

CITY OF ORD
DPA/HOMEBUYER PROGRAM GUIDELINES
FOR ROLLING HILLS SUBDIVISION
ORD, NEBRASKA



**CITY OF ORD
ROLLING HILLS SUBDIVISION
DOWNPAYMENT ASSISTANCE PROGRAM GUIDELINES**

Purpose

The Ord Rolling Hills Downpayment Assistance (DPA) Project is comprised of building 7 new single-family units in the Rolling Hills Subdivision. The purpose of the Ord Rolling Hills DPA Program is to utilize Nebraska Affordable Housing Program Funds (NAHTFs) to provide Workforce Development Housing for potential homebuyers up to 100% of the Area Median Income in Ord. NAHTFs will provide direct homebuyer assistance to income qualified families to purchase the new single-family housing.

This program is designed to:

- ◆ assist major employers with their growing workforce development needs by adding new housing stock to the community
- ◆ promote a stable workforce though providing direct homebuyer assistance to working families striving for homeownership
- ◆ help working families build assets (wealth)
- ◆ maximize the City of Ord’s ability to assist additional homebuyers through a concept of shared appreciation
- ◆ maximize leveraged funds through funding partners and programs

Applicant Eligibility

Income Eligibility: Eligible applicants for an Ord Rolling Hills DPA Home must have gross incomes at or below 120% of the Valley County Area Median Income based upon family size. Nebraska Affordable Housing Trust Fund income limits, as follows:

1 0% AMI Income Limits Effective st 016							
1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person

Income eligibility and verification will be determined according to the definition found in 24 CFR 5.609. This definition requires the use of annual gross income as anticipated during the next 12 months.

The purchaser must show proof of qualification for permanent financing, including an explanation of the underwriting criteria used to make the lending decision. Underwriting criteria will include housing debt ratios used to determine borrowing capacity. The purchaser must also meet the underwriting criteria of the City of Ord.

Homebuyer Contribution: The purchaser must contribute a minimum of \$1,000 to closing costs and/or downpayment assistance.

Homebuyer Education and Pre-Purchase Counseling: The purchaser must successfully complete a REACH and HUD approved homebuyer education course prior to the closing of the first mortgage. In addition, the purchaser must attend face to face pre-purchase counseling with the grant administrator.

Homeownership Determination: The Ord Rolling Hills DPA Homes shall be for owner-occupied purchase only. The properties will be sold with a fee simple title.

Principal Residence: Rolling Hills DPA Homes shall not be retained for rental purposes. The purchaser must occupy the purchased property as their principal residence.

Property Eligibility:

Location: Tracts of land located in the Southeast Quarter of the Northeast Quarter of Section 20, Township 19 North, Range 14 West of the 6th P.M., Valley County, Nebraska, described as commencing at the Quarter Section corner between Sections 20 and 21; thence N89°47'W a distance of 71.9 feet to the West right of way line of State Hwy. No. 11 being the Point of Beginning; thence N4°13'E along the West right of way line of State Hwy. No. 11 a distance of 324.8 feet; thence S89°43'W a distance of 228.0 feet; thence N0°17'W a distance of 730.5 feet; thence N87°21'W a distance of 175.6 feet; thence N0°17'W a distance of 256.3 feet to a point on the East and West 1/16 section line on the North side of the SE1/4NE1/4 of Section 20; thence S89°59'W on the East and West 1/16 section line a distance of 868.0' to the 1/16 corner at the center of the NE1/4 of said Section 20; thence S0°22'E on the North and South 1/16 section line a distance of 1313.0 feet to the 1/16 section corner at the southwest corner of the SE1/4NE1/4 of Section 20; thence S89°47'E on the East and West Quarter section line of Section 20 a distance of 1242.4 feet to the Point of Beginning (This tract includes real estate known as Block 1, and Lots 2, 3, 22, 23, 36, 37, 38, 39 and 40, all in Rolling Hills Addition to Ord, Valley County, Nebraska, according to the recorded plat thereof),
LESS a tract conveyed to Ord Housing Authority in Deed Book 69 on Page 631 described as commencing at the northeast corner of the Southeast Quarter of the Northeast Quarter of Section 20, Township 19 North, Range 14 West of the 6th P.M., Valley County, Nebraska; thence West on the East and West 1/16 Section line of the Northeast Quarter of said Section 20, a distance of 448.3 feet to the Place of Beginning; thence S0°10'E a distance of 350 feet; thence West a distance of 350 feet; thence N0°10'W a distance of 350 feet to a point on the East and West 1/16 Section line of the Northeast Quarter of said Section 20; thence East on the East and West 1/16 Section line a distance of 350 feet to the Place of Beginning (also known as Block 1, Rolling Hills Addition to Ord, Valley County, Nebraska, according to the recorded plat thereof); and,
LESS a tract conveyed to Donald L. Kelly and Nelda J. Kelly in Deed Book 71 on Page 491 described as Lot 2, Rolling Hills Addition to Ord, Valley County, Nebraska, according to the recorded plat thereof; and,
LESS a tract conveyed to Bradley R. Lech, Everett A. Lech, Trustee and Ruth J. Lech, Trustee in Deed Book 83 on Page 185 described as Lot 3, Rolling Hills Addition to Ord, Valley County, Nebraska, according to the recorded plat thereof.

