Northeast Economic Development, Inc. (NED, Inc.)  
New Construction with Down Payment Assistance Program  
Guidelines

PURPOSE

The purpose of the Northeast Economic Development Inc. (NED, Inc.) New Construction with Down Payment Assistance Program is to provide financial assistance to low-to-moderate income households for the purchase of single-family residential housing units, which are safe, decent, sanitary, and affordable utilizing Nebraska Affordable Housing Program (NAHP) Funds. Funding sources utilized through the NAHP consist of HOME Investment Partnership Funds and Nebraska Affordable Housing Trust Funds (NAHTF). NED, Inc. has been contracted/organized to facilitate and coordinate the development of housing and economic development initiatives. NED, Inc.’s New Construction with Down Payment Assistance Program herein after referred to as the program will provide assistance to those persons of greatest need, improve the availability of housing, promote home ownership, and increase attractiveness of designated underdeveloped neighborhoods and increase local employment. 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.

This program shall be conducted in a manner to be in compliance with the Fair Housing Act. NED, Inc. will comply with the following Sections of the Fair Housing Act and the following regulations:

Sec. 818. [42 U.S.C. 3617] Interference, coercion, or intimidation; enforcement by civil action. NED, Inc.’s program does not coerce, intimidate, threaten, or interfere with any person seeking down payment assistance funds from NED, Inc. NED, Inc. does not discriminate when loaning down payment assistance funds based on race, color, religion, sex, handicap, familial status, or national origin and has in fact adopted a Fair Housing Resolution. NED, Inc. will follow the following Code of Federal Regulation (CFR) regulations for implementing the Fair Housing Act for the Department of Housing & Urban Development (HUD) funded programs. Refer to website:

Title 24 CFR 100 Subpart C provides NED, Inc.’s program with interpretations of conduct that is unlawful under section 805. NED, Inc. will follow these interpretations when providing financial assistance for the down payment assistance of a dwelling. NED, Inc. does not discriminate when loaning down payment assistance funds based on race, color, religion, sex, handicap, familial status, or national origin and has, in fact, adopted a Fair Housing Resolution.

Title 24 CFR 100 Subpart D provides that NED, Inc.’s program will provide guidance to permit handicapped persons reasonable modifications of the newly constructed unit that is being purchased.

Title 24 CFR 100 Subpart F provides NED, Inc.’s program with guidance of conduct that is unlawful under Section 818 of the Fair Housing Act.

Title 24 CFR 107 is used to take action necessary and appropriate to prevent discrimination because of race, color, religion, sex, handicap, familial status, or national origin. Under this section NED, Inc. insures that all legal documents contain provisions regarding discrimination. NED, Inc. maintains racial, national origin and sex data required by the department in connections with its programs.

Title 24 CFR 110 sets forth regulations regarding the purpose and location of posters. NED, Inc. has its posters prominently displayed, and of proper size, so they can be read by all persons seeking housing. NED, Inc. letterhead and all housing brochures bear the Fair Housing logo.
1.0 APPLICANT ELIGIBILITY

1.1 General (Conflict of Interest)
No member of the governing body, official employee, agent or member of their immediate family of NED Inc. and/or its affiliate Northeast Nebraska Economic Development District (NENEDD) who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the program shall directly or indirectly benefit from this program, unless the Nebraska Department of Economic Development (NEDED) has granted written exception to that member. This prohibition shall continue for one year after an individual’s relationship with NED, Inc. or NENEDD ends. Any other employee, officer, or board member may be eligible, but will be treated no differently in the determination of applications accepted for funding. Enclosed with this person’s application shall be a statement of disclosure which outlines the nature of the possible conflict and a description of how the public disclosure was made. Included will also be verification that the affected person has withdrawn from the active involvement in any down payment assistance grant related issues.

1.2 Income Eligibility
All determinations for assistance will be based upon need. Households receiving assistance from this program for a single family newly-constructed housing unit will have an annual anticipated gross income at or below 80% for HOME Funds and 120% of the Area Median Income (AMI) for NAHTF Funds for the county in which they receive assistance as established by the 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 Housing Specialist, who has been presented with adequate documentation to verify that program participants meet the income thresholds as defined by HUD, shall be deemed sufficient to document low-income status when applications are presented to the NED, Inc. Board of Directors.

1.3 Family Status
To qualify for a home mortgage under this program, the applicant must be a minimum of a one-person household.

1.4 Real Property
In order to qualify under the program, an applicant shall not currently own or have any other interest in other real property at the time of application. The property to be purchased must be the principal residence of the applicant during the deferral/repayment period the down payment assistance loan.

