

Southwest Nebraska Community Betterment Corporation (SWNCBC)  
Owner Occupied Rehabilitation  
Program Guidelines  
Amended January 20, 2011

PURPOSE : To promote safe, affordable and appropriate housing in the five county service area.

GOALS :       1) to rehabilitate homes in five county service area.  
                  2) to upgrade and retain an affordable housing stock.  
                  3) to achieve affordable quality housing for LMI people.

EQUAL OPPORTUNITY AND FAIR HOUSING

No person shall on the grounds of race, color, national origin, religion, sex, age, disability, familial status or sexual orientation be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program or activity administered by SWNCBC and funded in whole or in part with Nebraska Affordable Housing Program funds.

AFFIRMATIVE FAIR HOUSING PLAN

Actions taken include but are not limited to:

- Material about fair housing, including Equal Housing Opportunity logos, posted in the SWNCBC office.
- Brochures include the Equal Housing Opportunity logo and statement of non-discrimination.
- SWNCBC Program Guidelines limit assistance to those under 80% area median income and target those to the greatest extent possible under 50% area median income.

TYPES OF ASSISTANCE

- Home rehabilitation assistance for homeowners in the incorporated limits of the communities in Perkins County. (The rehabilitated home must be the principal residence of the homeowner.)
- Rehabilitation work should focus on improving the home so it is safer and more energy efficient. Examples of eligible activities are: heating/cooling system repair and replacement; storm window/door installation; insulation; roofing repair/gutters; replacement of unsafe electrical/plumbing facilities; and replacement/repair of unsafe entrances.
- SWNCBC will offer up to \$22,500 to those who qualify. Loans and repayment will be over the 10 year affordability period and will also depend on where the family falls in the AMI (Area Medium Income). 50% and below AMI would qualify for a 100% forgivable loan with 10% of loan forgiven each year as long as home remains the primary residence for the next 10 years ; 51-65% AMI repays 50% of the loan with monthly payments at 0% interest over 10 years with 5% of loan forgiven each year as long as home remains the principle residence and 66%-80% AMI repays the full amount at 0% interest over 10 years.
- Assistance will be in the form of a second mortgage, which will accrue 0% interest.
- There will be a 2% origination fee charged on all SWNCBC OOR loans.
- Repayment Policy: OOR 0% interest loans will be paid over a 10-year affordability period with monthly payments. If applicant is granted a forgivable loan the amount to be repaid will be prorated over the life of the loan. For example, 10% of the amount of the loan will be forgiven each year of the loan. After the 10-year term expires, if the original owner owns and occupies the property, the full

amount of the loan is forgiven.

- If the property is sold, refinanced, or no longer the primary residence of the homeowner during the affordability period, the recapture funds will be collected and used by SWNCBC in accordance with Nebraska Dept of Economic Development's recapture requirements. If the net sale price received less the primary loan is not sufficient to repay the SWNCBC's loan, the borrower will make repayment on the remaining availability of net proceeds.
- SWNCBC reserves the right to make inspection on homes during the affordability period that have been assisted and will give proper notice.

PROPERTY REHABILITATED UNDER THIS PROGRAM MUST BE OCCUPIED AS A PRINCIPAL RESIDENCE BY THE HOMEOWNER FOR A PERIOD OF AT LEAST TEN (10) YEARS FROM THE DATE OF PROJECT COMPLETION.

APPLICANT ELIGIBILITY:

- SWNCBC will open a 30-day application period at which applications will be received for each individual community.
- Meet LMI income guidelines as defined by HUD (gross income at or below 80% Area Median Income).
- Must own the home and occupy the home as their principal residence.
- Have no Conflict of Interest as defined in "Conflict of Interest" in this document.
- If you are currently under litigation with your home, or will begin litigation including your home. You will be ineligible for the program, until after the conclusion of the litigation.

INCOME ELIGIBILITY:

- Gross annual income will be determined using the HUD 24 CFR Part 5 Annual Income. The part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.
- HUD's Technical Guide for Determining Income and Allowances for the HOME Program (Third Edition) serves as the resource for this step in the eligibility process.
- Income will be verified by third party verification forms.
- Applicant will receive an award letter or denial letter by mail after gross annual income has been determined.

