nebraska-HOME-Maximum-Per-Unit-Subsidies.pdf>

2. The maximum purchase price or after-rehabilitation value will not exceed 140 percent of the median purchase price for the area with NAHTF funds as noted on the NEDED website at:

<https://opportunity.nebraska.gov/programs/housing/nahtf/>

#### **4.4 Economic Feasibility for Rehabilitation**

If it is determined by NED, Inc. that the cost to rehabilitate a unit is so great as to not justify the expenditure of program resources, the project will be deemed not economically feasible, and the unit

will not be rehabilitated. This determination shall be made by the NED, Inc. Board of after reviewing the opinion of the Housing Specialist.

A property is generally considered not economically feasible for rehabilitation if any one of the following criteria apply. (Note: the criteria below are intended as a guide, but not as absolute determinants):

1. The estimated cost of rehabilitation exceeds \$40,000 NAHTF funds; or
2. The estimated cost of rehabilitation exceeds \$35 per square foot of floor space (considering the livable floor space of the entire unit) in NAHTF funds.

If the property exceeds any of the above listed criteria, the NED, Inc. Board of Directors shall review the application and render one of the following decisions that include:

1. The project is deemed not economically feasible and ineligible for funding. If the NED, Inc. Board of Directors makes a determination that the unit is not economically feasible, the applicant may request reconsideration of this determination and may present evidence in favor of the project.
2. The project may be approved by the NED, Inc. Board of Directors but with a funding limitation of energy efficiency and/or health or safety factors. Although a funding limitation would be implemented, the unit would still be required to meet Housing Quality Standards (HQS) or NEDED minimum rehabilitation standards.
3. The project may be delayed in order to complete further study and possible reconsideration; or
4. The NED, Inc. Board of Directors may consider providing alternative assistance for a project if a property is deemed to be not economically feasible because it is inhabitable. Alternative assistance may include replacement housing with an existing unit in the community or new construction of a new housing unit at the existing unit location.

Any alternative assistance would require the completion of a contract amendment for the project that would have to be approved by NEDED which would amend the sources and uses of grant funding. Any down payment assistance that would be part of the project would also require additional inspections and procedures. In the event new housing construction is completed, NED, Inc. will ensure newly constructed housing will meet or exceed the 2009 (or most current) International Energy Conservation Code and that building specifications must be approved by the Nebraska Energy Office.

#### **4.5 Leveraging Additional Resources**

Additional funding may be available for eligible applicants through other programs that provide weatherization and housing rehabilitation resources. These programs may include but are not limited to: USDA Rural Housing Programs; Direct Loan Program (Section 502); Home Repair Loan and Grant Program (Section 504); Nebraska Energy Office Low Interest Loan; Northeast Nebraska Community Action Partnership Weatherization Program; Central Nebraska Community Services Program; and Making Homes Accessible.



#### **4.6 Loan Payments**

Loan recipients who are required to make payments to NED, Inc. are required to use the Automated Clearing House (ACH) method for monthly loan installments. Recipients must complete and submit an ACH Form to NED, Inc. in order to authorize this payment method. Payments will begin and remain on the 1<sup>st</sup> business day of the month, as indicated in the Recipient's loan closing documents.

Recapture provisions are being used for the project. Therefore, the amount of funds recaptured cannot exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than NAHTF funds) and any closing costs.

In the event the Recipient (aka the Borrower) does not occupy their rehabilitated property as their primary residence per the terms of Section 4.1-Loan Program, the balance of the loan will be due and payable, up to the amount of net proceeds (if any).

In the event the Recipient (aka the Borrower), or his or her heirs, sells, rents, or otherwise conveys their rehabilitated property, the balance of the loan will be due and payable, up to the amount of net proceeds (if any).

#### **4.7 Late Payments**

If a loan is not paid according to the loan terms during the calendar month which includes the due date, the loan recipient shall pay a \$10 late fee per calendar month for each month the loan is past due. If a loan is late on three separate occasions, the loan will be considered to be in default, and NED, Inc. will take any necessary steps for obtaining repayment.

