

City of Fremont Program Guidelines for Single Family Rental Rehabilitation

- a) **Maximum Per Unit Subsidy:** Nebraska Affordable Housing Trust Fund (NAHTF) financial assistance will not exceed the maximum NAHTF per unit subsidy. Subsidy limits used are the HUD Home subsidy limits found at this link: <https://opportunity.nebraska.gov/programs/housing/nahtf/>
- b) **NAHTF Assisted Units:** NAHTF funds will be used to assist households whose income is at or below 120%. Current Income Limits are found at the following link: <https://opportunity.nebraska.gov/programs/housing/nahtf/>
- c) **Rent Limits:** The Rent limits will not exceed the 65% HUD Home rent limits for Dodge County found at the following link on the NDED website: <https://opportunity.nebraska.gov/programs/housing/nahtf/>
- d) **Relocation Policy:** Relocation for the tenant is voluntary (reference 49 CFR 24.101). If temporary relocation should be deemed necessary through the Risk Assessment, the program will pay up to \$500 for out-of-pocket expense to ensure the health and safety of the residents. The property owner must provide receipts and receipts must be reviewed by the City of Fremont in order for the property owner to be reimbursed.
- e) **Enforcement of Rent and Income Limit:** The 10-year affordability period will be secured by a Deed of Trust, in the amount equal to the loan amount will be placed upon the property at the time that the property owner(s) signs the promissory note. This lien, in favor of the City of Fremont, will take a subordinate position to all existing liens. At the request of the borrower, future equity loans that require a release or subordination of the City's lien will require the balance to be paid off unless the City of Fremont receives a written explanation of need and issues a waiver of this clause. All subordination requests will follow subordination policy (attached as Appendix A). The property owner is required to pay all closing and filing costs associated with the refinance and subordination. The City of Fremont will determine whether a request for loan subordination is approved or denied.

The property must be rented to tenant households at or below 120% of the Area Median Income (AMI) for Dodge County by standards established by the Department of Housing and Urban Development (HUD) for lower-income assisted housing throughout the duration of the ten (10) year affordability period.

All rents for assisted units will comply with HUD HOME rent limits. The City of Fremont will ensure the rents are in compliance with HUD HOME rent limits for Dodge County.

In the event that the borrower(s) or his/her heirs sell or transfer said property, the net sale proceeds, less the owner's equity established at the time of application, and less all other superior loans and liens on the property will be applied to satisfy the unpaid balance of the loan. If the property becomes non-tenant occupied, is vacant for a period of more than 90 days, the loan will be in default. With the loan being in default whole of said principal sum remaining unpaid shall immediately become due and payable.

During the Affordability Period, the Enforcement of Rent and Income Limits and the Requirements shall further be assured through the following, to-wit: a) making the adherence to the applicable Rent and Income Limits and the Requirements part of the job description of any person engaged as a property manager; b) during any recruiting process, the selection of a property manager who expressly

demonstrates an understanding of the importance of strictly adhering to Rent and Income Limits and the Requirements; c) incorporating the adherence to Rent and income Limits and the Requirements in the proper training program and continuing education of an engaged property manager(s); d) progressive and severe income and/or bonus disincentives for a property manager(s) violating the letter or spirit of the Rent and Income Limits and the Requirements; e) making the strict adherence to Rent and Income Limits and the Requirements a performance issue and requirement for continued employment; and f) making the Enforcement of Rent and Income Limits and Requirements the subject of not less than an annual, internal audit standard.

