Northeast Economic Development, Inc. (NED, Inc.)
Owner/Occupied Housing Rehabilitation Program Guidelines

PURPOSE

It is the goal of Northeast Economic Development, Inc. (NED, Inc.) to assist low income households to improve the health and safety of their living conditions through housing rehabilitation. The Nebraska Affordable Housing program (NAHP) utilizing Nebraska Affordable Housing Trust Funds (NAHTF) and, HOME Investment Partnership Funds plays a vital role in increasing the number of good, habitable dwelling units and improving the housing stock by providing low-interest loans to homeowners to rehabilitate their homes. The program will prevent the spread of blight and its influence, provide assistance to those persons of the greatest need, improve the availability and desirability of housing, discourage the abandonment or neglect of residential dwelling units, promote continued home ownership, increase the attractiveness of existing 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 housing rehabilitation program does not coerce, intimidate, threaten, or interfere with any person seeking housing rehabilitation funds from NED, Inc. NED, Inc. does not discriminate when loaning housing rehabilitation 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 Regulations (CFR) regulations for implementing the Fair Housing Act for the Department of Housing and Urban Development (HUD) funded programs.


Title 24 CFR 100 Subpart C provides NED, Inc.’s housing rehabilitation program with interpretations of conduct that is unlawful under section 805. NED, Inc. will follow these interpretations when providing financial assistance for the rehabilitation of a dwelling. NED, Inc. does not discriminate when loaning rehabilitation 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 NED, Inc.’s housing rehabilitation program with guidance to permit handicapped persons reasonable modifications of the existing dwelling that is being rehabilitated.

Title 24 CFR 100 Subpart F provides NED, Inc.’s housing rehabilitation 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 connection 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 housing rehabilitation 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 housing rehabilitation grant related issues.

1.2 Income Eligibility
Households receiving assistance under this program will be at or below 80% of the Area Median Income (AMI) for HOME Funds and 120% 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.

2.0 PROPERTY ELIGIBILITY

2.1 Location
The housing units to be rehabilitated will be located in NED, Inc.'s service area, and are subject to limitations set by HOME and NAHTF grant rules. The NED, Inc. service area is defined as follows: The Central Investment Zone (CIZ) includes properties located within the city limits of communities located within the counties of Antelope, Boone, Knox, and Nance. The Northeast Investment Zone (NIZ) includes properties located within the city limits of communities located within the counties of Burt, Cedar, Colfax, Cuming, Dakota, Dixon, Dodge, rural Douglas, Madison, Pierce, Platte, Stanton, Thurston, Washington, and Wayne. Housing units to be rehabilitated cannot be located with a Special Flood Hazard Area (SFHA). The units must also abide by all other policies set forth in these guidelines.

2.2 Unit Characteristics
Only owner-occupied (primary residence), single family housing units, which are currently in substandard condition, will be eligible for rehabilitation. Mobile homes, housing connected to other space used for commercial purposes, and rental properties are not eligible for assistance. Housing units located within a Special Flood Hazard Area will not be eligible for assistance. Duplexes are eligible for assistance if one unit is owner-occupied (primary residence) and rent is charged for the other half of the duplex, which counts toward the applicant's household income. Land contracts, real estate contracts, and life estates are not eligible for the housing rehabilitation program. Homeownership is determined by obtaining and reviewing a copy of the filed property deed. The homeowner is responsible for the completion of the Homeowner Property Title Verification form included in the application.

2.3 Taxes
Property taxes must be paid current at the time the application is submitted. Property taxes must 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 of at least one hundred (100%) of the unit’s 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. The above-referenced 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.
2.5 Types of Improvements
All units must be improved to meet the NEDED Minimum Rehabilitation Standards at the completion of the rehabilitation. The following items listed are eligible expenditures to bring a unit up to NEDED Minimum Rehabilitation Standards:

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

Modernization of: Plumbing and plumbing fixtures; furnace and water heaters; and lighting and wiring.

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

Energy Conservation and Weatherproofing: Ceiling and wall insulation; window and door repair or replacement; caulking and weather-stripping; installation of storm windows and doors; roof covering removal and installation; siding and trim painting or replacement.

