

**SEWARD COUNTY HOUSING CORPORATION, INC
(SCHC)
HOMEOWNERSHIP OPPORTUNITY PROGRAM (HOP)
Approved 10/2012
Revised 12/16/2015**

PURPOSE:

The purpose of the Seward County Homeownership Opportunity Program is to provide financial assistance, utilizing funding through the Nebraska Affordable Housing Program (NAHP), for the purchase of single-family residential housing units which are safe, decent, sanitary and affordable to low and moderate income persons/families -buyers. This program will provide assistance to those persons/families of greatest need, improve availability of housing, promote Homeownership, increase attractiveness of underdeveloped neighborhoods and increase local employment. The Seward County Housing Corporation, Inc. (SCHC), a non-profit corporation, will operate this Program. SCHC is responsible for the establishment of the following guidelines.

1.0 APPLICANT ELIGIBILITY

1.1 General (Conflict of Interest)

No officer, employee or agent of the City of Seward, Nebraska (City) or of the Seward County Housing Corporation (SCHC) will participate in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when; the employee, officer or agent; any member of their immediate family; their partner; or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements during office tenure or for one year after the closet of the program. Upon written request by the City and/or the SCHC, exceptions may be granted by the Nebraska Department of Economic Development (NDED) upon a case-by-case basis when it is determined that such an exception will serve to further the purposes of the Act.

1.2 Income Eligibility

Limited to **80%** of the median household income of Seward County, Nebraska, adjusted for family size as established by the Department of Housing and Urban Development (HUD). Anticipated Annual Income levels will be verified according to **24 CFR Part 5.609**. The Program anticipates up to 14-funded projects to be at less than the 80% income level. The income limits may be revised based upon income level changes as approved by the Department of Housing and Urban Development (HUD).

1.3 Additional Requirements

- a. Must occupy the property as a **principal residence**.
- b. Must complete a HUD-approved housing counseling agency Homeownership Training Program prior to obligation of project loan funds by the SCHC Board.
- c. The proposed housing unit must pass a Section 8 Housing Quality Standards (HQS) inspection. For projects approved for minor rehabilitation, property must comply with NDED Minimum Standards for Rehabilitation.
- d. Proposed homes for purchase that were constructed prior to 1978 must pass a “Lead Paint Hazard Screen” and/or a “Lead Paint Inspection/Risk Assessment” report. See Appendix of Technical Procedures: Lead Based Paint Policies and Procedures.
- e. “Creditworthiness” is also a criterion for approval of assistance. A “credit report” may be required.
- f. Projects will be processed on a “first come, first served, first to close” basis.

2.0 PROPERTY ELIGIBILITY

2.1 Location

Housing units in all municipalities within Seward County are eligible.

2.2 Purchase Price

Total home acquisition cost not to exceed the most current HOME homeownership sales price limits as available on the Nebraska Department of Economic Development website. If rehabilitation is required, the value of the property after rehabilitation may not exceed the applicable pre-stimulus 203(b) limit or 95 percent limit. The after-rehabilitation value estimate must be completed prior to investment of NAHTF funds. The published limit identifies maximum amounts for 1-unit and the unadjusted median value. “HUD has used the greater of these two figures as their HOME homeownership value limit for existing housing in each area.” This level of cost is applicable to the purchase of **existing homes only**.

2.3 Potentially Eligible Property Types (Purchaser's Principal Residence)

- Single family property (one unit)
- Condominium unit
- Modular home (Mobile <manufactured> units are not eligible)
- Cooperative unit

3.0 TYPES OF FINANCIAL ASSISTANCE

3.1 Maximum Subsidy

The maximum home loan subsidy will be \$17,000. The subsidy to any buyer shall not exceed the lesser of (1) \$17,000 or (2) 20% of the purchase price, or (3) the amount of money necessary to pay the purchase price after expending all liquid assets of the purchaser, which exceeds \$5,000, after the downpayment requirement.

