



## FIRST TIME HOMEBUYER PROGRAM

(A purchase and/or purchase/rehabilitation Program for first time homebuyers)

### WHAT IS THE NEIGHBORWORKS® LINCOLN

#### FIRST-TIME HOMEBUYER PROGRAM?

It is a loan from the First-Time Homebuyer Program, which is coupled with a loan from a participating lender that enables you to become a homeowner.

The following points relate only to the loan from NeighborWorks® Lincoln.

- Does not require monthly payments.
- Is a 0% interest loan.
- Any remaining balance is due if you sell the property or cease to occupy the property as your principal residence.
- Has a minimum amount of \$1,000 in most cases.
- Has a maximum amount of \$15,000 in the Neighborhood Revitalization Strategic Area (NRSA), which is completely forgiven over 10 years. One tenth of this loan is forgiven each year you occupy the home.
- Has a maximum amount of \$15,000 in the Low to Moderate Income (LMI) area of Lincoln.
- One-half (1/2) of the loan is eligible for forgiveness if your new home is located in the LMI area of Lincoln. One-tenth of the total loan is forgiven each year for five years leaving the balance deferred.
- In the NRSA and LMI areas of Lincoln the loan can be used for part of the required down payment, closing costs and prepaids, purchase of the home, and any required improvement to the home.
- Within the City Limits of Lincoln, but outside the LMI area, the First Home Program can be used for an amount up to \$6,000 and will be deferred until sale or change of domicile.
- These guidelines meet the affordability period.
- Consumers must maximize their potential in making a reasonable house payment.

#### GENERAL QUALIFICATIONS REQUIREMENTS

- In most cases, you must be a first-time buyer of a house.
- You must occupy the property as your principal residence.
- The property must be located in the Lincoln City Limits and be a single-family residence. **Only owner-occupied or vacant properties qualify.** The property must be at least five years old.
- The property must meet Minimum Housing Rehabilitation Standards at the time of purchase if rehabilitation is included in the financing package.
- You must undertake and complete 12 hours of Homebuyer training provided at no charge by NeighborWorks® Lincoln.
- The appraised "After-Value" of the property cannot exceed the current FHA203(b) Limit.

#### YOU MUST MEET CERTAIN INCOME GUIDELINES

HOUSEHOLD SIZE	MAXIMUM GROSS INCOME
1	\$38,250
2	\$43,700
3	\$49,200
4	\$54,650
5	\$59,000
6	\$63,400
7	\$67,750
8	\$72,150

#### HOW TO APPLY

- Visit the NeighborWorks® Lincoln website at [www.NWLincoln.org](http://www.NWLincoln.org) or contact the office at (402) 477-7181 to request an application.
- Fill out the application form and the credit report authorization and return to:
  - NeighborWorks® Lincoln  
2240 Q Street  
Lincoln, NE 68503

#### NOTIFICATION

- You will receive a letter notifying you of available training.
- Homebuyer Education Classes are offered each month: four evening classes or two Saturday classes. All adult applicants will be required to attend all sessions for a total of 12 hours of training.
- Opportunities will be given to make up a missed class.
- Financial Fitness Counseling will be recommended for those clients who, based on the information provided to us are determined not to be ready to purchase a home. Financial Fitness Counseling will be offered as one-on-one counseling sessions.

#### PROGRAM REQUIREMENT

- Upon completion of the 12 hour Homebuyer Education Training, make an appointment for an Exit Interview with NeighborWorks® Lincoln if you intend to use the First-Time Homebuyer Program. At the appointment, bring the items indicated during the training classes; the interview will cover possible options for homeownership and how you personally can use the program. You will be given either a statement explaining you qualify for First Home Program assistance, or why you do not qualify for First Home Program assistance at that time.
- If you choose to use one of our programs, make an appointment with one of our participating lenders for "Pre-Approval" for a first mortgage. This approval may take up to 10 business days.
- When you find a house that interests you, you need to call the NeighborWorks® Lincoln Rehabilitation Specialist at (402) 477-7181 to arrange for one of your three available property evaluations and cost estimates.

