

**City of York  
Acquisition /  
Rehabilitation / Resale  
Program Guidelines**

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*"Come Grow with Us"*

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# City of York P/R/R PROGRAM GUIDELINES CDBG Funds

## **PROGRAM PURPOSE**

The City of York has developed the Acquisition (Purchase), Rehabilitation, Resell (P/R/R) program in order to upgrade the quality of existing housing stock within the York, NE City limits and to provide financial assistance for the purchase of safe, decent, single-family housing to low to moderate income home buyers. This program will assist persons/families of need, improve the availability of quality housing and promote homeownership.

Under the P/R/R program, eligible persons/families will identify a housing unit they would like to buy or the City of York may purchase a speculative property that is in need of rehabilitation in order to bring it in line with local standards for existing housing quality. The City of York will purchase the unit, perform the necessary rehabilitation, and resell the unit to the applicant with homeownership assistance. The homeownership assistance in the form of down payment assistance can be as much as 10% of the purchase price after rehabilitation and takes the form of a deferred, no-interest loan on the property that is due on sale.

## **1.1 APPLICANT ELIGIBILITY**

### **1.2 General (Conflict of Interest)**

No official employee or agent of the City who exercises policy and/or performs decision-making functions or responsibilities in connection with the planning and/or implementation of the P/R/R Program (P/R/R) shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual's relationship with the City ends. Any other employee, officer, or board member may be eligible, but will be treated without preference in the determination of applications 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 this program.

A waiver process shall be available to allow for the previously identified ineligible titles (persons) to be eligible for participation in the P/R/R. The waiver process will consist of request to and approval by the following entities in order: The City of York and the Nebraska Department of Economic Development. Each person requesting a waiver must describe their need for participation in the P/R/R and, if approved, agree to disassociate themselves from any decision-making that directly affects them.

#### **1.2.1 Exceptions**

Upon written request, the Nebraska Department of Economic Development on a case-by-case basis may grant exceptions to the Conflict of Interest provisions only after SENDD has done both of the following:

- Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public.
- Provided a legal opinion stating that there would be no violation of state or local law if the exception was granted.

#### **1.3 Income Eligibility**

The income eligibility of persons receiving assistance shall be determined using the 24 CFR Part 5.609 definition which includes the annual gross income of all adult household members that is anticipated to be received during the coming 12-month period from the date of application. When utilizing CDBG funds, the annual gross household income must be

69,300

At or below 80% of the area median annual household income by family size depending on the county in which the home is to be purchased. Attachment "A" to these guidelines illustrates the current income limits for eligibility.

These income ranges are established by the U.S. Department of Housing and Urban Development (HUD) and will be updated within 30 days of U.S. Census or HUD notification of a revised median income for these counties. Annual re-certification is not required. See Attachment "A" for Income Level Chart.

#### **1.4 First Mortgage Eligibility**

Mortgage eligibility will be determined according to the regulations established by the first mortgage-financing source. In other words, applicants will need to qualify for a first mortgage from a primary lender. The first mortgage must come from local conventional lending sources such as local financial institutions or from programs targeting low-income homebuyers such as USDA Rural Development, the Nebraska Investment Finance Authority (NIFA), or Veterans Administration (VA) assistance. Potential homebuyers interested in participating in the City of York P/R/R Program must provide a pre-approval letter to obtain a first mortgage loan from a primary lender, the Loan Summary with the lender's pre-approval prior to the City making an offer to purchase a property on behalf of the homebuyer.

First mortgage loans obtained by the homebuyer must be long-term mortgage products with an amortization of no less than 15 years. No short-term mortgage products will be allowed.

Private or Seller financing for first mortgages is not acceptable.

#### **1.5 Underwriting Criteria for City Assistance**

There is legislation that identifies what constitutes a Qualified Residential Mortgage (QRM). The City will work closely with lender partners to make certain that as new legislation is passed regarding the QRM and qualifying ratios that the P/R/R Program Guidelines are updated accordingly; not every loan type requires a particular Front End Ratio (Housing Ratio). The City will work with the primary lender to ensure and confirm that the appropriate housing debt ratios are met; the housing debt ratio must not exceed 30% of the homebuyer's annual gross income.