#### **4.8 Hardship Review**

In the case of unforeseen hardship or incapacitation, the borrower(s) may request to waive repayment or establish a revised repayment schedule for the amount of the loan owed. The borrower would request a hardship review in which their annual gross income and ability to make loan repayments would be reviewed by the Housing Specialist. On a case-by-case basis, after reviewing the request, the Housing Specialist may recommend to the NED, Inc. Board of Directors an adjustment of the terms of the rehabilitation loan, that may include forgiving accrued interest or adjusting the terms of the loan and/or interest rate, until such time as the hardship has passed and the recipient is able to commence their regularly scheduled payment.

It is the sole responsibility of the loan recipient to ask for a hardship review, and to provide any necessary documentation of the hardship to NENEDD's Housing Specialist. Any request would be made to NED, Inc.

#### **4.9 Foreclosure**

Lender shall give notice in writing to Borrower(s) following Borrower's breach of any covenant or agreement in the Note and the Deed of Trust of which it secures. The notice shall specify the following: 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 the Borrower(s) 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: 1) to all expenses of the sale including, but not limited to, NED, Inc. fees as permitted by Nebraska law and reasonable attorney's fees; 2) to all sums secured by this security agreement; and 3) any excess to be recaptured by NED, Inc.

#### **4.10 Bankruptcy**

In the event the Borrower becomes a bankruptcy debtor, or voluntarily offers to creditors terms of composition, or in the event a receiver is appointed to liquidate and wind up the affairs of the Borrower, the Lender may declare due, and immediately payable, all unpaid loan installments and shall have a claim therefore which shall be considered liquidated damages and shall constitute a debt provable in bankruptcy receivership.

### **5.0 APPLICATION PROCESS**

#### **5.1 Application Process**

In order to obtain an application, the applicant must call (402)-379-1150 or visit the NENEDD office at: 111 South 1<sup>st</sup> Street, Norfolk, NE 68701. Only complete, original, and signed applications containing all information, and required documentation, received in the NENEDD office will be processed. Electronic copies received via email or fax will not be processed until the original application is received via postal mail or delivered in person to NENEDD's office. Applications are accepted year-round on a first-ready, first-served basis based on funding availability.

The application will consist of sections that include but will not be limited to: information regarding household size and composition; income; the legal description of the property; and net worth.

During the application review process, NENEDD staff may recommend and refer those eligible applicants to other agencies and programs that also provide assistance. These agencies may include but are not limited to: Northeast Nebraska Community Action Partnership, Central Nebraska Community Services, and USDA Rural Development.

Priority will be given to applications for rehabilitation projects located in communities with program income as these local matching resources may be utilized as match for this regional program. If funding is unavailable, potential applicants will be provided with a pre-application. Once a pre-application has been completed by the applicant and received in NENEDD's office, the applicant will be placed on a waiting list until adequate funding is available. Once funding becomes available, the applicant on the waiting list will be sent a full application.

#### **5.2 Procedure for Selection or Non-Selection**

The Housing Specialist reviews and recommends each application for approval or denial to the NED, Inc. Board of Directors. Completed applications will be presented by the Housing Specialist to the NED, Inc. Board of Directors, at their next regularly scheduled Board meeting (which is normally held the last Wednesday of each month) in the order in which they are received. Applications will not be presented to the NED, Inc. Board of Directors until the applicant has signed the Housing Rehabilitation Guidelines Acknowledgement Form and it has been returned to the Housing Specialist.

During the NED, Inc. Board meeting, applications are presented using a designated applicant number, and not the applicant's name or address. Selected applicants are notified in writing. Applicants not selected are also notified in writing with an explanation for reason of their denial.

### **5.3 Preliminary Inspection**

Once income eligibility has been determined, the applicant will be contacted by the Housing Specialist to arrange a time in order to conduct a preliminary inspection of the homeowner's property. At the time of the preliminary inspection, the Housing Specialist may obtain any additional information needed to complete the application process.

The Housing Specialist performs the preliminary inspection in order to obtain more specific information for the Work Write-Up form. The Work Write-Up form is a detailed listing of all improvements to be made to the unit. It details all materials, labor needed, and the estimated cost of materials/labor for the project.

