

# Nebraska Housing Developers Association

## FirstDown

### *Program Guidelines & Definitions*

\$7,500 in down payment/closing cost assistance is available to all qualifying homebuyers. **Not required to be a First Time Homebuyer.** Requests can be made by Nebraska Housing Developers Association Members and First Mortgage Lenders.

**Fees:** Up to \$500 may be **reimbursed** for homebuyer education: Up to \$500 to the Approved 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. Recording cost for 3-page Real Estate Retention Agreement are also included.

**Eligible Property Locations:** All counties in Nebraska.

**Type of assistance available:**

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

### **Mandatory Regulations**

**Mandatory Regulations:** All requests must meet these regulations.

- ◆ Maximum Mortgage term is 40 years.
- ◆ Minimum Mortgage Term is 5 years.
- ◆ First Mortgage Interest Rate: A maximum of 200 basis points over 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. This rate can also be found on our website.
- ◆ Second Mortgage Interest Rate: A maximum of 400 basis points over 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. This rate can also be found on our website.
- ◆ Lender fees paid by the buyer including origination fee shall not exceed 3% of the loan amount.
- ◆ Lender discount fees paid by buyer shall not exceed 3% of the loan amount. (Note: Lender fees and loan discount fees are separate requirements and cannot be combined into a single 6% limit in fees.)
- ◆ Loans Not secured by a Mortgage – Maximum interest rate is 15%; Lender fees shall not exceed 5% of 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% of gross monthly income.
- ◆ The fee for nonprofit sponsorship shall not exceed \$500 per unit.
- ◆ The fee for homebuyer education shall not exceed \$500 per unit. This includes any POC.
- ◆ The homeowner must contribute a minimum of \$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.
- ◆ AHP funds shall not be used for repayment of other debt as part of the purchase of an owner-occupied unit or the rehabilitation of an owner-occupied unit.
- ◆ 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 HSP funding.
- ◆ Final documents must be submitted to NHDA no later than 15 days after closing. Disbursement requests must be submitted by NHDA 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. NHDA will provide the funds prior to closing and will request reimbursement from FHLBank through a disbursement request. Disbursement of AHP subsidy for an Owner-occupied project is at the risk of NHDA, with reimbursement subject to FHLBank review and approval as set forth in the Implementation Plan.

Source: FHLBank Topeka, Affordable Housing Program Implementation Plan

### **Mandatory Commitments**

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

- ◆ **Completion of homebuyer education delivered by a REACH Affiliate Organization/NHDA Approved Provider**  
Must provide copy of signed Homebuyer Education Completion Certificate (If taken online must be signed by the borrower, if taken face to face must be signed by the provider.)  
Homebuyer education certificate is only valid for 1 year.
- ◆ **Offer Financial Education and/or Credit Counseling (Promotion of Empowerment)**  
Must offer this to all applicants. Must provide an affidavit of offer.
- ◆ **Income Targeting Commitment**  
Must be at or below 50% of AMI (5 units)  
Must be at or below 60% of AMI (5 units)  
Must be at or below 80% of AMI (90 units)  
*Income Verification Documentation:* Signed tax return form; pay stub; third-party income verification; and income calculation worksheet.

### **Income Limits**

See Affordable Housing Program Income Limits under Program Overview, Process, Guidelines & Definitions on NHDA website. Maximum income Limit is 80%.

## Targeting

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

- Special Needs (20 units or min 20% of the units)**  
*Definition:* Households consisting of one or more residents who are elderly (55 years or older), mentally or physically disabled persons, persons recovering from physical, alcohol or drug abuse, or persons with HIV/AIDS.  
*Documentation required:* See below \*
- Large Unit (50 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 Member Financial Participation (20 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
- Located within a Federally Declared Disaster Area (50 units or min 50% of the units)**  
*Definition:* Counties with a “Major Disaster Declaration” (Individual Assistance and/or Public Assistance) from the Federal Emergency Management Agency (FEMA).  
*Documentation required:* Map from NHDA website with county designated.

**\*The Special Needs categories and examples of acceptable documentation are as follows:**

- Elderly: Verify resident is age 55 or older.
  - o Copy of driver’s license or birth certificate – OR –
  - o Copy of a Social Security award letter – OR –
- Mentally or physically disabled persons: If documentation does not verify a permanent disability, ensure the documentation submitted is dated within the current or previous calendar year.
  - o Copy of a disability award letter such as Social Security Disability – OR –
  - o A letter from the referring social service agency or doctor confirming the resident is disabled.
- Persons recovering from physical, alcohol or drug abuse:
  - o A letter from the referring social service agency confirming the resident is recovering from physical, alcohol or drug abuse – OR –
  - o An affidavit, signed by the resident, that verifies s/he is in recovery from physical, alcohol or drug abuse
- Persons with HIV/AIDS:
  - o A letter from the referring social service agency or doctor confirming the resident has HIV/AIDS – OR –
  - o An affidavit signed by the resident that verifies s/he has HIV/AIDS