

**NORTHEAST ECONOMIC DEVELOPMENT, INC.  
BOARD OF DIRECTORS MEETING  
WEDNESDAY, FEBRUARY 29, 2012 - 7:00 P.M.**

***Conference Call Locations***

*Norfolk City Council Conference Room, 309 Madison Ave, Norfolk, NE 68701  
Scribner Economic Development Center, 412 Main Street, Scribner, NE 68057  
City of Laurel, 101 W 2<sup>nd</sup> Ave, Laurel, NE 68745  
Wayne County Courthouse, 510 Pearl, Wayne, NE 68787*

**AGENDA**

- I. Call to Order:** Inform the public about the location of the Open Meetings Act and that it is accessible to the public (LB 898).
- II. Roll Call**
- III. Introduction of Guests**
- IV. Secretary's Report**
  - A. Approval of Agenda
  - B. Approval of January 2012 Meeting Minutes (as mailed & posted)
- V. Treasurer's Report**
  - A. January 2012 Treasurer's Report
- VI. Discussion Items**
  - A. Tentative Board Meeting Dates and Locations
- VII. Action Items**
  - A. Public Hearing for Application for CIZ & NIZ '11 Owner-Occupied Rehabilitation HOME Set-Aside Funds
  - B. Approve Authorizing Resolution to Apply for CIZ '11 Owner-Occupied Housing Rehabilitation HOME Funds
  - C. Approve Authorizing Resolution to Apply for NIZ '11 Owner-Occupied Housing Rehabilitation HOME Funds
  - D. Approve Changes to NED, Inc.'s Housing Rehabilitation Guidelines
  - E. Business RLF - Loan Application for Ellis Plumbing, Heating and A/C Inc. – Jeff & Jill Ellis – Wayne
  - F. Business RLF - Approve Loan Application for Mohrmann Tool, Inc. (Joe Eckert) – Columbus
  - G. Business RLF - Approve Loan Application for Precision Components Midwest, LLC – David Cerny and Daniel Mize – Norfolk
  - H. Appoint Nominating Committee
- VIII. President/Board Comments**
- IX. Next Meeting Date:** The next NED, Inc Board of Directors meeting will be by conference call beginning at 7:00 p.m. on Wednesday, March 28, 2012. The locations for the conference call will be published on March 14<sup>th</sup>, 2012.
- X. Adjournment**

## NED, Inc Board Agenda

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**Object:** Approval of January, 2012 Treasurer's Report

**Contact Person:** Patsy Taylor, Fiscal Officer

**For:** Action

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**Background:** NED, Inc.'s January, 2012 Statement of Financial Position and the Statement of Revenues and Expenditures that reflect the December Budget, Actual and Budget Variance. Also stated is the FY 2012 Budget for the nonaccrual accounts, July 1, 2011 through June 30, 2012 Actual, Budget Variance so far this fiscal year and Percent of the FY 2012 Budget remaining.

**Explanation:**

Additional Information:

Business Loan Principal Received-\$7,804.78

Housing Rehab Principal Received-\$11,234.31

DPA Principal Received-\$364.96

New Construction Principal Received-\$100,000.00

Business Loan Disbursements-\$38,036.00

Housing Rehab Loan Disbursements-\$54,167.56

DPA New Construction Loan Disbursements-\$65,890.00

New Construction Loan Disbursement-\$201,572.79

**Motion:** To approve the January Treasurer's Report as presented.

**NED, Inc.**  
**Statement of Financial Position**  
**As of 01/31/2012**

	<b>Current Period Balance</b>
<b>Assets</b>	
General Cash	
Cash in Bank-SSB 801910	25,165.76
Business RLF Cash	
IRP Loan Fund-BankFirst 7884171	89,946.05
RLF-BankFirst 7884203	29,505.16
IRP Loan Loss Reserve-BankFirst 7884195	15,077.50
RBEG Loans-BankFirst 7884203	68,432.07
NDO Loan Fund-Security National Bank 229970	282.85
RMAP Loan Fund-BankFirst #7898549	127,625.08
#5765371108 NEF Fund-Wells Fargo NA	146,878.91
#5765371116 Wells Fargo-NEF Loan Loss Reserve	64.04
NEF CD IRP Loan Loss Reserve	45,000.00
IRP #2 Loan Fund-Bank First #7898560	42,149.00
RMAP LLR Fund-BankFirst #8571	25,036.97
NDO Loan Fund-Security National Bank 833851	11,592.80
Housing Cash	
Savings- DPA Trust Payoffs-EVB 035418	24,529.90
Rehab Payments-BankFirst 7858547	18,776.34
New Construction Savings-SSB 61457	106,388.20
CD #882514-Midwest Bank	104,874.09
CD #882516-Midwest Bank	104,975.26
CD #4400000977-Pinnacle Bank	102,059.27
Housing Rehab Savings-Homestead Bank #3958	229,824.99
Pinnacle Bank - Savings	125,297.35
#5765371959-Wells Fargo Bank NA	15,581.39
Receivables	
Grants Receivable	28,532.67
Other Receivables	120.00
Business RLF Notes Receivable	
Business RLF Notes Receivable	154,514.13
Business IRP Notes Receivable	241,218.26
IRP #2 Notes Receivable	290,162.95
NDO Business Notes Receivables	567,565.20
RMAP Business Notes Receivable	124,411.71
Housing Notes Receivable	
DPA Notes Receivable	1,873,779.74
NC Subsidy Notes Receivable	517,346.64
Regional Rehab Notes Receivable	1,971,443.46
Fixed Assets	
Furniture and Equipment	32,364.46
Accumulated Depreciation	(28,102.48)
Allowance for Uncollectibles	
Allowance for uncollectable losses	(2,012,089.74)
<b>Total Assets</b>	<b>5,220,329.98</b>
<b>Liabilities</b>	
Accounts Payable	
Accounts Payable	10,412.46
Accounts Payable-Other	75,000.00
Accrued Interest	2,958.91
Line of Credit	
Stanton State Bank Line of Credit	26,013.24
Notes Payable	

**NED, Inc.**  
**Statement of Financial Position**  
**As of 01/31/2012**

	<u>Current Period Balance</u>
RMAP Loan Payable	250,000.00
NEF Loan Payable	250,000.00
IRP Loan Payable	249,993.14
IRP #2 Loan Payable	<u>274,202.00</u>
Total Liabilities	<u>1,138,579.75</u>
Net Assets	
Other	<u>4,081,750.23</u>
Total Net Assets	<u>4,081,750.23</u>
Total Net Assets and Liabilities	<u><u>5,220,329.98</u></u>

## NED, Inc.

### Statement of Revenues and Expenditures From 01/01/2012 Through 01/31/2012

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining - Original
<b>Revenues</b>							
Rehab Reimbursement Exp	4.17	1.00	(3.17)	50.00	7.86	(42.14)	(84.28)%
Bad Debt Recovery	3,453.33	364.96	(3,088.37)	41,440.00	31,547.26	(9,892.74)	(23.87)%
Housing Admin Rev	13,750.00	0.00	(13,750.00)	165,000.00	25,429.73	(139,570.27)	(84.59)%
Lead Based Paint Inspection	0.00	0.00	0.00	0.00	4,750.00	4,750.00	0.00%
Clearance Inspection	0.00	1,000.00	1,000.00	0.00	2,000.00	2,000.00	0.00%
General Admin Rev	3,208.33	0.00	(3,208.33)	38,500.00	14,950.28	(23,549.72)	(61.17)%
Down Payment Assistance Loan Processing Fee	833.33	969.00	135.67	10,000.00	5,813.00	(4,187.00)	(41.87)%
Microenterprise Management Revenue	2,500.00	0.00	(2,500.00)	30,000.00	16,250.00	(13,750.00)	(45.83)%
CDBG ED NDO RLF Contributions	57,916.67	38,036.00	(19,880.67)	695,000.00	358,024.00	(336,976.00)	(48.49)%
USDA RMAP TA Funds Business Loan Closing Revenue	3,333.33 250.00	0.00 0.00	(3,333.33) (250.00)	40,000.00 3,000.00	26,250.00 2,650.00	(13,750.00) (350.00)	(34.38)% (11.67)%
Housing Rehab Contributions	61,708.33	60,598.49	(1,109.84)	740,500.00	474,733.09	(265,766.91)	(35.89)%
Acquisition of Housing/Vacant Land	8,333.33	0.00	(8,333.33)	100,000.00	319,153.21	219,153.21	219.15%
New Construction Subsidy	11,666.67	0.00	(11,666.67)	140,000.00	0.00	(140,000.00)	(100.00)%
Business Loan Interest	2,083.33	2,815.16	731.83	25,000.00	18,174.85	(6,825.15)	(27.30)%
Business Loan Late Fee	8.33	50.00	41.67	100.00	250.00	150.00	150.00%
Business Loan Processing Fee	500.00	400.00	(100.00)	6,000.00	3,600.00	(2,400.00)	(40.00)%
Annual Servicing Fees	208.33	278.17	69.84	2,500.00	1,837.63	(662.37)	(26.49)%
HO Rehab Interest	1,666.67	1,367.52	(299.15)	20,000.00	8,567.41	(11,432.59)	(57.16)%
Interest Income	625.00	305.07	(319.93)	7,500.00	4,814.75	(2,685.25)	(35.80)%
Miscellaneous Income	0.00	0.00	0.00	0.00	59.80	59.80	0.00%
Contributions	1,983.33	1,568.16	(415.17)	23,800.00	12,124.14	(11,675.86)	(49.06)%
<b>Total Revenues</b>	<b>174,032.48</b>	<b>107,753.53</b>	<b>(66,278.95)</b>	<b>2,088,390.00</b>	<b>1,330,987.01</b>	<b>(757,402.99)</b>	<b>(36.27)%</b>