PROPERTY ELIGIBILITY:

- Serve as the principal residence of the homeowner.
- Meet NDED Rehabilitation Standards following rehabilitation.
- Meet financial guidelines (appraisal).
- Be permanently attached to a permanent foundation.
- Not be a mobile home.
- Achieve SHPO clearance.
- Must be located within the incorporated limits of the communities in Perkins County.
- SWNCBC will not rehabilitate any property that is tenant-occupied.
- A home will be deemed infeasible if the amount of work needed to bring the home up to Nebraska Department of Economic Development Rehabilitation Standards totals more than the amount of

assistance available per home in the program. If the home is deemed infeasible, the homeowner will receive written notification that the program will not be able to assist said home.

- Must carry hazard insurance for the entire affordability period.

#### MAXIMUM AFTER-REHAB VALUE

The maximum after-rehab value of any house rehabilitated under these guidelines will not exceed the Section 203(b) Single Family Mortgage Limit of \$172,632.

#### MAXIMUM PER UNIT NAHP SUBSIDY

The Nebraska Affordable Housing Program financial assistance to the unit provided to the homeowner cannot exceed the Maximum per unit NAHP Subsidy. A listing of subsidy limits by county can be found at [http://crd.neded.org/publications/application\\_guidelines.htm](http://crd.neded.org/publications/application_guidelines.htm)

#### APPLICATION SELECTION:

- Applications will be ranked on the level of household income with the lowest level of household income being ranked highest.

#### AFFORDABILITY PERIOD

- The Affordability Period for the OOR assistance is 10 years.
- Homeowner(s) will sign a Subordination Deed of Trust, Promissory Note and Principle Residence Affidavit to ensure the affordability period when project is completed.

#### DISABLED HOUSING

- If a person with a disability applies and is approved for funds, they will be referred to the Assistive Technology Partnership (402-471-0734) and other organizations for consulting and possible grants in building or rehabilitating a disabled accessible house.

#### WAITING LIST

A waiting list will be continually maintained for those requesting owner occupied rehabilitation assistance when no funds are available.

- People will be taken off the waiting list and projects begun by their rank:
  - first applications received will be the first served.
  - if two or more applications were received on the same day, the one with the lowest level of household income will be the first served.

#### RETURN BENEFICIARIES

Owner-occupants are eligible for additional assistance; however, priority will be given to applicants that have not already received funding. The request for additional funding will be evaluated by the housing specialist on a case-by-case basis, using the previous file of OOR assistance for review. Owner-occupants, who satisfy current program requirements and move in to another eligible unit in the community, will be considered eligible for the program on a case-by case basis.

### REFERRALS / LEVERAGE

In order to assist SWNCBC customers in their search for affordable housing, referrals are made to various partners who can leverage funds:

- USDA Rural Development: Direct or Guaranteed Loans, as a source of below market rate loans;
- Assistive Technology Partnership and the Nebraska Housing Developers Association: Home Ownership Program and Making Homes Accessible Program, as sources of rehabilitation and/or down payment assistance for households with a disability

### CONFLICT OF INTEREST

- 1) No official, employee or agent of Southwest Nebraska Community Betterment Corporation who exercises policy and/or performs decision-making functions or responsibilities in connection with the planning and/or implementation of the program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the program ends. Any other employee, officer, or board member may be eligible, but will be treated without preference in the determination of the application accepted for funding. Enclosed with such an application shall be a statement of disclosure, which outlines any interest the applicant may have in the operation of the program.
- 2) A waiver process shall be available to allow for the previously identified ineligible persons to be eligible for participation in the program. The waiver process will consist of request for approval by the following entities in order: board of directors of SWNCBC. Each person requesting a waiver must describe their need for participation in the program and, if approved, agree to disassociate themselves from any decision-making that directly affects them.

### GRIEVANCE PROCEDURES

Persons and/or families who believe that their application was not given fair consideration or that they have been discriminated against should give the reasons, in writing, to the Southwest Nebraska Community Betterment Corporation Board of Directors within ten days of the decision. The Board shall take the letter under consideration at the next regularly scheduled meeting and reply, in writing, to the complaint no later than five days following the meeting.

