

**THE CENTRAL NEBRASKA ECONOMIC
DEVELOPMENT, INC.
DBA
CENTRAL NEBRASKA HOUSING DEVELOPERS
RENTAL WORKOUT PLAN**

Program Description

This Rental Workout Plan, developed by the Central Nebraska Economic Development CNED, Inc., doing business as, Central Nebraska Housing Developers (CNHD), is for a regional Rental Housing Rehabilitation Program covering the following 17 Central Nebraska counties: Blaine, Boyd, Brown, Cherry, Custer, Garfield, Greeley, Hamilton, Holt, Howard, Keya Paha, Loup, Merrick, Rock, Sherman, Valley and Wheeler. It is the intention of the Rental Housing Rehabilitation Program to increase the supply of decent, safe and sanitary rental housing for low- to moderate-income tenants residing in the Central Nebraska region. Further, CNHD will promote housing programs that prevent the spread of blight and its influence, provide assistance to those persons of the greatest need, improve the availability and desirability of housing in the targeted counties and communities, discourage the abandonment or neglect of residential dwelling units, promote continued NAHP ownership, increase the attractiveness of existing neighborhoods, and increase local employment.

Administrative Components

This program is being administered by the Central Nebraska Housing Developers, as the applicant/grantee. Upon grant award and notice of release of funds from the Nebraska Department of Economic Development (NDED), CNHD, will contract with Community Development Services to provide Housing Administration (which includes the Housing Rehab Specialist) and Lead-Based Paint (LBP) Specialized Services for the rental rehabilitation project. The responsibilities of each of these components will be clarified later in this Plan.

Purpose

- To increase the number of good, habitable dwelling units by improving existing rental housing.
- Improve the health and safety of living conditions in the target counties and communities.
- Improve the desirability of housing in the target counties and communities.
- To preserve and enhance housing stock for future generations.
- To discourage the abandonment or neglect of residential dwelling units.
- To promote the availability of quality rental units.
- To increase local employment
- To Increase housing choices for the local workforce

Property Eligibility Requirements – Rental Housing Rehabilitation Program

1. Tenant income eligibility and verification that applicant meets 80% AMI will be determined according to the definition found in 24 CFR Part 5.609. This definition requires the use of annual gross income as anticipated during the next 12 months.
2. Maximum NAHP High Rent Limits apply, including utility allowances as determined by the local community action program, on a per-bedroom basis.
3. Property must be owned by the applicant at the time of application, and must be located within the CNHD's 17-county region which includes: Blaine, Boyd, Brown, Cherry, Custer, Garfield, Greeley, Hamilton, Holt, Howard, Keya Paha, Loup, Merrick, Rock, Sherman, Valley and Wheeler Counties in Nebraska. Demonstration of property ownership will be by property deed or other similar legal document, and this will be verified with the county's Register of Deeds by the Housing Administrator.
4. No tenants will be displaced by participation of the property owner with this program.
5. According to NDED the Nebraska Affordable Housing Program financial assistance to

the unit provided to the property owner will not exceed the maximum per unit NAHP Subsidy. The lowest maximum NAHP Subsidy for a zero-bedroom unit in Blaine, Brown, Cherry, Custer, Greeley, Hamilton, Howard, Keya Paha, Loup, Merrick, Rock, Sherman, and Valley Counties in Nebraska is \$116,900. The lowest maximum NAHP Subsidy for a zero-bedroom unit in Boyd, Garfield, Holt and Wheeler Counties in Nebraska is \$119,582. However, this Program has established that the total amount of funds expended per unit will not exceed \$24,000. This limit is more appropriate for the housing stock in the target areas, and also allows more housing units to be assisted through this Program.

