

# Housing Nebraska

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## Executive Briefing by Timothy R. Kenny

In the summer months I do a lot of traveling around the State. It is always exciting to jump into my fuel-efficient diesel truck and head out on a drive to rediscover the beautiful Nebraska terrain. I have logged a lot of miles in my faithful truck and it has taken me safely to many interesting places and communities.

I consider NIFA’s new [ABC Loan Program](#) as another safe, hard-working and faithful vehicle. Rather than driving borrowers to state landmarks, the ABC loan safely and dependably helps hard-working borrowers purchase their first home. We created the ABC loan because many would-be

To address the problem, the Advanced Buyer Credit (ABC) Mortgage Loan was designed by NIFA to accelerate a portion of the borrower’s Federal Tax Credit for use **at closing**. Along with a NIFA fixed-rate first mortgage, the ABC second mortgage provides funding for a second mortgage loan equal to 8.5% of the purchase price of a single-family residence (not to exceed \$6,800). First-time buyers can use the funds to close their home loan, and then pay off the ABC mortgage loan when they receive their federal tax credit.

When the ABC second mortgage loan is paid off within 120 days

**“NIFA’s [ABC Loan Program](#) is the hard-working financial vehicle that can safely and faithfully make homeownership a reality.”**

buyers, who are ready to begin the journey toward homeownership, have been stalled by their lack of sufficient cash to pay for a down payment and closing costs.

Recognizing the problem, the Federal government recently announced a new 2009 First-Time Homebuyer Tax Credit (Federal Tax Credit) of up to \$8000 for purchases closed by November 30, 2009. Under the new law, a homebuyer is entitled to the credit after the home purchase is “closed.” The tax credit is refunded to qualified first-time buyers when they file a federal income tax return.

The long delay is why NIFA created the new ABC program. Although the Federal Tax Credit is a great incentive for first-time homebuyers, it does not address the need for cash at the time of closing. The federal funds often do not arrive for more than six weeks after closing.

of closing, borrowers automatically receive a reduction on their first mortgage loan rate of one half percent. This rate reduction reduces the borrower’s monthly mortgage payment and saves the homebuyer thousands of dollars of interest over the term of their mortgage.

Providing available cash at closing with built-in financial incentives for our borrowers, NIFA’s [ABC Loan Program](#) is the hard-working financial vehicle that can safely and faithfully make homeownership a reality. We want to thank our partners at FHA, our master servicer US Bank and all of our lending partners who have worked together to make this “borrower friendly” loan product a reality for Nebraskans.

For more details on this exciting new product, visit our website at [www.nifa.org](http://www.nifa.org) or call our Lincoln office at (800) 204-NIFA (6432)

### Our NEW look...

In an effort to improve our newsletter we have not only changed our look, but we designed it to be interactive. If you click on the departments listed above you will go immediately to that department’s news. To return to this page from anywhere in our document you can click on the department banner at the top of the page. Along with these changes, you will also notice throughout the newsletter interactive links to additional web pages or contact email addresses.



To subscribe to Housing Nebraska or to download a copy visit [www.nifa.org](http://www.nifa.org)

## Mortgage Credit Certificates (MCC)

NIFA has published notice that it will be offering a Mortgage Credit Certificate (MCC) Program effective in August, 2009. MCCs are nonrefundable, federal tax credits that provide financial assistance to qualified homebuyers as an alternative to NIFA's Single Family Mortgage Revenue Bond (MRB) Program. A homeowner holding an MCC issued by NIFA receives an annual federal tax credit that the homeowner can apply against his or her federal tax liability each year the MCC is effective.

Pursuant to this program, NIFA will issue MCCs to qualified first-time homebuyers with low and moderate incomes who purchase either a new or existing home that meets NIFA's purchase price limits. These homebuyers must also satisfy other federal eligibility requirements for an MCC. A homebuyer is not eligible to receive an MCC if any portion of his or her loan is or was financed through

NIFA's MRB Program or other tax-exempt financing.

When NIFA issues an MCC in connection with a first-time homebuyer loan, the homebuyer receives a federal tax credit equal to a portion of the interest paid on the loan.

The specific amount of the MCC tax credit depends on the amount of interest paid on the loan and the MCC credit rate assigned to the particular MCC. The "credit rate" will be determined by NIFA and will be at least 10% but not more than 50%.

