

Nebraska Housing Developers Association

FirstDown

Program Guidelines & Definitions

\$4,000 in down payment assistance is available to First time homebuyers. Requests can be made by Nebraska Housing Developers Association Non-profit members and First National Bank of Omaha.

Up to \$500 may be **reimbursed** for homebuyer education: Up to \$500 to the REACH Affiliate Organization that provided the homebuyer education to the borrower. In addition a \$500 Sponsorship fee will be provided to the Nebraska Housing Developers Association.

Eligible Property Locations: All counties in Nebraska; Larimer, Weld, Boulder, Adams, Broomfield and Jefferson counties in Colorado; Mills and Pottawattamie counties in Iowa; DeKalb, Kane, Kendall, McHenry and Boone counties in Illinois.

Type of assistance available:

- 5-year forgivable loan (no payment, no interest)
- Forgiven at 1/60 per month over 5 years

Mandatory Regulations: All loan requests must meet these regulations.

- ◆ Maximum Mortgage term is 40 years.
- ◆ Minimum Mortgage Term is 5 years.
- ◆ First Mortgage: A maximum of 200 basis points over the 30-Year Fixed-rate Mortgage rate published by Freddie Mac in its Compilation of Weekly Survey Data on the first week of each calendar quarter.
- ◆ Second Mortgage: A maximum of 400 basis points over the 30-Year Fixed-rate Mortgage rate published by Freddie Mac in its Compilation of Weekly Survey Data on the first week of each calendar quarter.
- ◆ The fee for homebuyer education shall not exceed \$500 per unit.
- ◆ Lender fees paid by buyer including origination fee shall not exceed 4.0% of loan amount.
- ◆ Loan discount fees paid by buyer shall not exceed 2.5% of the loan amount. (Note: Lender fees and loan discount fees are separate requirements and cannot be combined into a single 6.5% limit on fees.)
- ◆ Loans Not Secured by a Mortgage – Maximum interest rate is 15.0%; Lender fees shall not exceed 5% or the loan amount or \$100 whichever is greater; Discount fees shall not exceed 2% of the loan amount.
- ◆ A front ratio (defined as principal, interest, property taxes, property insurance, other housing-related fees [e.g., homeowners' association fees, flood insurance], and private mortgage insurance, etc.) shall not exceed 38 percent of gross monthly income.
- ◆ The fee for nonprofit sponsor shall not exceed \$500 per unit.
- ◆ The homebuyer must contribute a minimum \$500 down payment or other costs paid outside of closing of at least \$500.
- ◆ A household may not receive cash back at closing. Any AHP direct subsidy that exceeds what is needed to address closing costs and the approved mortgage amount shall be applied as a credit to reduce the principal of the mortgage loan or as a credit toward the household's monthly payment on the mortgage loan.
- ◆ Non-occupying co-borrowers and co-owners are not permitted. At least one occupant of the house or residence must be of legal age to enter into an enforceable contract.
- ◆ These funds can't be used in conjunction with any other FHLBank funds. i.e. other AHP or HPS funding.

- ◆ Owner-occupied purchase disbursement requests must be submitted to FHLBank no later than 90 days from the closing of the purchase.
- ◆ Owner-occupied projects will be funded on a reimbursement basis after closing of the purchase transaction. The Member or Project Sponsor will provide the funds at the purchase transaction closing costs and will request reimbursement from FHLBank through a disbursement request. Disbursement of AHP Subsidy for an Owner-occupied project is at the Member's and/or Sponsor's risk, with reimbursement subject to FHLBank review and approval as set forth in the Implementation Plan. (NHDA Member's may front the money for reimbursement for closing as well.)

Source: FHLBank Topeka, 2018 Affordable Housing Program Implementation Plan

Mandatory Commitments: All Loan Reservation Requests must meet the following commitments:

- ◆ **Must be a first-time homebuyer**

Definition of a First-time Homebuyer – At least one household member, not a minor child, who does not own and is not an investor in another residence, and who wishes to purchase a home that will be his/her primary residence who meets any one of the following criteria:

1. Have had no ownership in a residence during the prior three-year period ending on the date of purchase of the property;
2. Is divorced but has only owned a residence with a former spouse;
3. Have only owned a residence not permanently affixed to a permanent foundation in accordance with applicable Regulations;
4. Has only owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure; or
5. Is a household displaced as a result of a Federally Declared Disaster (as designed by FEMA) within 24 months of the reservation date.

Source: FHLBank Topeka, 2018 Affordable Housing Program Implementation Plan

Documentation of first-time homebuyer: Uniform Residential Loan Application (needs to indicate they are renters and have not owned a home in the last 3 years)

- ◆ **Completion of homebuyer education delivered by a REACH Affiliate Organization/NHDA Approved Provider**
Must provide copy of signed Homebuyer Education Completion Certificate
All loan must close within 1 year of completing Homebuyer Education
- ◆ **Assistance to Find or Sustain Employment and/or Job Training (Promotion of Empowerment)**
Must offer this to all applicants. Must provide affidavit of offer. If accepted a memo or certificate is required. May be provided by someone other than REACH affiliate.

- ◆ **Offer Financial Education and/or Credit Counseling (Promotion of Empowerment)**
Must offer this to all applicants. Must provide affidavit of offer. If accepted a memo or certificate is required. May be provided by someone other than REACH affiliate.
- ◆ **Income Targeting Commitment**
Must be at or below 50% of AMI (64 units)
Must be at or below 60% of AMI (48 units)
Must be at or below 80% of AMI (48 units)
Income Verification Documentation: Signed tax return form (self-employed); pay stub; third party income verification; and income calculation worksheet.

Income Limits

See 2018 Affordable Housing Program Income Limits under Program Overview, Process, Guidelines & Definitions on NHDA website.

Those limits are at 100% so please calculate for the percentage you are trying to meet.

Targeting

Targeting: All Loan Reservation Requests must commit to two (2) or more targets:

- Large Unit (80 units or min 50% of the units)**
Definition: A unit with 3 or more bedrooms.
Documentation required: Documentation from County Assessor or Full Appraisal
- FHLBank Topeka Member Financial Participation (32 units or min 20% of the units)**
Definition: Financial participation by any FHLBank System member (excludes the pass through of AHP direct subsidy) in the project by providing financing including permanent financing.
Documentation required: Closing Disclosure
- In FHLBank Topeka District (80 units or min 50% of the units)**
Definition: Homes being purchased must be located in one of the following states: Nebraska or Colorado.
Documentation required: Closing Disclosure
- Rural (80 units or min 50% of the units)**
Definition of Rural: A location in a Census tract (or ZIP code only if Census tract is unavailable) with a Rural Urban Commuting Code (RUCA) of “metropolitan, small town or rural” (RUCA primary codes 4-10) as identified using the “Am I Rural” tool located at: <http://ims2.missouri.edu/rac/amirural/>.
Documentation required: Am I Rural Report