6. Property owners must agree to include State and Federally-required language in their tenant selection policies, application, and lease agreements. Tenant selection policy, application and lease documents will be reviewed to ensure that these documents do not contain language that violate Federal, State or Local laws.
7. Properties will be in locations where safe, sanitary, and adequate water supplies and sewage disposal are currently available for use.
8. No mobile home rental units will be eligible for this program.
9. Properties shall be limited to 1-4 rental units in a single structure.
10. Properties must be feasible for being brought into compliance with NDED's minimum rehabilitation standards.
11. Property taxes must be paid current at the time that CNHD and the property owner sign the housing rehabilitation agreement and any debts owed to the target counties/communities must be paid and kept current. Property taxes must be kept current throughout the life of the loan and affordability period.
12. During the continuance of this loan the property owner must keep the Property in good and substantial repair.
13. During the continuance of this loan, the property owner must abide by the State Landlord/Tenant Act, and the Fair Housing Act.
14. Properties within federally determined flood plains are not eligible for rehabilitation under this program.
15. Property owners will need to carry a basic dwelling insurance policy of at least 90% of replacement costs and the coverage must be, at a minimum, equal to all unpaid NAHP loans (mortgages / deeds of trust) filed against the property. CNHD must be listed as a loss payee on the property.
16. Tenant incomes will be recertified by the Tenant on January 1 of each year after Tenant has signed a lease. The CNHD will collect supporting income documentation on the 6th year of the affordability period of the program.
17. Property owners, in their lease, will "recommend" that tenants carry tenants insurance on their personal property.
18. HUD requires that the maximum after-rehab value of a property cannot exceed the Section 203(b) After Rehab Value Limit of \$200,160.
19. All enrolled projects must be completed within 36 months of grant award to CNHD.
20. When all units are comparable, the percentage of NAHP funds to the total project costs will not exceed the percentage of total units that are NAHP-assisted units.
21. When all units are comparable, the number of NAHP-assisted units will be equal to or greater than the requirements determined by the per unit subsidy limits at 221(d)(3).

Maximum HOME Rent Limits (includes CAP-estimated utility allowance) (Nov 2011)

County	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
Blaine	\$498	\$511	\$613	\$741	\$827	\$912
Boyd, Brown	\$437	\$443	\$584	\$741	\$827	\$912

Cherry	\$482	\$490	\$641	\$741	\$827	\$912
Custer, Garfield, Greeley	\$485	\$486	\$584	\$722	\$827	\$912
Hamilton	\$538	\$543	\$652	\$800	\$892	\$984
Holt	\$437	\$443	\$584	\$741	\$827	\$912
Howard	\$506	\$511	\$614	\$751	\$838	\$925
Keya Paha	\$437	\$443	\$584	\$741	\$827	\$912
Loup	\$498	\$511	\$613	\$741	\$827	\$912
Merrick	\$485	\$486	\$584	\$722	\$828	\$914
Rock	\$437	\$443	\$584	\$741	\$827	\$912
Sherman, Valley	\$485	\$486	\$584	\$722	\$827	\$912
Wheeler	\$509	\$511	\$613	\$758	\$866	\$956

*NOTE: Rent limits include utility allowances determined by local Community Action Program (CAP) agency. Deduct utility allowance to determine maximum monthly rent that can be charged.

Tenant Eligibility Requirements – Rental Housing Rehabilitation Program

The household income for tenants of properties assisted through this Program cannot exceed 80% of the AMI for the county in which the assisted property is located. Income eligibility and verification that applicant meets 80% AMI will be determined according to the definition found in 24 CFR Part 5.609. This definition requires the use of annual gross income as anticipated during the next 12 months.

Maximum Household Income (includes all income from all adults in household)

County	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7-Person	8-Person
Blaine, Boyd, Brown, Cherry, Custer, Garfield, Greeley	\$31,950	\$36,500	\$41,050	\$45,600	\$49,250	\$52,900	\$56,550	\$60,200
Hamilton	\$34,450	\$39,400	\$44,300	\$49,200	\$53,150	\$57,100	\$61,050	\$64,950
Holt	\$31,950	\$36,500	\$41,050	\$45,600	\$49,250	\$52,900	\$56,550	\$60,200
Howard	\$32,400	\$37,000	\$41,650	\$46,250	\$49,950	\$53,650	\$57,350	\$61,050
Keya Paha, Loup	\$31,950	\$36,500	\$41,050	\$45,600	\$49,250	\$52,900	\$56,k550	\$60,200
Merrick	\$32,000	\$36,600	\$41,150	\$45,700	\$49,400	\$53,050	\$56,700	\$60,350
Rock, Sherman, Valley	\$31,950	\$36,500	\$41,050	\$45,600	\$49,250	\$52,900	\$56,550	\$60,200
Wheeler	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$59,250	\$63,050