**Expenditures**

**NED, Inc.**  
**Statement of Revenues and Expenditures**  
**From 01/01/2012 Through 01/31/2012**

	Current Period Budget	Current Period Actual	Current Period Budget Variance	Total Budget - Original	Current Year Actual	Total Budget Variance	Percent Total Budget Remaining - Original
Down Payment Assistance	416.67	3.88	412.79	5,000.00	953.68	4,046.32	80.93%
Loan Exp							
Postage/Shipping	0.00	0.00	0.00	0.00	5.50	(5.50)	0.00%
Computer	41.67	0.00	41.67	500.00	0.00	500.00	100.00%
Maintenance/Software							
Bank Note Payoff	41.67	141.45	(99.78)	500.00	551.75	(51.75)	(10.35)%
Lead Testing Exp	0.00	1,000.00	(1,000.00)	0.00	9,750.00	(9,750.00)	0.00%
Bank Fees	4.17	11.00	(6.83)	50.00	78.00	(28.00)	(56.00)%
Loan Closing Expense	250.00	0.00	250.00	3,000.00	869.17	2,130.83	71.03%
Housing Admin	13,750.00	0.00	13,750.00	165,000.00	25,429.73	139,570.27	84.59%
General Admin	3,208.33	0.00	3,208.33	38,500.00	14,950.38	23,549.62	61.17%
Memberships	25.00	0.00	25.00	300.00	0.00	300.00	100.00%
Legal Services	83.33	0.00	83.33	1,000.00	780.59	219.41	21.94%
Depreciation Expense	208.33	229.20	(20.87)	2,500.00	1,405.32	1,094.68	43.79%
Microenterprise Partnership Contract	2,500.00	0.00	2,500.00	30,000.00	16,250.00	13,750.00	45.83%
Loan Interest Expense	625.00	341.67	283.33	7,500.00	15,886.77	(8,386.77)	(111.82)%
NENEDD Management Exp	5,833.33	9,162.46	(3,329.13)	70,000.00	66,782.78	3,217.22	4.60%
Loans Written Off	39,791.67	0.00	39,791.67	477,500.00	22,868.94	454,631.06	95.21%
NC Subsidy Loans Forgiven	91.67	89.10	2.57	1,100.00	623.70	476.30	43.30%
Rehab Loans Forgiven	9,166.67	9,593.38	(426.71)	110,000.00	65,389.10	44,610.90	40.56%
Flood Disaster Contractor Payments	3,125.00	5,178.30	(2,053.30)	37,500.00	33,422.16	4,077.84	10.87%
Invest Nebraska NDO RLF Contributions	8,333.33	695.00	7,638.33	100,000.00	2,780.00	97,220.00	97.22%
Miscellaneous	0.00	15.00	(15.00)	0.00	19.72	(19.72)	0.00%
Total Expenditures	87,495.84	26,460.44	61,035.40	1,049,950.00	278,797.29	771,152.71	73.45%
Total Revenues Over (Under) Expenditures	86,536.64	81,293.09	(5,243.55)	1,038,440.00	1,052,189.72	13,749.72	1.32%

## NED, Inc Board Agenda

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**Object:** Tentative Board Meeting Dates and Locations

**Contact Person:** Tom Higginbotham/Tina Engelbart

**For:** Discussion

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**Background /Explanation:** With the limitations on the number of meetings held by conference call, changes needed to be made to the previous meeting schedule.

**Motion:** None needed.

## 2012

<u>Month</u>	<u>Day</u>	<u>Location</u>	<u>Time</u>
January	Wednesday, January 25	Conference Call – Various Locations	7:00 PM
February	Wednesday, February 29	Conference Call – Various Locations	7:00 PM
March	Wednesday, March 28	Conference Call – Various Locations	7:00 PM
April	Wednesday, April 25	Clearwater - at RLF client Clearwater café - Mesner Development presentation	7:00 PM
May	Wednesday, May 30	Laurel - Possible tour of bio plant	7:00 PM
June	Wednesday, June 27	Wayne - tour Sand Creek Post & Beam	7:00 PM
July	Wednesday, July 25	Elgin - Plantaion House	7:00 PM
August	Wednesday, August 29	Santee - no tour REAP survey presentation	7:00 PM
September	Wednesday, September 26	Howells - Tour of FAB sprinklers	7:00 PM
October	Wednesday, October 31	Conference Call – Various locations	7:00 PM
November	Wednesday, November 28	Conference Call – Various Locations	7:00 PM
December	Wednesday, December 19	Conference Call – Various Locations	7:00 PM

## 2013

<u>Month</u>	<u>Day</u>	<u>Location</u>	<u>Time</u>
January	Wednesday, January 30	Conference Call – Various Locations	7:00 PM
February	Wednesday, February 27	Conference Call – Various Locations	7:00 PM
March	Wednesday, March 27	Conference Call – Various Locations	7:00 PM
April	Wednesday, April 24	Clarkson - Clarkson Bakery	7:00 PM
May	Wednesday, May 29	Fremont - Natura Pet Products	7:00 PM
June	Wednesday, June 26	Hartington - Trail Mannor	7:00 PM
July	Wednesday, July 31	Snyder - Smeal Fire	7:00 PM
August	Wednesday, August 28	Plainview - no tour	7:00 PM
September	Wednesday, September 25	Columbus - Flex Con	7:00 PM
October	Wednesday, October 30	Conference Call – Various locations	7:00 PM
November	Wednesday, November 20	Conference Call – Various Locations	7:00 PM
December	Wednesday, December 18	Conference Call – Various Locations	7:00 PM

## 2014

<u>Month</u>	<u>Day</u>	<u>Location</u>	<u>Time</u>
January	Wednesday, January 29	Conference Call – Various Locations	7:00 PM
February	Wednesday, February 26	Conference Call – Various Locations	7:00 PM
March	Wednesday, March 26	Conference Call – Various Locations	7:00 PM
April	Wednesday, April 30	Albion - Azonic Projects	7:00 PM
May	Wednesday, May 28	Crofton - no tour	7:00 PM
June	Wednesday, June 25	Wakefield - Greenhouse	7:00 PM
July	Wednesday, July 30	Decatur - no tour	7:00 PM
August	Wednesday, August 27	David City -	7:00 PM
September	Wednesday, September 24	West Point	7:00 PM
October	Wednesday, October 29	Conference Call – Various locations	7:00 PM
November	Wednesday, November 19	Conference Call – Various Locations	7:00 PM
December	Wednesday, December 31	Conference Call – Various Locations	7:00 PM



## NED, Inc Board Agenda

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**Object:** Public Hearing Notice for Application for CIZ & NIZ '11 Owner-Occupied Rehabilitation HOME Set-Aside Funds.

**Contact Person:** Judy Joy/Thomas Higginbotham

**For:** Action

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**Background:** Public Hearing for Application for CIZ '11 & NIZ ;11 Owner-Occupied Rehabilitation HOME Set-Aside Funds.

**Explanation:** Public Hearings are required during the HOME funded activities to obtains citizen input, comments, or opinions with regard to the program or project performances.