- f) **Affordability Period:** The affordability period for this project is 10 years and in agreement with DED contract. The NENEDD, as grant housing manager, will be responsible for initial tenant income qualification. The property owners will have oversight over the property and ensuring all income qualification requirements are followed. As the applicant and grantee, the City of Fremont will reserve the right to review records to ensure the correct number of income qualified units will be maintained throughout the ten-year affordability period.
- g) **Fair Housing Act:** This project will be in compliance with the Fair Housing Act and will not discriminate in any way on the basis of race, color, national origin, religion, sex, familial status or handicap as described and as applicable in Section 804 (42 U.S.C 3604). The City of Fremont will comply with all aspects of the Fair Housing Act by conducting an annual evaluation of policies and procedures in advertising, application process, tenant selection process, and ongoing property management procedures to ensure compliance with the Fair Housing Act and any potential future changes in the law. All advertising will be designed to be compliant through the utilization of resources from the Nebraska Equal Opportunity Commission (NEOC). Advertisements will be translated into Spanish and will be placed in the local newspaper as well as public locations. Potential applicants will be provided information on fair housing when they inquire about housing, complete an application, receive a determination of eligibility, and again when they sign a lease.
- h) **Marketing Procedures:** NENEDD housing management staff will assist the property managers with marketing to prospective tenants. Affirmative marketing procedures include but are not limited to marketing to local and regional residents, tenants of public housing, families assisted by public housing agencies, and households identified to be potentially eligible but least likely to apply. Information will be made available at the Dodge County Courthouse, the City offices, to local employers, Fremont Housing Agency and will be placed in the local newspaper.
- i) **Minimum Rehabilitation Standards:** All rehabilitated units will comply with NDED Minimum Rehabilitation Standards. This information can be found at [https://opportunity.nebraska.gov/wp-content/uploads/2022/10/NAHTF-Minimum Standards For Rehabilitation 9-22.pdf](https://opportunity.nebraska.gov/wp-content/uploads/2022/10/NAHTF-Minimum_Standards_For_Rehabilitation_9-22.pdf)
- j) **Lead-Based Paint Regulation:** In homes built prior to 1978, Project will mitigate for any lead-based paint hazards found in its rehabilitation properties and educate property owners and tenants to ensure the health and safety of its benefiting households. Project will work with EPA-certified RRP contractors and/or Nebraska-licensed abatement contractors in accordance with both the **U.S. Environmental Protection Agency Renovation, Repair and Painting Rule (RRP)** and the **Nebraska Residential Lead-Based Paint Professions Practice Act** [Nebraska Revised Statutes 71-6318 - 71-6331.01 and NAC Title 178, 23-003]. For assistance contact Nebraska Department of Health and Human Services at 1-888-242-1100 or

visit <https://dhhs.ne.gov/Pages/Lead-Rules-and-Regulations.aspx> . For detailed information on the U.S. EPA's RRP Rule see <https://www.epa.gov/lead/lead-renovation-repair-and-painting-program>.

- k) **Radon Mitigation:** Tenants will be provided with a Radon Test Kit, a copy of the EPA "A Citizen's Guide to Radon" Pamphlet, and a map with contact information of Public Health Organizations in their area.
- l) **Annual Tenant Income Review:** The recipient in the course of administering the NAHTF Rental program throughout the affordability period will conduct income verifications in a manner that is compliant with the most current NAHTF rules and regulations. The tenant should be income eligible when the property owner applies to the program. In the event a tenant exceeds the allowable income limit while occupying a unit, NDED will be consulted, and the most current procedures set by NAHTF program will be implemented. If a tenant's household income exceeds the affordable income limit while residing in an affordable unit, DED will be notified and will work with the recipient to advise. Tenants may request at any time from the management company the most current policy and procedures related to exceeding household income eligibility from the property management company.
- m) **Tenant Selection Policy:** See attached City of Fremont Tenant Selection Policy.
- n) **Tenant Rules and Regulations:** See attached lease agreement which includes rules and regulations policy approved by DED for this project.
- o) **Lease Agreement:** See attached lease agreement. The agreement does not contain any prohibited provisions either explicitly or implied. It has been approved by DED and will be utilized for this project.
- p) **Lease Purchase Program:** This project does not have a lease purchase program.
- q) **Tenant Education:** Tenant Education is a requirement for all approved tenants. This project will use RentWise Nebraska or other Department approved equivalent through the affordability period. Applicants will be provided a list of trainers and courses. Current tenants will be expected to provide proof of completed training to the property manager within three (3) months after lease renewal, and new tenants will be expected to provide proof of completed training to property manager prior to move-in.
- r) **Washer and Dryer Assurance:** Property owners will be required to provide washer and dryer units for rehabilitation to vacant units only.
- s) **Requests for Disbursement:** Property Owner will pay the entire Rehabilitation invoice and then submit invoice to City of Fremont for the NAHTF portion. Therefore, the City of Fremont will pay the property owner rather than the contractor. The Department will need to see all invoices incurred by the Property Owner, along with their bill to the City, and Proof of Payment that the Property Owner paid the bills, as well as proof of Payment that the City paid the Property Owner.
- t) **Loan Program:** The maximum loan cannot exceed \$40,000. The eligible property owners will receive a 0% interest rate forgivable loan for 100% of the grant funded portion or 50% of the rehabilitation costs.

The loan will be forgiven at a rate of 1/10 of the principal per year starting from the date the rehabilitation work was completed and the loan paperwork and amortization schedule has been generated. The loan term is 10 years (120 forgivable payments). This meets the minimum imposed affordability period.