Once the amount of the MCC tax credit is determined, such amount is applied against the homebuyer's annual federal tax liability - that is, a dollar-for-dollar reduction in tax liability (i.e., the taxes that are actually owed).



Interested first-time homebuyers of new or existing residences in Nebraska should apply for an MCC through an MCC (NIFA) Participating Lender at the same time they apply for their loan. NIFA does not underwrite these loans.

For more information, go to NIFA's website, [www.nifa.org](http://www.nifa.org) or contact Jacki Young at [jacki.young@nifa.org](mailto:jacki.young@nifa.org) or 402-434-3900.

## New Income Limits Announced

In May, NIFA increased the median family income limits for its Mortgage Revenue Bond Program.

To qualify for a NIFA loan, total combined gross annual income from all sources of all persons 18 years or older expected to live in the home must be less than the limits listed below. See NIFA's website, [www.nifa.org](http://www.nifa.org), for your county's limits.

<b>Household Income Limits</b>	<b>1-2 Family Members</b>	<b>3 + Family Members</b>
<b>Non-Targeted Areas</b>		
Lancaster County	68,300	78,545
Cass, Douglas, Sarpy and Washington Counties	69,900	80,385
Seward County	66,900	76,935
Saunders County	65,400	75,210
All Other Areas	62,000	71,300
<b>Targeted Areas</b>		
	<b>1-2 Family Members</b>	<b>3 + Family Members</b>
Lancaster County	81,960	95,620
Douglas & Sarpy Counties	83,880	97,860
Thomas County	74,400	86,800

# Accessing the 2009 Federal Tax Credit - Easy as 1-2-3!

NIFA's Advance Buyer Credit (ABC) Mortgage is designed to help qualified homebuyers utilize a portion of their 2009 Federal First-Time Homebuyer Tax Credit **at closing** to pay a portion of their down payment and closing costs. Borrowers can use these funds to buy a house **NOW**, and they pay off the ABC loan when they receive their federal tax credit refund from the IRS.

With the ABC Loan Program, NIFA will provide, in connection with a NIFA first mortgage loan, a second mortgage loan in an amount up to 8.5% of the purchase price of a single-family residence (not to exceed \$6,800, or the total amount of down payment and closing costs). If the ABC second mortgage is paid in full



within 120 days of closing, NIFA will reduce the first mortgage loan interest rate by .50% for the remaining term of the first mortgage loan. By filing an amended 2008 federal tax return



immediately upon closing, borrowers are expected to receive their federal tax credit refund within this time frame.

The ABC loan program is only available with the FHA and USDA-RD government loan products.

To qualify for this innovative loan program, homebuyers must meet the following requirements:

1. The borrower(s) must meet NIFA's definition of a first-time homebuyer; which means they cannot have owned and occupied their primary residence for the previous three (3) years.
2. The purchase price must fall within NIFA's purchase price limits, which are \$200,000 for homes located outside of the federally designated target areas and \$235,000 for homes located within the target areas. Target area maps can be accessed on NIFA's website.

3. The borrower(s) household income cannot exceed NIFA's income limits, which vary depending on the county in which the property is located. These limits can also be accessed on NIFA's website.
4. Borrower's must contribute \$1,000 of their own (or gift) funds into the purchase transaction.
5. All borrowers must complete a homebuyer education class prior to closing.
6. All borrowers must qualify for the 2009 Federal First-Time Homebuyer Tax Credit.
7. Borrowers must close the purchase on or before November 30, 2009.



NIFA does not originate mortgages; therefore borrowers must contact a NIFA participating lender to obtain an Advance Buyer Credit (ABC) loan. A complete list of lenders may be found on NIFA's website at [www.nifa.org](http://www.nifa.org).

## Rate Snapshot

(rates are subject to change)

<u>First Home</u>	(Government loan only)	5.50%
<u>First Home Focused</u>	(Government loan only)	5.75%
<u>First Home Plus</u>	(Government loan only)	5.75%
<u>Advance Buyer Credit (ABC)</u>		
Initial Rate	(FHA & RD loans only)	6.25%
Step-Down Rate	(FHA & RD loans only)	5.75%

\* Area Median Income (AMI) determined by County.