### **NOTICE OF PUBLIC HEARING ON APPLICATION FOR NEBRASKA AFFORDABLE HOUSING PROGRAM FUNDS**

NOTICE IS HEREBY GIVEN THAT ON February 29, 2012, at the following locations:

*Norfolk City Council Conference Room, 309 Madison Ave., Norfolk, NE 68701*

*City of Laurel, 101 West 2<sup>nd</sup> Street, Laurel, NE 68745*

*Scribner Economic Development Center, 412 Main Street, Scribner, NE 68057*

*Wayne County Courthouse, 510 Pearl Street, Wayne, NE 68787*

Northeast Economic Development, Inc., a Nebraska non-profit corporation, will hold a public hearing as applicable concerning an application to the Department of Economic Development for Nebraska Affordable Housing Program Grant. This grant is available for local affordable housing activities.

- **CIZ'11 Set-Asides**

Northeast Economic Development Inc. is requesting \$119,687 of Affordable Housing Funds for the Central Investment Zone including the counties of Boone, Antelope, Nance, and Knox Counties, of which \$92,143 will be for housing rehabilitation of approximately 4 owner-occupied homes, \$6,000 will be used for paint testing/risk assessment/clearance testing activities, \$11,969 for housing management, and \$9,575 for general administration of the grant. Matching funds in the amount of \$7,857 will be provided. This grant will benefit low to moderate income people. There will be no persons displaced as a result of NAHP activities.

- **NIZ'11 Set-Asides**

Northeast Economic Development Inc. is requesting \$319,164 of Affordable Housing Funds for the Northeast Investment Zone including the counties of Burt, Cedar, Colfax, Cuming, Dakota, Dodge, Dixon, Rural Douglas, Madison, Pierce, Platte, Stanton, Thurston, Washington, and Wayne, of which \$246,715 will be used for housing rehabilitation of approximately 10 owner-occupied homes, \$15,000 will be used for paint testing/risk assessment/clearance testing activities, \$31,916 for housing management, and \$25,533 for general administration of the grant. Matching funds in the amount of \$3,285 will be provided. This grant will benefit low to moderate income people. There will be no persons displace as a result of the NAHP activities.

The grant application will be available for public inspection at the Northeast Economic Development, Inc. office – 111 South 1<sup>st</sup> Street, Norfolk, NE 68701. All interested parties are invited to attend this public

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hearing at which time you will have an opportunity to be heard regarding the grant application. Written testimony will also be accepted at the public hearing scheduled for 7:15p.m., February 29, 2012, at locations listed. Written comments can be addressed to Mickella Brabec, at 111 South 1<sup>st</sup> Street, Norfolk, NE 68701 and will be accepted if received on or before February 28, 2012.

Individuals requiring physical or sensory accommodations including interpreter service, Braille, large print, or recorded materials, please contact Mickella Brabec at 111 South 1<sup>st</sup> Street, Norfolk, NE 68701 – (402) 379-1150 no later than February 28, 2012.

I hereby certify that this notice was posted on the 14th day of February, 2012 at the NED, Inc. offices, 111 South 1<sup>st</sup> Street, Norfolk, NE; and that this notice was e-mailed to over 570 entities including units of local government, businesses, and state and local development organizations.

NORTHEAST ECONOMIC DEVELOPMENT, INC.

A handwritten signature in black ink, appearing to read "Thomas L. Higginbotham Jr.", with a stylized flourish at the end.

Thomas L. Higginbotham Jr.  
Executive Director

## NED, Inc Board Agenda

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**Object:** Approve authorizing resolution to apply for CIZ '11 Owner-Occupied Housing Rehabilitation HOME funds.

**Contact Person:** Judy Joy/Thomas Higginbotham

**For:** Action

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**Background:** NED Inc. participates in the set-aside program for housing rehabilitation. See public hearing notice for the Central Investment Zone (CIZ '11) Set-Aside funds contained in this board agenda.

**Explanation:** Authorization to submit application and enter into agreement for Nebraska Affordable Housing Program.

### AUTHORIZATION TO SUBMIT APPLICATION (S) AND ENTER INTO AGREEMENT FOR NEBRASKA AFFORDABLE HOUSING PROGRAM

A resolution of the Board of Directors of Northeast Economic Development, Inc. authorizing the submission of an application(s) for 2011 Nebraska Affordable Housing Program Funds, certifying that said application(s) meets the community's housing and community development needs and the requirements of the Nebraska Housing Trust Fund program, and authorizing all actions necessary to implement and complete the activities outlined in said application.

WHEREAS, the Board of Directors of Northeast Economic Development, Inc. is desirous of undertaking affordable housing development activities; and

WHEREAS, the State of Nebraska is administering the Nebraska Affordable Housing Program; and

WHEREAS, the Nebraska Affordable Housing Program requires that funds benefit low-income households; and

WHEREAS, the activity in the application addresses the proposed project area's low-income population housing needs; and

WHEREAS, a recipient of Nebraska Affordable Housing Program is required to comply with the program guidelines and State regulations.

NOW, THEREFORE BE IT RESOLVED THAT the Board of Directors of Northeast Economic Development, Inc. authorize application to be made to the State of Nebraska, Department of Economic Development for 2011 Nebraska Affordable Housing Program, and authorize Richard Uhlir, Board President to sign application and contract or grant documents for receipt and use of these funds, and authorize the Richard Uhlir, Board President to take all actions necessary to implement and complete the activities submitted in said application(s); and

THAT, the Board of Directors of Northeast Economic Development, Inc. will comply with all State regulations and Nebraska Affordable Housing Program policies.

Passed and adopted by the Board of Directors of Northeast Economic Development, Inc. this

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29th day of February 2012.

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Richard Uhlir, President

February 29, 2012

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Date Signed

**Motion:** To approve authorization to submit application and enter into agreement for Nebraska Affordable Housing Program

## NED, Inc Board Agenda

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**Object:** Approve authorizing resolution to apply for NIZ '11 Owner-Occupied Housing Rehabilitation HOME funds.

**Contact Person:** Stephanie Hecht/Thomas Higginbotham

**For:** Action

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**Background:** NED Inc. participates in the set-aside program for housing rehabilitation. See public hearing notice for the Northeast Investment Zone (NIZ '11) Set-Aside funds contained in this board agenda.

**Explanation: Authorization to submit application and enter into agreement for Nebraska Affordable Housing Program.**

### AUTHORIZATION TO SUBMIT APPLICATION (S) AND ENTER INTO AGREEMENT FOR NEBRASKA AFFORDABLE HOUSING PROGRAM

A resolution of the Board of Directors of Northeast Economic Development, Inc. authorizing the submission of an application(s) for 2011 Nebraska Affordable Housing Program Funds, certifying that said application(s) meets the community's housing and community development needs and the requirements of the Nebraska Housing Trust Fund program, and authorizing all actions necessary to implement and complete the activities outlined in said application.

WHEREAS, the Board of Directors of Northeast Economic Development, Inc. is desirous of undertaking affordable housing development activities; and

WHEREAS, the State of Nebraska is administering the Nebraska Affordable Housing Program; and

WHEREAS, the Nebraska Affordable Housing Program requires that funds benefit low-income households; and

WHEREAS, the activity in the application addresses the proposed project area's low-income population housing needs; and

WHEREAS, a recipient of Nebraska Affordable Housing Program is required to comply with the program guidelines and State regulations.

NOW, THEREFORE BE IT RESOLVED THAT the Board of Directors of Northeast Economic Development, Inc. authorize application to be made to the State of Nebraska, Department of Economic Development for 2011 Nebraska Affordable Housing Program, and authorize Richard Uhlir, Board President to sign application and contract or grant documents for receipt and use of these funds, and authorize the Richard Uhlir, Board President to take all actions necessary to implement and complete the activities submitted in said application(s); and

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THAT, the Board of Directors of Northeast Economic Development, Inc. will comply with all State regulations and Nebraska Affordable Housing Program policies.

Passed and adopted by the Board of Directors of Northeast Economic Development, Inc. this 29th day of February 2012.

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Richard Uhlir, President

February 29, 2012

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Date Signed

**Motion:** To approve authorization to submit application and enter into agreement for Nebraska Affordable Housing Program.

## NED, Inc Board Agenda

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**Object:** Recommendation to approve changes to NED, Inc.'s Housing Rehabilitation Guidelines

**Contact Person:** Judy Joy

**For:** Action

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**Background:** Changes to NED, Inc.'s Housing Rehabilitation Guidelines to meet the Nebraska Department of Economic Development requirements.