### CONSTRUCTION STANDARDS

All homes and structures sold, constructed or transferred under this program shall be subject to the current building and zoning standards and ordinances of the city and county in which they are sold, constructed or transferred and any construction standards or codes adopted hereafter and shall meet or exceed the NDED Rehabilitation Standards. It shall be the intent of all concerned to build or rehabilitate a home that incorporates current building standards and methods of energy efficiency.

### APPLICATION PROCESS

1. Prospective applicant receives Program Guidelines from SWNCBC.
2. Prospective applicant
  - becomes pre-qualified
  - is income qualified by third party verification
  - proof of ownership documentation (copy of the deed of trust to home or title search)

### 3. SWNCBC

- reviews the application, financial information and ownership documentation.
- inspects the house and defines the scope of the project.
- conducts LBP inspections on homes built prior to 1978.
- sends written notification to the applicant of selection/non-selection for the program.

### CONTRACTOR SELECTION AND CONSTRUCTION MANAGEMENT

- During the rehabilitation period, SWNCBC is responsible and accountable for the rehabilitation process and management, including
  - cross checking with the Nebraska Debarred Contractor List
  - reasonableness, quality and cost of the rehabilitation work
  - assuring timely contractor payments
  - project inspections
  - contractors must be appropriately trained and provide documentation demonstrating such
- Contractor selection is done by SWNCBC and/or the owner(s). Selection is based on availability, capacity, reputation, price, timeliness, willingness, and reasonableness. All contractors and their employees must complete a Lead Safe Work Practices (LSWP) course and provide a notice of completion to SWNCBC office prior to awarding any job. The only exception to this requirement is if the employer is a Lead Abatement Supervisor. Contractor payments will be made in a timely manner following approval of work, receipt of invoice for payment signed off by homeowner and required federal ID number, certificate of insurance and license number (if required).
- SWNCBC will keep \$300 back from contractors until the project achieves LBP clearance.
- SWNCBC will pay for the first LPB Clearance, if the home does not pass clearance it will be the contractor's responsibility to pay for the subsequent clearance test(s) until the home reaches clearance.

### REHABILITATION PROCESS

- The SWNCBC Housing Rehabilitation Specialist will conduct a thorough safety inspection of the home, as well as a rehab needs assessment. The Housing Rehabilitation Specialist will complete a work write-up, incorporating rehab issues.
- During the initial inspection of a house, a list of rehab requirements is used to assure compliance with NDED Rehabilitation Standards, HUD lead paint hazard control requirements and Rural Development rehabilitation requirements.
- SWNCBC staff will determine Cost Estimates from bids submitted by area contractors
- Contractors will be required to attend a Pre-Construction Conference conducted by SWNCBC
- Contractors, homeowner(s), and SWNCBC will sign a Contractor's Agreement
- SWNCBC staff and the homeowner(s) work closely during the actual rehabilitation to ensure quality of work and reasonable costs.
- SWNCBC rehab specialist will perform final inspection to insure all repairs have been completed according to project specifications before final payment is made.
- Contractors may not begin rehabilitation work until they have received a Notice to Proceed letter from SWNCBC.

### LEAD BASED PAINT PROCEDURES

SWNCBC will determine LBP issues for homes participating in the OOR program on a case-by-case basis. If rehabilitation is under \$5,000, SWNCBC will achieve clearance. SWNCBC may assume lead in homes, it will be determined at the visual assessment. For rehabilitation over \$5,000, SWNCBC will have an assessment, obtain an inspection and achieve clearance. These regulations address those properties built prior to 1978. **SWNCBC prohibits the use of Lead Based Paint in the home or on the exterior of the home.** SWNCBC will comply with HUD's lead-based paint regulation requirements SWNCBC will comply with HUD's lead-based paint regulation requirements.

### RELOCATION

- The OOR program is a volunteer program therefore, SWNCBC will not be responsible for any relocation costs during the rehabilitation process. Any temporary relocation of owner-occupants required as a result of the rehab work funded through the OOR program will be the responsibility of the homeowner.

### PROPERTY MAINTENANCE

- All properties purchased with Nebraska Affordable Housing Program funding shall be maintained in compliance with local ordinances.
- All properties must be in prime inspecting condition in order to conduct adequate inspections.