Each project will require a one-to-one match from the property owner(s). The leveraged funds will be the property owner's match. Assuming an \$80,000 rehabilitation project, \$40,000 will come from the NAHTF grant funds and \$40,000 will be leveraged funds contributed through the property owner's one-to-one match. If the project is more than \$80,000, the property owner will incur 100% of the additional amount.

- u) Unit Characteristics:** Only single-family rental housing units, which are currently in substandard condition, will be eligible for rehabilitation. Mobile homes, housing connected to other spaces used for commercial purposes, and duplexes are not eligible for assistance. Rental housing units located within a special flood hazard area will not be eligible for assistance. Land contracts or real estate contracts or properties in life estate are not eligible for the rental housing rehabilitation program.

It is the main goal of the Fremont Rental Rehabilitation Program to assist property owners renting to low-income persons within the Fremont city limits in improving the health and safety of their living conditions through housing rehabilitation. The program will also accept applications for rental properties that are currently vacant with the following understanding: 1) The property has been vacant for a minimum of twelve months 2) The next tenant will need to complete a tenant application and income qualify before lease signing. Tenant will also be required to complete RentWise prior to move in.

- v) Taxes:** Property taxes must be paid current at the time that the City and the property owners sign the rental housing rehabilitation agreement. Property taxes must be kept current throughout the property owner's forgivable loan affordability period in order to remain eligible for the program.
- w) Homeowner's Insurance:** Property owners are required to carry a basic property insurance policy of at least eighty percent (80%) of the unit's replacement cost. Any insurance payment of a claim over \$1,000 will require a review by the City of Fremont. All proceeds resulting from insurance claims must be applied toward the cost of needed repairs to the rental property. The above-referenced insurance coverage(s) must be carried on the unit for the entire duration of the rehabilitation forgivable loan affordability period. The City of Fremont will be named as a loss-payee on all insurance policies.
- x) Governing Reserves:** The landlord/property owner will keep the property up to DED Minimum Rehabilitation Standards for the duration of the affordability period. During the 10-year affordability period, the landlord/property owner will receive the monthly rental income and pay all expenses and loan payments, if applicable and reserve a minimum of \$300 per unit annually for replacement and repair costs of the unit, HVAC, and other furnished appliances.
- y) Foreclosure:** Lender shall give notice in writing to Borrower(s) following Borrower's breach of any covenant or agreement in the Note and the Deed of Trust which it secures. The notice shall specify the following: 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 the Borrower(s) 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 Fremont shall apply the proceeds of the sale in the following order: 1) to all expenses of the sale including, but not limited to, the City of Fremont's fees as permitted by Nebraska law and reasonable attorney's fees; 2) to all sums secured by this security agreement; and 3) any excess to be recaptured by the City of Fremont.

z) Bankruptcy: In the event the Borrower becomes a bankruptcy debtor, or voluntarily offers to creditors terms of composition, or in the event a receiver is appointed to liquidate and wind up the affairs of the Borrower, the Lender may declare due, and immediately payable, all unpaid loan installments and shall have a claim therefore which shall be considered liquidated damages and shall constitute a debt provable in bankruptcy receivership.

aa) Application Process:

1. The City of Fremont will market the rental rehabilitation program. A pre-application can be obtained from the Northeast Economic Development District (NENEDD) at 111 South 1st Street, Norfolk, NE 68701 and returned to NENEDD at 111 South 1st Street, Norfolk, NE 68701 in order to be placed on a waiting list. Pre-applications will be placed on the waiting list in the order they are received.

2. Applications will be mailed to interested parties on the waiting list on a predetermined date set by the City of Fremont. Applicants will be required to provide all information requested on the application and to sign using indelible pencil or ink all necessary forms, documents, and certifications. All information or any statements made by the applicant are subject to verification.

3. Completed applications and supporting documentation will be returned to NENEDD at 111 South 1st Street, Norfolk, NE 68701, to determine income eligibility. Upon receipt, the application will be date stamped. Only completed applications with the required supporting documentation will be accepted and processed in the date order they are received. Required documentation includes but is not limited to paystubs, bank statements, federal tax returns and documentation of other assets such as 401(k), certificates of deposits, etc. Applications will be accepted on a first-ready, first-served basis.

4. Upon verification of income eligibility, the applications will be forwarded to the property owner or property manager for a background check which will include a criminal background check and credit report and will only be used to determine the eligibility on the applicants who will occupy a unit.