**Explanation:** Attached are the guidelines. Deletions have a strike-through and additions are highlighted in red. Changes have been made to the following sections:

- Section 2.3 – Condition
- Section 2.5 – Insurance
- Section 2.6 – Types of Improvements
- Section 4.1 – Loan Program
- Section 4.3 – Leveraged Income Sources
- Section 5.1 – Application Process
- Section 6.1 – Pre-Construction Loan Documents
- Section 6.2 – Post Construction Loan Documents
- Section 7.0 – Construction Process
- Section 8.0 – Grievance Procedure

**Motion:** To approve changes to the NED, Inc.'s Housing Rehabilitation Guidelines.

**Northeast Economic Development, Inc. (NED, Inc.)**  
**HOUSING REHABILITATION PROGRAM GUIDELINES**

**PURPOSE**

It is the main goal of the Investment Zone Regional Housing Rehabilitation Program to assist low-income persons of this Region in improving the health and safety of their living conditions through housing rehabilitation. It is also an important goal to increase the number of good, habitable dwelling units and improve the housing stock by providing low-interest loans to homeowners to rehabilitate their housing units. The program will prevent the spread of blight and its influence, provide assistance to those persons of the greatest need, improve the availability and desirability of housing, discourage the abandonment or neglect of residential dwelling units, promote continued home ownership, increase the attractiveness of existing neighborhoods, and increase local employment. This program will be operated by the Northeast Economic Development, Inc. (NED, Inc.) through its seven (7) member Board of Directors. The NED Inc. Board of Directors is responsible for the establishment of the following guidelines.

This program is in compliance with the Fair Housing Act. NED, Inc. will comply with the following Sections of the Fair Housing Act and the following regulations:

Sec. 818. [42 U.S.C. 3617] Interference, coercion, or intimidation; enforcement by civil action. NED, Inc.'s housing rehabilitation program does not coerce, intimidate, threaten, or interfere with any person seeking housing rehabilitation funds from NED, Inc. NED, Inc. does not discriminate when loaning housing rehabilitation funds based on race, color, religion, sex, handicap, familial status, or national origin and has in fact adopted a Fair Housing Resolution. NED, Inc. will follow the following CFR regulations for implementing the Fair Housing Act for HUD funded programs:

Title 24 CFR 100 Subpart C provides NED, Inc.'s housing rehabilitation program with interpretations of conduct that is unlawful under section 805. NED, Inc. will follow these interpretations when providing financial assistance for the rehabilitation of a dwelling. NED, Inc. does not discriminate when loaning rehabilitation funds based on race, color, religion, sex, handicap, familial status, or national origin and has, in fact, adopted a Fair Housing Resolution.

Title 24 CFR 100 Subpart D provides NED, Inc.'s housing rehabilitation program with guidance to permit handicapped persons reasonable modifications of the existing dwelling that is being rehabbed.

Title 24 CFR 100 Subpart F provides NED, Inc.'s housing rehabilitation program with guidance of conduct that is unlawful under Section 818 of the Fair Housing Act.

Title 24 CFR 107 is used to take action necessary and appropriate to prevent discrimination because of race, color, religion, sex, handicap, familial status, or national origin. Under this section NED, Inc. insures that all legal documents contain provisions regarding discrimination. NED, Inc. maintains racial, national origin and sex data required by the department in connection with its programs.

Title 24 CFR 110 sets forth regulations regarding the purpose and location of posters. NED, Inc. has its posters prominently displayed, and of proper size, so they can be read by all persons seeking housing. NED, Inc. letterhead and all housing brochures bear the Fair Housing Logo.

**1.0 APPLICANT ELIGIBILITY****1.1 General (Conflict of Interest)**

No member of the governing body, official, employee, agent or member of their immediate family of NED, Inc. who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the 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 the NED, Inc. 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 which 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 Housing Rehabilitation grant related issues.



**1.2 Income Eligibility**

Those persons receiving assistance under this program will be at or below 80% of the Area Median Income (AMI) for the County in which the applicant(s) receive assistance by standards established by the Department of Housing and Urban Development (HUD) for lower-income assisted housing. These limits will be updated within 30 days of US Census or HUD notification of a revised median income for this area. Income eligibility, through the use of 3rd party verifications, will be determined using the Anticipated Annual (Gross) Income Definition found at 24 CFR 5.609.

**2.0 PROPERTY ELIGIBILITY**

**2.1 Location**

The housing units to be rehabilitated will be located in NED, Inc.'s service area, and are subject to limitations set by individual NAHP grant rules. Housing units to be rehabilitated cannot be located within a special flood hazard area. The NED, Inc. service area is defined as follows: The Central Investment Zone (CIZ) covers the counties of Antelope, Boone, Knox, and Nance. The Northeast Investment Zone (NIZ) covers the counties of Burt, Cedar, Colfax, Cuming, Dakota, Dixon, Dodge, rural Douglas, Madison, Pierce, Platte, Stanton, Thurston, Washington and Wayne. The units must also abide by all other policies set forth in these guidelines.

**2.2 Unit Characteristics**

Only owner-occupied (primary residence), single family housing units, which are currently in substandard condition, will be eligible for rehabilitation. Mobile homes, housing connected to other space used for commercial purposes, and rental properties are not eligible for assistance. Housing units located within a special flood hazard will not be eligible for assistance. Duplexes are eligible for assistance if one unit is owner-occupied (primary residence) and rent is charged for the other half of the duplex, which counts toward the applicant's household income. Land contracts or real estate contracts are not eligible for the housing rehabilitation program. Homeownership is determined by obtaining and reviewing a copy of the filed property deed. The homeowner is responsible for the completion of the Homeowner Property Title Verification Form included in the application.

**2.3 Condition**

At the completion of rehabilitation, units ~~will~~ **must** comply with the NDED Minimum Rehabilitation Standards. The unit's condition must be such that it can be rehabilitated at a reasonable cost. (See Section 4.5)

**2.4 Taxes**

Property taxes must be paid current at the time that NED, Inc. and the homeowner sign the housing rehabilitation agreement. Property taxes must be kept current throughout the homeowner's loan or forgivable loan repayment period in order to remain eligible for the program.

**2.5 Insurance**

Owner-occupants 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 NED Inc. Board of Directors. **All proceeds resulting from insurance claims must be applied toward the cost of needed repairs to the home.** The above-referenced insurance coverage(s) must be carried on the unit for the entire duration of the rehabilitation loan term. The Northeast Economic Development (NED, Inc.) will be named as a loss-payee on all insurance policies.

**2.6 Types of Improvements**

All units must be improved to meet the NDED Minimum Rehabilitation Standards at the completion of rehabilitation. The following listed items are eligible expenditures to bring a unit up to Minimum Rehabilitation Standards:

Structural Repairs to:

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

Modernization of:

- Plumbing and plumbing fixtures
- Furnace and water heaters
- Lighting and wiring

General Interior Renewal and Modernization:

- Wall, ceiling and floor repair
- Painting and paneling
- Room rearrangement
- Additions to alleviate overcrowding conditions

Energy Conservation and Weatherproofing, including:

- Ceiling and wall insulation
- Window and door repair or replacement
- Caulking and weather-stripping
- Installation of storm windows and doors
- Roof covering removal and installation
- Siding and trim painting or replacement

Lead-Based Paint Hazard Control:

Lead-based paint removal or remediation will be completed in accordance with HUD’s Lead Safe Rule.

Hazardous Conditions:

Hazardous conditions are subjective, but generally are defined as urgent health and/or safety issues as determined by the Housing Specialist on a case-by-case basis.

The correction of Minimum Rehabilitation Standard deficiencies is given top priority in the rehabilitation process.

The following items will be included in the rehabilitation work if funding is available and these items contribute to the health, safety and/or well-being of the occupant, or the items contribute to the structural integrity or long-term preservation of the unit:

- |  |  |
|--|--|
| a) handicap accessibility items                | e) improving clothes closets or shelving |
| b) painting (No lead based paint will be used) | f) improving kitchen cabinets            |
| c) paneling                                    | g) air conditioning                      |
| d) carpeting                                   | h) sidewalk repair                       |

**3.0 MINIMUM HOUSING REHABILITATION STANDARDS/CODE ENFORCEMENT**

**3.1 Condition**

At the completion of rehabilitation, units will comply with local Housing Codes and NDED Minimum Rehabilitation Standards – whichever requires the higher standard. The unit’s condition must be such that it can be rehabilitated at a reasonable cost.

**3.2 Lead-Based Paint Hazard Evaluation and Reduction**

**1. For work under \$5,000 – “Do No Harm”**

Safe work practices must be followed for all rehabilitation activities, and paint disturbed during the rehabilitation project must be repaired. Clearance of the worksite must be performed.

**2. For work between \$5,000 and \$25,000 – Risk Assessments and Interim Controls**

Interim controls must be performed on hazards identified by the risk assessment and paint disturbed during the rehabilitation project must be repaired. Interim controls include paint stabilization, dust removal, preventive maintenance that keeps lead hazards from developing, treating some or all friction and impact surfaces, and covering contaminated bare soil. If there is more than 9 ft<sup>2</sup> of bare soil, which has not been tested, soil treatment is required (24 CFR 35.1330). Bare soil can be covered with appropriate treatments such as gravel, wood chips, sod or permanent covering.