3.2 Downpayment

The SCHC will require a minimum 2% of the total purchase price from the borrower as downpayment, or as required by other loan programs for First Mortgage lending and approved by the SCHC Loan Committee; such as FHA=3.5%, USDA-RD and VA=0%, etc. These downpayment costs may include “earnest deposit”, inspection fees, closing costs, etc.

All Program applicants will be encouraged to secure permanent financing from Seward County lenders. These include Union Bank and Trust, Cattle National Bank, Farmers and Merchants of Milford and Beaver Crossing, First National Bank of Utica, and Jones National Bank and Trust. The proposed homebuyer may also seek other permanent financing sources. Because the Program is based upon developing affordable housing, the SCHC reserves the right to reject participating with any permanent financing that does not meet “affordable” criteria, as determined by the Program. “Referrals” with USDA-Rural Development (and other identified Federal/State agencies, which may provide financing for affordable housing) will be coordinated by SCHC. Lenders will be encouraged to participate in Nebraska Investment Finance Authority (NIFA) programs and with the Federal Home Loan Bank (FHLB) programs.

A subordinated lien will be placed upon the property at the time of signing the promissory note in an amount equal to the Program subsidy. A Second Deed of Trust in favor of SCHC will take a subordinate position to the permanent financing instrument.

No interest will accrue on the subsidy “deferred loan”. The subordinate lien shall be in effect for the term of ownership. Payment of the note is required upon sale, transfer of ownership, renting out the property, or not occupying the property.

3.3 Minor Rehabilitation

SCHC may provide funds to complete minor repair and/or rehabilitation work in the form of a “**conditional grant**” to meet Nebraska Department of Economic Development (NDED) “Minimum Standards for Rehabilitation”. The maximum amount of these grants will be \$9,000 per home. Any and all work to be completed must meet the NDED Standards and/or community building codes. Additional rehabilitation funds may also be secured through the USDA RD Section 502 or 504 programs. SCHC reserves the right to deny assistance in the event that the rehabilitation work required to bring the

home up to Standards exceeds the maximum allowable grant amount of \$9,000 and/or the home cannot be brought up to the Standards. All approved rehabilitation work will be completed after the purchase of the property and must be completed within 6-months of the purchase closing date. A Promissory Note in the amount of the assistance will be secured for the project. The Note will be for a “declining balance, conditional grant” with a term of 5-years. No interest will be accrued and no payments required, unless default conditions are encountered of sale, transfer of ownership, renting out the property, or not occupying the property

General process for rehabilitation includes:

- a. Program Management inspects the house for deficiencies under Standards and Codes.
- b. Program Management prepares “Work Write-ups” for remedy of deficiencies and obtains buyer approval. Bidding documents prepared.
- c. Tier II Environmental Evaluation completed and clearance obtained.
- d. Buyer obtains bids for repairs from qualified contractors (Lead Safe Work Practices, etc.).
- e. SCHC approval obtained for “minor rehabilitation” grant for buyer.
- f. Contract for rehabilitation construction is executed at loan closing of down payment assistance at purchase of home.
- g. Rehabilitation construction is monitored by homeowner and program management for completion, final certification and payment.
- h. Contractor paid final amount for construction through SCHC.

4.0 SALE OF HOME (After assistance)

In the event the borrower or his/her heirs shall sell or transfer said property, full repayment of the deferred loan shall become due and payable to SCHC. In the event insufficient equity exists in the property at the time of the sale, the borrower may be allowed to repay an amount less than the full amount, subject to the approval of SCHC.

A deed restriction shall be recorded on the borrower's property, which incorporates the following provisions:

- The borrower’s household must use the property as their **principal residence**.
- Full repayment of the Program subsidy will be required. In the event insufficient equity exists in the property at the time of sale, the borrower may be allowed to repay an amount less than the full amount, subject to the approval of SCHC. This is defined as “**Net Proceeds**” and amounts to the sales price of the property minus any closing costs and minus any repayment of prior liens on the property.

Program participants must meet the loan standards established by their lender (including the requirements of the financing programs utilized). The SCHC Program funds will be offered to the borrower as a “**deferred loan**”.