There are exceptions to the above guidelines when a homebuyer exhibits other positive lending criteria; exceptions are typically granted by the primary lender when underwriting occurs through an automated loan system and/or with manual underwriting. The City will review the information from the primary lender to provide those exceptions for homebuyers in writing to qualify for the P/R/R Program, but will also ensure that lending requirements are also consistent with other requirements.

#### **1.6 Homeownership Education Workshops**

Applicants must complete a Homebuyer Education Workshop presented by a REACH affiliate prior to the close on the home purchase.

#### **1.7 Return Beneficiaries**

Homebuyers may access the City's P/R/R program more than once, providing that their previous assistance loan originally provided by the City has been paid back in full.

### **1.8 Marketing Procedures**

The City will market the program to local, regional residents and tenants of public housing with household incomes at or below 80% of the Area Median Income when utilizing CDBG funding for the program. The marketing program will include news articles in the area newspapers, public access, posters and brochures displayed in establishments and social media avenues where qualified homebuyers may frequent. Included in the marketing program will be households who are least likely to apply but eligible under these guidelines.

### **1.9 Real Property**

In order to qualify under the P/R/R Program, an applicant shall not currently own or have any other interest in real property at the time of closing on a property benefited by the P/R/R Program.

## **2.1 PROPERTY ELIGIBILITY**

### **2.2 Location**

Residential housing units to be purchased by P/R/R program participants or the City on a speculative basis must be located within the previously selected block groups within the City of York.

Acreages, housing units located outside of city limits, housing units on leased land and housing units located within a Special Flood Hazard Area (100-year flood plain) are not eligible.

### **2.3 Type of Housing/Unit Characteristics**

Housing units to be purchased by P/R/R program participants must be an existing single-family, housing unit. Exterior only access to all additional living space of the house will not be allowed. The housing unit must be modest housing as accommodated by usual and customary for the state of Nebraska; which means the following amenities are not considered modest, including but not limited to the following: swimming pools (in-ground or above ground) and housing considered to be recreational such as cabins. After rehabilitation, units must meet Nebraska DED Minimum Standards for Rehabilitation, Local Uniform Building Code Standards and Nebraska State Energy Standards may apply in some cases. Mobile homes or earth homes will not qualify for P/R/R assistance; a mobile home is defined within the CDBG manual and will be referenced as necessary. Duplexes, condominiums and townhomes are eligible for assistance if the unit is owner-occupied and meets particular criteria for a definitive property boundary. The City will determine the eligibility of each housing unit.

The City will not inspect properties or make offers to purchase properties that are an occupied rental or have had rental occupancy within the last 6 months.

### **2.4 Purchase Price**

The maximum purchase price or after-rehab value cannot exceed the current HUD limits. The current limits can be found at: <https://opportunity.nebraska.gov/grow-your-community/data-for-applicants-and-grantees/>

### **2.5 Owner Occupancy**

The P/R/R assistance shall be for owner-occupied principle residence only. There shall be no renting any part of the dwelling; there shall be no conversion of the property from single-family residential to any other zoning including, but not limited to multi-family residential. At closing, the homebuyer will execute a Promissory Note and Deed of Trust that has incorporated such enforceable language. If, at any time during the loan period, the property is no longer the homeowner's primary residence, the homeowner understands that they are in default of the loan provisions and the loan shall be called due and payable. The City will enforce this requirement on an annual basis by monitoring annual

Homeowner's insurance renewals as well as a mailing that confirms the current living address of the program participant and the homebuyer shall sign a Primary Residence Certification at loan closing.

## **2.6 Condition**

Assisted units must be able to be brought into compliance with the Nebraska DED Minimum Standards for Rehabilitation. A suggested minimum of \$2,000 in rehabilitation work should be performed as identified in the initial inspection report for a property to qualify for the P/R/R program. The maximum amount of rehabilitation is \$25,000 for properties built prior to 1978. There is no maximum amount of rehabilitation established for properties built after 1978; however, for all properties, the structure's condition must be such that it can be rehabilitated to these standards at a reasonable cost while being supported by an appraisal.

## **3.1 FINANCIAL ASSISTANCE**

The source of funding for the Financial Assistance may include the following: City Grant Funds or City Reuse Funds will be subject to City P/R/R Guidelines and loan closing process and documents disclosed herein.

