

Nebraska Housing Developers Association

FirstDown

Program Guidelines & Definitions

\$6,000 in down payment assistance is available to all qualifying homebuyers. **Not required to be a First Time Homebuyer.** 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.

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. This includes any POC.
- ◆ 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. Final documents must be submitted to NHDA no later than 15 days after closing.
- ◆ 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 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 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:

- ◆ **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 (9 units)
Must be at or below 60% of AMI (9 units)
Must be at or below 80% of AMI (12 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:

- ☐ **Special Needs (6 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 (15 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 (6 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
- ☐ **Military Veteran (6 units or min 20% of the units)**
Definition: A person who served in the active military, naval, or air service and whose condition of discharge was by any means other than dishonorable or bad conduct.
Documentation required: DD Form 214
- ☐ **Abatement of Hazardous Environmental Conditions (1 unit)**
Definition: The removal of hazardous substances such as lead based paint, asbestos, mold, radon and other waste.
Documentation required: Proof of existence, plan for removal, cost of removal and proof of removal.

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

- 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 –
 - o Age listed on Household Summary tab of corresponding Disbursement Request Workbook.**
- 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

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)