**OR Presume Lead and Perform Standard Treatments**

If lead-based paint and/or lead-based paint hazards are presumed or exist, standard treatments must be carried out for the entire unit. Standard treatments include:

- paint stabilization;
- making horizontal surfaces smooth and cleanable;
- correction of dust generating conditions;
- treatment of bare soil exceeding 9 ft<sup>2</sup>;
- safe work practices while the work is being performed; and
- the unit must pass clearance.

A person performing interim controls must be trained in accordance with the hazard communication standard for the construction industry issued by the Occupational Safety and Health Administration of the U.S. Department of Labor at 29 CFR 1926.59, and either be supervised by an individual certified as a **lead-based paint** abatement supervisor or have completed successfully one of the following **lead**-safe work practices courses, except that this supervision or **lead**-safe work practices training requirement does not apply to work that disturbs painted surfaces less than the de minimis limits of Sec. 35.1350(d):

- (i) A **lead-based paint** abatement supervisor course accredited in accordance with 40 CFR 745.225;
- (ii) A **lead-based paint** abatement worker course accredited in accordance with 40 CFR 745.225; or
- (iii) Another course approved by HUD for this purpose after consultation with the EPA. A current list of approved courses is available on the Internet at <http://www.hud.gov/offices/lead>, or by mail or

fax from the HUD Office of Healthy Homes and Lead Hazard Control at (202) 755-1785, extension 104 (this is not a toll-free number). Persons with hearing or speech impediments may access the above telephone number via phone or TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

- (iv) The Remodeler's and Renovator's **Lead-Based Paint Training Program**," prepared by HUD and the National Association of the Remodeling Industry; or
- (v) Another course approved by HUD for this purpose after consultation with EPA. (4)

**3. For work over \$25,000 – Interior Risk Assessment and Abatement and Exterior Stabilization**

Surfaces painted with lead-based paint that is disturbed during rehabilitation and those hazards identified by the risk assessment must all be abated. Abatement includes removing lead-based paint from surfaces, enclosure methods, removing and replacing components painted with lead-based paint and removing and replacing contaminated bare soil exceeding 9 ft<sup>2</sup> in area. Abatement methods that last 20 years are considered to be permanent.

Interim controls may be performed on exterior surfaces if those surfaces are not undergoing rehabilitation.

**OR Presume Lead and Perform Full Abatement**

If you presume the presence of lead-based paint and/or lead-based paint hazards, the surfaces being disturbed during rehabilitation and all applicable surfaces – deteriorated, friction, impact and accessible (chewable) surfaces and bare soil surfaces in excess of 9 ft<sup>2</sup> – must be abated.

**3.4 Relocation Policy**

The Program will pay up to \$500 for out of pocket expense, if it is deemed necessary through the Risk Assessment, that temporary relocation is mandatory during rehab to ensure the health and safety of the residents. The owner-occupant must provide receipts and the receipts must be reviewed and approved by NED, Inc. in order for the owner-occupant to be reimbursed.

**3.5 Environmental Concerns**

Agencies requiring compliance with historic designations, floodplains, archeological significance, etc. will be consulted prior to action or rehabilitation being implemented on the unit. A unit determined by such agencies to have compliance issues will be rehabilitated only in accordance with predetermined guidelines for such actions.

**4.0 TYPES OF FINANCIAL ASSISTANCE**

**4.1 Loan Program**

NED, Inc. will give notice in daily and weekly newspapers in the region of availability of program funding. NED, Inc. will also give notice through the NENEDD News Brief which is received by banks, community members, private members and public members in northeast Nebraska of availability of program funding. Marketing may also include posters and brochures displayed in areas where qualified applicants visit on a regular basis. An applicant's gross annual income and net worth of assets will be calculated based upon the Technical Guide for Determining Income and Allowances for the HOME Program, Second Edition, Chapter Three – Calculating Annual (Gross) Income. An Annual Income Worksheet based upon the applicant's anticipated gross annual income will be created and appropriate loan level determined.

NED, Inc. will provide current income thresholds to the applicant. These thresholds are set annually by HUD. Current income thresholds can be found at [www.hudclips.org](http://www.hudclips.org).

The loan programs are as follows:

- **Level A:** (66% - 80% of median) consists of a 2% interest rate loan for 100% of rehabilitation costs. The loan term is up to 20 years (240 payments). This meets the minimum ~~federally~~ imposed affordability period.
- **Level B:** (51%-65% of median) consists of a 1% interest rate loan for 100% rehabilitation costs. The loan term is up to 20 years (240 payments). This meets the minimum ~~federally~~ imposed affordability period.
- **Level C:** (50% or less of median), consists of a 0% interest rate loan for 100% of the rehabilitation costs. The loan term is up to 20 years (240 payments). This meets the minimum ~~federally~~ imposed affordability period.

- **Level D:** (Age 62 or older and 50% or less of median) consists of a 0% interest rate forgivable loan for 100% of the rehabilitation costs. This loan will be forgiven at the 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 have been generated. The loan term is 10 years (120 forgivable payments). This meets the minimum federally imposed affordability period.

The maximum loan amount of \$25,000.00 can be waived by the NED Inc. Board of Directors after consideration of all relevant information. Although decisions of the NED Inc. Board of Directors in such cases are based upon some subjective considerations, there must be a sound factual basis for the NED Inc. Board of Directors to approve expenditures of more than \$25,000.00 per dwelling unit. Such decisions shall be made only upon recommendation of the Housing Specialist who must ensure that adequate documentation is in the file to show the rationale behind such decision.

The 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 homeowner(s) signs the promissory note. This lien, in favor of the Northeast Economic Development (NED, Inc.), 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 NED, Inc. lien will require the balance to be paid off unless the NED Inc. Board of Directors receives a written explanation of need and issues a waiver of this clause. All subordination requests will follow NED Inc.'s subordination policy (attached as Appendix B). The homeowner is required to pay all closing and filing costs associated with the refinance and subordination. The NED Inc. Board of Directors will determine whether a request for loan subordination is approved or denied. **Borrowers will be required to pay a processing fee of \$500.00 for all loan subordination requests.**

The property must be the borrower(s)' primary residence throughout the duration of the loan term **and must be the primary residence for at least five (5) years in order to meet the minimum affordability period.** 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-owner occupied, is vacant for a period of more than 90 days, or is converted to rental property, 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. The Housing Specialist may re-inspect the property, at any time throughout the duration of the loan term, to ensure that the property is the borrower(s)' primary residence. **Property owners will be given proper 24 hour notification prior to the inspection.**

#### 4.2 **Loan Payments**

Loan recipients who are to make payments to NED, Inc. are required to use the Automated Clearing House (ACH) method for monthly loan installments. Recipients are required to fill out and submit an ACH form to NED, Inc., thus authorizing this payment method. Payments will start on the 1<sup>st</sup> of the month, as indicated in the loan closing documents.

**Late Payments:** If the principle of the Note is not paid during the calendar month which includes the date due, the loan recipient shall pay a \$10.00 late fee per calendar month. If a loan payment is late on three occasions, the loan will be in default.

#### 4.3 **Leveraged Income Sources**

Additional funding may be available for applicants through other sources **that provide weatherization and housing rehabilitation programs**, such as USDA Rural Housing Programs: Direct Loan Program (Section 502), Home Repair Loan and Grant Program (Section 504), Nebraska Energy Office Low Interest Loan, Goldenrod Hills Community Services Weatherization Program and Central Nebraska Community Services Programs and Making Homes Accessible. The Housing Specialist will determine possible eligibility and assists applicants in securing funding through these programs. Application to the USDA-RD programs is required for all applicants meeting the USDA-RD income & asset requirements. A USDA Referral Determination form is completed to determine eligibility. Applicants who are over the Income and/or Asset limitations for the USDA-RD program will not be referred. Referral is required for all applicants who fall below the USDA Income and Asset limitations. USDA will provide written acceptance or denial for each applicant referred for USDA-RD funding. ~~If USDA Home Repair Loan and Grant Program (Section 504) funds are available at the rehab project start date, these funds will be utilized before any Nebraska Affordable Housing Program (NAHP) funds are utilized.~~

#### 4.4 **Hardship Review**

In the case of unforeseen hardship or incapacitation, loan recipients may request a review of their annual gross income and repayment ability. The Housing Specialist, on a case-by-case basis, may recommend to the NED Inc.