## **3.2 Direct Assistance**

The City will provide Homeownership Assistance in the form of Down Payment and/or Closing Cost to those homebuyers deemed eligible and Gap Subsidy on the project when needed.

When the City provides Homeownership Assistance with CDBG grant funds to a homebuyer, a minimum of \$1,000 will be provided by applicant. If homebuyer is utilizing other homeowner assistance programs that require \$1,000 cash investment, the \$1,000 requirement for this program may be waived. Other sources that may be complimentary to this program include York Housing and Development Corporation, Veterans Affairs funding, Nebraska Investment Finance Authority Funding, Blue Valley Community Action Partnership Programs, and 502 Loans, ect.

The maximum down payment assistance amount provided by CDBG funding cannot exceed 50% of the required down payment assistance requested.

The P/R/R applicant will be required to provide minimum \$1,000 cash investment to cover a portion of the required closing fees. The \$1,000 cash investment from the P/R/R applicant will be in the form of an earnest deposit made when signing the Purchase Agreement to buy with the City; these funds will be the P/R/R applicants own funds and may not be gift funds from another source or borrowed funds. All P/R/R applicants will be required to secure their own permanent, first mortgage financing. Local lenders play a major role in the facilitation of P/R/R mortgage financing. However, USDA Rural Development, the Nebraska Investment Finance Authority (NIFA), the Veterans Administration (VA), programs may be among the permanent loan programs utilized to secure first mortgage financing.

A Deed of Trust in the amount of the down payment assistance will be applied to the property at the time of close. A promissory note in the amount of the down payment assistance loan will be signed by the applicants. The lien, in favor of the City will take a subordinate position to the permanent financing instrument. All subordinate positions are based on the amount of financed debt. No interest will accrue on the down payment assistance loan.

### 3.3 Repayment Schedule

The City utilizes recapture provisions; the amount of the 0% interest down payment assistance loan shall become due and payable to the City up to the amount of net proceeds, if any in the event the borrower shall sell, rent or otherwise transfer the said property, or should the

beneficiary (ies) not occupy the said property as their primary residence. The subordinated lien shall be in effect for the life of ownership and occupancy of the borrower. If homeowner dies and/or transfer of property takes place, recapture takes effect. Net proceeds are the sales price of the home minus superior loan repayment (other than CDBG) and any closing costs.

### 3.4 Affordability Period

The homeowner must occupy the property being purchased as the primary residence for a minimum of 5 years from the date that CDBG are invested in the property; the City utilizes recapture provisions. The Affordability Period to be utilized is dependent upon the amount of CDBG funds invested into the property in the form of the Homeowner Assistance loan provided to the borrower, according to the following table:

The Affordability Period for grant #16-CD-109 only will be according to the following table:

Homeownership Assistance Amount per Unit	Minimum Period of Affordability in Years
Under \$15,000	5
\$15,000 - \$40,000	5
Over \$40,000	Not Applicable; Maximum Assistance up to \$20,000 only

### 3.5 Subordination

Future refinancing, home equity loans and all future liens will be handled on a case by case basis. At the time of the subordination request, the homeowner or requesting lender shall be required to submit to the City the following documents for review, but documentation is not limited to: Mortgage loan application, Loan Estimate and recent fair market appraisal. Homeowners seeking subordination will need to qualify for a standard conventional first-mortgage loan preferably from local sources. The housing and overall debt ratios must not exceed standard ratios as determined by conventional types of mortgage loans. Private financing is not acceptable. Any subordination must fall within the guidelines outlined below before any subordination will be considered:

#### 3.5.1 Refinance With No Cash-Out

A refinance with no cash-out is the situation when a homeowner wishes to refinance their existing first mortgage which may include refinance fees only. This type of subordination will be approved by all

Secondary lien holders only if the Combined Loan-To-Value (CLTV) of all liens is at or below 100% of the value of the subject property.

### **3.5.2 Refinance with Cash-Out**

A refinance with cash-out is a situation where the homeowner refinances their existing mortgage and desires to consolidate other outstanding debt or obtain extra funds (cash) to spend on other items. This type of subordination would be approved by all secondary lien holders only if the CLTV of all liens is at or below 75% of the value of the subject property.

