

**Southwest Nebraska Community Betterment Corporation
Regional Down Payment with Rehabilitation Program Guidelines**

It is the intention of Southwest Nebraska Community Betterment Corporation's Down Payment with Rehabilitation Assistance program to provide families at or below 120% of area median income the financial resources toward the purchase and rehabilitation of a home located within the incorporated communities of any of the following southwest counties of: Perkins, Chase, Dundy, Hayes, Hitchcock and the community of McCook in Red Willow County.

1. PROGRAM

The Regional DPA w/Rehabilitation program will provide assistance to those persons/families of greatest need, improve the availability of housing, promote home ownership, and increase attractiveness of underdeveloped neighborhoods and increase local employment. SWNCBC will administer the DPA w/Rehab program and leverage funds through participating financial institutions and package the applications to best fit the programs available.

2. PURPOSE

- To provide financial assistance for the purchase of existing or newly constructed single-family homes
- To enhance and preserve an affordable housing stock.
- To achieve affordable quality housing for LMI people..
- To increase the attractiveness and livability of existing homes in the Project Service Area.
- To ensure that qualified residential units in the service area are safe and habitable as long as it is economically feasible to rehabilitate these homes.
- To promote homeownership.
- To discourage the abandonment or neglect of residential dwelling units.
- To increase local employment

3. ELIGIBILITY CRITERIA

- a) The annual income of persons receiving assistance under the DPA w/Rehab Program, for purchase of an existing home, must be 120% or below the County's median income by family size or 120% or below the County's median income by family size for a newly constructed home. Applicant's anticipated annual income will be computed as defined in 24 CFR Part 5.609.
- b) The Regional DPA w/Rehab program is for homeowners in the incorporated limits of the communities in the counties of Perkins, Chase, Hitchcock, Dundy, Hayes and the community of McCook in Red Willow County. (The home being purchased must serve as the buyer's principal residence.)
- c) All clients going through the DPA program are required to complete a NDED approved, HUD approved or REACH affiliated Homebuyer Education Class prior to closing, and must provide a certificate of completion.
- d) Return beneficiaries will be considered for assistance if they can meet all other eligibility requirements, unless they have defaulted on a previous SWNCBC project.

4. TYPES OF ASSISTANCE

- a) The maximum DPA w/Rehabilitation assistance amount will be up to \$30,000. The maximum amount for down payment assistance and/or closing costs is up to \$10,000 or 20% of the purchase price. After the down payment and/or closing costs are determined, the homebuyer may utilize the remaining funds for rehabilitation. The applicant will be required to provide \$500 toward the purchase of the property.

- b) All applicants will be required to secure permanent financing with a lender of his or her choice with a fixed rate mortgage for a minimum of at least five (5) years. The USDA Rural Development 502 Loan, Guaranteed Mortgage Program, Veterans Administration (VA), Nebraska Investment Finance Authority (NIFA) and conventional lending may be among the permanent loan programs utilized. The local participating lenders will play a major role in the facilitation of the DPA w/Rehabilitation for SWNCBC.
- c) In order to assist SWNCBC customers in their search for affordable housing, referrals are made to various partners who can leverage funds: USDA Rural Development: Direct or Guaranteed Loans, as a source of below market rate loans; Assistive Technology Partnership and the Nebraska Housing Developers Association: Home Ownership Program and Making Homes Accessible Program, as sources of rehabilitation and/or down payment assistance for households with a disability and First Down Nebraska for DPA/Closing Costs assistance.
- d) Monthly mortgage payment, which includes principal, interest, taxes and insurance, must not exceed 30% of applicant's gross income.
- e) The buyer must occupy property purchased as a principal residence for the affordability period of 10 years from the date that NAHTF Funds are invested.
- f) The DPA w/Rehabilitation funds will be secured with a second mortgage (Deed of Trust) that will be subordinate to the first mortgage. The down payment assistance and/or closing costs up to \$10,000 will be a deferred loan as long as the home remains the buyers principal residence. In the event that the home is sold the deferred loan becomes due and payable in full. The rehabilitation funds, up to \$20,000, will be a forgivable loan after remaining in the home for 10 years. If the property is sold before the end of affordability period, the prorated amount of the loan becomes due and is payable in full from the net proceeds of the house sale. Net Proceeds are the sales price minus superior loan repayment (other than NAHTF funds) and any closing costs.
- g) The home purchased must be the primary place of residence for the family for 10 years. In the case of unforeseen hardship or incapacitation, the borrower may request the SWNCBC Board Directors to waive payment or establish a repayment schedule.
- h) Must carry hazard insurance the entire affordability period and list SWNCBC as secondary loss payee on the policy. This will serve as confirmation that the home is the primary place of residence of the borrower.

