



## BASSETT, NEBRASKA

### NEW CONSTRUCTION HOMEBUYER PROJECT & DOWNPAYMENT ASSISTANCE PROGRAM GUIDELINES

Dear Applicant:

Thank you for your interest in participating in the Bassett New Construction Homebuyer Project.

This Program is for homebuyer assistance in the form of construction of affordable single-family housing, along with downpayment assistance (DPA), available to qualified low- to moderate-income families with the financial resources towards the purchase of a home built through this program in Bassett, Nebraska.

#### Applicant Income Eligibility

Applications will be considered on a first-ready first-serve basis. A request is considered "complete and ready for consideration" when the prospective homebuyer has provided the Housing Administrator with all required and requested documentation/information. Applicants eligible for downpayment assistance/closing cost assistance must have gross incomes at or below 100% of the Area Median Income for Rock County, where the home is located, based upon family size.

**Income Eligibility:** Eligible applicants for a Bassett New Construction Homebuyer home must have gross incomes at or below 100% of the Rock County Area Median Income based upon family size. Nebraska Affordable Housing Trust Fund income limits will be used:

100% AMI Income Limits Effective December 2012							
1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$39,900	\$45,600	\$51,300	\$57,000	\$61,600	\$66,200	\$70,700	\$75,300

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 Bassett, as follows:

**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 Bassett New Construction Homebuyer homes shall be for owner-occupied purchase only. The properties will be sold with a fee simple title.

**Principal Residence:** Bassett New Construction Homebuyer homes shall not be retained for rental purposes. The purchaser must occupy the purchased property as their principal residence. In the event the borrower or his or her heirs shall sell or transfer said property, or it is no longer the primary residence of the borrower, less all other superior loans and liens on the property, the net sale price will be applied to satisfy the unpaid balance of the loan. If the property is sold the net proceeds of the sale will be applied to satisfy the unpaid balance of the loan and interest accrued.

**Property Eligibility:**

**Location:** The first Bassett New Construction Homebuyer home will be located on the following property: SOUTH AND BLK 7 S 25' LOT 4 ALL LOTS 5 & 6. Properties that are not within participating locations are ineligible for this Program.

**Financial Assistance Provided:**

**Direct Homebuyer Assistance:** Up to \$33,750 of direct homebuyer assistance will be available in the form of a loan 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 Bassett. The downpayment assistance cannot exceed 25% of sales price of the home. The downpayment assistance will be in the form of a 2<sup>nd</sup> mortgage using Nebraska Affordable Housing Trust Funds and secured through a Deed of Trust.

Loan repayment for new construction homes through the Bassett HOP program will begin 60 months (5 years) after the closing date of the purchase, with up to 18 years to repay the loan. No interest will accrue on the down payment assistance loan. No penalty for early payments will be charged.

Loan recipients are required to make payments to the City of Bassett using the Automated Clearing House (ACH) method for monthly loan installments. Recipients are required to fill out and submit the ACNH form to the City of Bassett, thus authorizing this payment method. Payments will start on the 1<sup>st</sup> of the month, as indicated in the loan closing documents.

**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); USDA – RD – Direct or Guaranteed Mortgage Programs; FHLB Topeka, and Veterans Administration (VA). Local and participating conventional lenders will play a role in accessing many of these loan products.

**Per Unit Subsidy:** The per unit NAHP subsidy, including development and direct subsidy, will not exceed Section 221 (d)(3) subsidy limit found at:  
[http://www.neded.org/files/crd/2009/housing/2009\\_NE\\_HOME\\_Max\\_PerUnit\\_Subsidy.pdf](http://www.neded.org/files/crd/2009/housing/2009_NE_HOME_Max_PerUnit_Subsidy.pdf)

**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 Bassett'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

**Application:** Bassett New Construction Homebuyer homes applicants will contact the City of Bassett at (402) 684-2356, 106 W. Legnard, Bassett, NE 68714 to fill out a Buyer's Interest Sheet or Full Application to begin the process to determine income eligibility for a Bassett New Construction Homebuyer home.

**Homebuyer Education:** Central Nebraska Housing Developers will provide Homebuyer Education to potential homebuyers participating in the Bassett New Construction Homebuyer homes. CNHD holds "Pre-Home Ownership Series" workshops once per month within the region, with 2 times per year in the Bassett area. Classes are comprised of 2 weeknights totaling eight hours. As an alternative, the Central Nebraska Housing Developers also offer Homebuyer Education via the internet. A link to this online Homebuyer Education can be found at [www.cnhdhome.org/purchasing](http://www.cnhdhome.org/purchasing). 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; (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 Grant 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 Bassett 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 served basis. 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 Bassett. 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 Bassett 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 Bassett 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:** 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 Bassett repeatedly requests documentation of eligibility and the applicant is unresponsive for 30 days.

**Loan Closing:** The permanent financing lender will be responsible for scheduling both the permanent and City of Bassett Downpayment Assistance loan closing with the borrower and the City. 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 Bassett. The lender will file the Deed of Trust at the Register of Deeds Office.

#### Additional Program Requirements

**Conflict of Interest Clause:** No officer, employee, or agent of the City of Bassett, Nebraska who determines policy or provides decision-making regarding the direct homebuyer assistance program will benefit directly or indirectly from assistance. This prohibition will also apply to the immediate family of the above-named groups. Immediate family is defined as spouse or domestic partner, children, siblings, and parents. Immediate family is also the children, siblings, and parents of a spouse or domestic partner. Other officers, employees, or agents of the City of Bassett will have access to the program's assistance but will not be given preference during application selection and must provide a statement of disclosure regarding their relationship to the program. This clause will remain in effect for officers, employees, and agents who terminate their relationship with the City of Bassett until one year has lapsed.

**Grievance Procedures:** In the event that any applicant feels he or she has been unfairly treated or discriminated against during the purchasing process or selection of down payment assistance, he or she may appeal the decision of the Housing Administrator to the Bassett City Council. The appeal must be received in writing by the Mayor of the City Council within 14 calendar days of the Housing Administrator's decision. The City Council will then act to support or overturn the Housing Administrator's decision at the next scheduled meeting of the City Council, provided at least 14 calendar days have lapsed between the receipt of the appeal and the next Council meeting. If 14 days have not elapsed, the City reserves the right to carry over its determination on the appeal until the following scheduled meeting.

### Special Assurances

The City of Bassett 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 Bassett 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 Bassett 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 Bassett 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.