Distribution of Program Funds

Property Owner Applications will be considered on a first-ready, first-served basis. Given that

one of the objectives of the program is to assist in stabilizing the regional workforce by improving housing choices for low- to moderate-income individuals/families, it is important that the program be able to consider requests/applications as they are received.

A request is considered “complete and ready for consideration” when the property owner/applicant AND the current tenant have provided the Housing Administrator with all required and requested documentation/information.

It is important to note that the application phase includes several components, including: property eligibility, and current tenant eligibility. There are two application phases, as follows:

- 1) Initial – includes property owner application, plus current tenant application
- 2) Ongoing – includes future tenant applications.

Detailed application information can be found in the “Application Process” section of these program guidelines.

Applicant Property Owners are eligible for a maximum of \$24,000 per unit in rental rehabilitation loan funds, to be used for the sole purpose of bringing the unit up to the DED minimum rehabilitation standards. All loans, regardless of the total loan amount, will be at 0% interest, with repayment requirements according to the total loan amount and affordability.

All grant-funded loans are subject to NAHP-mandated Affordability Periods, and federal requirements including maximum rent limits and tenant household income, regardless if the loans are paid in full prior to the affordability period or not. NAHP affordability periods apply, as follows:

<\$15,000 per unit	=	5 years affordability
\$15,000 - \$39,999 per unit	=	10 years affordability

For example, a total loan of \$10,000 must be repaid within 5 years of completion of the rehabilitation project; a total loan of \$20,000 must be repaid within 10 years of completion of the rehabilitation project. Note the maximum rental rehabilitation loan of \$24,000.00, listed above.

Repayment of the loans will be as follows: 100% of the total loan to be repaid in equal monthly installments over the period of affordability, as long as the property meets the program requirements. This will be a 0% interest loan to the property owner(s).

Loan Credit Availability: To defray the property owner’s costs for income-determination of future tenants, the Central Nebraska Housing Developers will forgive the cost of determining the tenant’s household income, as follows:

- If the total loan requires a 5-year affordability period, the Property Owner would be allowed a loan credit for the cost of income-determining a tenant, up to a maximum of 3 household income determinations during the life of the loan.
- If the total loan requires a 10-year affordability period, the Property Owner would be allowed a loan credit for the cost of income-determining a tenant, up to a maximum of 6 household income determinations during the life of the loan.

All property owners participating in the program must sign a promissory note stipulating the amount owed in the event that the owner: 1) attempts to sell or transfer the rehabilitated unit after completion of the project, 2) occupy the unit themselves, 3) rent the unit to a tenant who does not meet income qualifications, or 4) leave the unit vacant for more than 180 days, prior to the satisfaction of any loan repayment arrangements. If an owner wishes to occupy, sell, has need to sell, transfer, or vacate the property prior to the expiration of the loan period, the loan becomes due in full at the time the property is occupied by the property owner, sold, transferred, rented to a tenant who does not meet income qualifications, or vacated. The Housing Administrator will file a Deed of Trust against each property participating in this grant, which will

include program requirements and loan stipulations.

Hardship Provisions

In the event of unforeseen hardship during the time the property owner is making repayments under the program, the payment on the loan balance may be postponed until such time as the crisis has passed. It is the responsibility of the loan recipient to request a deferral, in writing, and to provide necessary documentation to establish proof that this is necessary.