This is not an advertisement for credit as defined in Regulation Z; contact a participating NIFA lender for Annual Percentage Rate ("APR") information.

Rates subject to change - visit [www.nifa.org](http://www.nifa.org) for current interest rates.



*Governor David Heineman at the Country Clover Estates Ribbon Cutting in O'Neill, Nebraska*

## Ribbon Cuttings Held in O'Neill & Alliance

On June 11, 2009, NIFA joined Central Nebraska Economic Development and other partners for a ribbon cutting ceremony for Country Clover Estates. Country Clover Estates consists of eleven single family "rent to own" homes and are part of a 19-unit workforce development subdivision located in O'Neill, Nebraska.

Constructed as a CROWN "Rent to Own" development, the homes will provide quality affordable housing to families who desire an opportunity to lease and eventually purchase their own home. Total project cost is approximately \$2.4 million with Low Income Housing Tax Credit (LIHTC) equity of \$1,546,093. Other sources of funds include \$25,000 in Community Development Assistance Act State Tax Credits leveraging \$62,500 in donations, a \$25,000 Fannie Mae contribution, \$106,700 in Federal Home Loan Bank (FHLB) of Topeka Affordable Housing Program funds, and a permanent loan of \$68,953.

A ribbon cutting event was held June 22, 2009 at the Rosewood Estates in Alliance, Nebraska. Rosewood Estates consists of nine duplexes for a total of eighteen affordable housing units that will be available to low-income seniors age 55 and older.

The Alliance Housing Authority, Box Butte Development Corporation and the City of Alliance partnered on the project. Total project cost is approximately \$2.9 million with \$1,878,857 in LIHTC equity awarded to the project. Additional funding came from HOME Funds, FHLB of Topeka, a deferred developer fee and a permanent loan.



*Lt. Governor Rick Sheehy at the Rosewood Estates Ribbon Cutting in Alliance, Nebraska*

## TCAP and Section 1602 Funding Update

The U.S. Department of Housing & Urban Development (HUD) has approved NIFA's submission request for Tax Credit Assistance Program (TCAP) funds. NIFA will have approximately \$11.3 million in TCAP funds available for Low Income Housing Tax Credit (LIHTC) projects that have received an allocation between October 1, 2006 and September 30, 2009. TCAP funds were appropriated under the American Recovery and Reinvestment Act of 2009 (ARRA).

NIFA will also administer the Section 1602 program, otherwise known as the tax credit exchange program. The Section 1602 program was also established under ARRA and allows NIFA to exchange a portion of LIHTC's for cash funds that can be used for qualified low-income housing projects.

Applications for both sources of funds were accepted from 2008 & 2009 LIHTC projects until July 31, 2009. Applicants will be notified of awards after August 28, 2009. For more information, please visit NIFA's website at [www.nifa.org](http://www.nifa.org)

## Margaret Yelicich Joins LIHTC Department

Margaret Yelicich has joined the LIHTC Department at NIFA as an LIHTC Compliance Specialist. Margaret previously worked in NIFA's Single Family department as a Single Family Compliance Specialist for three years. Prior to her work at NIFA, Margaret worked for a title company and operated her own daycare business.

## 13th Annual 4-H Governor's Ag Excellence Awards

On June 29, 2009, 25 4-H Clubs from all areas of the state (23 counties) were presented with the NIFA-sponsored Governor's Agricultural Excellence Award. The University of Nebraska East Campus green space was the venue for



*Pictured (l-r) Dudley Beyer, NIFA; Governor Dave Heineman; Kirk Jamison, 4-H*

the event. Governor Dave Heineman, and Dudley Beyer, NIFA Ag Programs Manager, presented the awards. The ceremony was conducted in conjunction with the two-day 4-H Foundation Premier Animal Science Event (PASE) – Life Challenge Event.

NIFA has sponsored the excellence awards (which use no tax dollars) since 1996. The award comes in the form of a \$500 check issued to the Club's treasury, a commemorative banner, and an award certificate signed by the Governor of Nebraska and Tim Kenny, NIFA's Executive Director. Examples of how the award funds have been used include projects for revitalization of local community fairgrounds and playgrounds,

purchasing of much-needed club equipment, educational field trips, and efforts to expand membership. The awards program are a testament to Nebraska's talented youth, devoted parents and committed 4-H mentors.