The total estimated project costs, along with the value of the property and existing mortgage on the property, determines the economic feasibility of the rehabilitation project. These factors provide the Housing Specialist, and the NED, Inc. Board of Directors, a good indication of whether the house is economically feasible for rehabilitation.

### **5.4 Return Beneficiaries**

Owner-occupants are eligible for additional assistance, but priority will be given to applicants that have not received prior funding. Owner-occupants, who satisfy current program requirements and move into another eligible unit within the service area, will also be considered eligible for the program, but priority will be given to applicants that have not received prior funding. The request for additional funding will be evaluated by the Housing Specialist on a case-by-case basis.

## **6.0 LOAN CLOSING**

### **6.1 Pre-Construction Loan Documents**

Upon approval from the NED, Inc. Board of Directors to fund a project, the Housing Loan Specialist prepares the pre-construction loan documents. The following documents are executed by the borrower(s) to secure the affordability period.

- A. Rehabilitation Loan Agreement
- B. Memorandum of Understanding
- C. Notice of Right of Rescission
- D. Acknowledgement
- E. Deed of Trust
- F. Promissory Note
- G. Loss Payee Request
- H. ACH Enrollment form (updated information if loan is to be paid back)
- I. Primary Residence Certification

Upon signing of the above listed documents, the Deed of Trust is filed at the Register of Deeds Office in the county in which the unit to be rehabilitated is located. The filed Deed of Trust establishes a lien

against the applicant's principal residence, which is maintained until the loan is paid in full or the unit is sold or conveyed to another party or entity.

Once a loan is paid in full, or the unit is sold or conveyed to another party or entity, a Deed of Re-Conveyance will be filed in the county in which the unit was located, thus removing the lien established by the Deed of Trust.

### **6.2 Post-Construction Loan Documents**

Upon completion of construction, the Housing Loan Specialist determines the final dollar amount spent on the project. Loan closing documents are prepared and the borrower(s) executes the following documents:

- A. Regulation Z Loan Disclosure
- B. Promissory Note
- C. Amortization Schedule
- D. ACH Enrollment form (updated information if loan is to be paid back)
- E. Promotional Use Form (Beneficiary is giving a voluntary release and authorization for publication of photos that are taken at the time of the initial inspection of the property and after the project has been completed.

### **6.3 Close Out**

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

## **7.0 CONSTRUCTION PROCESS**

Upon the decision by the NED, Inc. Board of Directors to select and fund the rehabilitation project, the following steps will be taken that include:

1. NED, Inc. enters into a loan agreement with the applicant. No action is taken by NENEDD staff until the Right of Rescission period (not less than 3 business days) has expired. After that time, NENEDD staff will file all necessary liens, etc. (See also Section 6.1 Pre-Construction Loan Documents).
2. The Housing Specialist requests a lead inspection/risk assessment to be conducted on the property.
3. The Housing Specialist reviews the lead inspection/risk assessment report and revises the initial work write-up from the preliminary inspection in order to address any lead hazards items listed in the lead report.
4. The revised Work Write-Up form is sent to the applicant for signature, along with bid sheets and work specifications. The applicant signs the Work Write-Up form which indicates that the applicant understands the work NED, Inc. may fund and any cost limitations.



5. The applicant obtains minimum of two official bids for contracted work to be performed and provides this information on the bid sheets. At the request of the applicant, the Housing Specialist may assist the applicant in obtaining these bids and finding qualified contractors.

All work must be performed according to specifications prepared by the Housing Specialist. Contractors are required to provide necessary information to the Housing Specialist that includes the following: general liability insurance in the amount of \$500,000; proof of worker's compensation insurance (if applicable); two verifiable references from prior rehabilitation/remodeling jobs that have been satisfactorily completed; proof of current lead certification (if applicable to the rehabilitation project); and proof of registration with the Nebraska Department of Labor.