Project Feasibility and Eligible Expenditures for Rental Housing Rehabilitation Program

The Housing Administrator will make a determination of economic feasibility for each rental unit under consideration by the Program. **This includes consideration of issues/costs related to lead-based paint.** In general, a property will be determined infeasible for rehabilitation if the cost of repairs exceeds \$25 per square foot, or the estimated cost of the rehabilitation is greater than \$24,000. The CNHD Rehab Committee may render any of the following four determinations, based on its judgment, on all facts, circumstances, and advice:

1. The project is deemed economically feasible and eligible to be rated for funding.
2. The project may be approved with a funding limitation so as to be considered feasible.
3. The project may be delayed for further study and consideration.
4. The project is not economically feasible.

If the CNHD Rehab Committee makes the determination that a proposed project is not economically feasible, the applicant may appeal the determination by following the Client Appeal / Grievance Procedure described later in these Guidelines.

Replacement housing for properties that are not economically feasible are not available through this Program. All costs related to any temporary relocation of the tenants required as a result of the rehab work funded through this Program will be the responsibility of the property owner.

The minimum standards to be met on any rehabbed unit are NDED's Minimum Standards for Rehabilitation, on every property that is assisted.

Eligible expenditures for bringing the structure up to minimum standards include, but are not limited to:

Remediation/Interim Controls of Lead-Based Paint Hazards (as mandated)

Structural Repairs to:

- Foundations
- Sagging or rotten beams, joists, columns
- Stairs and porches
- Roofs and chimneys
- Floors

Modernization of:

- Plumbing and plumbing fixtures
- Furnace, water heaters, and air conditioners
- Lighting and wiring

Energy Conservation and Weatherproofing, Including:

- 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

General Interior Renewal and Modernization:

- Repairing of walls, ceilings, and floors
- Painting and paneling
- Room rearrangement
- Additions to alleviate overcrowding conditions

Not all rehabilitation improvements are equally important. Priority improvements will be made before any other improvements are done. The following is the grouping for priority improvements:

1. Mandatory improvements for health and safety, lead-based paint hazards remediation/interim controls, deteriorated structural elements, heating (when there is none or it is unsafe), electrical wiring that is clearly hazardous.
2. Accessibility needs for disabled persons.
3. Energy conservation measures.
4. Incipient improvements, such as iron pipes or rain gutters, where there is not currently a problem, but a problem could occur if not corrected.

Priority points are assigned based on the above (see Appendix A and Appendix B).

Compliance with Requirements of HUD's Lead-Based Paint Regulations

This Program is regulated by HUD, and as its administrators CNHD will follow HUD's Lead-Based Paint Regulations. These can be found in the attached HUD Housing Quality Standards – Section 982.401 and the Lead-Based Paint Addendum to these Guidelines. The use of lead-based paint is strictly prohibited.

Education and Outreach for Property Owners and Contractors

The Program Administrator will hold informational meetings throughout the region to provide property owners / prospective applicants with specifics about the Program, such as eligibility requirements, how to apply, what activities are covered by these funds, lead-based paint regulations, etc. Contractors will also be invited to these meetings to address their role in the Program, as well as to provide other information, such as the bidding process, lead-based paint training requirements, etc. Contractors will also be offered the opportunity to have their name included on a list of area contractors that will be provided to property owners as a guide. It will be noted that this list is NOT all inclusive and that property owners may contact contractors not on this list. The only specific restriction on use of a contractor is with regard to training required to work with lead-based paint. The public advertisement for the informational meeting(s) will also provide contact phone numbers so that property owners know where to address questions and contractors may add their names to the contractor list, even if they are unable to attend the meeting.

It is the responsibility of the CNHD to market the program in the region. Besides the Town Hall Meetings, informational outreach will continue to occur within the local civic organizations and agencies.

Application Process

As stated in the Distribution of Program Funds section, the application process for this program has two phases: 1) initial, and 2) ongoing.

Initial Application:

This phase includes both the Property Owner application, and the Current Tenant Application, both of which must be submitted to the Housing Administrator for review and processing. Review of the application will begin as soon as the Housing Administrator has determined that the applications are complete, including all documentation and information required to determine property and household income eligibility.

The Housing Administrator's review process involves the confirmation of the property deed and title search (method of determination of property ownership), dwelling insurance coverage and paid property taxes. In addition, the Housing Administrator will determine the number of bedrooms in the rental unit to determine the maximum rent limit allowed for the unit. The local Community Action Program's utility allowances will be used to determine the maximum amount of monthly rent allowed, according to NAHP Rent Limits at the time of the application.