2.0 PROPERTY ELIGIBILITY

2.1 Location
The housing units to be purchased by program participants will be located within the city limits of communities in NED Inc.’s service area, and subject to limitations set by HOME and NAHTF grant rules and regulations. NED Inc.’s service area includes the Northeast Investment Zone counties of Burt, Cedar, Colfax, Cuming, Dakota, Dixon, Dodge, rural Douglas, Madison, Pierce, Platte, Stanton, Thurston, Washington, and Wayne.

2.2 Purchase Price
The maximum purchase price of each housing unit will not exceed 95% of the median purchase price of the area. For more information see: http://opportunity.nebraska.gov/community/grants/applications/income-limits-cdbg-home-nahtf#NAHTF_Data.
2.3 Owner-Occupied
The program shall provide assistance for the purchase of an owner-occupied principle residence only and the property cannot be retained for rental purposes. A home is considered “newly constructed” if no person or family has ever lived in the home. At loan closing, the client will execute a Primary Residence Certification Form which indicates that the property being purchased with down payment assistance funds must remain the client’s primary residence throughout the down payment assistance loan period. If, at any time during the down payment assistance loan period, the property is no longer the client’s primary residence, the client understands that they are in default of New Construction Program.

2.4 Maximum Per Unit Subsidy
Financial assistance provided to the homebuyer shall not exceed the maximum per unit NAHP subsidy. The subsidy limits by county can be located at the following website: http://opportunity.nebraska.gov/community/grants/applications/income-limits-cdbg-home-nahff#NAHTF_Data.

2.5 Energy Efficiency Criteria
Newly-constructed housing units will meet or exceed the 2009 (or most current) International Model Energy Code and the Nebraska Energy Office will approve all building specifications. All units assisted with NAHP funds will be made to meet local codes, if no local codes exist, the state codes will be utilized. All properties must meet NEDED standards.

2.6 Unit Characteristics/Eligible Properties
Only newly constructed single-family housing units are eligible for this program. A home is considered "newly constructed" if no person or family has ever lived in the home. Housing units located within a Special Flood Hazard Area (SFHA) are not eligible for assistance. Duplexes are eligible for assistance if the unit is owner-occupied and a definitive property boundary is established.

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

4.0 FINANCIAL ASSISTANCE

4.1 Contractor/Developer Loan Program
NED, Inc. has the option to provide the general contractor or developer with a 0% interest loan up to $100,000 to construct a single-family housing unit in the Northeast Investment Zone. Upon sale of the home, the contractor or developer will be required to repay the amount borrowed less the amount used for development subsidy and down payment assistance.

4.2 Buyer Down Payment Assistance Loan Program
All applicants will be required to secure a single-family mortgage loan from a lender of their choice to purchase a newly constructed single-family housing unit. Applicants will need a pre-qualification letter and Loan Estimate Statement from the primary lender prior to applying for down payment assistance funds. The primary lender and its underwriting criteria determine the basis for NED, Inc.'s down payment assistance. Potential funding will be provided through either development subsidy, down payment assistance, or a combination of both not to exceed 25% of the purchase price up to a maximum of $50,000. The loan will be used toward the down payment of one housing unit and associated closing costs. The applicant is required to provide $1,000 of their own funds to cover a portion of the required closing fees and prepaid escrow accounts. NED, Inc. will charge a $500 closing fee which can be applied toward the $1,000 requirement. The primary lender will appraise the property.
A subordinated lien in favor of NED, Inc. will be placed upon the property at the time of signing the promissory note in an amount equal to the down payment assistance loan. This lien will take a subordinate position to the primary lender’s original mortgage. Future refinancing, home equity loans and all future liens will take a subordinated position to the NED, Inc. loan. At the request of the borrower, future equity loans, which require a release or subordination of NED, Inc.’s lien, will require the NED, Inc. loan balance to be paid off unless the Board of Directors receives a written explanation of need. All subordination requests will follow NED, Inc.’s subordination policy (attached as Appendix B). The homeowner will be required to pay all closing and filing costs associated with refinancing and subordination if approved by the NED, Inc. Board of Directors.

The down payment assistance loan shall consist of a 0% deferred interest loan. No debt service of the borrower will be required for the down payment assistance loan until the property is sold or upon transfer of title.

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

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

5.0 APPLICATION PROCESS

5.1 Application
In order to obtain an application form the applicant must call or visit NED, Inc.’s office. Staff will explain the assistance available and will be responsible for processing the application, verifying income and determining the applicant’s eligibility for participation in the program. During the application review, NENEDD staff may make recommendations and referral to other programs available such as USDA Direct Rural housing loans.