THE RESALE PRICE OF THE HOME SHALL BE SUBJECT TO APPROVAL BY THE SCHC TO ENSURE "FAIR MARKET VALUE".

4.1 Program Income Reuse

In the event repayment of the Program funds occur, those funds will be used to continue the Program under the most current guidelines. Loans will be made to income-eligible persons/families to provide down payment assistance for the purchase of single-family homes, under criteria of this Program, or under criteria of any future Programs implemented by SCHC and approved by NDED.

Recaptured Funds (defined as payments received during the “affordability period” of a specific unit) may be used for project costs of loans or rehabilitation construction costs and Project Management /soft costs for each new unit.

Program Income (defined as payments received after the affordability period of a specific unit) may be used for Administrative purposes, with a maximum of 10% of available funds. Program Income may also be used for Project Management /soft costs.

NAHTF funds (Recapture or Program Income) received by the Grantee (City of Seward) must be expended before drawing down additional funds during the open grant program.

Program Income/Recaptured funds under this program will be tracked by Grant Program number **NAHTF #12-TFHP- 6005**. All Program Income/Recaptured funds from the Grantee will be returned to NDED for reuse unless the Department offers the option to retain program income or the Department approves the Program Income Reuse Plan prior to receiving a “Release of Funds”.

5.0 FORECLOSURE

The Deed of Trust will set the criteria for any foreclosure, based upon the default conditions outlined and detailed.

6.0 APPLICANT PROCESS

6.1 Applicant Marketing Process

At a time and date established by SCHC after approval of funding, official solicitation of applicants will begin for the Program. SCHC will advertise the availability of the Program utilizing the most effective means possible of reaching the local public. This may include, but is not limited to, the use of local newspapers, public access via local

media (radio, television, etc.), distribution of brochures or other marketing materials and the posting of notice at selected public and/or private facilities.

6.2 Application/Financing Process

Program applicants will contact the Program Manager to review the Program Guidelines and the assistance available from the Program. The Program Manager will be responsible for pre-qualifying the applicant, verifying income (**according to 24 CFR 5.609**), and determining eligibility for participation in the program.

If the applicant is determined eligible for assistance from the Program by the SCHC Board, the Program Manager will refer the applicant to primary lenders for long-term financing.

6.3 Procedure for Approval

Program applicants will be assisted on a first come, first served and first to close basis. The date and time the applicant submits and signs a completed application for permanent financing shall be documented and a list of applications shall be maintained by the Program Manager.

A waiting list, indicating date and time of contact, of interested persons shall be kept and once an applicant becomes ineligible, the next approved applicant shall be contacted.

Written notification of “selection” for participation in the program will be made to clients, including requirements to meet “obligation” of funds and loan closing. Applicants who are not selected for participation will also receive written notification, including reasons for “non-selection.”

Obligation of funds by SCHC for eligible projects will be in a timely manner and can be anticipated within 60-days of loan approval. “Closing” for purchase of the property must be within 6-months of that obligation or reverification of eligibility must be completed.

7.0 LOAN CLOSING

7.1 Initial Closing

The primary lender and the SCHC will coordinate the “Loan Closing” process with the borrower, the SCHC and any appointed closing agent. The primary lender will facilitate and coordinate the closing process at which time the borrower will execute the following documents for the SCHC:

A. Promissory Note

- B. Deed of Trust
- C. Acknowledgement of receipt of copy of the approved Program Guidelines
- D. Promissory Note for “conditional grant”, if minor rehabilitation is part of the project.

The primary lender, or its closing agent, will be requested to file the security documents (at the County Register of Deeds office) on behalf of the SCHC in appropriate lien position.

7.2 Program Loan Close-Out

After loan closing, the primary lender will be requested to forward a copy of their executed promissory note(s) and deed of trust documents to SCHC. SCHC shall maintain and keep all applications, as well as all other required documents, records and other evidence in conformance with Program regulations.