The correction of Minimum Rehabilitation Standard deficiencies is given top priority in the rehabilitation process.

The following items can also be included in the rehabilitation work if funding is available and these items contribute to the health, safety and/or well-being of the occupant, or the items contribute to the structural integrity or long-term preservation of the unit:

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

3.0 MINIMUM HOUSING REHABILITATION STANDARDS/ CODE ENFORCEMENT

3.1 Condition
At the completion of rehabilitation, units must comply with the NEDED Minimum Rehabilitation Standards. The unit's condition must be such that it can be rehabilitated at a reasonable cost. (See Section 4.6 of the guidelines.)

Lead-Based Paint Hazard Control:
Lead-based paint removal or remediation will be completed in accordance with 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, shall receive as part of the application packet, a copy of the HUD brochure entitled "Protect Your Family from Lead in Your Home" regarding information about lead-based paint. The signed receipt of this brochure by the program participant will be documented in the application.

3.2 Lead-Based Paint Hazard Evaluation and Reduction

1. For work under $5,000 – "Do No Harm"
   Safe work practices must be followed for all rehabilitation activities, and paint disturbed during the rehabilitation project must be repaired. Clearance of the worksite must be performed.

2. For work between $5,000 and $25,000 – Risk Assessments and Interim Controls
   Interim controls must be performed on hazards identified by the risk assessment and paint disturbed during the rehabilitation project 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. If
there is more than 9 ft\(^2\) 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.

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

If lead-based paint and/or lead-based paint hazards are presumed or 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 generating conditions
- Treatment of bare soil exceeding 9 ft\(^2\)
- Safe work practices while the work is being performed
- The unit must pass clearance

A person performing interim controls must be trained in accordance with the hazard communication standard for the construction industry issued by the Occupational Safety and Health Administration of the U.S. Department of Labor at 29 CFR 1926.59, and either be supervised by an individual certified as a lead-based paint abatement supervisor or have completed successfully one of the following lead-safe work practice courses, except that this supervision or lead-safe work practices training requirement does not apply to work that disturbs painted surfaces less than the de minimis limits of Sec. 35.1350(d):

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 or
3. Another course approved by HUD for this purpose after consultation with the EPA. A current list of approved courses is available on the Internet at http://www.hud.gov/offices/lead, or by mail or fax from the HUD Office of Healthy Homes and Lead Hazard Control at (202) 755-1785, extension 104. Persons with hearing or speech impediments may access the above telephone number via phone or TTY by calling the toll-free Federal Information Relay Service at 800-877-8339.
4. The Remodeler's and Renovator's Lead-Based Paint Training Program, "prepared by HUD and the National Association of the Remodeling Industry; or
5. Another course approved by HUD for this purpose after consultation with EPA. (4)

3. For work over $25,000 – Interior Risk Assessment and Abatement and Exterior Stabilization

Surfaces painted with lead-based paint that is disturbed during rehabilitation and those hazards identified by the risk assessment must all be abated. Abatement includes removing lead-based paint from surfaces, enclosure methods, removing and replacing components painted with lead-based paint and removing and replacing contaminated bare soil exceeding 9 ft\(^2\) in area. Abatement methods that last 20 years are considered to be permanent.

**OR Presume Lead and Perform Full Abatement**

If you presume the presence of lead-based paint and/or lead-based paint hazards, the surfaces being disturbed during rehabilitation and all applicable surfaces – deteriorated, friction, impact and accessible (chewable) surfaces and bare soil surfaces in excess of 9 ft\(^2\) – must be abated.

### 3.3 Relocation Policy

Relocation for the homeowner is voluntary (reference 49 CFR 24.101). If temporary relocation should be deemed necessary through the Risk Assessment, the program will pay up to $500 for out of pocket expense 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 voluntarily accept the $500 limit for relocation expenses. The owner-occupant must provide receipts and the receipts must be reviewed and approved by NED, Inc. in order for the owner-occupant to be reimbursed.
3.4 Environmental Concerns
Agencies requiring compliance with historic designations, floodplains, archeological significance, etc. will be consulted prior to action or rehabilitation being implemented on the unit. A unit determined by such agencies to have compliance issues will be rehabilitated only in accordance with predetermined guidelines for such actions.