### **3.5.3 Obtain an Equity/Home Improvement Loan**

This scenario is when a homeowner wants to obtain an Equity Loan or Home Improvement Loan and the lender desires to file their lien in second (2nd) position, requiring the City lien to be in third (3rd) position. The City will not subordinate to this request.

## **3.6 Foreclosure**

Lender shall give the notice to Borrower(s) following Borrowers' breach of any covenant or agreement in the Promissory Note and the Deed of Trust of which it secures. The notice shall specify (a) the default, (b) the action required to cure the default, (c) a date not less than thirty (30) days from the date the notice is given to Borrowers, by which the default must be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sum secured by the Security Instrument, foreclosure by judicial proceeding or non-judicial proceeding and sale of the property. The City shall apply the proceeds of the sale in the following order:

(a) to all costs and expenses of exercising the power of sale, and the sale, including the payment of Trustee's fees actually incurred, not to exceed 3.0% of the principal amount of the note at the time of the declaration of default, and reasonable attorneys' fees as permitted by law, (b) to all sums secured by the Security Instrument; and (c) any excess be recaptured by the City. The City will recapture the net proceeds in the case of foreclosure.

## **3.7 Short Sale Policy**

On occasion the City is contacted by the owner of a home that has benefited from the Homeowner Assistance in which the City has a notes receivable and a lien on the property whereby the owner is in a position of selling the property and it appears the sale proceeds are not enough to cover the owners first mortgage and the mortgage held by the City; this is called a short sale.

Short sales will be handled in the following manner: The City utilizes recapture provisions; the amount of the 0% interest down payment assistance loan shall become due and payable to the City up to the amount of net proceeds, if any in the event the borrower shall sell, rent or otherwise transfer the said property, or should the beneficiary(ies) not occupy the said property as their primary residence. The subordinated lien shall be in effect for the life of ownership and occupancy of the borrower. Net proceeds are the sales price of the home minus superior loan repayment (other than CDBG) and any closing costs. However, the City reserves the right to work with all parties in the transaction to maximize the net sales proceeds by taking into consideration items such as, but not limited to, fees and time the real estate has been listed on the market.

In such cases where a short sale is approved, the City is required to send the City borrower a Form 1099C in the amount of the forgiveness approved in the short sale. The City strongly suggests the



The City borrower to seek advice from their tax advisor on this issue as there may be income tax implications. The City will request a forwarding address at the time of approval.

In the case of unforeseen hardship or incapacitation, the borrower may request the City to waive repayment or establish a repayment schedule for the amount owed up to the amount of net proceeds, if any.

#### **4.1 TYPES OF IMPROVEMENTS**

##### **4.2 General**

A designated housing inspector or City staff will make an initial determination on 1) what improvements are necessary to bring the unit up to the Nebraska Minimum Standards for Rehabilitation and 2) what other improvements are eligible under the P/R/R.

Required improvements include all those necessary to bring the property into compliance with the Nebraska DED Minimum Standards for Rehabilitation. Eligible expenditures for bringing the structure up to minimum standards includes, but is not limited to the following:

Structural Repairs to:

- foundation
- sagging or rotten beams, joists and columns
- stairs, porches, roofs, chimneys and floors

Modernization of:

- plumbing, and plumbing fixtures, furnace, and water heaters, lighting and wiring

Energy Conservation and Weatherization:

- insulation of ceilings and walls
- repair or replacement of windows and doors, caulking and weather-stripping
- installation of storm windows and doors, removal and installation of roof covering, painting or replacement of siding and trim

General Interior Renewal and Modernization:

- repair of walls, ceilings and floors
- painting and paneling to remove lead paint hazards

The correction of Nebraska DED Minimum Standards for Rehabilitation deficiencies is given top priority in the rehabilitation process. However, items such as the following may be included in the rehabilitation work if funds are available and if these items contribute to the health, safety and well-being of the occupant or contribute to the structural integrity or long term preservation of the unit:

- exterior painting
- carpeting
- improving clothes closets or shelving
- improving kitchen cabinets
- central air conditioning

All improvements must be physically attached to the property and permanent in nature.

Ineligible improvements include general property improvements that are not essential in nature. These might include additions for family room or den, garages, luxury improvements etc.