5. APPLICATION PROCESS

- a) At a time and date established by SWNCBC, affirmative marketing procedures will be utilized to officially solicit applicants for the DPA w/Rehabilitation Program. Affirmative marketing procedures including, but 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. SWNCBC will advertise the availability of the program utilizing the most effective means possible of reaching the local public. This may include, but not limited to the use of the local newspaper, public access via local media and the posting of a notice at selected public and/or private facilities. All housing activities, including marketing will be conducted in accordance with the Fair Housing Act and will indicate no preference, limitation, or discrimination on race, color, religion, sex, national origin, handicap or familial status. All marketing materials will carry the Fair Housing logo.
- b) As recipient of funds in the Nebraska Department of Economic Development (DED) Nebraska Affordable Housing Trust Fund Program, SWNCBC must fulfill affirmative action requirements of federal fair housing laws. (P.L 90-284, as amended by L. 1988 P.L 100-430; and E.O. 11063). Actions taken include but are not limited to:
 - Material about fair housing, including Equal Housing Opportunity logos, posted in the



SWNCBC office

- Brochures on display at the SWNCBC office include the Equal Housing Opportunity logo and statement of non-discrimination. Brochures may be mailed upon request.
 - SWNCBC Program Guidelines limit assistance to those under 120% area median income. Persons assisted with these funds for newly constructed housing, whether state and/or federal, will have incomes at or below the 120% of the area median income for the particular county where assistance is needed, as set forth by HUD.
 - SWNCBC will continue to increase and further Fair Housing Awareness in the Perkins County area.
 - In order to further fair housing in the service area, SWNCBC will display Fair Housing Brochures the month of April at the Mid Plains Community College McCook Campus. The brochures will list the contact information for the local Fair Housing Representative.
- c) SWNCBC agrees to comply with all federal and local laws applicable to the project and the use of NAHTF funds, including, but not limited to, the following:
- Civil Rights Act of 1964
 - Age Discrimination Act of 1975
 - Section 504 of the Rehabilitation Act of 1973
 - Architectural Barriers Act of 1968
 - The Equal Employment Opportunity Act
 - Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988
 - The Vietnam Era Veterans' Readjustment Act of 1974 (revised Jobs for Veterans Act of 2002)
 - The Immigration Reform and Control Act of 1986
 - The Nebraska Fair Employment Practices Act
 - The Housing for Older Persons Act of 1995
 - Flood Disaster Protection Act of 1973
 - National Environmental Policy Act of 1969
 - National Historic Preservation Act of 1966
 - Lead-Based Paint Poisoning Prevention Act of 1971, the Residential Lead-Based Paint Hazard Reduction Act, and regulations at 24 C.F.R. Part 35
 - Clean Air and Federal Water Pollution Control Act, as amended
 - Fair Labor Standards Act of 1938, as amended
 - Contract Work Hours and Safety Standards Act
 - Section 3 of the Housing and Urban Development Act of 1968; and 24 C.F.R. Part 135
- ci) The applicants must meet the following requirements before DPA w/Rehabilitation funds can be reserved:
- All applicants must provide documentation of loan approval from the first mortgage lender and will be required to have an inspection by the lender or a professional inspector to identify any needed repairs for the home to be mortgage ready.
 - All applicants are required to complete a REACH Homebuyer Education, HUD or DED approved HBED Program.
 - The application consists of questions related to household size and composition, income, etc. Application information will be reviewed and evaluated by the program management staff, on a confidential basis.
 - The review process includes verification of income, employment, and assets.
 - Notification of final eligibility will be made in writing. Applicants who do not meet approval criteria will be notified in writing, including a statement of the reason for non-selection.