4.0 Types of Financial Assistance

4.1 Loan Program
An 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, Second Edition, Chapter Three – Calculating Annual Gross Income. An annual Income Worksheet based upon applicant's anticipated gross annual income will be created and appropriate loan level determined.

NED, Inc. will provide current income thresholds to the applicant. These thresholds are set annually by HUD. Refer to www.huduser.org/portal/datasets/ll.html. Current income thresholds can be found on NEDED website at: http://opportunity.nebraska.gov/community/grants/applications/income-limits-cdbg-home-nahtf#NAHTF_Data.

The loan programs are as follows:

**Level A:** (66% - 80% of AMI for HOME Funds – 66% - 120% for NAHTF Funds) consists of a 2% interest rate loan for 100% of rehabilitation costs. The loan term is up to 20 years (240 payments). This meets the minimum imposed affordability period.

**Level B:** (51% - 65% of AMI) consists of a 1% interest rate loan for 100% rehabilitation costs. The loan term is up to 20 years (240 payments). This meets the minimum imposed affordability period.

**Level C:** (50% or less AMI) consists of a 0% interest rate loan for 100% of the rehabilitation costs. The loan term is up to 20 years (240 payments). This meets the minimum imposed affordability period.

**Level D:** (Age 62 or older and 50% or less AMI) consists of a 0% interest rate forgivable loan for 100% of the rehabilitation costs. This loan will be forgiven at the rate of 1/10th of the principal per year starting from the date the rehabilitation work was completed and the loan paperwork and amortization schedule have been generated. The loan term is 10 years (120 forgivable payments). This meets the minimum imposed affordability period.

The loan amount is based in direct relation to the amount of rehabilitation provided to borrower(s), in an amount up to $25,000. This amount can be limited or exceeded by the NED, Inc. Board of Directors after consideration of all relevant information, including that found within Section 4.6 – Economic Feasibility for Rehabilitation. (Refer to 24CFR35, Subpart J). Although decisions of the NED, Inc. Board of Directors in such cases are based upon some subjective considerations, there must be a sound factual basis for the NED, Inc. Board of Directors to approve expenditures of more than $25,000 per dwelling unit. Such decisions shall be made only upon recommendation of the Housing Specialist who must ensure adequate documentation is in the file to show the rationale behind such decision.

The affordability period will be ensured by a Deed of Trust, in the amount equal to the loan amount and will be placed 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 to all 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 to be paid off unless the NED, Inc. Board of Directors received a written explanation of need and issues a waiver of this clause. **All subordination requests will follow NED, Inc.'s subordination policy (attached as Appendix B).** The homeowner is required to pay all closing and filing costs associated with the refinancing and subordination. The NED, Inc. Board of directors will determine whether a request for loan subordination is approved or denied.

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The property must be the borrower(s) primary residence throughout the duration of the loan term. In the event the borrower(s) or his/her heirs sell or transfer said property, the net sale proceeds less all other superior loans and liens on the property will be applied to satisfy the unpaid balance of the loan. If the property becomes non-owner occupied, is vacant for a period or more than 90 days, or is converted to rental property, the loan will be in default. With the loan being in default whole of said principal sum remaining unpaid shall immediately become due and payable. The Housing Specialist may re-inspect the property, at any time throughout the duration of the loan term, to ensure that the property is the borrower(s) primary residence. Property owners will be given proper 24 hour notification prior to inspection.

4.2 Loan Payments
Loan recipients who are to make payments to NED, Inc. are required to use the Automated Clearing House (ACH) method for monthly loan installments. Recipients are required to fill out and submit the ACH form to NED, Inc., thus authorizing this payment method. Payments will start on the 1st of the month, as indicated in the loan closing documents. 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 4.1 – Loan Program. Recapture provisions are utilized, therefore 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.

4.3 Late Payments: If the principal of the Note is not paid during the calendar month which includes the date due, the loan recipient shall pay a $10.00 late fee per calendar month. If a loan payment is late on three occasions, the loan will be in default.

4.4 Leveraged Income Sources
Additional funding may be available for applicants through other sources that provide weatherization and housing rehabilitation programs, such as 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 Programs, and Making Homes Accessible.

