

**FILLMORE COUNTY DEVELOPMENT CORPORATION  
(FCDC)  
2013 HOMEOWNERSHIP OPPORTUNITY PROGRAM (HOP)**

**PURPOSE:**

The purpose of the Homeownership Opportunity Program (HOP) in Fillmore County is to provide financial assistance, utilizing **NEBRASKA AFFORDABLE HOUSING PROGRAM (NAHP) funds**, for the purchase of existing 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 Fillmore County Development Corporation (FCDC), a non-profit corporation, will operate this Program. FCDC 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 County of Fillmore County or of the Fillmore County Development Corporation 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 subagreements during office tenure or for one year after the closet of the program. Upon written request by the County and/or the FCDC, exceptions may be granted by the Nebraska Department of Economic Development 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 **100%** of the median household income of Fillmore County, Nebraska, adjusted for family size as established by the Department of Housing and Urban Development (HUD). Anticipated Annual Gross Income levels will be verified according to 24 CFR Part 5.609. The Program anticipates up to 12-funded projects to be at less than the 100% 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 for eligible persons/families:
- a. Must occupy the property as a **principal residence**.
  - b. Must complete Homeownership Training Program prior to obligation of project loan funds by the FCDC Board.
  - c. The proposed housing unit must pass the Section 8-Housing Quality Standards (HQS) inspection. For projects with minor rehabilitation, property must comply with NDED Minimum Standards for Rehabilitation.
  - d. Proposed homes for purchase constructed prior to 1978 must pass a “Lead Paint Hazard Screen” and/or a “Lead Paint Hazard Clearance”. 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 Fillmore County are eligible.

### 2.2 Purchase Price

Total home acquisition cost not to exceed \$135,000, including the cost for land and improvements. This level of cost is applicable for the purchase of **existing homes**.

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

- Single family property (one unit)
- Condominium unit
- Manufactured home (Mobile homes 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 2% downpayment requirement.

### 3.2 Downpayment

The FCDC will require a minimum 2% of the total purchase price, including closing costs, from the borrower as downpayment as part of the project.

All Program applicants will be encouraged to secure permanent financing from Fillmore County lenders. These include, but are not limited to: Cornerstone Bank, Farmers and Merchants Bank, Generations Bank of Exeter, York State Bank and Geneva State Bank. The proposed homebuyer may also seek other permanent financing sources. Because the Program is based upon developing affordable housing, FCDC reserves the right to reject participating with any permanent financing that does not meet “affordable” criteria, as determined by the Program. Conditions could include “predatory financing”, excessive fees, etc. “Referrals” with USDA-Rural Development (and other identified Federal/State agencies, which may provide financing for affordable housing) will be coordinated by FCDC. 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. This Deed of Trust in favor of FCDC 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, non-occupancy or renting out the property.

### 3.3 Minor Rehabilitation

FCDC 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 \$8,000 per home. Any and all work to be completed must meet the NDED Standards. Additional rehabilitation funds may also be secured through the USDA RD Section 502 or 504 programs. FCDC 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 \$8,000 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.

### 3.4 Feasibility

The objective of the conditional grant for minor housing rehabilitation is to restore each housing unit receiving financial assistance to a physical condition, which will result in a life expectancy of at least 20-years. A limited number of occupied housing units in the

Program Area may be deteriorated to such an extent that minor rehabilitation will not achieve this objective. If the Project Inspector determines, and the Advisory Committee concurs, that a housing unit cannot have a 20-year life expectancy after minor rehabilitation work is completed, then the Program will determine not to provide financial assistance to that homebuyer for that home.

#### **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 FCDC. 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 FCDC.

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 its ***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 will be allowed to repay an amount less than the full amount, subject to the approval of FCDC. 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 primary lender (including the requirements of the financing programs utilized). The FCDC 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 FCDC TO ENSURE "FAIR MARKET VALUE".**

#### **4.1 PROGRAM INCOME REUSE PLAN**

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 downpayment assistance for the purchase of single-family homes, under criteria of this Program or under criteria of any future Programs implemented by FCDC and approved by NDED. Management costs will also be an eligible program expense, with General Administration costs at a maximum of 10% of the funds available.