- Applicants will be assisted on a first come – first serve basis. In the event of two applications qualifying at the same time, the homeowner whose income is lower will be given preference points.

6. SELECTION OF HOME

- a) Properties shall be located in the incorporated limits of the communities in the counties of Perkins, Chase, Hitchcock, Dundy, Hayes and the community of McCook in Red Willow County. (The home being purchased must serve as the buyer's principal residence.)
- b) The maximum purchase price or after-rehab value of each property may not exceed the applicable pre-stimulus 203 (b) limit or 140 percent of the median purchase price for the area as listed at <https://www.oncepd.info/resource/2312/home-maximum-purchase-price-after-reahab-value>.
- c) Additionally, an evaluation will be conducted to determine that the subsidy required does not exceed the current NAHP maximum per unit subsidy. A listing of subsidy limits by county can be found at <http://opportunity.nebraska.gov/community/community-info:/documentslibrary-a-forms/trust-fund>.
- d) Existing Units
 - Housing units to be purchased by program participants must meet mortgage inspection requirements and DED Standards.
 - Housing units must achieve SHPO clearance.
 - Properties within federally determined floodplains are not eligible for assistance under this program.
 - The property must be permanently attached to a permanent foundation and may not be a mobile home.
- e) New Construction
 - For new construction, documentation will be required from the Nebraska Energy Office that plans and specs have been received for review for compliance with the 2009 International Energy Conservation Code.
 - The contract for construction of a single family home will be between the borrower and the general contractor. Neither SWNCBC nor lending agency/organization responsible for the First Mortgage will be held liable or responsible for problems arising during or after the completion of construction.

7. LOAN CLOSING

- a) The local lender will be responsible for scheduling both the First Mortgage and the DPA loan closings with the borrower and SWNCBC. The lender will facilitate and coordinate the closing process with all participants.
- b) In regard to the Homeownership Opportunity Program loan, the participating lender will have the borrower execute the following at closing:
 - Promissory Note
 - Second Mortgage (Deed of Trust)
 - Owner Occupancy Agreement
- c) The Promissory Note and Second Mortgage Forms will be provided by SWNCBC. The lender will file the Second Mortgage Forms at the Register of Deeds Office.
- d) The lender shall transmit a draft copy of the Closing Disclosure to SWNCBC before the scheduled closing and a copy of the signed Closing Disclosure to SWNCBC after the closing.

8. REHABILITATION PROCEDURES

There are three primary goals of a housing rehabilitation program:

- Improve the quality, livability and economic vitality of neighborhoods
- Provide assistance to those who cannot afford or induce those who might or would not otherwise invest to make the improvements necessary to achieve the first two goals.
- The rehab will focus on health and safety issues and energy efficiency.

A. Initial Inspection

- 1) SWNCBC will require inspection to be conducted before the closing of the home to determine any deficiencies or repairs needed to meet mortgage requirements and the Nebraska Department of Economic Development Minimum Standards for Rehabilitation. All homebuyers will be made aware of radon risks and making them aware of the dangers of the level of exposure in their home. For new construction, a passive active radon mitigation system will be installed. Homebuyers purchasing an existing home will be provided a testing kit for the homeowner to test their home. If the levels are found high, installation of a radon system will be required during the rehabilitation process.