4.5 Hardship Review
In the case of unforeseen hardship or incapacitation, the borrower(s) may request NED, Inc. to waive repayment or establish a repayment schedule for the amount owed. Loan recipients may request a review of their annual gross income and repayment ability. The Housing Specialist, on a case-by-case basis, may recommend to the NED, Inc. Board of Directors an adjustment of the terms of a rehabilitation loan, such as forgiving accrued interest or adjusting the terms of the loan and/or interest rate until such time as the crisis as passed and the recipient is able to commence their regularly scheduled payment. It is the sole responsibility of the loan recipient to ask for such review of their income and to provide documentation of the hardship.

4.6 Economic Feasibility for Rehabilitation
If it is determined that the cost of rehabilitation of a unit is so great that the expenditure of program funds upon it is not justified, the project is deemed not economically feasible. The determination shall be made by the NED, Inc. Board of Directors after reviewing the opinion of the Housing Specialist.

A property is generally not economically feasible for rehabilitation if any one of the following criteria applies (criteria is intended as a guide and not as absolute determinants):

1. The estimated cost of rehabilitation exceeds $25,000 in HOME or NAHTF Funds.

2. The estimated cost of rehabilitation exceeds $25 per square foot in HOME or NAHTF Funds of floor space (considering livable floor space of the entire unit).

If the property exceeds any of the above listed criteria, the NED, Inc. Board of Directors shall review the application. The NED, Inc. Board of Directors will render one of the following decisions;
1. The project is deemed not economically feasible and ineligible for funding. If the NED, Inc. Board of Directors render the decision of not economically feasible, the applicant may request reconsideration at which time he/she may present evidence in favor of the project.

2. The project may be approved with a funding limitation of energy efficiency and/or health or safety factors. Funding limitation and unit would still meet Housing Quality Standards (HQS)/NEDED minimum rehabilitation standards.

3. The project may be delayed for further study and possible consideration.

4. If the project is deemed not economically feasible because it is inhabitable, the NED, Inc. Board of Directors will consider providing alternative assistance to the homeowner, such as replacement housing of an existing unit in the community or for new construction at the existing unit location. An amendment approved by NEDED would be needed to change the sources and uses of grant funding. All inspections and procedures for the down payment assistance activity would apply. Newly constructed homes, if applicable, must meet or exceed the 2009 (or most current) International Energy Conservation Code. Building specifications must be approved by the Nebraska Energy Office.

4.7 Per Unit Rehabilitation Limitations

1. The estimated cost of rehabilitation will not exceed the maximum per unit NAHP subsidy as found on the NEDED website:
   http://opportunity.gov/community/grants/applications/income-limits-cdbg-home-nahtf#NAHTF_Data

2. The after-rehabilitation value will not exceed 95% of the median purchase price for the area. Refer to:

4.8 Foreclosure

Lender shall give the 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 (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 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: (a) to all expenses of the sale including, but not limited to, NED, Inc. fees as permitted by Nebraska law and reasonable attorney fees; (b) to all sums secured by this security agreement; and (c) any excess to be recaptured by NED, Inc.

4.9 Bankruptcy

In the event 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 Borrower, 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 or receivership.

5.0 APPLICATION PROCESS

5.1 Application Process

In order to obtain an application, the applicant must call or visit the NED, Inc. office. The application will consist of sections regarding household size and composition, income, legal description of the property, and net worth. Only complete, original, and signed applications containing all information and required documentation that are received in the NED, Inc. office at 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 delivered in person to NED, Inc.’s office. During the
application review, NENEDD staff will recommend and refer those applicants who qualify for other programs, to agencies such as Northeast Nebraska Community Action Partnership, Central Nebraska Community Services and USDA Rural Development. Applications are accepted year round on a first-ready, first-serve basis. Applications from a community that has current program income will receive priority over an applicant from a community that does not have any program income, because it's required to utilize the local program if applicable as match to this regional program. If funding for a program has been depleted, a pre-application will be provided to the potential applicant and once the pre-application has been received in the NED, Inc. office, the applicant will be placed on the waiting list until adequate funding is available. When adequate funding is available for an applicant on the waiting list, an application will be mailed to the client.