### REPORTING PROCEDURES, RECORD KEEPING AND FOLLOW-UP

- Files and records will be kept on all applications and clients. These records will be under the custody and control of SWNCBC. Since these files contain confidential information which is not public information, public access to these files is prohibited. The privacy of the applicants will be protected by restricting access to these files only to persons acting pursuant to the program and this administrative plan under the auspices of SWNCBC.
- These files will be available for review and audit by DED and will be made available to parties responsible for compliance to the extent necessary to verify activities and performance.

### AFFORDABLE HOUSING PROGRAM CLOSEOUT

- The program shall be closed out when all funds to be closed out have been drawn down and expended for completed project costs or funds not drawn down and expended have been deobligated by DED.
- Matching requirements have been met.
- Appropriate project completion reports have been filed.
- An audit has been performed.

### PROGRAM INCOME RE-USE PLAN

- The entire amount of assistance due is payable 30 days after the pay-off date of the original first place loan, as stated on the owner's Note and Mortgage. If the property is sold or the owner defaults before that date, the entire amount of assistance due is payable immediately.
- If the property is sold during the Affordability Period, the entire amount of assistance as stated on the

owner's Note and Mortgage, is payable immediately. If the net sale price received less the primary loan is not sufficient to repay the SWNCBC loan, the borrower will make repayment on the remaining availability of net proceeds.

- If the property is sold during the Affordability Period, the recapture funds will be collected and used by SWNCBC in accordance with Nebraska Dept of Economic Development's recapture requirements.
- If the property is sold after the Affordability Period, the program income funds or CHDO proceeds will be collected and used for further projects in the SWNCBC's service area.

### MARKETING STRATEGY

SWNCBC will develop marketing tools such as brochures, fliers, and applications for distribution in the 5 county service area of SWNCBC. Area media will be contacted and solicited for support via news stories, feature articles, community service announcements, etc.

### APPLICABLE LAWS AND REGULATIONS

The following laws and regulations shall be enforced in the implementation of this Affordable Housing Program:

- Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4831 et. seq.)
- HUD's Implementing Regulations (at 24 CFR Part 570)
- Title VIII of the Civil Rights Act of 1968 and any related rules and regulations
- Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d Et. seq.
- HUD regulations issued thereunder, 24 CFR, subtitle A, Part 1
- HUD requirements pursuant to these regulations; and Executive order 11063, to the end that, in accordance with that Act, the regulations and requirements of HUD and Executive order 11063, no persons in the United States, shall on the ground of race, color, creed, religion or national origin, be excluded from participation in, or be denied the benefits of, the Section 8 Existing Housing Program or be otherwise subjected to discrimination. This provision is included pursuant to the regulations of HUD, 24 CFR, Subtitle A, Part 1, issued under Title VI of the Civil Rights Act Of 1964, and the HUD requirements pursuant to the regulations.
- Section 109 of the Housing and Community Development Act of 1974, which provides that no person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or in part with funds made available under this title.
- Age Discrimination Act Of 1975, as amended (42 U.S.C. 6101, et.seq.) which provides that no person will be excluded from participation, denied program benefits or subject to discrimination on the basis of age under any program or activity receiving federal funding assistance.
- Section 504 of the Rehabilitation Act Of 1973, as amended (29 U.S.C. 794) which provide that no otherwise qualified individual will, solely by reason of his or her handicap, be excluded from participation (including employment), denied program benefits or subject to discrimination under any program or activity receiving federal assistance funds.
- Anti-Displacement Act
- Fair Housing Act
- Nebraska Energy Office requirements
- 2001 International Model Energy Code

- No officer, employee or agent of SWNCBC participating in the selection, the award, or the administration of this grant obtained a personal or financial interest or benefit from the activity or had an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. This stipulation must be included in all subcontracts to this contract. Upon written request, exceptions may be granted upon a case by case basis when it is determined that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project. These exceptions are granted by DED.

#### GUIDELINE AMENDMENTS

These Program Guidelines may be amended as appropriate by a majority vote of the Southwest Nebraska Community Betterment Corporation Board of Directors with notice to and approval from the appropriate Nebraska Department of Economic Development Program Representative.

#### CONTACT PERSON

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These OOR Program Guidelines have been approved by the Southwest Nebraska Community Betterment Corporation Board of Directors on February 19, 2008.

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Lori Zeilinger, President