As each unit to be rehabilitated through the P/R/R Program is inspected by City staff or a designated housing inspector, the work write-up shall include appropriate development standards aimed at reducing capital expenses in the first 5 years of ownership. These development standards shall include, but not be limited to the following: increased insulation, new heat pumps, new energy efficient mechanical equipment, windows with a minimum R-value of 2.86 and U-value of .35 and new roofing. The City makes the final determination regarding project content. If the costs to rehabilitate the subject property are too extensive and infeasible based upon the market value of the property, or the loss to develop the housing unit is too extensive the property may be denied by the City.

Contractors will not use lead-based paint on any project.

#### **4.1.01 Unit Density/Additions**

It is not the intent of the P/R/R Program to change the existing unit density of any property eligible through this program, including additions to living area, garages or other structures. The P/R/R Program shall be for the rehabilitation of the existing structure according to Section 4.1 of these Guidelines.

**4.2 Lead Based Paint Reduction:** Homes built prior to January 1, 1978 may contain lead based paint. Therefore, on homes built prior to 1978 the rehabilitation process through the P/R/R program will comply with the "Regulation on Lead Based Paint Hazards in Federally Owned Housing and Housing Receiving Federal Assistance".

#### **4.2.1 Rehab Program Set-Up**

City Officials, Hired Staff or Housing Manager/Directors of the City must be fully trained on Lead-Safe Work Practices.

#### **4.2.2 Homebuyer Outreach and Intake**

Homebuyers will be informed of the lead based paint hazards and possible costs, when City staff are completing the initial inspection of the home to be considered for rehabilitation through the P/R/R program. Applications will be processed in the same manner as outlined in Section 1.0 of these guidelines.

#### **4.2.3 Specification and Feasibility**

Initial feasibility will be determined by City staff completing the initial inspection on the home. The additional costs associated with the lead-based paint hazard inspections, assessments, and clearances will not be included in the purchase price of the home for the homebuyer. These costs are paid by using available grant funds.

#### **4.2.4 Bidding and Contracts Process**

Paint Inspections: A licensed Lead-Based Paint Inspector must complete a paint inspection. City staff will make arrangements with the Inspector. If paint inspections are not completed it can be assumed that the housing unit contains lead and all safe work practices must be adhered to.

All general contractors are required to be certified in lead safe work practices.

Clearance Test: A Clearance Test for lead-based paint dust is required at the end of the job. The Clearance Test must be performed by a State licensed Clearance Examiner. If the Clearance Test indicates lead levels lower than acceptable amounts, the Contractor's lead reduction and control work is complete and the final construction pay application may be processed. If the Clearance Test is found to contain lead levels above an acceptable amount, the Contractor will be assessed a \$350.00 fine and must re-clean the work area at no additional cost to the City and request another Clearance Test. The final pay request will not be processed until lead clearance is achieved.

#### **4.2.5 Construction Monitoring**

City staff will prepare the scope of work incorporating lead hazard reduction work based on the initial lead screen test. City staff will be responsible for the Construction Monitoring involved in lead-based paint hazard reduction. Only contractors who are State licensed Contractors with Lead Renovator training certificates will be requested to submit bids and complete the needed work on projects involving lead hazard reduction work.

#### **4.2.6 Project Plan**

The Contractor must prepare a written project plan and communicate it to City staff, including:

- Start-up date and how long the project is expected to last. Areas to be affected and precautions to take.
- A warning to pay attention to the caution signs that are posted by the Contractor around the project site.
- Location of areas that may be restricted.
- Contractor is responsible for moving appliances and taking precautions to protect appliances.
- The selected Contractor(s) performs the work, using lead hazard control measures where indicated in the Scope of Work.
- The Contractor notifies City Staff when work is complete.

#### **4.2.7 Notification and Evaluation**

Written notice will be provided, informing homebuyers of the lead hazard evaluation or reduction activities. All homebuyers shall receive an EPA/HUD/CPSC lead-based paint notification *Protect Your Family from Lead in Your Home* brochure and sign the disclosure acknowledging that they have received the brochure. When lead based paint testing of a property is applicable, copies of the following documents are provided to the Homebuyer(s); Lead-Based Paint Inspection, Lead Hazard Reduction Notice, and Clearance Reports.

When applicable, copies of the following documents are provided to the home buyer(s); Lead-based Paint Inspections and Lead-based Paint Clearance reports. A confirmation of receipt of these reports shall be signed by the homebuyer(s).