6. The homeowner selects a contractor from the bids received. The Housing Specialist must approve all bids before any work commences. NED, Inc. will only fund the dollar amount of the accepted and approved bid. All charges above and beyond the accepted/approved bid can only be funded if a change order is approved following the necessary change order process (see Item 11 below related to Change Orders).
7. A pre-construction conference is held with the applicant and selected contractor(s), at which time the applicant and contractor(s) enter into a contract agreement. The original contract is filed with the Housing Specialist. Only contracts approved by NENEDD's attorney, and prepared by NENEDD staff, will be accepted.
8. The Housing Specialist issues a Notice to Proceed to the contractor(s).
9. The contractor(s) performs the work and documents that inspections are performed throughout project completion and provides this information to the Housing Specialist. The Housing Specialist may perform frequent unscheduled inspections as work progresses on the project.
10. Contractors are paid on a bi-monthly basis by NED, Inc. unless otherwise notified. In order to receive payment, contractors are required to submit a necessary Payment Voucher form (which is provided in the contract), and an original invoice, which is provided to the homeowner who must sign the Payment Voucher. The Payment Voucher is then filed with the Housing Specialist. Upon approval by the Housing Specialist, NED, Inc. will issue a check payable to the contractor and mail it directly to the contractor. No payment will be made for materials that are only stored on site.

In the event the homeowner refuses to sign the Payment Voucher, the Housing Specialist can authorize payment to the contractor without prior approval of the homeowner, if (after work has been inspected) it has been determined that work was properly completed, has met project specifications, and meets NEDED Minimum Rehabilitation Standards.

It is expressly understood that NED, Inc. may, from time to time, activate its line of credit in order to expedite payment to contractors in a timely matter. It is also understood that any interest

accrued from the time payment is made to the contractors to the time NED, Inc receives reimbursement from the State of Nebraska will be considered a general administration expense of the project and will not be charged to the homeowner.

11. Change Orders: If necessary, a Change Order form is completed if the scope of work changes and is agreed upon by the homeowner, the contractor, and the Housing Specialist, and adequate funding is available. The Change Order will explain the requested change and whether or not there is an increase or decrease in the overall contract amount. The Change Order must be signed and executed by the homeowner, the contractor, and the Housing Specialist in order to be approved. Any additional charges from Change Orders that are not executed (or funding is not available) are the sole responsibility of the homeowner.
12. The Housing Specialist will perform a final inspection on the property in order to ensure that all rehabilitation work has been completed according to the contract specifications and NEDED Minimum Rehabilitation Standards. Upon completion of this final inspection, the Housing Specialist and the homeowner(s) will sign the Certificate of Final Inspection/Acceptance of Work, and the contractor will be approved for final payment.

If the Housing Specialist determines the rehabilitation work has not met contract specifications, or NEDED Minimum Rehabilitation Standards, the contractor will not yet be approved for final payment. The Housing Specialist will then conduct a meeting with the homeowner(s) and contractor at which time a list of necessary corrections/modifications will be discussed. The Housing Specialist will allow a specific amount of time for the contractor to make the corrections/modifications. If the corrections/modifications are made by the contractor within the timeframe agreed upon, the Housing Specialist will provide final payment to the contractor.

If the corrections/modifications are not made by the contractor within the timeframe agreed upon, the Housing Specialist will reduce the final payment by a dollar amount equal to the value of items from the contract that do not meet contract specifications or NEDED Minimum Rehabilitation Standards. This dollar amount will be made available to the homeowner to pay for another contractor, or for a Self-Help contract, in order to make the corrections or modifications.

13. A final Payment Voucher is filed.
14. Final payment is made to the contractor. The contractor then must sign a Lien Waiver (as provided in the contract) after final payment has been received.
15. The contractor is required to warranty all workmanship for a period of one (1) year from the date of work completion. The contractor must forward all material warranties to the homeowner upon completion of work. Once the Certificate of Final Inspection/Acceptance of Work has been signed by all parties (the homeowner(s), the contractor, and the Housing Specialist), any discrepancies or disputes related to completed work or warranty must be resolved by the homeowner(s) and their contractor.

## **8.0 GRIEVANCE PROCEDURES**

In the event an applicant feels he/she has been unfairly treated or feels discriminated against during the process of selecting projects to be funded, or during any other process of the program, the applicant may appeal the Housing Specialist's decision to the NED, Inc. Board of Directors for their consideration.