## American Recovery and Reinvestment Act of 2009

Recent tax law changes made by the American Recovery and Reinvestment Act of 2009 may give banks an incentive to buy tax-exempt obligations such as NIFA's Beginning Farmer/Rancher Program bonds (NIFA Ag Bonds) financing loans to first-time farmers (NIFA Ag Loans) or to invest in NIFA Ag Bonds at lower interest rates. While the decision to participate as an investor in the NIFA Beginning Farmer/Rancher Program will depend, in part, on

Revenue Service did not apply this rule to individuals and corporations (other than banks) whose holdings included only an insubstantial amount of tax-exempt bonds. Corporations generally met this "insubstantiality" test if tax-exempt bonds comprised no more than 2% of their investment in active business assets.

Banks that hold tax-exempt bonds have not benefited from the policy described above, and are generally prohibited from

exclusion from the investment ratio calculation. A bank may exclude 2009 and 2010 bonds up to 2% of its total investment in all assets; amounts beyond that limitation will be counted as invested in tax-exempt bonds in the investment ratio calculation and reduce the bank's deductible portion.

While refunding bonds (such as new loans to refinance existing loans or a modification to reduce an interest rate on

**“...the recent change included in the Recovery Act should give many financial institutions a reason to take another look at NIFA Ag Bonds.”**

a bank's particular items of taxable income and deduction, the recent change included in the Recovery Act should give many financial institutions a reason to take another look at NIFA Ag Bonds.

Under tax law prior to the changes of the Recovery Act, individuals and corporations were generally prohibited from deducting interest expense that they incurred in order to acquire or carry tax-exempt bonds. As a matter of administrative policy, the Internal

deducting a portion of their total interest expense. The non-deductible portion is calculated based on the ratio of the bank's investment in tax-exempt bonds to its total investment in all assets.

To stimulate the purchase of tax-exempt bonds by banks, the Recovery Act allows banks to avoid limitations on interest expense deductions for a certain amount of bonds, such as NIFA Ag Bonds, issued during 2009 and 2010. NIFA Ag Bonds issued in those years can qualify for

an existing loan) issued in 2009 and 2010 to refund bonds issued prior to 2009, will continue to be subject to the full interest expense deduction disallowance, the changes made by the Recovery Act should be of interest to banks and their first-time farmer customers for the remainder of 2009 and into 2010.

For more information about NIFA's Beginning Farmer/Rancher Program, contact Dudley Beyer, Ag Program Manager, at 402-434-6931 or [dudley.beyer@nifa.org](mailto:dudley.beyer@nifa.org).

## First Friday - Falls City, Broken Bow, North Platte

NIFA's Outreach Team had the pleasure to visit three different cities so far this summer and hold [First Friday](#) events, a luncheon that brings local government, community and business leaders together to learn about potential housing programs and resources that are available to their communities. This season, NIFA has partnered with local USDA Rural Development offices and Nebraska Department of Economic Development representatives to provide a comprehensive presentation of available housing programs and opportunities.

On May 22nd, the NIFA Outreach Team traveled to Falls City where a group of 22 local housing, economic development and business leaders gathered to talk about their housing and community development needs. In July, the NIFA Outreach Team made a two-day road trip west, visiting the city of Broken Bow on July 9<sup>th</sup> where they were joined by Mayor R.C. "Mac" McMeen and 25 community representatives to discuss the many different housing issues in the area. The [First Friday](#) journey continued on July 10 to North Platte where 35 lenders, realtors and city and state officials, including Mayor Marc Kaschke and Senator Tom Hansen, joined to listen to a presentation highlighting available housing resources.



*Broken Bow Mayor "Mac" McMeen welcomes First Friday Club participants.*

All of the cities visited so far this year will be represented in a city or county housing study as part of [NIFA Housing Study Grant](#) awards made to local economic development groups serving these areas.

Is your community in need of answers to housing questions? Whatever your current housing or community development challenges are, NIFA's First Friday Club can help! Learn more about [First Fridays here](#), or contact Meribah Moore-Christensen at (402) 898-2504 or [meribah.moore-christensen@nifa.org](mailto:meribah.moore-christensen@nifa.org).