Board of Directors an adjustment of the terms of a rehabilitation loan, such as forgiving accrued interest or adjusting the terms of the loan and/or interest rate until such time as the crisis has passed and the recipient is able to commence their regularly scheduled payment. It is the sole responsibility of the loan recipient to ask for such review of their income and to provide documentation of the hardship.

#### **4.5 Economic Feasibility for Rehabilitation**

If it is determined that the cost of rehabilitation of a unit is so great that the expenditure of program funds upon it is not justified, the project is deemed not economically feasible. The determination shall be made by the NED Inc. Board of Directors after reviewing the opinion of the Housing Specialist.

A property is generally not economically feasible for rehabilitation if any one of the following criteria applies (criteria are intended as a guide and not as absolute determinants):

1. The estimated cost of rehabilitation exceeds \$25,000
2. The estimated cost of rehabilitation exceeds \$25 per square foot of floor space (considering livable floor space of the entire unit).

If the property exceeds any of the above listed criteria, the NED Inc. Board of Directors shall review the application. The NED Inc. Board of Directors will render one of the following decisions:

1. The project is deemed not economically feasible and ineligible for funding. If the NED Inc. Board of Directors renders the decision of not economically feasible, the applicant may request reconsideration at which time he/she may present evidence in favor of the project.
2. The project may be approved with a funding limitation for energy efficiency and/or health or safety factors. Funding limitation and unit would still meet HQS/NDED standards.
3. The project may be delayed for further study and possible consideration.
4. If the project is deemed not economically feasible, the NED Inc. Board of Directors will consider utilizing the funds for demolition of the unit, temporary relocation and down payment assistance for either an existing unit in the community or for new housing construction at the existing unit location or within the city limits. Newly constructed homes will meet or exceed the 2003 International Energy Conservation Code. Building specifications must be approved by the Nebraska Energy Office

#### **4.6 Per Unit Rehabilitation Limitations**

1. The estimated cost of the rehabilitation will not exceed the maximum per unit NAHP subsidy as found on the NDED website.
2. The after-rehabilitation value can not exceed the pre-stimulus section 203 (b) Single Family Mortgage Limit as found on the NDED website.

#### **4.7 Foreclosure**

Lender shall give the notice in writing to Borrower(s) following Borrower's 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 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, NED, Inc. shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale including, but not limited to, NED, Inc. fees as permitted by Nebraska law and reasonable attorney fees; (b) to all sums secured by this security agreement; and (c) any excess to be recaptured by NED, Inc.

#### **4.8 Bankruptcy**

In the event 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 Borrower, 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 or receivership.

## **5.0 APPLICATION PROCESS**

### **5.1 Application Process**

In order to obtain an application, the applicant must call or visit the NED, Inc. office, or go online and download an application at [www.nedinc.org](http://www.nedinc.org). The application will consist of sections regarding ~~family~~ household size and composition, income, legal description of property and net worth. During the application review, NED, Inc. staff will recommend and refer those applicants who qualify for other programs, to agencies such as Goldenrod Hills' weatherization program, Central Nebraska Community Services' rehabilitation program and USDA Rural Development Housing Loans. Applications are accepted year round on a first-come, first-ready basis. Applications from a community that has current program income will receive priority over an applicant from a community that does not have any program income, because it's required to utilize the local program if applicable as match to this regional program. If funding for a program has been depleted, a pre-application will be provided to the potential applicant and once the pre-application has been received in the NED, Inc. office, the applicant will be placed on the waiting list until adequate funding is available. When adequate funding is available for an applicant on the waiting list, an application will be mailed to the client.

### **5.2 Return Beneficiaries**

Owner-occupants are eligible for additional assistance; however, priority will be given to applicants that have not already received funding. The request for additional funding will be evaluated by the housing specialist on a case-by-case basis. Owner-occupants, who satisfy current program requirements and move in to another eligible unit in the community, will be considered eligible for the program on a case-by-case basis.

### **5.3 Preliminary Inspection**

Once income eligibility has been determined, the applicant will be contacted by the Housing Specialist to arrange a time to conduct the preliminary inspection. At the time of the preliminary inspection, the Housing Specialist will obtain any additional information needed to complete the application process. The Housing Specialist performs the preliminary inspection to provide 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 enumerates all materials, labor needed, and the estimated cost of materials/labor. The form determines the economic feasibility of the rehabilitation project. The preliminary inspection provides the NED Inc. Board of Directors with a good indication of whether the house is economically feasible for rehabilitation, the extent of repairs needed and an estimated cost of these repairs.

### **5.4 Procedure for Approval or Denial**

Completed applications will be presented to the NED Inc. Board of Directors in the order in which they are received. Applications will not be presented to the NED Inc. Board of Directors until the applicant has signed the Housing Rehabilitation Guidelines Acknowledgment form and it has been returned to the Housing Specialist. Complete applications will be presented to the NED Inc. Board of Directors at its next regular meeting, which is held the last Wednesday of each month. Applications are presented to the NED Inc. Board of Directors in rounds. The Housing Specialist reviews and recommends each application for approval/denial to the NED Inc. Board of Directors. Approved applicants are notified in writing. Denied applicants are notified in writing with an explanation of why the unit was not selected.

## **6.0 LOAN CLOSING**

### **6.1 Pre-Construction Loan Documents**

The Housing Specialist prepares the pre-construction loan closing documents. The following documents are executed by the borrower to secure the affordability period.

- |                                  |   |
|----------------------------------|---|
| A. Rehabilitation Loan Agreement | F. Promissory Note                                  |
| B. Memorandum of Understanding   | G. Loss Payee Request                               |
| C. Notice of Right of Rescission | H. ACH Enrollment Form (if loan is to be paid back) |
| D. Acknowledgment                | <del>I. Promotional Use Form</del>                  |
| E. Deed of Trust                 | J. Primary Residence Certification Form             |

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 is located.

## **6.2 Post-Construction Loan Documents**

Upon completion of construction, the Housing Specialist determines the final dollar amount spent. Loan closing paperwork is prepared and the borrower executes the following documents:

- A. Regulation Z Loan Disclosure
- B. Promissory Note
- C. Amortization Schedule
- D. **Promotional Use Form**

The filed Deed of Trust, from the pre-construction closing, establishes a lien against the unit, which is maintained until the loan is paid in full or the unit is sold or conveyed in any manner to another party/entity. If the loan is paid off, or the unit is sold or conveyed to another party/entity, a Deed of Reconveyance is filed at the Register of Deeds Office in the county in which the unit is located, thus removing the lien established by the filed Deed of Trust.

## **6.3 Close Out**

NED, Inc. shall maintain and keep all applications as well as all other required documents, records and other evidence in conformance with NAHP regulations.

## **7.0 CONSTRUCTION PROCESS**

Upon decision by the NED, Inc. Board of Directors to fund rehabilitation projects the following steps will be taken:

1. After the preliminary inspection, the Housing Specialist prepares a Work Write-Up of improvements along with a cost estimate. ~~A copy of the Work Write Up is sent to the applicant for his/her approval and signature.~~
2. Applicant signs the Work Write-Up form indicating that he/she understands the work NED, Inc. ~~is funding~~ **may fund** and cost limitations.
3. Applicant obtains a minimum of two official bids of contracted work to be performed. At the request of the applicant, the Housing Specialist may assist the applicant in obtaining these bids. All work must be performed according to specifications prepared by the Housing Specialist. Contractors are required to provide proof of worker's compensation insurance and general liability insurance in the amount of \$500,000.00, in addition to furnishing the Housing Specialist with two verifiable references from prior rehabilitation/remodeling jobs that have been satisfactorily completed. **The building contractor is required to provide proof of current lead certification if applicable to the rehabilitation project.**
4. Homeowner selects a contractor from bids received. The Housing Specialist approves all bids before any work commences. NED, Inc. will only fund the dollar amount of the accepted/approved bid. All charges above and beyond the accepted/approved bid can only be funded if an approved Change Order form (provided in the contract as Appendix D) is executed and adequate funding is available. The Change Order form must be signed by the homeowner, the contractor and the Housing Specialist. If a Change Order is not executed and/or funding is not available, the additional charges are the responsibility of the homeowner. **(See Number 10 below for Explanation of Change Orders).**
5. The Housing Specialist enters into a loan agreement with the applicant. No action is taken by program staff until the Right of Rescission period (not less than 3 business days) has expired. After that time, housing staff will file all necessary liens, etc.
6. A pre-construction conference is held with the applicant and selected contractor(s), at which time the applicant and contractor enter into a contract. The original contract is filed with the Housing Specialist. Only contracts prepared and approved by NED, Inc's attorney will be accepted.
7. The Housing Specialist issues the Notice to Proceed (Appendix E) to the contractor.
8. The contractor(s) perform work and documented inspections are performed throughout the project by the Housing Specialist. As work progresses, the Housing Specialist ~~will~~ **may** perform frequent unscheduled inspections.