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

A. Credit Guidelines: Credit payment history, revolving accounts, any collections, judgments, liens, bankruptcy, foreclosures, repossessions, and credit depth.

B. Debt to Income Ratios: Housing expense ratios maximum of 28% and total household expense ratios maximum of 40%.

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

NED, Inc.'s Board of Directors typically meets on the last Wednesday of each month. Applications will be presented to the NED Inc. Board of Directors if all of the above-mentioned items are completed by noon on Thursday prior to the regularly scheduled meeting. Applications will be presented to NED Inc. Board of Directors by applicant number only.

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

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

5.5 Request for Funds
NED, Inc. will submit a Request for Funds to NEDED on a reimbursement basis only.

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

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

6.0 LEAD- BASED PAINT

6.1 Lead-Based Paint Brochure
The HUD/EPA Disclosure Rule includes the following language on a homebuyer’s right to conduct a lead hazard evaluation. Program participants shall receive, as part of their application packet a copy of the HUD brochure on lead-based paint entitled “Protect Your Family From Lead In Your Home”. The receipt of this brochure by the program participant shall be documented by signature of the
homebuyer on the “Notification – Watch out for Lead-Based Paint Poisoning” form included in the application packet. **Lead based paint will not be used in the newly constructed house.**

7.0 LOAN CLOSING

7.1 Loan Closing
NED, Inc. will schedule the loan closing with the borrower and the primary lender. The primary lender will prepare all closing documents for its loan. NED, Inc. will prepare and have the borrower execute the following items at closing:

A. Regulation-Z Loan Disclosure
B. Promissory Note
C. Memorandum of Understanding
D. Deed of Trust
E. Request for Loss-Payee
F. Primary Residence Certification Form
G. Promotional Use Form (Beneficiary is giving a voluntary release and authorization for publication of photos that are taken during and after completion of the project.)

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

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

7.3 Close-Out
NED, Inc. shall maintain and keep all applications as well as all other required document, records, and other evidence in conformance with NAHP regulations.

8.0 PROPERTY MAINTENANCE
All properties purchased with HOME or NAHTF program funds shall be maintained in compliance with local ordinances and subdivision covenants.

9.0 CONSTRUCTION SUPERVISION
All single-family housing units built under this program shall be subject to appraisal to verify completed value. All development is subject to review and inspection.

10.0 DEVELOPER/CONTRACTOR DISPUTES
Construction-related developer/contractor disputes or deficiencies and/or any disagreements between the homebuyer and seller or developer to the construction of the homes shall be resolved prior to loan closing in a manner acceptable to all parties. Informal resolution of disagreements is recommended. Acceptance of the home and delivery of the deed at loan closing shall constitute the homebuyer’s waiver of any rights concerning known defects or existing disputes or disagreements between the homebuyer and seller, subject only to such special warranty given by the seller on the home and as set forth in the documents delivered and accepted at the time of closing. The foregoing shall not limit warranty-express or implied-as may otherwise exist as a matter of law.
11.0 GRIEVANCE PROCEDURES
In the event that any applicant feels he or she has been unfairly treated or discriminated against during the process of selections of projects to be funded, excluding the determination of ability to secure a home mortgage loan from a financial institution, or within any other segment of the New Construction with Down Payment Assistance Program, he or she may appeal the decision of the NENEDD staff to the NED, Inc. Board of Directors for their consideration. The appeal must be submitted in writing to the President of NED, Inc. and postmarked with 14 calendar days of the decision. The NED, Inc. Board of Directors will act to support or overturn the action within 30 days of the receipt of the appeal. The NED, Inc. Board of Directors will have final authority in the decision. NEDED will be notified of any grievances that the grantees 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 mediator between the homeowner, the grantee, the grant administrator, and the contractor. The third party mediator cannot be the grant administrator or a member of the grantees decision making council. Economic Development Districts throughout the State of Nebraska would be utilized as the third party mediator.

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

12.0 AMENDMENTS TO THE GUIDELINES
In an ongoing effort to improve the quality of the New Construction with Down Payment Assistance Program, NED, Inc. will receive any suggestions on amendment to the guidelines from the public, program participants, realtors, financial institutions or members of NENEDD. Upon approval and adoption of the amendment by the NED, Inc. Board of Directors, the NEDED Program Representative will review and approve the amendment which will be included in the program guidelines.