5.2 Return Beneficiaries
Owner-occupants are eligible for additional assistance; however, 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. Owner-occupants, who satisfy current program requirements and move in to another eligible unit in a community within the service area, will be considered eligible for the program on a case-by-case basis.

5.3 Preliminary Inspection
Once income eligibility has been determined, the applicant will be contacted by the Housing Specialist to arrange a time to conduct the preliminary inspection. At the time of the preliminary inspection, the Housing Specialist will obtain any additional information needed to complete the application process. The Housing Specialist performs the preliminary inspection to provide 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 enumerates all materials, labor needed, and the estimated cost of materials/labor for the project. The 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 NED, Inc. Board of Directors a good indication of whether the house is economically feasible for rehabilitation.

5.4 Procedure for Approval or Denial
Completed applications will be presented to the NED, Inc. Board of Directors 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 Acknowledgment form and it has been returned to the Housing Specialist. Complete applications will be presented to the NED, Inc. Board of Directors at its next regular meeting, which is normally held the last Wednesday of each month. Applications are presented to the NED, Inc. Board of Directors by applicant number. The Housing Specialist reviews and recommends each application for approval/denial to the NED, Inc. Board of Directors. Approved applicants are notified in writing. Denied applicants are notified in writing with an explanation for reason of denial.

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. Acknowledgment
E. Deed of Trust
F. Promissory Note
G. Loss Payee Request
H. ACH Enrollment form (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 is located.

6.2 Post-Construction Loan Documents
Upon completion of construction, the Housing Loan Specialist determines the final dollar amount spent. 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.

The filed Deed of Trust, from the pre-construction loan documents, establishes a lien against the unit, which is maintained until the loan is paid in full or the unit is sold or conveyed in any manner to another party/entity. If the loan is paid off, or the unit is sold or conveyed to another party/entity, a Deed of Reconveyance will be filed at the Register of Deeds Office in the county in which the unit is located, thus removing the lien established by the filed Deed of Trust.

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

7.0 CONSTRUCTION PROCESS

Upon decision by the NED, Inc. Board of Directors to fund rehabilitation projects the following steps will be taken:
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 Section 6.1 Pre-Construction Loan Documents).

2. The Housing Specialist requests a lead inspection/risk assessment be conducted on the property.

3. The Housing Specialist reviews the lead risk assessment report and revises the initial work write-up to address any lead hazard items listed in the lead report.

4. The Revised work write-up is sent to the applicant for signature along with bid sheets and work specifications. Applicant signs the Work Write-up form indicating that he/she understands the work NED, Inc. may fund and cost limitations.

5. Applicant obtains a minimum of two official bids of contracted work to be performed. At the request of the applicant, the Housing Specialist may assist the applicant in obtaining these bids. All work must be performed according to specifications prepared by the Housing Specialist. Contractors are required to provide proof of workman’s compensation insurance (if applicable) and general liability insurance in the amount of $500,000 in addition to furnishing the Housing Specialist with two verifiable references from prior rehabilitation/remodeling jobs that have been satisfactorily completed. The building contractor is required to provide proof of current lead certification if applicable to the rehabilitation project. The contractor is also required to provide proof of contractor registration with the Nebraska Department of Labor and System for Award management (SAM).

6. Homeowner selects a contractor from bids received. The Housing Specialist approves all bids before any work commences. NED, Inc. will only fund the dollar amount of the accepted/approved bid. All charges above and beyond the accepted/approved bid can only be funded if an approved Change Order form (provided in contract) is executed and adequate funding is available. The Change Order form must be signed by the homeowner, the contractor and the Housing Specialist. If a change Order is not executed and/or funding is not available, the additional charges are the responsibility of the homeowner. (See Number 11 below for explanation of Change Orders.)
7. A pre-construction conference is held with the applicant and selected contractor(s), at which time the applicant and contractor enter into a contract agreement. The original contract is filed with the Housing Specialist. Only contracts approved by NED, Inc.'s attorney and prepared by NENEDD staff will be accepted.

8. The Housing Specialist issues the Notice to Proceed to the contractor(s).

9. The contractor(s) perform work and documented inspections are performed throughout the project by the Housing Specialist. As work progresses, the Housing Specialist may perform frequently unscheduled inspections.