Program Income funds recaptured under this program will be tracked by Grant Program Number **#13-TFHP-6003**. All Program Income 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 FCDC after approval of funding, official solicitation of applicants will begin for the Program. FCDC 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 (“Part 5” in accordance with 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 FCDC 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 of interested persons, indicating date and time of contact, 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 an “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 FCDC for eligible projects will be in a timely manner and can be anticipated within 60-days of selection. "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 FCDC will coordinate the "Loan Closing" process with the borrower, the FCDC and any appointed closing agent. The primary lender will facilitate and coordinate the closing process at which time the borrower will also execute the following documents for the FCDC:

- A. Promissory Note
- B. Deed of Trust
- C. Acknowledgement of receipt of copy of the approved Program Guidelines

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 FCDC 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 and deed of trust documents to FCDC. FCDC 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 YCH for their consideration. The President of the FCDC must receive the appeal in writing within fifteen (15) calendar days of the decision. FCDC will then act to support or overturn the action with fifteen (15) days of the FCDC 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, FCDC will receive any suggestions on amendments to the Guidelines from the public, Program

participants, realtors, financial institutions or members of the Board of the FCDC. Upon review and approval by the Board of Directors of the FCDC, 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 FCDC at such times and in such forms as the County may require, shall furnish the County 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 Fillmore County Development Corporation under this contract are confidential and FCDC agrees that they shall not be made available to any individual or organization without prior written consent of the County.

## **12.0 RECORDING REQUIREMENTS**

The FCDC agrees to maintain records for ten years after a formal "close-out" of the program by 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 County, 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 FCDC involving transactions to the local program and contract.

## **13.0 UNIFORM RELOCATION AND ASSISTANCE ACT OF 1970 (URA)**

FCDC 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 applicants or clients of the FCDC will be between a willing seller and a willing buyer (voluntary acquisition). If the negotiations

between the buyer and seller do not end in a final agreement for sale, the FCDC will not attempt to force any purchase.

#### **14.0 FAIR HOUSING**

The Program will fulfill affirmative action requirements of federal fair housing laws. (P.L. 90-284, as amended by L.1988 P.L. 100-430; and E.O. 11063)

#### **15.0 UNDERWRITING CRITERIA**

FCDC will review the first mortgage-primary lenders' underwriting criteria to ensure that no more than 30% of the homebuyers' verified income will be used to pay for the cost of housing, including any payback for conditional grants associated with minor rehabilitation. Housing costs for purposes of this HOP program include: payments toward the homebuyer/homeowner's:

1. Mortgage;
2. Mortgage insurance; and
3. Any housing rehabilitation loan.

Underwriting review to ensure not more than 30% of income is paid toward housing costs as defined in these program guidelines will be conducted by the housing manager, approved by the HOP loan committee, and notated in the client file.

#### **16.0 PRE-QUALIFYING CONTRACTOR'S (for projects that include minor rehabilitation)**

The FCDC will maintain a pre-qualified list of contractors that are available to conduct Housing Rehabilitation for projects that are awarded minor rehabilitation conditional grants. The program will be promoted directly to local contractors who are eligible to be added to the pre-qualified list of contractors. Promotion to contractors may include but is not limited to contractor training, ads in the local newspapers, word of mouth, flyers and brochures requesting contractor assistance for the program. Pre-qualification requirements include submittal of the following documents to the Official Program Contact (SEND):

1. Proof of liability insurance;
2. Lead safe work practices training; and
3. Completion of the Contractor's Application (Proof of Responsibility)



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DEVELOPMENT CORPORATION, INC.  
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HOP**

Appendix of Technical Procedures

1. Lead-Based Paint Policies and Procedures

**Fillmore County Development Corporation, Inc. (FCDC)  
2013 Homeownership Opportunity Program  
Lead-Based Paint Policies and Procedures**

To address the potential hazards of lead-based paint in homes being assisted with down payment assistance funds, the Fillmore Development Corporation, Inc. (FCDC) will implement the following policies and procedures for homes built before 1978.