### **5.1 APPLICATION PROCESS**

P/R/R applicants will contact the City to complete an application to determine whether they meet P/R/R eligibility criteria. Applications are accepted during the regular office hours of the City or by U.S. mail.

Applicants are required to disclose all litigation pending at the time of the application, including the name of the Court, the index number of the lawsuit and the parties involved. Should the pending litigation include an action for dissolution of marriage or modification of a Decree of Dissolution of Marriage, the City will make no offers to purchase a property on behalf of the program homebuyer until thirty-one (31) days following the entry of any Decree of Dissolution of Marriage, Decree of Modification, Order of Dismissal or any other final Order that concludes the litigation.

Once the City makes a determination on income eligibility, applicants will be encouraged to contact lenders to determine the extent of eligibility for first mortgage financing. Applicants are encouraged to seek mortgage financing with other government programs such as Veterans Administration (VA) loans, Nebraska Investment Finance Authority (NIFA) programs, and programs available through the local USDA Rural Development.

If CDBG funds are not available, the applicants are informed and asked to check back with the City Periodically to determine the availability of funds. The staff of the City will not maintain a waiting list.

### **5.2 Procedure for Approval**

P/R/R applicants will be assisted on a first-come, first-served basis. Applicants must meet each of the following four requirements before being officially in line for program assistance:

- 1) applicants must complete all application and eligibility requirements as prescribed by the City;
- 2) applicants must submit to the City a pre-approval letter for permanent financing, including a Loan Summary and;
- 3) a house must be identified that meets the requirements of Section 2.0 – Property Eligibility and;
- 4) Applicant will submit intent to purchase with an earnest deposit of \$1,000 where applicable, this will put the acquisition on Council agenda for approval. These funds will go into escrow and be used for costs associated with inspections and closing.
- 5) Once these three requirements have been met, the scope of the project will be defined for approval by the City. Once approved, the City will begin the process to formalize the commitment of the applicant to the purchase and take steps to acquire and rehabilitate the house.

### **5.3 Notice of Eligibility**

A written notice of income eligibility will be provided to all applicants that are deemed income eligible after reviewing income documents. In the event an applicant is not eligible a written notice will be provided to the applicant disclosing the reason for non-selection.

### **5.4 Selection of a Property**

In order for a property to be designated as a project for the P/R/R program, it must be in need of rehabilitation to meet local housing codes or, minimally, Nebraska DED Minimum Standards for Rehabilitation. Deficiencies cited in the initial inspection report form the basis for the project scope of work describing the rehabilitation project. A suggested minimum of \$2,000 in rehabilitation work should be performed as identified in the initial inspection report for a property to qualify for the program. After rehabilitation, the property must minimally meet Nebraska DED Minimum Standards for Rehabilitation at the time of occupancy.

### **5.5 Preparation to Buy**

Once the offer to purchase the property is accepted by the seller, the applicant will sign a Purchase Agreement and provide a minimum \$1,000 earnest deposit towards the purchase, either through other funding sources or the City of York.

The City will then purchase the property and carry out rehabilitation once title to the property passes to the City.

The P/R/R applicant will be involved in the entire process, at a minimum approving by signature or initials the following steps:

- Purchase price
- Rehabilitation scope of work

## **5.6 Fair Housing Equal Opportunity**

It is the policy of the City to administer its programs in accordance with all laws applicable to fair housing. The Nebraska Fair Housing Act, sections 20-301 through 20-344, RS Neb. the Federal Fair Housing Amendments Act of 1988 (24 CFR part 00.205) Section 504 of the Rehabilitation Act of 1973 (24 CFR part 8), the Architectural Barriers Act of 1968 (24 CFR parts 40 and 41) and Title II of the Americans with Disabilities Act of 1990.

## **6.1 PRE-REHABILITATION ACTIVITIES**

### **6.2 Initial Inspection**

Prior to the start of rehabilitation, an initial inspection shall be conducted to determine improvements necessary to bring property up to Nebraska DED Minimum Standards for Rehabilitation. This initial inspection report is the baseline for development of the P/R/R project; however, other improvements as cited in Section 4.0-Types of Improvements may be included at the request of the applicant or at the discretion of the City.