5. It is the recipients, as well as property owner/manager's responsibility, to maintain the completed application. The property owner may choose to contract with NENEDD for this administrative service.

bb) Procedure for Selection and Non-selection

The Housing Specialist reviews and recommends each application for approval or denial to the City of Fremont Housing Rehabilitation Board. Completed applications will be presented by the Housing Specialist to the City of Fremont, at their next regularly scheduled Board meeting (which is normally held the 2nd and last Tuesday of the month) in the order in which they are received. Applications will not be presented to the City of Fremont until the applicant has signed the Housing Rehabilitation Guidelines Acknowledgement Form and it has been returned to the Housing Specialist.

During the City of Fremont Council meeting, applications are presented using a designated applicant number, and not the applicant's name or address. Selected applicants are notified in writing. Applicants not selected are also notified in writing with an explanation for reason of their denial.

cc) Preliminary Inspection

Once income eligibility has been determined, the applicant will be contacted by the Housing Specialist to arrange a time in order to conduct a preliminary inspection of the homeowner's property. At the time of the preliminary inspection, the Housing Specialist may obtain any additional information needed to complete the application process.

The Housing Specialist performs the preliminary inspection in order to obtain more specific information for the Work Write-Up form. The Work Write-Up form is a detailed listing of all improvements to be made to the unit. It details all materials, labor needed, and the estimated cost of materials/labor for the project and is sent to the property owner for approval/signature.

The total estimated project costs, along with the value of the property and existing mortgage on the property, determines the economic feasibility of the rehabilitation project. These factors provide the Housing Specialist, and the City of Fremont, a good indication of whether the house is economically feasible for rehabilitation.

dd) Return Beneficiaries: Property owners are eligible for additional assistance. However, priority will be given to applicants that have not already received prior funding. The request for additional funding will be evaluated by the housing specialist on a case-by-case basis.

ee) Loan closing:

Pre-Construction Loan Documents

Upon approval from the City of Fremont to fund a project, the Housing Loan Specialist prepares the pre-construction loan documents. The following documents are executed by the borrower(s) to secure the affordability period.

- A. Rehabilitation Loan Agreement
- B. Memorandum of Understanding
- C. Notice of Right of Rescission
- D. Acknowledgement
- E. Deed of Trust
- F. Promissory Note
- G. Loss Payee Request
- H. ACH Enrollment form (updated information if loan is to be paid back)
- I. Primary Residence Certification

Upon signing of the above listed documents, the Deed of Trust is filed at the Register of Deeds Office in the county in which the unit to be rehabilitated is located. The filed Deed of Trust establishes a lien against the applicant's principal residence, which is maintained until the loan is paid in full or the unit is sold or conveyed to another party or entity.

Once a loan is paid in full, or the unit is sold or conveyed to another party or entity, a Deed of Re-Conveyance will be filed in the county in which the unit was located, thus removing the lien established by the Deed of Trust.

Post-Construction Loan Documents

Upon completion of construction, the Housing Loan Specialist determines the final dollar amount spent on the project. Loan closing documents are prepared, and the borrower(s) executes the following documents:

- A. Regulation Z Loan Disclosure
- B. Promissory Note
- C. Amortization Schedule
- D. ACH Enrollment form (updated information if loan is to be paid back)
- E. Promotional Use Form (Beneficiary is giving a voluntary release and authorization for publication of photos that are taken at the time of the initial inspection of the property and after the project has been completed.

Close Out

The City of Fremont shall maintain and keep all applications, as well as other required documents, records, and other evidence in conformance with NAHTF regulations.

ff) Construction Process:

Upon the decision by the City of Fremont to select and fund the rehabilitation project, the following steps will be taken that include:

1. The City of Fremont enters into a loan agreement with the applicant. No action is taken by NENEDD staff until the Right of Rescission period (not less than 3 business days) has expired. After that time, NENEDD staff will file all necessary liens, etc.
2. The Housing Specialist requests a lead inspection/risk assessment to be conducted on the property.
3. The Housing Specialist reviews the lead inspection/risk assessment report and revises the initial work write-up from the preliminary inspection in order to address any lead hazards items listed in the lead report.
4. The revised Work Write-Up form is sent to the applicant for signature, along with bid sheets and work specifications. The applicant signs the Work Write-Up form which indicates that the applicant understands the work the City of Fremont may fund and any cost limitations.
5. The applicant obtains a minimum of two official bids for contracted work to be performed and provides this information on the bid sheets. At the request of the applicant, the Housing Specialist may assist the applicant in obtaining these bids and finding qualified contractors.

