

RESOLUTION NO. 2013-121

A RESOLUTION AMENDING GUIDELINES FOR NEW CONSTRUCTION AND DOWN PAYMENT ASSISTANCE PROGRAM.

WHEREAS, the City of Wayne originally established a “New Construction and Down Payment Assistance Program” to provide financial assistance to low-to-moderate income families for the purchase of single-family residential housing units in Wayne; and

WHEREAS, the City of Wayne desires to amend said program guidelines so that the program is available for any person or family who is constructing a new single-family residential housing unit in Wayne

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Wayne, Nebraska, that the “New Construction and Down Payment Assistance Program” guidelines are hereby adopted as amended in Attachment “A”.

PASSED AND APPROVED this 5th day of November, 2013.

THE CITY OF WAYNE, NEBRASKA,

By _____
Council President

ATTEST:

City Clerk

ATTACHMENT “A”

CITY OF WAYNE GUIDELINES FOR NEW CONSTRUCTION & DOWN PAYMENT ASSISTANCE PROGRAM

PURPOSE

The purpose of the City of Wayne Down Payment Program is to provide financial assistance for construction of new houses in the City of Wayne corporate limits.

1.0 APPLICATION PROCESS WILL BE FOR NEW CONSTRUCTION

1.1 General (Conflict of Interest)

No member of the governing body and no other official, employee, agent, or any member of their immediate family of the City of Wayne decision making functions or responsibilities in connection with the planning and implementation of this Down Payment Assistance program shall directly or indirectly benefit from this program. Any other employee, officer, or committee member may be eligible, but will be treated no differently in the determination of applications accepted for funding. Enclosed with this person’s application shall be a statement of disclosure, which outlines the nature of the possible conflict and a description of how the public disclosure was made. Included will also be verification that the affected person has withdrawn from the active involvement in any Down Payment Assistance loan related issues.

1.2 Real Property

The property to be purchased or constructed must be the principal residence of the applicant during the period of the loan.

2.0 PROPERTY ELIGIBILITY

2.1 Location

The housing units to be constructed shall be within the corporate limits of Wayne, Nebraska.

2.2 Maximum Per Unit Subsidy

Financial assistance provided to the homebuyer shall not exceed \$10,000.

2.3 Energy Efficiency Criteria

Newly constructed housing will meet or exceed the City of Wayne adopted building codes.

2.4 Owner Occupied

The Down Payment Assistance program shall be for only owner occupied principle residence purchase and shall not be retained for rental purposes.

2.5 Unit Characteristics

Housing connected to other space used for commercial purposes, mobile homes, and rental properties are not eligible for assistance. Duplexes are eligible for assistance if the unit is owner occupied and a definitive property boundary is established.

3.0 TYPES OF FINANCIAL ASSISTANCE

3.1 Loan Program

All applicants will be required to secure a Single Family Mortgage Loan from a lender of their choice to purchase a single family home. The Primary Lender and its underwriting criteria determine the basis for City of Wayne Down Payment Assistance. The applicant will need a good faith estimate or a pre-approval letter from the primary lender prior to applying for the down payment assistance funds. The maximum amount of down payment assistance to any borrower is \$10,000. The total loan will be used towards the down payment of one housing unit and associated closing costs. A down-payment of \$1000 will be required from the applicant for new construction. The primary lender will appraise the property.

A subordinated lien will be placed upon the property at the time of signing the promissory note in an amount equal to the loan. This lien in favor of the City of Wayne will take a subordinate position to the primary lender's original mortgage. Future refinancing, home equity loans and all future liens will take a subordinated position to the City of Wayne loan. At the request of the borrower, future equity loans, which require a release or subordination of the City of Wayne lien, will require our balance to be paid off unless the committee receives a written explanation of need. The homeowner will be required to pay all closing and filing costs associated with the refinancing and subordination. The loan shall consist of a 0% deferred loan. No debt service of the borrower will be required for the down payment assistance loan until the note to the primary lender for the purchase of the property is repaid.

In the event the borrower or his/her heirs shall sell or move to another principal residence or transfer said property, repayment of the loan to the City of Wayne is required.

If the net sale price received less the primary lender's loan is not sufficient to repay the City of Wayne, the borrower will be responsible for the repayment of the loan.

