

Southwest Nebraska Community Betterment Corporation  
Proposed 2022 Regional Down Payment/Closing Costs Program Guidelines  
Approved April 26, 2022  
Amended December 1, 2022

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

### 1. PROGRAM

The Regional DPA/Closing Costs 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/Closing Costs 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 achieve affordable quality housing for LMI people.
- 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/Closing Costs program, for purchase of a single-family (new or existing) home, must be 120% or below the County's median income by family size. Applicant's anticipated annual income will be computed as defined in 24 CFR Part 5.609. Current income limits can be found at [2021-NAHTF-120-AMI-Limits.pdf](#) ([nebraska.gov](#))
- b) The Regional DPA/Closing Costs program is for homebuyers in the incorporated limits of the communities in the counties of Keith, 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 applicants are required to complete a REACH Homebuyer Education, HUD or DED approved HBED Program prior to closing and must provide copy of signed and dated Certificate of Completion. Loan must close within 1 year of completing Homebuyer Education.
- d) Return beneficiaries will be considered for assistance if they can meet all other eligibility requirements unless they have defaulted on a previous SMINCBC project.

### 4. TYPES OF ASSISTANCE

- a) The maximum NAHTF DPA/Closing Costs assistance amount will be up to \$15,000 and no greater than 20% of the purchase price and the minimum is \$1 ,000. SWNCBC may utilize cash match in conjunction with NAHTF but will not exceed 20% of the purchase price. The applicant will be required to provide a minimum \$500 toward the purchase of the property.

- b) In order to assist SWNCBC customers in their search for affordable housing, referrals are made to various partners as other resources to leverage funds which include (but not limited to): NHDA First Down, USDA Rural Development: Direct and/or Guaranteed Loans and NIFA HBA. SWNCBC will layer other sources of DPA/Closing Costs if needed to ensure the affordability and ensuring housing ratio does not exceed 32% and the debt-to-income ratio does not exceed 45%. NAHTF, Cash match and other resources combined may not exceed 20% of purchase price.
- c) All applicants will be required to secure permanent financing with a lender of their 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/Closing Costs for SWNCBC and will determine the amount of funds needed for down payment and closing costs according to the loan requirements.
- d) 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.
- e) The DPA/Closing Costs assistance will be secured with a second mortgage (Deed of Trust) that will be subordinate to the first mortgage. The assistance will be a 50% forgivable and 50% deferred loan.
- f) The 50% forgivable loan portion will be forgiven after remaining in the home for 10 years. If the property is sold, refinanced or no longer the original homebuyer's principal residence before the end of the 10-year affordability period, the prorated amount of the forgivable loan amount becomes due and 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) When the home is sold, refinanced, or property is transferred, the deferred loan portion becomes due and payable in full from the net proceeds. Net Proceeds are the sales price minus superior loan repayment (other than NAHTF funds) and any closing costs. Financial Hardship waiver requests submitted in writing are reviewed by the SWNCBC Board of Directors and are approved on a case-by-case basis.
- h) SWNCBC will not subordinate beyond the primary mortgage. However, a written request to the SWNCBC Board of Directors for subordination with loan details and existing circumstances for subordination will be considered for one of the following reasons:
  - Make necessary repairs to the home for health and safety issues
  - Lower the interest rate
  - Reduce the number of loan payments
  - Financial and/or medical hardship to restructure debt to avoid foreclosure
- i) The home purchased must be the primary residence of the original homebuyer for 10 years.
- j) 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. FAIR HOUSING/APPLICATION PROCESS

- a) At a time and date established by SWNCBC, affirmative marketing procedures will be utilized to officially solicit applicants for the DPA/Closing Costs 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 county where assistance is needed, as set forth by HUD.
  - To further fair housing awareness in the SWNCBC project service area, SWNCBC will submit a new letter to each of the newspapers in the project service area. The letter will be published in April for Fair Housing Awareness Month. SWNCBC will explain Fair Housing in the letter as well as list the contact information for SWNCBC's 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
- d) The applicants must meet the following requirements before DPA funds can be reserved:
- 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.
  - Select/Non-Select: 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.
  - Priority Ranking System: Applicants will be assisted on a first ready — first serve basis. In the event of two applications qualifying at the same time, the homebuyer whose income is lower will be given preference points.
  - All applicants must provide documentation of loan approval from the first mortgage lender.
  - All applicants are required to complete a REACH Homebuyer Education, HUD or DED approved HBED Program.

## 6. SELECTION OF HOME

- a) Properties shall be located in the incorporated limits of the communities in the counties of Keith, 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 for the entire 10-year affordability period.)
- 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://opportunity.nebraska.gov/grow-your-community/data-for-applicants-andgrantees/>. 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 <https://opportunity.nebraska.gov/grow-your-community/data-forapplicants-and-grantees/>
- c) Existing Units
- Housing units to be purchased by program participants must meet mortgage inspection requirements and DED Property Standards.
  - 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.
  - Housing unit must have an appraisal completed before closing.
- d) 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 assist SWNCBC facilitate and coordinate the closing process with all participants.
- b) Regarding the DPA/Closing Costs 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. RELOCATION

- a) The application for DPA/Closing Costs 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 homebuyer. 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/Closing Costs 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.

## 9. CONFLICT- of - INTEREST

- a) No official, employee or agent of SWNCBC who exercises policy and/or performs decisionmaking 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 sub agreements.
  - 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
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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. 10. 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.

#### 11. RADON TESTING AND MITIGATION

Persons receiving NAHTF DPA/Closing Costs assistance will be provided with educational materials disclosing the danger of high radon levels in homes. Radon testing is the choice of the homebuyers and not required but encouraged by SWNCBC. The education materials provided to the homebuyers includes contact information for purchasing a home test kit. Cost to mitigate for high levels will be the homebuyer's expense. Recipients will sign a Confirmation of Receipt of Radon Pamphlet.

#### 12. LEAD BASED PAINT

Persons receiving NAHTF DPA/Closing Costs assistance will be provided with an educational pamphlet, "Protect Your Family From Lead in Your Home," disclosing the danger of Lead Based Paint in homes built prior to 1978. The pamphlet provided to the homebuyers will include simple steps to protect your family from lead hazards. The brochure includes contact information for more information on lead hazards. Recipients will sign a Confirmation of Receipt of Lead Pamphlet.

#### 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) Program income funds will be utilized for the current project if the current project contract has not been completed. This program income received will be applied to the current project prior to requesting additional NAHTF funds.
- b) SWNCBC will retain 10% of program income for administration expenses.
- c) Resale provisions will not be utilized for this project.
- d) 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. Recaptured funds during the open contract will be used for DPA/Closing Costs prior to drawing down additional NAHTF funds.

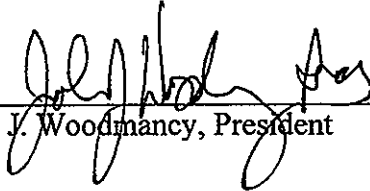
#### 15. PHOTO PERMISSION

The DPA/Closing Costs 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.

CONTACT PERSON

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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 26, 2022 and amended on December 1, 2022.



John J. Woodmancy, President

*Southwest Nebraska*  
**Community Betterment Corporation**

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GUIDELINE SIGN-OFF

By submitting this signed form we/I certify that we/I have read, understand and agree to abide and to adhere to all of the State, Federal and the SWNCBC Guidelines for SWNCBC's Trust Fund Down Payment/Closing Cost Assistance Program. Should we/I not agree or adhere to the guidelines for this program at any time after signing this form, We/I understand that we/I will be disqualified from participating in the program.

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Signature

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Date

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Signature

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Date