Next, the Housing Administrator will review the Current Tenant Application to verify income through bank statements, income tax returns, asset verification, employment pay stubs and employer verification, and any other steps deemed necessary, according to the definition found in 24 CFR Part 5.609, using annual gross income as anticipated during the next 12 months (see Tenant Eligibility Requirements).

Once preliminary property eligibility has been established, along with the tenant household income eligibility, the Housing Administrator will conduct an inspection of the rental unit to determine if the property is economically feasible for rehabilitation according to the Nebraska Department of Economic Development's Minimum Rehab Standards. The Housing Administrator will complete a work write-up, incorporating rehab issues relevant to any identified lead-based paint, based on the lead hazard control plan completed by the licensed risk assessor. The Priority Points Sheets located in Appendix A and B of these Guidelines will be utilized for ranking applications prior to submission for consideration. Each project, along with its priority point information and a list of needed repairs and estimated cost, will be presented anonymously to the CNHD Rehab Committee for approval or denial.

The Housing Administrator will send a letter to each applicant informing them of the results of the review process, indicating next steps for successful applicants, and informing unsuccessful applicants that their applications have been denied, and the reason for the denial.

Upon committal of all grant program funds, any additional applications received from property owners whose property is located in the CNHD 17-county region will be placed on a waiting list for future available funds.

Ongoing Application:

Following approval and completion of rental rehabilitation assistance to property owners, there may be a change in tenants during the required affordability period of the loan. In that event,

future tenants must be determined to be income-eligible prior to tenants occupying the grant-assisted unit.

The Housing Administrator's review process for ongoing applications will be carried out using the same process as the Current Tenant Application, by verifying the prospective tenant's income through bank statements, income tax returns, asset verification, employment pay stubs and employer verification, and any other steps deemed necessary, according to the definition found in 24 CFR Part 5.609, using annual gross income as anticipated during the next 12 months. Property owners will be responsible to pay for income-determination fees for future tenant applications.

The Housing Administrator will send a letter to each property owner informing them of the results of the review process, indicating next steps for successful applicants and informing unsuccessful applicants that their applications have been denied, and the reason for the denial.

Construction Phase for Rental Housing Rehabilitation

Upon decision of the CNHD Rehab Committee to fund a specific project, the following steps will be taken:

- Housing Administrator will prepare and send to property owners a set of preliminary loan documents. These must be signed and returned before any work can begin. The signed and notarized Deed of Trust will be filed with the appropriate County Register of Deeds to place a lien* on the property.
- The Property Owner/Applicant will make every attempt to solicit 3 contractor bids for the rehabilitation work. For work involving lead-based paint, the contractor(s) must be appropriately trained, and provide documentation demonstrating such. The applicant will forward all bids to the Housing Administrator to review prior to selection of the contractor. The Housing Administrator will alert the applicant to any red flags or concerns regarding the bids, and then the applicant will make his or her final selection.
- Housing Administrator will issue a contract for the property owner(s) and contractor(s) to sign.
- Once the signed contract is returned to the Housing Rehab Specialist, s/he issues a Notice to Proceed to the contractor.
- Contractor performs the work with progress inspections made by the Housing Rehab Specialist as needed. Inspections will be made as the work progresses. Final payment inspections are made as well.
- Contractor Payment Request form is submitted by the contractor to the property owner or the Housing Rehabilitation Specialist and must be approved by both. Checks are issued in both the property owner and contractor names. The property owner(s) is to endorse the check and forward it to the contractor. By endorsing the check, the property owner(s) indicates his or her satisfaction with the work performed. Any concerns about the performance of the contractor should be presented to the Housing Administrator as soon as they arise so s/he may assist in mediating / resolving the issues.
- Housing Administrator should be notified of any changes in the work so that s/he can determine eligibility of the new plans, as well as funds availability, and issue a change order if indicated.
- Housing Administrator will perform a final inspection to insure all repairs have been completed according to project specifications before final payment is made.
- **For those rental units that require Clearance Testing due to lead-based paint, this testing will be performed in compliance with HUD's regulations.**

- Contractor files Final Pay Request. A waiver of lien will be required from each contractor.
- Property owner enters into a formal loan agreement with the lien holder once all work is complete and all contractors paid in full.