9. Contractors are paid on a ~~monthly~~ **bi-monthly** basis by NED, Inc unless otherwise notified. To receive payment, contractors are required to submit a Payment Voucher Form (provided in the contract as Appendix F) and an original invoice to the homeowner who must sign the Payment Voucher Form. The Payment Voucher Form is then filed with the Housing Specialist. Upon approval by the Housing Specialist, NED, Inc. will issue a check payable to the contractor and mail it directly to the contractor. No payment will be made for materials that are stored on site. The Housing Specialist can authorize payment to the contractor, without prior approval of the homeowner, if an inspection of the work is completed and it is determined by the Housing Specialist that the work meets project specifications and NDED Minimum Housing Standards.

It is expressly understood that NED, Inc. may from time to time activate its line of credit in order to issue payment to contractors in a timely manner. It is also understood that the interest that accrues from the time a payment to a contractor is made and the date that NED, Inc receives reimbursement from the State of Nebraska is an allowable expense to the homeowner’s project. These expenses will be paid by the homeowner and will be amortized into the loan between the homeowner and NED, Inc.

10. Change Order: If necessary, a Change Order form is completed if changes in the scope of work are agreed upon subsequent to contract signing. **The change order will explain the requested change and the increase/decrease in the overall contract amount.** These written change orders require concurrence of the NED, Inc. Housing Specialist, the homeowner, and the contractor.
11. The Housing Specialist will perform a final inspection to ensure that all repairs have been completed according to contract specifications. Upon completion of this final inspection, the Housing Specialist and the homeowner(s) will sign the Certificate of Final Inspection / Acceptance of Work (Appendix H). If the Housing Specialist determines that the work has not met contract specifications or NDED Minimum Rehabilitation Standards, the contractor is not approved for final payment. The Housing Specialist conducts a meeting with the homeowner and contractor at which time a list of necessary corrections/modifications is discussed. The Housing Specialist allows a specific amount of time for the contractor to make the corrections/modifications. If the corrections/modifications are not made by the contractor within the timeframe agreed upon, the Housing Specialist will hold payment in the dollar amount of the items that do not meet NDED Minimum Rehabilitation Standards. This dollar amount will be made available to the homeowner to pay for another contractor or for a Self-Help Contract to make the corrections/modifications.
12. Final pay request is filed. The contractor must file a Lien Waiver (provided in the contract as Appendix G) ~~with the final Payment Voucher Form.~~ **after final payment has been received.**
13. Final payment to the contractor is made.
14. The contractor is required to warranty all workmanship for a period of one (1) year from the date of work completion. The contractor will forward all material warranties to the homeowner upon completion of work. Once the Certificate of Final Inspection / Acceptance of Work (Appendix H) has been signed by the homeowner(s) and Housing Specialist, all discrepancies or disputes in regard to completed work / warranties shall be resolved between the contractor and the homeowner(s).

**8.0 GRIEVANCE PROCEDURE**

In the event that an applicant feels that he/she has been unfairly treated or discriminated against during the process of selection of projects to be funded, or during any other process of the housing rehabilitation program, he/she may appeal the Housing Specialist’s decision to the NED, Inc. Board of Directors for their consideration. The written appeal must be received by the chairperson of the NED, Inc. Board of Directors within 14 calendar days of the Housing Specialist’s decision. The NED, Inc. Board of Directors will then act to support or overturn the Housing Specialist’s action ~~within 30 calendar days of the~~ **at the next regularly scheduled board meeting after receipt of the written appeal. A written response will be given by the NED Inc. Board of Directors within 30 days of the decision.** The NED, Inc. Board of Directors has final authority in the consideration of an appeal.



**9.0 AMENDMENTS TO PROGRAM GUIDELINES**

In an ongoing effort to improve the quality of the NED, Inc. Housing Rehabilitation Program, the NED Inc. Board of Directors will accept suggestions from the public, program participants, contractors, program staff, or members of the NED Inc. Board of Directors with regard to program guideline amendments. All suggestions received will be taken under consideration by the NED Inc. Board of Directors. Upon approval of NDED and adoption by the NED, Inc. Board of Directors, the amendment will be included in the program guidelines.

**10.0 OFFICIAL CONTACT OFFICE**

The place of contact for this program shall be the office of NED, Inc. 111 South 1st Street, Norfolk, Nebraska. Any grievances, suggestions, or requests for information should be directed to this 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 NED, Inc. in writing.

**11.0 LEAD-BASED PAINT BROCHURE**

Program participants shall receive, as part of the application packet, a copy of the HUD brochure on lead-based paint. The receipt of this brochure by the program participant shall be documented.

**12.0 INCOME VERIFICATION**

For the purposes of confidentiality, a statement by the Housing Specialist, which has been presented with adequate documentation to verify that program participants are low income as defined by HUD, shall be deemed sufficient to document low-income status.

**13.0 PROGRAM INCOME REUSE PLAN**

See Appendix A



## NED, Inc. Board Agenda

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**Object:** Approve loan application for Ellis Plumbing heating and A/C Inc. – Jeff & Jill Ellis – Wayne

**Contact Persons:** Holly Quinn

**For:** Action

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**Loan Applicant:** Ellis Heating, Plumbing and A/C Inc. – Jeff & Jill Ellis – Wayne

### I. Project Overview and Description:

Ellis Plumbing, Heating and AC Inc. is in need of some working capital and updates to their equipment. They have a previous loan with NENEDD from 2010. Since their original loan with NENEDD Ellis Plumbing has moved their business location. Jeff & Jill sold their home which included the business shop. They bought another house and are buying on contract the business shop. They are very busy and would like to expand their presence to the web by creating a website.

Jeff and Jill Ellis started Ellis Plumbing, Heating & A/C Inc., in November 2004. Jeff and Jill were a sole proprietorship and incorporated the business in 2009. The business operates year round and services and installs all aspects of plumbing, heating and air-conditioning, commercial as well as residential and new construction and remodels. The company is licensed for HVAC in Norfolk and Wayne and plumbing in Wayne. They serve about a 75 mile radius of Wayne including 5,000+ customers in their immediate market area. They have added duct cleaning to their services as a way to expand their target market. They have also recently added sewer and drain cleaning and have purchased a sewer camera for inspections.

Total project costs are estimated to be \$ 37,500. They are asking that NENEDD provide \$30,000 this includes the purchase of working capital (\$24,000) and FFE (6,000). Jeff and Jill have recently injected \$3,000 with the purchase of a forklift, will do the renovations (\$2,500) and get a website up and running (\$1,500) and will add \$500 cash into the business. This will create 1.5 positions making a total of 11 employees. (10.5 FTE)

### II. Sources and Uses:

Source	NED, Inc.	Equity	Total
FFE/Inventory	\$6,000	\$3,000	\$9,000
Working Capital	\$24,000	\$500	\$24,500
Renovations	-0-	\$2,500	\$2,500
Website	-0-	\$1,500	\$1,500
<b>Total</b>	<b>\$30,000</b>	<b>\$7,500</b>	<b>\$37,500</b>

### III. Proposed Loan Package and Related Collateral:

The Northeast RLF Committee recommends that NED, Inc. provide a loan for \$30,000 to Ellis Plumbing, Heating and AC Inc. to purchase FFE, inventory and working capital. The loan will be amortized over 7 years at 5.50% fixed. NED Inc. will have a primary lien position on a 2007 pickup, 2010 trailer, and 2011 forklift along with a UCC filing on the new equipment purchased. NED, Inc. will also file a Deed of Trust on the business property and Jeff and Jill Ellis' personal residence. Jeff and Jill will provide a personal guaranty for Ellis Plumbing. Life insurance for the amount of the loan for the life of the loan will be required.

**Motion:** To approve a NED, Inc. loan for \$30,000 to Ellis Plumbing Heating & A/C Inc. for the purchase of FFE/Inventory and Working Capital.

## NED, Inc. Board Agenda

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**Object:** Approve loan application for Mohrmann Tool, Inc. (Joe Eckert) - Columbus

**Contact Persons:** Holly Quinn/Jeff Christensen

**For:** Action

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**Loan Applicant:** Mohrmann Tool, Inc. – Joe Eckert – Columbus.

### **I. Project Overview and Description:**

Joe Eckert is purchasing the stock and tool and die equipment of Mohrmann Tool, Inc. a going business located at 2256 East 11<sup>th</sup> Avenue in Columbus. The current owner, Gene Mohrmann, is of retirement age and wishes to sell the business. Mr. Mohrmann (Gene) will continue to own the entire building and has other businesses renting 75% of the building, leaving 25% to be rented by the new owner of Mohrmann Tool, Inc.