### **6.3 Scope of Work**

Based on the project description resulting from the initial inspection, a scope of work along with necessary schematics and cost estimates will be prepared. The scope of work will contain work description and specifications detailed enough to be the basis for obtaining bids from contractors. Code violations that need to be corrected will be clearly identified.

The scope of work will be reviewed with the P/R/R program applicant, who will approve the proposed work in writing.

### **6.4 Contractor Selection**

Contractors selected must be eligible for state and federal contracts and in good standing in the "Systems Award Management" application (SAM.gov)

### **6.5 Pre-Construction Conference/Notice to Proceed**

The City may schedule an on-site pre-construction conference with the P/R/R program applicant and/or the contractor(s). A Pre-Construction Conference/Notice to Proceed may be signed by all applicable parties verifying that agreement was reached regarding the work to be performed and the terms of the contract.

### **6.6 Relocation Policy**

The City shall follow 49 CFR 24.101 for relocation; in the case of either voluntary or involuntary relocation, the City shall make contact with the Nebraska Department of Economic Development regarding any relocation decisions. In the event that relocation is necessary, the relocation shall be on a voluntary basis and the City will not cover any expenses associated with relocation. The City will not inspect properties or make offers to purchase properties that are an occupied rental or have had rental occupancy within the last 6 months, meaning that relocation is unlikely.

## **7.1 CONSTRUCTION MANAGEMENT**

### **7.2 Rehabilitation Contracts**

Contracts shall be consistent with scope of work and signed by both the City and the contractor.

### **7.3 Contractor Selection**

Contractors will be selected to perform the rehabilitation work on the housing units based on past experiences working on homes. Over the years many strong and trusting relations have been established between many contractors and the City. On occasion bids will be requested from several contractors if it appears that the cost estimates are high.

### **7.4 Change Orders**

Changes to the scope of rehabilitation work may be approved by the City, if adequate funding is available. A change order form must be signed by the contractor and the City; and when applicable, the homebuyer.

### **7.5 Payment Requests and Inspection**

Each payment request shall trigger an inspection to verify that the work was completed. Inspection documentation is required before payment can be made. A final inspection shall document that all work specified in the scope of work and construction contract was properly performed. Disputes arising from the inspection that cannot be resolved by the parties may be taken before City Housing Committee.

### **7.6 Contract Closeout**

Once a final inspection report has been completed, the contractor must submit to the City the final invoice and statements from any subcontractors.

### **7.7 Photographs of Housing Projects**

The City will collect photographs of each project, including before, after, indoor, outdoor and grounds photos. A voluntary "Authorization and Release" form will be offered to the homeowner. Upon obtaining the homeowners' authorization, the City shall have the right to copyright, publish, use, sell, or assign any photographs or videos of the project. The homeowner will waive all claims for any compensation.

## **8.0 LOAN CLOSING**

The permanent financing organization or Escrow Closing Agent will be responsible for scheduling both the permanent and P/R/R loan closing with the homebuyer and the City. The lender will facilitate and coordinate the closing process with all participants.

These loan documents will be provided by the City. The City or its Escrow Closing Agent will file the Deed of Trust at the Register of Deeds office. Homebuyer will sign documents indicated below at closing.

1. Deed of Trust
2. Promissory Note
3. Request for Loss Payee
4. Primary Residence Certification
5. Homebuyer Education & Assisted Unit Disclosure

The source of funding for the Financial Assistance may include the following: City Grant Funds or Reuse Funds. Funds utilized from the City Grant Funds or Reuse Funds will be subject to the City P/R/R Guidelines and loan closing process and documents disclosed herein.

The lending organization shall transmit a copy of the borrower's entire Universal Residential Loan Application and Closing Disclosure to the City in support of a request for homeowner assistance funds. The City shall maintain and keep all applications, as well as other required documents, records and other evidence of conformance with program regulations.

### **8.1 Insurance**

Each homeowner is required to carry appropriate property and hazard insurance that identifies the City as subordinate mortgagee during the life of the assistance loan, when necessary.

The amount of the basic insurance policy should be at least one-hundred (100%) of replacement cost for the life of the assistance loan. Any insurance payment of a claim will require the signature of the City's Mayor. Homeowners insurance must be carried on the dwelling throughout the term of the loan in order to remain eligible. This requirement is enforceable by the Deed of Trust the borrower(s) sign at time of loan closing. The City is to be named as a loss-payee on all insurance policies in a subordinate position only to the primary lender.