*A special note about the lien holder:

For this program, the lien holder will be CNHD. Should CNHD have to foreclose on a loan used to rehabilitate a rental unit under this NAHP grant, regardless of the county or community in which the property is located, the rental unit must be placed on the market for sale as soon as reasonably possible, and any available proceeds from this sale must be paid to the lien holder, so that these funds can be utilized as income to support the reuse program.

Applicant Follow-up

Following completion of the rehabilitation, property owners will be asked to provide written input on the impact that the rehabilitation has made on their rental units, and assess services they received through the rehabilitation process. Examples of questions include: How would you rate the services provided to you by the Housing Specialist, Contractors, Administrators; Would you recommend this program to another property owner? This will be important information to assess the success of this program, for future rental rehabilitation programs.

Administrative Structure

A. Grantee – Central Nebraska Housing Developers (CNHD)

- Conduct Program's environmental review.
- Complete steps necessary to secure Release of Funds from NDED.
- Market and provide immediate oversight of the project.
- Inform the CNHD Rehab Committee of program progress and issues.
- Work cooperatively with Community Development Services to ensure the collection of all data, reports, records, documents, etc., as needed to meet NDED reporting requirements.
- Initiate draw down of funds with NDED.
- Complete all required reports for NDED (Quarterly, Semi-Annual, etc.) and attend required meetings.
- Approve all legal and financial aspects of the program, including contracts, program reports and expenditures.
- Serve as the final Board where property owners may bring determinations they wish to appeal.
- Complete all close-out requirements for grant.
- Track repayment schedules after closeout of the Grant.
- Approve / Amend Rental Workout Plan, subject to the recommendations of the Housing Board.

B. CNHD Rehab Committee

- Approve or deny each application from its target area presented by the Program

- Administrator / Housing Administrator.
- Serve as the initial Board where property owners may bring determinations they wish to appeal.
 - Make recommendations regarding approving / amending the Program Guidelines as agreed upon by both boards.
 - This Rehab Committee will consist of three designated representatives from the CNHD Board of Directors.

C. Community Development Services - Housing Administrator

- Process property owner applications.
- Perform DED Minimum Standards Inspections.
- Conduct environmental reviews on individual program rental units as indicated.
- Determine work to be performed and economic feasibility of projects.
- Prepare Work Write-up for eligible properties under consideration and present to the CNHD Rehab Committee for approval or denial.
- Oversee the day-to-day operation of the rental rehabilitation program.
- Prepare all program loan documents and file necessary liens.
- Review all property bids.
- Issue contractor and property owner contracts.
- Conduct on-site progress inspections and meet with contractors and property owners as needed and appropriate.
- Ensure all necessary lead-based paint inspections, assessments, occupant relocations, interim controls and clearance testing occur as required.
- Conduct final inspections of all work.
- Prepare Claim Forms for payment of rehab work and track related project budgets.
- Prepare and complete closeout documentation on all program participants' files.

Fair Housing Act

No person in the United States shall on the grounds of race, color, national origin, religion, familial status, disability or sex be excluded from participation in, be denied benefits of or be subjected to discrimination under this Program. This Program will act in accordance with the Fair Housing Act.

Conflict of Interest

No member of the governing body and no other official, employee, or agent of the Central Nebraska Housing Developers who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the Rental Housing Rehabilitation Program shall directly or indirectly benefit from this program, unless the Nebraska Department of Economic Development (NDED) has granted written exception to that member. This prohibition shall continue for one year after an individual's relationship with CNHD ends. Any other employee, officer, or board 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 that outlines the nature of 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 loan related issues.