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

14.0 MARKETING
NED, Inc.’s affirmative marketing procedures include but are not limited to marketing to local and regional residents, tenants of public housing and manufactured housing, other families assisted by public housing agencies, and households identified to be potentially eligible but least likely to apply. Marketing will include advertisements in daily and weekly newspapers, notices posted on NENEDD’s website and new briefs which received by banks, community members, associate members, and public members in the Central and Northeast Investment Zones. NED, Inc. will also display posters and brochures in areas where interested persons visit on a daily basis.

15.0 LIMITED ENGLISH PROFICIENCY (LEP)
It is the policy of the grantee to take reasonable steps to provide meaningful access to its programs and activities for persons with Limited English Proficiency (LEP). In accord 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”).

Supporting documentation will include all of 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 the Department, a Language Access Plan ("LAP") that includes all 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 Grantee during the course of the grant. Grantee must submit documentation to the Department demonstrating LEP services provided.

16.0 REPORTING REQUIREMENTS

16.1 Semi-Annual Status Reports
NED Inc. will prepare and submit to NEDED a semi-annual status report detailing activities undertaken, applications received and in progress, applications approved, closings held and funds obligated and expended.

17.0 PROGRAM INCOME REUSE PLAN
See Appendix A

These housing guidelines are hereby approved by action of the Board of Directors of Northeast Economic Development, Inc. (NED, Inc.) this 29th day of March, 2017.

President, NED, Inc.

These housing guidelines are hereby approved by the Nebraska Department of Economic Development (NEDED) this 7th day of April, 2017.

NEDED Representative
Northeast Economic Development, Inc. (NED, Inc) Housing Reuse Plan for Recaptured and Program Income Funds

Program income and/or recaptured funds (reuse funds) generated through the repayment of loans and interest earned will be used, after the grant period has ended, to continue funding housing related activities in NED, Inc.'s service area. See addendum 1 for a list of grants that have created the reuse fund, which will be updated as grants are awarded. Reuse funds include HOME Investment Partnership and Nebraska Affordable Housing Trust Funds (NAHTF). Each funding source will be independent of each other and will follow the most current Nebraska Department of Economic Development (NEDED) and board approved housing guidelines. Program income from Owner/Occupied Housing Rehabilitation (OOR), Down Payment Assistance (DPA) and New Construction (NC) will be kept separate and reused for the same activity.

Program income could be utilized for HOME or NAHTF housing activities using funds obtained from the applicable funding source of program income.

1. The grantee will use program income directly generated from the use of NAHP funds to further affordable housing programs eligible under the Nebraska Affordable Housing Act.

2. Program income funds are those funds returned to the Grantee during the Affordability Period when the property is sold or is no longer the initial or subsequent homeowner's principal residence.

3. Program income must be utilized for the current project if the project has not been completed. This program income received must be applied to the current project prior to requesting additional NAHP funds.

4. The grantee 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 the Grantee will be responsible for developing and utilizing new Program Guidelines for the new eligible activity.

5. General administration (0181) and housing management (0580) may not exceed 10% of the total balance of the reuse account. In the event housing management costs are above 10% due to the review of many applications in order to get to a funded application, the additional costs will be documented in the file. Housing management lead based paint testing/risk assessments/clearance testing (0580a) will not exceed $1,500 per unit. This reuse plan will follow the most current housing program guidelines as approved by DED.

6. If recapture provisions are utilized for the project and program income is received, then the amount recaptured cannot exceed the net proceeds. Net proceeds are the sale price minus superior loan repayment (other than NAHP funds) and any closing costs.

7. All program income will be returned to the NEDED for reuse unless NEDED offers the option to the Grantee to retain the program income or NEDED approves the grantee's Program Income Reuse Plan prior to receiving Release of Funds. No amendments to the program or reuse plans can be made without prior approval by the NEDED.

This housing reuse plan is hereby approved by action of the Board of Directors of Northeast Economic Development, Inc. this 29th day of March , 2017.

[Signature]
President NED, Inc.

[Signature]
Date

This housing reuse plan is hereby approved by the Nebraska Department of Economic Development this ________ day of ________, 2017.

[Signature]
NEDED Representative

[Signature]
Date

NED Inc. Reuse Plan Adopted: 3/29/17
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Appendix A
ADDENDUM 1

This addendum to the Northeast Economic Development, Inc. Housing Reuse Plan for Program Income Funds is to include the following grants:

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<th>Source</th>
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Subordination Policy

A. Maximum combined 80% Loan to Value policy on all "Cash Out" refinances or home equity loans where Northeast Economic Development, Inc. (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.**