### **8.2 Maintenance**

All properties purchased with Nebraska Affordable Housing Program funds shall be maintained in compliance with local ordinances and subdivision covenants.

## **9.0 GRIEVANCE PROCEDURES**

In the event that any applicant feels he or she has been unfairly treated or discriminated against during the process of selection, projects to be funded or within any other segment of the homeownership opportunity program, he or she may appeal the decision to City Housing Committee for their consideration. This excludes any part of the process that includes securing a home mortgage loan from a financial institution (primary mortgage loan); the financial institution in question must be contacted. The appeal to the Housing Committee must be received in writing by the City. The City will have 60 days to respond to the appeal and the Housing Committee or their designated representative will respond to the complaint in writing.

The Nebraska Department of Economic Development will be contacted in the case that any grievance issues cannot be resolved through the City's normal grievance procedures.

## **10.0 AMENDMENTS TO THE GUIDELINES**

In an ongoing effort to improve the quality of the P/R/R Program, the City will receive any suggestions on amendments to the guidelines from the public, program participants, realtors, financial institutions or members of Housing Committee.

As changes to the guidelines are needed, the changes are presented to the York City Council for adoption. Written approval is to be obtained from the Nebraska Department of Economic Development before the guidelines are placed into service. The amended guidelines are signed by the Mayor and Nebraska DED Program Representative.

**11.0 OFFICIAL CONTACT OFFICE**

**The place of contact for this Program shall be the registered address of the City of York, NE. Any grievances, suggestions, or requests for information should be directed to that office. This in no way shall be construed to limit other interested parties from distributing information about the program or receiving suggestions for amendments to the program. These P/R/R Program Guidelines have been amended the 15th day of March, 2018.**

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**Orval Stahr, Mayor**

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**NDED Program Representative**



# **THE CITY OF YORK PROGRAM INCOME REUSE RECAPTURE PLAN - CDBG FUNDS**

## **PLAN PURPOSE**

The City of York wishes to retain CDBG program income funds and has developed this Program Income Reuse Recapture Plan in order to further affordable housing development for low to moderate income home buyers within the City limits of York, NE. This program will assist persons/families of need, improve the availability of quality housing and promote homeownership.

### **1.0 REUSE PLAN**

The City of York will use program income directly generated from the use of CDBG funds to further affordable housing programs eligible under the CDBG Program Guidelines.

### **2.0 PROGRAM INCOME FUNDS**

Program income funds are those funds returned to the Grantee during the Affordability Period when the property is sold or is no longer the initial homeowner's principal residence.

### **3.1 USE OF PROGRAM INCOME FUNDS**

Program Income funds must be utilized for the current Project if the current Project has not been completed. This program income received must be applied to the current Project prior to requesting additional CDBG funds.

### **3.2 OTHER HOUSING-RELATED ACTIVITIES**

The Grantee understands that if program income is utilized for another housing related activity, other than for the same activity from the Project which generated the program income, then the Grantee will be responsible for developing and utilizing new Program Guidelines for the new eligible activity.

### **4.0 ADMINISTRATIVE EXPENSES**

Up to 10% of program income may be utilized for General Administration expenses.

### **5.0 RECAPTURE PROVISIONS**

The City of York utilizes recapture provisions on the Project, the amount recaptured cannot exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than CDBG funds) and any closing costs.

### **6.0 OTHER PROGRAM INCOME PROVISIONS**

All program income will be returned to DED for reuse unless DED offers the option to the City of York to retain the program income or DED approves the City's Program Income Reuse Plan prior to receiving Release of Funds.

### **7.0 OFFICIAL CONTACT OFFICE**

The place of contact for this Plan shall be the registered address of the City of York. Any grievances, suggestions, or requests for information should be directed to that office. This in no way shall be construed to limit other interested parties from distributing information about the program or receiving suggestions for amendments to the program.

ADDENDUM  
TO  
THE CITY OF YORK PRR  
PROGRAM GUIDELINES -CDBG

These Program Guidelines are applicable to the following grants secured by the City of York.

16-CD-109