Client Appeal / Grievance Procedure

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, or within any other segment of the housing rehabilitation program, s/he may appeal the decision by writing either to the CNHD Rehab Committee or to the General Administrator who will attempt to resolve the problem. The CNHD Rental Rehab Committee will make a written response to the appeal within 15 working days. If the property owner is not satisfied with the response, a complaint may be filed with the CNHD Board of Directors, which will make a written response to the appeal within 30 days. As the grantee, CNHD is held responsible for the overall program so a review of grievance or appeal documentation is prudent. The decision of the CNHD Board of Directors is final within that agency. If the property owner is not satisfied with the response, a complaint may be filed with the Nebraska Department of Economic Development.

Affordability Period

Grant-assisted units will be required to meet grant requirements, including rent limits and tenant household income limits, throughout the required affordability period, regardless of whether the grant-assisted loan is paid in full prior to the end of the affordability period or not. The Affordability Period will be commensurate with the total loan amount, as required by NAHP guidelines, as follows:

<\$15,000 per unit	=	5 years affordability
\$15,000 - \$39,999 per unit	=	10 years affordability

Recapture Provisions

If the unit ceases to be the property owner's rental unit, whether by sale, transfer, personal occupation, or remains vacant for more than 180 days prior to satisfaction of the affordability period and full payment of the loan, the remaining funds that have not yet been paid will be due in full. In the event an appraisal determines that insufficient equity exists to meet the obligations of this Program at the time of sale or transfer, the property owner is to pay CNHD 100% of any net proceeds received after the primary mortgage is satisfied and CNHD shall consider the loan(s) paid in full.

Reuse of Program Income

Reuse income generated through the Regional Rental Housing Rehabilitation Program (_____) proposed to be used to continue NAHP-eligible housing activities as described in the Program Guidelines. From the reuse funds collected, the maximum amount available for general administration is 7.5%, and the maximum amount available for housing administration is 8%, with a maximum of \$1,500 per unit available for LBP related costs.

CNHD acknowledges that all Program Income will be returned to NDED for reuse, unless NDED approves CNHD's Program Income Reuse Plan, or offers the option for CNHD to retain program income. Amendments to the Program Income Reuse Plan must be approved by the NDED Program Rep.

Amendments

Any material change in these Program Guidelines must be approved by the CNHD Board of Directors and the NDED Program Representative.

APPENDIX A

HOUSING REHABILITATION PROGRAM PRIORITY RATING GUIDE

ECONOMIC FEASIBILITY:

Project cost under:

\$10/square foot	15
\$15/square foot	10
\$25/square foot, or not exceeding \$25,000	5

GRANT IMPACT:

- Bring NAHP up to accepted DED Minimum Rehab Standards 20
- Energy Conservation 10

YOUR TOTAL POINTS:

APPENDIX B

HOUSING REHABILITATION PROGRAM PROPERTY GUIDELINES

PRIORITY I.

- A. 10 points – Exterior structure, roof, siding, windows and doors _____points
- B. 10 points – Foundation, sidewalks & entryways _____points
- C. 10 points – Electrical wiring (interior & exterior) _____points
- D. 10 points – Lead based paint (removal) _____points
- E. 10 points – Heating system, new energy efficiency guideline and
ventilation _____points
- F. 10 points – Sewer and water (proper installation thereof) _____points
- G. 10 points – Health and safety standards _____points
- H. 10 points – Insulation _____points

PRIORITY I. TOTAL POINTS _____

PRIORITY II.

- A. 5 points – Adequate living space _____points
- B. 5 points – Interior Air quality _____points
- C. 5 points – Sanitation Facilities (proper toilet & private room).
Shower & tub hot & cold water _____points
- D. 5 points – Excessive accumulation of trash _____points

PRIORITY II. TOTAL POINTS _____

PRIORITY III.

- A. 3 points – Interior flooring _____points
- B. 3 points – Closets and storage areas _____points
- C. 3 points – Rodent and vermin infestation (termites) _____points
- D. 3 points – Interior stairways _____points

PRIORITY III. TOTAL POINTS _____

PRIORITY IV.

- A. 0 points – General improvements – Aesthetic in nature _____points

TOTAL PRIORITY I, II, III, & IV _____