Property Codes: The homes meet local building codes, the International Residential Building Code and the 2003 International Energy Conservation Code. The units are also visitable according to the definition provided by the Nebraska Affordable Housing Program.

Environmental Review: The site and homes have been through a rigorous Environmental Review process, as proscribed by the Nebraska Department of Economic Development (NDED). The homes must have environmental clearance from NDED prior to taking any action on the project, including closing on the home.

Purchase Price: The purchase price of the DPA homes will not exceed \$160,000. This purchase price also does not exceed the Section 203 (b) FHA Single Family Mortgage limit of \$200,160 for Valley County, Nebraska.

Financial Assistance Provided:

Direct Homebuyer Assistance: A maximum of \$37,500 of direct homebuyer assistance will be available for downpayment assistance and closing costs for the purpose of providing gap financing. The amount of gap financing will be determined by a lender, according to reasonable underwriting criteria and approved by the City of Ord. The downpayment assistance cannot exceed 25% of sales price of the home. The downpayment assistance will be in the form of a 2nd mortgage using Nebraska Affordable Housing Trust Funds and secured through a Deed of Trust.

One half of the downpayment assistance will be a 0% deferred forgivable loan over ten years. For each year the homebuyer maintains ownership and the unit is the primary residence of the owner, 1/10th of this portion of the downpayment assistance provided will be forgiven.

The net proceeds of the remaining ½ of the downpayment assistance will be due to the City of Ord upon the sale of the home. If the net proceeds are insufficient to repay downpayment assistance and the homebuyer's investment, the subsidy will be paid only to the extent that proceeds are available.

The City of Ord will recapture an appreciated value upon the sale of the home, at a percentage rate equal to the Trust Fund assistance provided towards the purchase of the home. For example, if the purchase price of the home is \$160,000, and the home requires \$37,500 in downpayment assistance from the Trust Fund, the percentage would equate to 23%. In this case, the recapture fee would be 23% of the appreciated value of the home.

First Mortgage: The purchaser will be required to secure permanent financing. The purchaser will be encouraged to maximize first mortgage permanent financing whenever possible through the following agencies and programs: Nebraska Investment Finance Authority (NIFA) - First Home Super Program; USDA – RD – Guaranteed Mortgage Program; and Veterans Administration (VA). Local and participating conventional lenders will play a role in accessing many of these loan products.

Employer-Assisted Downpayment: Purchasers may be eligible for additional downpayment assistance through their employer. Purchasers are encouraged to inquire at their place of employment regarding the availability of these additional downpayment assistance funds. Repayment options are at the discretion of the employer.

Per Unit Subsidy: The per unit NAHP subsidy, including development and direct subsidy, will not exceed Section 221 (d)(3) subsidy limit of \$121,054.

Subordination Requests and Re-financing: Subordination requests will be considered on a case by case basis; there must be sufficient equity to protect the City of Ord's interests. Refinances will only be permitted for the amount of the existing balance plus closing costs up to the original first mortgage loan amount. Subordination will not be granted in cases where the homeowner is receiving cash from the transaction or consolidating debt, except in documented cases of illness-related hardship.

Application Process

Marketing: The City of Ord is an equal opportunity housing provider. All housing activities, including marketing, will be conducted in accordance with the Fair Housing Act and will indicate no preference, limitation, or discrimination on race, color, religion, sex, national origin, handicap or familial status.

Pre-Application: Ord Rolling Hills DPA Home applicants will contact the City of Ord at (308) 728-5791, 232 So. 16th Street, P.O. Box 96, Ord, NE 68862 to fill out a Pre-Application to determine income eligibility for an Ord Rolling Hills DPA Home. Upon the City of Ord's determination of eligibility, applicants will be encouraged to sign up for Homebuyer Education through the Central Nebraska Housing Developers and contact local participating lenders for first mortgage permanent financing pre-approval.

Homebuyer Education: Central Nebraska Housing Developers (CNHD) will provide Homebuyer Education to potential homebuyers participating in the Ord Rolling Hills DPA Program. CNHD holds "Pre-Home Ownership Series" workshops once per month within the region, with 2 times per year in Ord. Classes are comprised of 2 weeknights totaling eight hours. This program is approved by REACH and HUD. Class schedules can be obtained by contacting Central Nebraska Housing Developers, P.O. Box 201, Chambers, NE 68725, or by phone at 402-340-6464.