- A property evaluation and cost estimate will be conducted by the Rehabilitation Specialist. This report will indicate the repairs and improvements required to obtain assistance from NeighborWorks® Lincoln. Generally, if the rehab cost is estimated to exceed \$10,000, it is not feasible to rehabilitate. If the cost of the property plus the rehab cost exceeds 118% of the “As Improved” appraisal, it is not possible to complete the transaction and the consumer is given the opportunity to select another property.
- If rehabilitation to the property is feasible and if, after discussions with the Rehabilitation Specialist and Loan Coordinator, you remain interested in making an Offer to Purchase, you should now contact the real estate salesperson you have been working with to prepare the Offer to Purchase.
- If your offer is accepted by the Seller, you will need to get complete sets of the Purchase Offer to NeighborWorks® Lincoln and the First Mortgage lender.
- Using the Property Evaluation (PE) as your guide, you will solicit bids from a private insured contractor and discuss the work with him/her. **NO SELF HELP IS ALLOWED.** All required improvements **MUST** be solicited for a bid. You are required to have two bids; we recommend three bids. You decide which contractor you want to use and have the contractor give you two copies of a written proposal listing all work that will be done and itemized prices as they relate to the PE.
- Once you have a firm bid for all the required repairs on the PE, contact NeighborWorks® Lincoln Rehabilitation Specialist for a bid review. You will meet with the Rehabilitation Specialist to discuss the proposals (scope, method of accomplishment and cost).
- If approved, the NeighborWorks® Lincoln Rehabilitation Specialist will have you and your awarded contractor sign the following document:
  - a. Borrower’s Improvement Certificate I and II
  - b. Contractor’s Agreement, Part III
- You will give the lender copies of the bids and Improvement Certificate Part II. If the lender determines that all cost and appraised values are in keeping with the program guidelines and current underwriting standards, a closing date is set.
- Closing is held, an escrow account is established for payment of the rehabilitation, property is transferred and the contractors are given notice to proceed.
- Work is undertaken. When payment is requested, the Rehabilitation Specialist is contacted to review progress and to authorize payment to the contractor.

**SPECIAL CONDITIONS**

- If the property cannot be occupied by the first-time homebuyer during construction, the loan package may include interest payments for the period of time the property cannot be occupied so the first-time homebuyer is not making double payments (rent and mortgage).
- In most cases only three PE’s will be allowed for any one borrower.
- You, as a homeowner, are responsible for soliciting bids for required improvements. If bids are not make available for review by NeighborWorks® Lincoln two weeks after you have made an Offer to Purchase, you will be ineligible for assistance.
- Amendment Process – Program Guidelines are subject to revision by NeighborWorks® Lincoln staff, in consultation with the City of Lincoln.

- A Deed of Trust will ensure the affordability period and principal residence requirement.
- NeighborWorks® Lincoln will follow the Lead Safe Housing Rule when rehabilitations are required. In the event that a buyer cannot immediately occupy the property due to Lead Based Paint (LBP) rehab, assistance for temporary relocation in the form of delayed occupancy into the new home may be provided with proceeds from their First Home Program (FHP) loan.

**YOUR RIGHTS**

- If you feel that the decision to be referred to Financial Fitness is incorrect, we invite you to contact us. We will then review previous documentation and any additional information provided to reassess your situation. You will receive written notice as to that determination within five business days.
- No member of the governing body and no other official, employee or agent of NeighborWorks® Lincoln who exercise policy, decision-making functions or responsibilities in connection with the planning and implementation of the First Home Loan Program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after an individual’s relationship with NeighborWorks® Lincoln. After waiting one year this individual would 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 interest the applicant may have in the operation of this program.
- In the event you feel you have been discriminated against or unfairly treated during the process of application, excluding the determination of ability to secure the home mortgage loan from a financial institution, or within another segment of the First Home Loan Program, you may appeal the decision to NeighborWorks® Lincoln for consideration. The appeal must be received in writing by the Executive Director of NeighborWorks® Lincoln and postmarked within five (5) calendar days of the decision. NeighborWorks® Lincoln will then act to support or overturn the action within five (5) calendar days of the receipt of the appeal.
- Appeals regarding the first mortgage approval shall be made to the financial institutions in accordance with their procedures.