- Clients will receive a copy of the pamphlet entitled “Protect Your Family from Lead in Your Home”. Clients will sign a form stating that they have received a copy of the pamphlet. In addition, clients will be notified of their right to request a paint inspection.
- FCDC will determine if a Lead Hazard Screen and/or Paint Inspection/Risk Assessment has been performed in the twelve (12) months prior to the date of participation.
- If no reports exist, a home will receive a lead hazard screen and/or paint inspection/risk assessment performed by a certified Risk Assessor.
- FCDC will obtain the permission of the Seller to perform a Lead Hazard Screen and/or Paint Inspection/Risk Assessment. If the Seller refuses a Lead Hazard Screen and/or Paint Inspection/Risk Assessment, down payment assistance will not be provided.
- A Lead Hazard Screen and/or Paint Inspection/Risk Assessment will be performed by a certified Risk Assessor. The Seller, client, and lender will receive a copy of the report(s).
- If lead hazards in excess of the de-minimus are identified:
  - The Risk Assessor will prepare a report identifying the interim controls that must be implemented to eliminate the lead hazards.
  - If the project involves only downpayment assistance, the Seller will be responsible for correcting lead-based paint hazards. Lead hazards must be eliminated prior to providing down payment assistance. All work should be performed by contractors certified in lead safe work practices.
  - If the project involves minor rehabilitation, the contractor for the Rehabilitation Contract will be responsible for meeting Lease Safe Work Practices and will be responsible for clean-up to pass a Final Clearance Test.
  - After work has been completed, a Clearance Test will be performed by a certified Risk Assessor. The Seller and/or client will be provided a copy of the clearance test report. Homes must pass the Clearance Test before the client receives down payment assistance, unless minor rehabilitation is included in the project.

*Lead Hazard Screen*

A Lead Hazard Screen may be performed on homes that were built after 1978 and that are in “good” condition as determined by the Building Condition Survey. The Lead Hazard Screen must be performed by a certified Risk Assessor.

*Paint Inspection/Risk Assessment*

A Paint Inspection/Risk Assessment must be performed on homes built before 1978 and/or on homes that fail a Lead Hazard Screen. The Paint Inspection/Risk Assessment must be performed by a certified Risk Assessor.

*Clearance Test*

A Clearance Test must be performed after all work has been completed. The Clearance Test must be performed by a certified Risk Assessor.

### Building Condition Survey

Client Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/ZIP: \_\_\_\_\_

Date Inspected: \_\_\_\_\_ Inspected By: \_\_\_\_\_

Condition	Yes	No
Roof is missing shingles, tiles, shakes, etc.		
Roof and/or soffit and fascia has holes or large cracks		
Gutters or downspouts are broken or missing		
Chimney masonry cracked, bricks loose or missing, chimney out of plumb		
Exterior walls have obvious large cracks or holes requiring more than routine repair		
Interior walls have obvious large cracks or holes requiring more than routine repair		
Exterior siding is missing boards or shingles		
Water stains on interior walls or ceilings		
Plaster walls or ceilings are deteriorated		
Two or more windows or doors broken, missing or boarded up		
Porch or steps with major elements broken, missing or boarded up		
Foundation with major cracks, missing material, structure leans or visibly unsound		
Total Number*		
<input type="checkbox"/> Dwelling is in Good condition (perform Lead Hazard Screen) <input type="checkbox"/> Dwelling is in Poor condition (perform Risk Assessment)		
If the "Yes" column has less than two checks, the dwelling is in good condition. If the "Yes" column has two or more checks, the dwelling is in poor condition.		
Notes:		

**Lead Hazard Screen/Risk Assessment**

	<b>Lead Hazard Screen</b>	<b>Risk Assessment</b>
Paint	<ul style="list-style-type: none"> <li>• Full review of painted surfaces</li> <li>• 1 paint chip per "poor" surface</li> </ul>	<ul style="list-style-type: none"> <li>• Full review of painted surfaces</li> <li>• 1 paint chip per "poor" surface</li> </ul>
Dust	2 Composite Samples <ul style="list-style-type: none"> <li>• 1 floor (include entryway)</li> <li>• 1 window trough</li> </ul>	3 or 4 Composite Samples <ul style="list-style-type: none"> <li>• 1 uncarpeted floor (include entryway)</li> <li>• 1 window sill</li> <li>• 1 window trough</li> <li>• 1 carpeted floor</li> </ul> Or 6 to 8 Single Surface Samples
Soil	No	2 Composite <ul style="list-style-type: none"> <li>• 1 foundation</li> <li>• 1 play area</li> </ul>
Water	No	No
Air	No	No
Housing Condition	Yes	Yes
Use Pattern Assessment	No	Yes
Management & Maintenance	No	Optional depending on property type