8.0 GRIEVANCE PROCEDURES

In the event any Program applicant feels he or she has been unfairly treated or discriminated against during the process of selection of applicants to be funded, or within any other segment of the Program, excluding the determination of eligibility to secure permanent financing, he or she may appeal the decision to SCHC for their consideration. The President of the SCHC must receive the appeal in writing within fifteen (15) calendar days of the decision. SCHC will then act to support or overturn the action with fifteen (15) days of the SCHC decision.

Appeals regarding permanent financing shall be made to the proposed agency, financial institution, etc. in accordance with their procedures.

9.0 AMENDMENTS TO THE GUIDELINES

In an ongoing effort to improve the quality of the NAHP funded Program, SCHC will receive any suggestions on amendments to the Guidelines from the public, Program participants, realtors, financial institutions or members of SCHC. Upon review and approval by the Board of Directors of the Seward County Housing Corporation, Inc., the HOP Guidelines may be amended. Review/approval of proposed Amendments must also be made by NDED.

10.0 OFFICIAL CONTACT OFFICE

The official contact person/office for the Program shall be: Program Manager; Southeast Nebraska Development District, 2631 "O" Street, Lincoln, NE 68510, (402) 475-2560. 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.

11.0 REPORTING REQUIREMENTS

11.1 Reports and Information

In accordance with the Nebraska Affordable Housing Program requirements, the SCHC at such times and in such forms as the City may require, shall furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this contract, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this contract.

11.2 Findings Confidential

All of the reports, information, data, etc. prepared or assembled by the Seward County Housing Corporation under this contract are confidential and SCHC agrees that they shall not be made available to any individual or organization without prior written consent of the City.

12.0 RECORDING REQUIREMENTS

The SCHC agrees to maintain records for four years after a formal “close-out” of the program in DED. In general such records will include information pertaining to the contract, obligations and unobligated balances, assets and liabilities, outlays, equal opportunity, labor standards (as appropriate), fair housing and performance. The City, DED and duly authorized officials of the State and Federal Government shall have full access and the right to examine any pertinent documents, papers, records, and books of the SCHC involving transactions to the local program and contract.

13.0 UNIFORM RELOCATION AND ASSISTANCE ACT OF 1970 (URA)

The Seward County Housing Corporation, Inc. (SCHC) does not have the power of eminent domain and will not invoke those powers, if they become available to the organization.

All transactions in the purchase of property by clients of the SCHC will be between a willing seller and a willing buyer. If the negotiations between the buyer and seller do not end in a final agreement for sale, the SCHC will not attempt to force any purchase.

14.0 FAIR HOUSING

This program will be in compliance with the “Fair Housing Act”. The Act prohibits specific kinds of discriminatory acts as described herein, regarding housing if the discrimination is based on race, color, religion, sex handicap, familial status or national origin: Refusal to sell or rent or otherwise deal with a person; Discrimination in the conditions of terms for sale, rental or occupancy; Falsely denying housing is available; Discriminatory advertising; “Blockbusting:., causing person(s) to sell or rent by telling them that members of a minority group are moving into the area; Discrimination in financing housing by a bank, savings and loan association or other business; Denial of membership or participation in brokerage, multiple listing or other real estate service; Interference (intimidation, threats, coercion, etc.) to keep a person from the full benefits of the Federal Fair Housing Law.

The Seward County Housing Corporation actively supports Fair Housing Activities and will assist applicants in completing Housing Discrimination Complaint forms to the Department of Housing and Urban Development (HUD).

15.0 LEAD PAINT HAZARDS AND TEMPORARY RELOCATION

Because of requirements to mitigate lead-base paint hazards, “temporary relocation” of homeowners may be necessary for “safe work practices.” If temporary relocation is deemed necessary by the Program Management, relocation activities will only be at the voluntary acceptance and expense of the homeowner.

16.0 PROGRAM MARKETING

The SCHC will provide marketing and promotional materials to news outlets (newspaper, radio, and websites) within Seward County and communities. The materials will include program summary, application forms and contact information. The SCHC will make every effort to provide program materials to local and regional organizations that represent or provide services to lower income persons/families, tenants of public housing and public housing agencies.