All work must be performed according to specifications prepared by the Housing Specialist. Contractors are required to provide necessary information to the Housing Specialist that includes the following: general liability insurance in the amount of \$500,000; proof of worker's compensation insurance (if applicable); two verifiable references from prior rehabilitation/remodeling jobs that have been satisfactorily completed; proof of current lead certification documenting their completion of a HUD accredited lead safe work practices course (if applicable to the rehabilitation project); and proof of registration with the Nebraska Department of Labor.

6. The homeowner selects a contractor from the bids received. The Housing Specialist must approve all bids before any work commences. The City of Fremont will only fund the dollar amount of the accepted and approved bid. All charges above and beyond the accepted/approved bid can only be funded if a change order is approved following the necessary change order process.
7. A pre-construction conference is held with the applicant and selected contractor(s), at which time the applicant and contractor(s) enter into a contract agreement. The original contract is filed with the Housing Specialist. Only contracts approved by NENEDD's attorney, and prepared by NENEDD staff, will be accepted.
8. The Housing Specialist issues a Notice to Proceed to the contractor(s).
9. The contractor(s) performs the work and documents that inspections are performed throughout project completion and provides this information to the Housing Specialist. The Housing Specialist may perform frequent unscheduled inspections as work progresses on the project.
10. Contractors are paid on a bi-monthly basis by the property owner unless otherwise notified. In order to receive payment, contractors are required to submit a necessary Payment Voucher form (which is provided in the contract), and an original invoice, which is provided to the homeowner who must sign the Payment Voucher. The Payment Voucher is then filed with the Housing Specialist. Upon approval by the Housing Specialist, the property owner will issue a check payable to the contractor and mail it directly to the contractor. The property owner will then need to submit an invoice to the City of Fremont to be reimbursed for the NAHTF portion. No payment will be made for materials that are only stored on or off site.

Recipient will retain 10% of all property owner invoices until the project is complete and all documents signed. In the event the property owner refuses to sign the Payment Voucher, the property owner will not be reimbursed.

11. Change Orders: If necessary, a Change Order form is completed if the scope of work changes and is agreed upon by the homeowner, the contractor, and the Housing Specialist, and adequate funding is available. The Change Order will explain the requested change and whether or not there is an increase or decrease in the overall contract amount. The Change Order must be signed and executed by the homeowner, the contractor, and the Housing Specialist in order to be approved. Any additional charges from Change Orders that are not executed (or funding is not available) are the sole responsibility of the homeowner.
12. The Housing Specialist will perform a final inspection on the property in order to ensure that all rehabilitation work has been completed according to the contract specifications and NEDED Minimum Rehabilitation Standards. Upon completion of this final inspection, the Housing Specialist, contractor, recipient, and the property owner will sign the Certificate of Final Inspection/Acceptance of Work, and the contractor will be approved for final payment.

If the Housing Specialist determines the rehabilitation work has not met contract specifications, or NEDED Minimum Rehabilitation Standards, the contractor will not yet be approved for final payment.

The Housing Specialist will then conduct a meeting with the homeowner(s) and contractor at which time a list of necessary corrections/modifications will be discussed. The Housing Specialist will allow a specific amount of time for the contractor to make the corrections/modifications. If the corrections/modifications are made by the contractor within the timeframe agreed upon, the Housing Specialist will provide final payment to the contractor.

If the corrections/modifications are not made by the contractor within the timeframe agreed upon, the Housing Specialist will reduce the final payment by a dollar amount equal to the value of items from the contract that do not meet contract specifications or NEDED Minimum Rehabilitation Standards. This dollar amount will be made available to the homeowner to pay for another contractor, or for a Self-Help contract, in order to make the corrections or modifications.

13. A final Payment Voucher is filed.
14. Final payment is made to the contractor. The contractor then must sign a Lien Waiver (as provided in the contract) after final payment has been received.
15. The contractor is required to warranty all workmanship for a period of one (1) year from the date of work completion. The contractor must forward all material warranties to the homeowner upon completion of work. Once the Certificate of Final Inspection/Acceptance of Work has been signed by all parties (the homeowner(s), the contractor, and the Housing Specialist), any discrepancies or disputes related to completed work or warranty must be resolved by the homeowner(s) and their contractor.

These rental housing guidelines are hereby approved by action of the Fremont City Council through Resolution _____, passed and approved the _____ day of _____, 2023.

City of Fremont, Mayor

Date