An appeal must be made in writing and the written appeal must be received by the Chairperson of the NED, Inc. Board of Directors within 14 calendar days of the Housing Specialist's decision. The NED, Inc. Board of Directors will then act to support or overturn the Housing 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 the NED, Inc. Board of Directors within 30 days of their decision. The NED, Inc. Board of Directors has final authority in the consideration of the appeal.

NEDED 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 third party as a mediator between the homeowner, the Grantee, the Grant Administrator, and the contractor. The third-party mediator cannot be the Grant Administrator nor a member of the Grantee's 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.

## **9.0 AMENDMENTS TO PROGRAM GUIDELINES**

In an ongoing effort to improve the quality of NED, Inc. programs, the NED, Inc. Board of Directors will accept suggestions from the public, program participants, contractors, program staff, 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 by the NED, Inc. Board of Directors, then upon approval by NEDED, the amendments will be included in the program guidelines.

## **10.0 OFFICIAL CONTACT OFFICE**

The place of contact for this program shall be at the office of NED, Inc., 111 South 1<sup>st</sup> Street, Norfolk, NE 68701. Any grievances, suggestions, or requests for information should be directed to this 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 or regional residents and 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 advertising in daily and weekly newspapers; and notices posted on NENEDD's website, and news briefs which are emails to banks, community members, associate members, and public members within NENEDD's Economic Development District. NED, Inc. will also display posters and brochures in areas where the above-mentioned interested persons may visit on a daily basis.

## **12.0 REPORTING REQUIREMENTS**

NENEDD staff will prepare and submit (if required) to NEDED a semi-annual status report detailing activities undertaken, applications received and in progress, applications approved, closings held, and funds obligated and expended.

## **13.0 LIMITED ENGLISH PROFICIENCY (LEP)**

It is the policy of NED, Inc to take reasonable steps to provide meaningful access to its programs and activities for persons with Limited English Proficiency (LEP) in accordance with, and as required by Title VI of the Civil Rights Act of 1964, Executive Order 13166, and HUD's final "Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient (LEP) Persons," published in the Federal Register on January 22, 2007, and which became effective on March 7, 2007 ("HUD LEP Guidance").

In order to comply with these requirements, NED, Inc will ensure the necessary supporting documentation is collected. Supporting documentation will include all the following (1) information identifying the LEP representative for the Grantee, including the representative's name and contact information; (2) a Four Factor Analysis that is consistent with the HUD LEP Guidance; and (3) a description of the actions the Grantee will take during the course of the grant to fulfill the requirements to provide meaningful access to LEP persons. If deemed necessary as a result of the Four Factor analysis, Grantee will prepare and submit to NEDED, a Language Access Plan (LAP) that includes all the necessary elements of an effective LAP as defined by HUD. The Grantee will also keep records of requests for LEP services, and all LEP services provided by the Grantee during the course of the grant. The Grantee must submit documentation to NEDED demonstrating the LEP services provided.

## **14.0 ADVERTISING POLICY**

NEDED requires every project funded with NEDED resources to collect photographs of units rehabilitated including, but not limited to, before, after, 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.

## **15.0 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.'s 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 NEDED related to racial, national origin, or sex as required by NEDED.

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.

## **16.0 MISCELLANEOUS PROVISIONS**

### **16.1 Energy Conservation Code**

Although NED, Inc. does not anticipate completing new construction activities within this rehabilitation program, in the event new housing construction is completed, NED, Inc. will ensure newly constructed housing will meet or exceed the 2009 (or most current) International Energy Conservation Code.

### **16.2 New Construction of 5 or more units**

Although NED, Inc. does not anticipate completing new construction activities within this rehabilitation 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.

## **17.0 PROGRAM INCOME REUSE PLAN**

See Appendix A

**HOUSING REHABILITATION GUIDELINES APPROVAL**

These housing guidelines are hereby approved by action of the Board of Directors of Northeast Economic Development, Incorporated (NED, Inc.) this 27<sup>th</sup> day of April, 2022.



\_\_\_\_\_  
President, NED, Inc.

4-27-22

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Date