10. Contractors are paid on a bi-monthly basis by NED, Inc. unless otherwise notified. To receive payment, contractors are required to submit a Payment Voucher form (provided in the contract) and an original invoice 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 stored on site. The Housing Specialist can authorize payment to the contractor, without prior approval of the homeowner, if an inspection of the work is completed and it is determined by the Housing Specialist that the work meets project specifications and 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 manner. It is also understood the interest accrued from the time payment is made to the contractors and the date 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 Order: If necessary, a Change Order form is completed if changes in the scope of work are agreed upon subsequent to signing of the contract. The change order will explain the requested change and the increase/decrease in the overall contract amount. These written change orders require concurrence of the NED, Inc. Housing Specialist, the homeowner, and the contractor.

12. The Housing Specialist will perform a final inspection to ensure that all repairs have been completed according to the contract specifications. Upon completion of this final inspection, the Housing Specialist and the homeowner(s) will sign the Certificate of Final Inspection/Acceptance of Work. If the Housing Specialist determines the work has not met contract specifications or NEDED Minimum Rehabilitation Standards, the contractor is not approved for final payment. The Housing Specialist conducts a meeting with the homeowner(s) and contractor at which time a list of necessary corrections/modifications is discussed. The Housing Specialist allows a specific amount of time for the contractor to make the corrections/modifications. If the corrections/modifications are not made by the contractor within the timeframe agreed upon, the Housing Specialist will hold payment in the dollar amount of the items that do not meet 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 to make the corrections/modifications.

13. Final pay request if filed. The contractor must sign a Lien Waiver (provided in the contract) after final payment has been received.

14. Final payment is made to the contractor.

15. The contractor is required to warranty all workmanship for a period of one (1) year from the date of work completion. The contractor will forward all material warranties to the homeowner upon completion of work. Once the Certificate of Final Inspection/Acceptance of Work has been signed by the homeowner(s) and Housing Specialist, all discrepancies or disputes in regard to completed work/warranties shall be resolved between the contractor and homeowner(s).
8.0 GRIEVANCE PROCEDURES
In the event an applicant feels he/she has been unfairly treated or discriminated against during the process of selection of projects to be funded, or during any other process of the housing rehabilitation program, he/she may appeal the Housing Specialist’s decision to the NED, Inc. Board of Directors for their consideration. 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 action at the next regularly scheduled board meeting after receipt of the written appeal. A written response will be given by the NED, Inc. Board of Directors with 30 days of the 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 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.

9.0 AMENDMENTS TO PROGRAM GUIDELINES
In an ongoing effort to improve the quality of the NED, Inc. Housing Rehabilitation Program, 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 program guideline amendments. All suggestions received will be taken under consideration by the NED, Inc. Board of Directors. Upon approval of NEDED and adoption by the NED, Inc. Board of Directors, the amendments will be included in the program guidelines.

10. OFFICIAL CONTACT OFFICE
The place of contact for this program shall be at the office of NED, Inc., 111 South First 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 MARKETING
NED, Inc.’s affirmative marketing procedures include but are not limited to marketing to local and regional residents and households identified to be potentially eligible but least likely to apply. Marketing will include advertisements in daily and weekly newspapers, notices posted on NEDED’s website and news briefs which are e-mailed to 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.

12.0 REPORTING REQUIREMENTS
NEDED staff will prepare and submit (if required) to the Nebraska Department of Economic Development 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 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.

14.0 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, Inc. (NED, Inc.) this 29th day of March, 2017.

[Signature]
President, NED Inc.

3/29/17
Date

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

[Signature]
NEDED Representative

4/7/2017
Date
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.

President NED, Inc. 

[Signature]

Date: 4-4-17

This housing reuse plan is hereby approved by the Nebraska Department of Economic Development this 7th day of April, 2017.

NEDED Representative

[Signature]

Date: 4-7-17

NED Inc. Reuse Plan Adopted: 3/29/17  Page 1 of 2  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>Grant No</th>
<th>Grantee</th>
<th>Source</th>
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<tr>
<td>01-TFHP-501</td>
<td>Village of Leigh</td>
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<td>02-SR506-02</td>
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<td>12-TFHP-5017</td>
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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.**