Pre-Purchase Counseling: The homebuyer education will be followed up with face to face Pre-Purchase Counseling and an application assessment will be conducted by the Housing Administrator.

Participating Lenders: A list of participating local residential lenders will be provided to the applicants for their convenience. The applicants may also choose a lender not included on the list. The City of Ord may non-select any applicant whose permanent financing is determined to be predatory. This determination will be made on a case-by-case basis. Generally, loans are not considered predatory if the housing to income ratio is less than 36% and the debt to income ratio is less than 45%, have no pre-payment penalties, and late fees are not exorbitant. The reasonableness of these ratios is dependent on individual circumstances.

Approval Procedure: Applicants will be assisted on a first-ready, first-serve basis. If two or more applications are considered "ready" on the same calendar day, the tie will be broken between the two applications through a lottery system. Applications will be prioritized based upon meeting and completing the following requirements:

- 1) The applicant must complete all application requirements prescribed by the City of Ord. This includes a determination of meeting income requirements.
- 2) The applicant must successfully complete the REACH Homebuyer Education Course and Pre-Purchase Counseling.
- 3) The City of Ord has received proof of qualification for the first mortgage. This includes receiving and accepting the terms and underwriting criteria used for the first mortgage and gap financing.

Upon meeting the above requirements, the applicant will receive a Notice of Selection and the amount of direct homebuyer assistance required by the applicant will be reserved until such time as the applicant is deemed ineligible. The City of Ord will continue to take applications and send

notification to all applicants on a waiting list, indicating date and time of contact. If funds are available, the next applicant will be contacted and the process of assistance will begin.

Selection and Non-Selection: The Housing Administrator will determine income eligibility and compile all required documentation for approval by the City of Ord City Council, reporting that the applicant has been deemed to be income eligible and has met all other eligibility requirements, as well as the amount of assistance required, and make a determination of Selection or Non-Selection. All applicants will receive a written Notice of Selection or Non-Selection, as appropriate. Notification will include the cause of the determination. Non-selection may occur any time during the application process, if the City of Ord or its Housing Administrator repeatedly requests documentation of eligibility and the applicant is unresponsive.

Loan Closing: The permanent financing lender will be responsible for scheduling both the permanent and Ord Rolling Hills downpayment assistance loan closing with the borrower and the City of Ord. The lender will facilitate the closing process with all participants. Title insurance or a commitment of title insurance must be secured prior to the closing.

The participating lender will have the borrower execute a Promissory Note and the Deed of Trust at the closing. The Promissory Note and Deed of Trust forms will be provided by the City of Ord. The lender will file the Deed of Trust at the Register of Deeds Office.

Additional Program Requirements

Grievance Procedures: If an applicant thinks he or she has been treated unfairly during any part of the process or discriminated against regarding application selection the applicant can appeal to the Ord City Council for further consideration. All appeals must be received by the Ord City Council in writing within 20 days of the date of Non-Selection. A decision by the Ord City Council will be made within 45 days of receipt of the Appeal. All decisions of the Ord City Council are final.

Affordability Period: The Affordability Period for these homes is a period of 10 years. One half of the downpayment assistance will be a 0% deferred forgivable loan over ten years. For each year the homebuyer maintains ownership and the unit is the primary residence of the owner, 1/10th of this portion of the downpayment assistance provided will be forgiven. The other half of the downpayment assistance will be due to the City of Ord upon the sale of the home.

Special Assurances

The City of Ord will comply with all applicable provisions of the Revised Statutes of Nebraska, including, including but not limited to, 1) Relocation Assistance Act, 2) Nebraska Fair Housing Act, and 3) Uniform Procedures for Acquiring Private Property for Public Use.

The City of Ord will comply with the Fair Housing Act and does not discriminate on the basis of race, color, religion, sex, national origin, handicap, or familial status.

The City of Ord will comply with all provisions of the Americans with Disabilities Act as they apply to hiring, training, employment practices, access to facilities, and services provided.

The City of Ord will comply with all federal and local laws applicable to operations. These laws include, but are not limited to, 1) Civil Rights Act of 1964, 2) Age Discrimination Act of 1975, 3) Section 504 of the Rehabilitation Act of 1973, 4) Architectural Barriers Act of 1968, 5) Civil

Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, 6) Flood Disaster Protection Act of 1973, 7) National Environmental Policy Act of 1969, 8) National Historic Preservation Act of 1966, 9) Fair Labor Standards Act of 1938, as amended, and 10) Contract Work Hours and Safety Standards Act.