B. Work Write-Up

- 1) During the inspection, the housing inspector will complete a checklist of items to be addressed as well as determine if a Lead Base Paint Assessment/Inspection is needed.
- 2) SWNCBC will determine LBP issues for homes participating in the DPA program on a case-by-case basis. SWNCBC prohibits the use of Lead Based Paint in the home or on the exterior of the home. SWNCBC will comply with HUD's lead-based paint regulation requirements. All homes built prior to 1978 that will have over \$5,000 in rehabilitation will be required to have a LBP inspection by a Certified Lead Base Paint Inspector.
- 3) After the inspection and the Lead Base Paint inspection has been completed, the rehabilitation inspector uses the notes collected to prepare a description of the work to be performed. The repairs should be listed in priority order. The cost of each item is then estimated to get a rough idea as to whether all of the requested repairs can be accomplished within the program guidelines. It will also be necessary to conduct a feasibility detail of the proposed rehabilitation.
- 4) The DPA w/Rehabilitation Program limits the rehabilitation funds per applicant to \$20,000. The total repairs will not be more than 50% of the purchase price of the home.

C. Contractor Selection

- 1) The solicitation of bids for the rehabilitation work will be conducted by the homeowner from their contractor of choice. The contractors will be required to meet certain standards such as, Lead Safe Practice Training Course, registered with the Nebraska Department of Labor, not listed on the SAM and carries Liability Insurance.

D. Contracts

- 1) The contract for rehabilitation work will be between the homeowner and contractor, with the program as a third party acting as an Operating Agency (OA) to provide for oversight, construction observation and to provide financing, insuring that the contractor and homeowner meet agreed upon conditions.

E. Construction Monitoring

- 1) Inspections will be necessary during the construction phase to monitor the rehabilitation. The primary purpose of these inspections is to insure that materials used and work done is accomplished in compliance with the contract. The project inspector and manager shall visit each job site when necessary to assure adequate job performance. Should change orders become necessary during the rehabilitation work which would change the total cost of the contract, the program and the homeowner must agree on said change orders and any modification to the funding prior to the execution of the change order.



F. Project Completion

- 1) At the completion of construction the project inspector shall inspect the work to assure that satisfactory work has been accomplished. In addition, "after" photos will be taken of the interior and exterior of the home. If the quality of work is satisfactory to the home owner and the project inspector, and all contract conditions have been met, the project inspector and manager will request final payment for the contractor. Any deficiencies must be corrected to the satisfaction of the homeowner and the program, and all warranties, lien waivers, inspection reports from other Federal/State/Local agencies, etc., must be delivered before final payment will be made. Selected properties will be repaired/rehabbed in a manner which meets and/or exceeds the "Minimum Rehabilitation Standards" at the time of project completion. Future maintenance and repair of the property will be the responsibility of the home owner.
- 2) SWNCBC uses a permission statement signed by the homebuyer/owner as a voluntary release and authorization for collecting photographs of the project, including before, after, indoor, outdoor and grounds photos for publication. The applicant may select to grant or deny permission for SWNCBC to use their name, photographs, video and/or audio recordings of them, their family, or their property. If permission is granted, the applicants understand the information may be used in any of SWNCBC's electronic, print or multimedia publications.

9. LEAD BASED PAINT

- a) It is the intent of the DPA with/Rehabilitation 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. All lead based paint hazards must be eliminated during the rehab process. During the Comprehensive Property Inspection, work items will be identified to assess the level of risk and identify the treatments necessary to reduce immediate lead-based paint hazards. A lead based paint visual assessment for deteriorated paint will be conducted consisting of a visual search for cracking, scaling, or chipping paint. The inspector will also look for visible dust and debris, including paint chips. Any deteriorated paint may be tested or assessed. Participants will be notified about any lead-based paint hazards identified.
- b) Clearance testing after construction will be conducted on all projects involving lead-based paint mitigation to ensure the issues have been fully addressed. Participants will receive a copy of the Lead Clearance Test.

10. RELOCATION

- a) The application for DPA w/Rehabilitation is a voluntary application therefore temporary relocation funds are not available. If temporary relocation is deemed necessary by the program, relocation activities will be at the voluntary acceptance and expense of the homeowner. SWNCBC will not pay for relocation expenses as participation in this program is at the option of the applicant. The applicant may choose not to participate if temporary relocation is deemed necessary.
- b) In cases where either voluntary or involuntary acquisition is anticipated, DED will be contacted prior to any action.
- c) The seller of a property being purchased by an applicant of DPA w/Rehabilitation funds must certify they are the owner of the identified property and are voluntarily selling the property of their own free will.
- d) In addition, the seller will certify the last occupant of the property was not displaced in order to place the property for sale; therefore, they are not eligible for assistance under the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as amended.