3.2 Foreclosure

Lender shall give the notice to Borrowers following Borrowers' breach of any covenant or agreement in the 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) failure to cure the default on or before the date specified in the notice may result in acceleration of the sum secured, the deed of trust and resale of the property. Upon acceleration of the sum secured and resale of the property, the City of Wayne shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale including, but not limited to, the City of Wayne's fees as permitted by Nebraska law and reasonable fees; (b) to all sums secured by this security agreement; and (c) any excess be

recaptured by the City of Wayne. The City of Wayne will recapture the net proceeds in the case of foreclosure

4.0 APPLICATION PROCESS

4.1. Application

The City of Wayne staff will explain the assistance available through the program and be responsible for processing the application, and determining the applicant's eligibility for participation in the program.

4.2 Procedure for Approval or Denial

Applications will be taken on a first come ready, first serve. The City of Wayne shall maintain a list of applicants.

4.3 Purchase Agreement

Once the applicant is approved, the applicant will sign a purchase agreement and attend a Homebuyer Education Workshop.

4.4 Request for Funds

Following the signing of a purchase agreement and the determination of down payment and closing cost assistance, a Request for funds will be prepared approximately four (4) weeks prior to the anticipated closing date. (how much time does Amy need)

4.5 Homeowner Education Workshop

Each applicant must attend a Homeowner Education Workshop, which includes an educational packet and instructional materials on topics including family financial management, record keeping, maintenance, and up keeping landscaping, lawns and pest management, appliances and home furnishings.

4.6 Fair Housing Act of 1968

Title VII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the

sale, rental, and financing of dwellings, and in other housing related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap (disability).

No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available or inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting)

5.0 LOAN CLOSING

5.1 Closing

The City of Wayne will schedule the loan closing with the borrower and the primary lender. The primary lender will prepare all closing documents for its loan. The City of Wayne will prepare and have the borrower execute at closing:

- A. Promissory Note
- B. Deed of Trust
- C. Loan Agreement

Upon signing of the two closing documents, the City of Wayne will file the Deed of Trust at the Register of Deeds Office of the county.

5.2 Insurance

Owner-occupants will need to carry a basic property insurance policy of at least one-hundred

(100%) percent of replacement cost. Homes located in a designated special flood hazard will be required to carry flood insurance. Any insurance payment of a claim over \$1,000 will require a review of the board. Homeowners insurance and flood insurance, if applicable, must be carried on the dwelling throughout the loan repayment period in order to remain eligible for the program. The City of Wayne is to be named as a loss payee on all insurance policies.

6.0 PROPERTY MAINTENANCE

All properties shall be maintained in compliance with local ordinances and subdivision covenants.

7.0 CONSTRUCTION SUPERVISION

All development is subject to review and inspection.

8.0 DEVELOPER CONTRACTOR DISPUTES

Construction related developer/contractor disputes or deficiencies and/or any disagreements between the homebuyer and seller or developer to the construction of the homes shall be resolved prior to loan closing in a manner acceptable to all parties. Informal resolution of disagreements is recommended. Acceptance of the home and delivery of the deed at loan closing shall constitute the homebuyer's waiver of any rights concerning known defects or existing disputes or disagreements between the homebuyer and seller, subject only to such special warranty given by the seller on the home and as set forth in the documents delivered and accepted at the time of closing. The foregoing shall not limit warranty express or implied as may otherwise exist as a matter of law.

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 of projects to be funded, excluding the determination of ability to secure a Home Mortgage Loan from a financial institution, or within any other segment of this Down payment assistance Program, he or she may

appeal the decision of the City of Wayne for their consideration and be postmarked within 14 calendar days of the decision. The City of Wayne Council Members will act to support or overturn the action within 30 days of the receipt of the appeal. The Wayne City Council Members will have final authority in the decision.

Appeals regarding loan ability shall be made to the financial institutions in accordance with their procedures.

10.0 AMENDMENTS TO THE GUIDELINES

In an ongoing effort to improve the quality of the Wayne Down payment assistance Program, the City of Wayne will receive any suggestions on amendments to the guidelines from the public, program participants, Realtors, financial institutions or members of the WCHDC Board. Upon approval and adoption of the amendment by the Loan Committee, the amendment will be included in the program guidelines and submitted to the DED program rep for approval.

11.0 OFFICIAL CONTACT OFFICE

The place of contact for this program shall be the office of the City of Wayne, Wayne, Nebraska. 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. All grievances shall be directed to the City of Wayne in writing.

Approved this _____ day of _____, 2013

City of Wayne

Council President

City Clerk

Attested