Mohrmann Tool, Inc. is a family owned company that has been in business for 25+ years providing custom quality machining/toolmaking products for all industries including Caterpillar, John Deere, Appleton, Lindsey Mfg, Valmont, and others. The company grew to about \$1.8 million in sales in 2000, by maintaining approximately 25% of the market share in the Columbus area. The business that started with a single milling machine and lathe has grown tremendously and now has nearly a dozen different machines available. Some are manually operated machines but the majority are CNC (computer numerical controlled) machines. Under new ownership, Mohrmann Tool, Inc. will continue to provide the same quality products they have come to be known for, at the same time growing its market share by adding new products, services and customers.

Total project costs are \$370,000. Pinnacle Bank and Mr. Eckert are requesting that NED, Inc. and Platte County each provide a loan in the amount of \$50,000 (\$100,000 total) to purchase Mohrmann Tool, Inc. in Columbus. Pinnacle Bank has approved a loan of \$215,000 and Mr. Eckert will provide \$55,000 cash as equity for the project. The project will retain 3 FTE jobs and create 5 FTE (8 total).

### **II. Sources and Uses:**

<b>Source</b>	<b>Bank</b>	<b>NED, Inc.</b>	<b>Platte Co. RLF</b>	<b>Equity</b>	<b>Total</b>
<b>Company stock &amp; business equipment</b>	\$215,000	\$50,000	\$50,000	\$35,000	\$350,000
<b>Working Capital</b>	-0-	-0-	-0-	\$20,000	\$20,000
<b>TOTAL</b>	\$215,000	\$50,000	\$50,000	\$55,000	\$370,000

### **III. Proposed Loan Package and Related Collateral:**

The Northeast RLF Committee recommends that NED, Inc. provide a loan of \$50,000 to Mohrmann Tool, Inc. with Joe Eckert to become President, for the purchase of stock and equipment of Mohrmann Tool, Inc. in Columbus. Pinnacle Bank in Columbus has agreed to provide a loan of \$215,000 for this project. The bank's loan will have a term of 7 years and an interest rate of 6.00% (variable/fixed for 5 years). The bank will secure its loan with a primary lien position on all business assets and a personal guaranty from Mr. Eckert. A professional appraisal of the equipment is being obtained from Hoff Appraisal Associates in Omaha/Minneapolis/Livermore, California. The loan approval is based on receiving an appraisal report providing a "Fair Market Value" of a minimum of \$430,000. NED, Inc. and Platte County will each lend \$50,000 (\$100,000 total) to purchase the stock and equipment of Mohrmann Tool, Inc. Through the NDO process (Non-profit Development Organization), NED, Inc. will be sub-grant \$50,000 Platte County funds to lend to Mohrmann Tool, Inc. Thus NED, Inc. will be the lender for the entire \$100,000. The total loan of \$100,000 will have a term of 7 years at an interest rate of 5.50% (fixed). NED, Inc. will have a subordinate lien position on all business assets of Mohrmann Tool, Inc. in

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Columbus. As additional collateral for this loan, NED, Inc. will file a Deed of Trust on Mr. & Mrs. Eckert's personal residence in Tilden, require personal guaranty from both Mr. & Mrs. Eckert, and life insurance assignment from Mr. Eckert for the amount of the loan for the life of the loan.

**Motion:** To approve a NED, Inc. loan for \$50,000 to Mohrmann Tool, Inc., with Joe Eckert to become President, and accept the \$50,000 sub-granted from Platte County RLF. Thus lending the entire \$100,000 to the business, as presented and recommended by the Northeast RLF committee.

(\*\*\$50,000 contingent upon approval from Platte County RLF. In the event Platte County denies the request, NED, Inc. will approve/provide \$100,000.)

## NED, Inc. Board Agenda

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**Object:** Approve loan application for Precision Components Midwest, LLC – David Cerny and Daniel Mize – Norfolk

**Contact Person:** Holly Quinn

**For:** Action

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**Loan Applicant:** Precision Components Midwest, LLC – David Cerny and Daniel Mize – Norfolk

### **I. Project Overview and Description:**

The owners of Precision Components Midwest will be Dave Cerny and Dan Mize. They would like to start up Precision Components in Norfolk. They need money to purchase the equipment and some working capital needs. They will be moving into the Fleming Auto building on 1<sup>st</sup> Street and will lease it on contract with the current owner. They have a combined professional experience level of 39 years in the manufacturing business. Dan is currently a Manufacturing Representative for Mize & Associates and has spent his time with customers on the shop floor in order to identify tooling needs and improvements that will add value and efficiency to their process. He will be the customer point of contact for Precision Components and will build new relationships as well as maintain existing ones. Dave is currently working in the machine and tooling department. He will operate the daily shop activity which involves the operation of the machines and the production of the products as well as maintaining the records. The initial customer focus will include manufacturers within a 250 mile radius of Norfolk. The items produced include but are not limited to ammunition for military contracts as well as direct to consumers, medical devices, automotive parts and production tooling. Hornady of Grand Island will be their primary customer during the first few months of operation. They will then target companies such as B-D, Covidien, Molex, and Square D.

Precision Components Midwest is a supplier and manufacturer designed to serve the custom and precision tooling needs of commercial and industrial businesses, as well as small to large manufacturers of consumer goods. The company will be supplying tooling made to customer specifications to be installed into production machines that will restore the proper condition and operation of their manufacturing process. The primary customers are manufacturers and producers of sellable goods to consumers and other industry who employ the use of highly specialized equipment.

Total project costs are \$656,000 which includes the purchase of equipment, working capital and renovations. Midwest Bank in Norfolk, along with Dave Cerny and Dan Mize are requesting that NED, Inc. provide a loan in the amount of \$100,000 to assist with the purchase of equipment. Midwest Bank will provide a \$350,000 loan and a line of credit for \$100,000 and Precision Components Midwest, LLC will provide \$100,000 in equity for the project. NPPD will also provide \$6,000 for electrical work. This project will create 5 FTE.

### **II. Sources and Uses:**

<b>Source</b>	<b>Bank</b>	<b>NED, Inc.</b>	<b>NPPD</b>	<b>Equity</b>	<b>Total</b>
FFE/Inventory	\$300,700	\$100,000	-0-	\$86,100	\$486,800
Working Capital **	\$121,000	-0-	-0-	\$1,800	\$122,800
Renovations	\$28,300	-0-	\$6,000	\$12,100	\$46,400
<b>Total</b>	<b>\$450,000</b>	<b>\$100,000</b>	<b>\$6,000</b>	<b>\$100,000</b>	<b>\$656,000</b>

### **III. Proposed Loan Package and Related Collateral:**

The Northeast RLF Committee recommends that NED, Inc. provide a loan of \$100,000 to Precision Components Midwest, LLC in Norfolk. Midwest Bank in Norfolk will provide loans not to exceed \$450,000. The loans will be set up as a \$350,000 commercial installment loan fully amortized over a 10

year term at an interest rate of 5.5% (variable) for the first 5 years. The bank will also provide the borrower with a \$100,000 operating line of credit for 1 year at 5.5% fixed. For collateral, the bank will require an all inclusive chattel security interest in all business assets of the company. In addition they will hold a deed of trust on the personal residences of David Cerny and Daniel Mize as security for the line of credit.

NED Inc. will provide a loan for \$100,000 to purchase equipment. The loan will have a term of 10 years at an interest rate of 5.5% (fixed). NED, Inc. will have a subordinate lien position on all business assets of Precision Components Midwest, LLC. NED, Inc. will also require life insurance for the amount of the loan for the life of the loan on both David Cerny and Daniel Mize. David Cerny, Daniel Mize and Mize & Associates will also provide personal/corporate guarantees. NED, Inc. will file a subordinate deed of trust on both David Cerny and Daniel Mize's personal residences in Norfolk and Omaha.

**Motion:** To approve a NED, Inc. loan for \$100,000 to Precision Components Midwest, LLC for the purchase of FFE/Inventory.

## NED Inc. Board Agenda

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**Object:** Appoint Nominating Committee

**Contact Person:** Thomas L. Higginbotham

**For:** Action

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**Background:** Last fiscal year the nominating committee consisted of Rick Uhlir and Lisa Walters representing the NED Inc. board of directors and Rob Merrill and Tina Welding representing the NENEDD board of directors.

**Explanation:** Annual nominating committee reviews and recommends to the full Board of Directors' new board members, new terms and new officers.

**Motion:** To appoint nominating committee.