## Housing Study Grants Awarded

Five communities were recipients of NIFA Housing Study Grant Awards in April. In the final round of fiscal year 2009, a total of \$44,400 in matching grants were awarded to:

### Albion Economic Development Corp.

Location: Albion  
Funds Awarded: \$10,000  
Matching Funds: \$10,000

### Central Economic Development, Inc.

Location: Custer County  
Funds Awarded: \$9,400  
Matching Funds: \$18,800

### Falls City Economic Development & Growth Enterprise, Inc.

Location: Falls City  
Funds Awarded: \$12,000  
Matching Funds: \$12,000

### Southwest Nebraska Community Development Corp.

Location: Grant  
Funds Awarded: \$6,000  
Matching Funds: \$6,000

### St. Paul Development Corp.

Location: Albion  
Funds Awarded: \$7,000  
Matching Funds: \$7,000

Grants are to be used to stimulate ideas for comprehensive development plans encompassing housing, community and economic development opportunities in Nebraska.

For more information, contact Elizabeth Fimbres at (402) 898-2501 or [elizabeth.fimbres@nifa.org](mailto:elizabeth.fimbres@nifa.org).

## Susan Pulec Joins Outreach

NIFA is pleased to welcome Susan Pulec to the Outreach department as a Marketing Specialist. Susan has worked for NIFA for the last twelve years and began her career working in the Single Family Housing department as a Compliance Specialist. Susan brings a background in customer service, sales, computers, design and marketing to her new position.

Since she began at NIFA, Susan has worked with the Outreach team to create and design marketing materials, as well as assisted in the planning and execution of the Housing Innovation Marketplace conference.



*Pictured (l-r) Joann McHale, Shelley Abraham, Kelly Schultz, Teresa Kile, Meribah Moore-Christensen, Steve Peregrine, Christie Weston, Dudley Beyer*

## Community Service - Rebuilding Together

NIFA's first community service project of 2009 was through Rebuilding Together Lincoln, an organization whose mission is to preserve affordable homeownership by providing free rehabilitation and repairs to homes of low-income families.

On June 11<sup>th</sup>, nine NIFA staff members volunteered to make repairs on the home of an elderly homeowner. They trimmed overgrown bushes, scraped and repainted the window trim and porch and also installed handrails going down to the basement. The project was completed with the finishing touches of beautiful flowers for the porch and mulch around

the bushes. The look on the face of the homeowner once the project was completed made the hard work payoff!



## NIFA Welcomes New Outreach Partner

NIFA is pleased to welcome Three Rivers Housing Development Corporation (Three Rivers HDC) as the latest addition to our network of Outreach Partnership organizations dedicated to providing decent, safe and affordable housing to the people of Nebraska.

NIFA's award winning Outreach Partnership program partners with key local community development organizations across the state to expand their knowledge and utilization of NIFA's programs in the generation and rehabilitation of affordable housing stock.

Originally named Burt Washington Housing Development Corporation, Three Rivers HDC was established in 1999 with the goal of developing quality affordable housing to strengthen their communities. When the service area was expanded to include Cuming and Dodge counties the name was changed to Three Rivers HDC.

Three Rivers HDC currently offers a Purchase/Rehab/Resale Program to low to moderate income households in communities located in Burt, Cuming, Dodge, and Washington counties in northeast Nebraska. In addition, they are the limited partner and property manager for East Meadows Senior Apartments in Tekamah, a Low Income Housing Tax Credit property available to low to moderate income persons 55 and older.

For more information on Three Rivers HDC, call Pamela Thomsen at 402-374-2056 or [threerivershdc@qwestoffice.net](mailto:threerivershdc@qwestoffice.net).

NIFA provides Outreach Partners with \$25,000 in matching funds per year for up to three years, to assist with staffing and related expenses within the organization.

For more information on the Outreach Partnership Program, contact Ted Simpson at (402) 898-2503 or [ted.simpson@nifa.org](mailto:ted.simpson@nifa.org).

### Calendar of Events

CRANE Meeting	8/12/09	NIFA Board Meeting	9/25/09
NIFA Board Meeting	8/28/09	CRANE Meeting	10/07/09
Labor Day NIFA offices closed	9/07/09	Columbus Day NIFA offices closed	10/12/09
CRANE Meeting	9/09/09	NIFA Board Meeting	10/23/09