- e) The DPA w/Rehabilitation applicant may select to grant or deny permission for SWNCBC to use their name, photographs, video and/or audio recordings of them, their family, or their property. If permission is granted, the applicants understand the information may be used in any of SWNCBC's electronic, print or multimedia publications.

11. CONFLICT OF INTEREST

- a) No official, employee or agent of SWNCBC who exercises policy and/or performs decision-making functions or responsibilities in connection with the planning and/or implementation of the program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the program ends. Any other employee, officer, or board member may be eligible, but will be treated without preference, in the determination of the application accepted for funding. Enclosed with such an application shall be a statement of disclosure, which outlines any interest the applicant may have in the operation of the program.
- b) Employees, officers and agents cannot accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to subagreements.
- c) A waiver process shall be available to allow for the previously identified ineligible persons to be eligible for participation in the program. The waiver process will consist of request for approval by the following entities in order: SWNCBC Board of Directors. Each person requesting a waiver must describe their need for participation in the program and, if approved, agree to disassociate themselves from any decision-making that directly affects them.
- d) Upon written request, the Department on a case-by-case basis may grant exceptions to the Conflict of Interest provisions only after the following have been completed: 1) Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public. 2) Provided a legal opinion stating that there would be no violation of state or local law if the exception was granted.

12. GRIEVANCE PROCEDURES

Persons and/or families who believe that their application was not given fair consideration or that they have been discriminated against should give the reasons, in writing, to the Southwest Nebraska Community Betterment Corporation Board of Directors within ten days of the decision. The SWNCBC Board shall take the letter under consideration at the next regularly scheduled meeting and reply, in writing, to the complaint no later than five days following the meeting. If the homeowner is not satisfied with the response, Leigh Alexander with CDS Inspections, will be used as a third party to assess the situation and settle the dispute. Following review by the third party if the homeowner is still not satisfied they can contact the NDED office.

13. AMENDMENT OF THE GUIDELINES

Program guidelines are subject to revision by a majority vote of the SWNCBC Board of Directors. Guideline amendments may be based upon suggestions from the public and/or program participants in an effort to improve the quality of the program. Guideline amendments must be approved by the Nebraska Department of Economic Development.



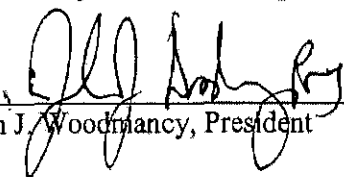
14. RECAPTURE/REUSE PLAN

- a) SWNCBC (SWNCBC), the applicant, wishes to retain program income and reuse those funds for additional housing related activities.
- b) SWNCBC will use program income directly generated from the use of NAHTF funds to further affordable housing programs eligible under the Nebraska Affordable Housing Act.
- c) Program income funds are those funds returned to SWNCBC during the affordability period when the property is sold or no longer the initial or subsequent homeowner's principle residence.
- d) Program income funds will be utilized for the current project, if the current project has not been completed. This program income received will be applied to the current project prior to requesting additional NAHTF funds.
- e) SWNCBC understands that if program income is utilized for another housing related activity, other than for the same activity from the project which generated the program income, then SWNCBC will be responsible for developing and utilizing new program guidelines for the new eligible activity.
- f) SWNCBC will retain 10% of program income for general administration expenses.
- g) Resale provisions will not be utilized for this project.
- h) Recapture provisions will be utilized for this project and should program income be received, then the amount recaptured will not exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than NAHP funds) and any closing costs.
- i) All program income will be returned to DED for reuse unless DED offers SWNCBC the option to retain the program income or DED approves SWNCBC's Program Income Reuse Plan prior to receiving Release of Funds.

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These Down Payment Assistance Program Guidelines have been approved by the Southwest Nebraska Community Betterment Corporation Board of Directors on April 29, 2020.


John J. Woodmancy, President