We are sending this Program Update to assist Participating Lenders in complying with the requirements outlined in FHA Mortgagee Letter 2019-06 (“ML 19-06”) in connection with Homebuyer Assistance (“HBA”) provided by NIFA.

**Governmental Authority.** NIFA was created by the Nebraska Investment Finance Authority Act (the “Act”), codified at Neb. Rev. Stat. 58-201 et seq., as an independent instrumentality of the state of Nebraska with statewide jurisdiction. The Act authorizes NIFA to assist in the financing of home mortgage loans for the purchase of residences in Nebraska by low and moderate-income persons and families. Below is a link to the Act.


**Legally Enforceable Obligation Letter & Legal Opinion.** Attached is NIFA’s Legally Enforceable Obligation Letter and Legal Opinion in accordance with ML 19-06.

**Borrower Acknowledgement/Gift Letter (Form J).** Attached is NIFA’s Borrower Acknowledgement Letter in accordance with ML 19-06.

**Documentation of Transfer of Funds by NIFA.** NIFA does not “table fund” HBA second mortgage loans. Our Master Servicer, U.S. Bank, reimburses Participating Lenders for the first mortgage loan and HBA second mortgage loan at the time of purchase. Subsequent to the purchase of the first mortgage loan and the HBA second mortgage loan, NIFA reimburses U.S. Bank. NIFA is working with U.S. Bank to provide a form of documentation in accordance with ML 19-06. We will keep you apprised of this process.

If you have any questions, please let us know.
Legally Enforceable Obligation Letter  
Pursuant to HUD Mortgagee Letters 2013-14 and 2019-06

RE:  HOMEBUYER ASSISTANCE (“HBA”) SECOND MORTGAGE LOAN

NIFA Reservation #: ________________________________________________________________
Borrower Name(s): __________________________________________________________________
Property Address: ___________________________________________________________________
HBA Second Mortgage Loan Amount: $__________________________________________________

Dear Sir or Madam:

This letter documents that the Nebraska Investment Finance Authority (“NIFA”), a body politic of the state of Nebraska and a §115 entity pursuant to the Internal Revenue Code, acting within its jurisdiction and scope of authority, has, at or before closing, incurred a legally enforceable obligation to provide the funds to make the HBA Second Mortgage Loan (the “Mortgage”) to the Borrower(s) to assist in meeting his/her required Minimum Cash Investment as required by HUD. The provision of such funds by NIFA is not contingent upon any future transfer of the Mortgage to a specific entity.

NIFA hereby agrees to fund the Mortgage described above which will be closed in the name of NIFA by the Originating Lender pursuant to NIFA’s HBA Program.

Attached is a legal opinion documenting NIFA is a type of entity authorized by HUD to provide down payment assistance funds.

Note to Originating Lender: NIFA recommends that this letter be maintained in your file and also that you satisfy the following in connection with obtaining FHA insurance on the related first mortgage loan.

Prior to applying for FHA insurance on the related first mortgage loan, the Originating Lender must include all of the following in the FHA case binder: (i) a copy of this letter and legal opinion and (ii) a copy of the Borrower Acknowledgement Letter (Form J) executed by the Borrower(s) at closing (pursuant to HUD Handbook 4155.1 5.B.5.a).

Sincerely,

Jacki Young
Chief Homeownership Officer
June 28, 2019

Nebraska Investment Finance Authority
Suite 200
1230 O Street
Lincoln, NE 68508

Re: U.S. Department of Housing and Urban Development
Mortgagee Letters 2019-06 and 2012-24
Secondary Financing Eligibility

Ladies and Gentlemen:

As counsel to the Nebraska Investment Finance Authority (the “Authority”) in connection with the Authority’s single family program (the “Program”), we routinely address matters as requested by the Authority. In connection with the Program, and, in particular, with respect to down payment assistance provided by the Authority, you have asked that we address certain provisions of the above-referenced Mortgagee Letters issued by the Department of Housing and Urban Development (“HUD”) (the “Mortgagee Letters”) in connection with the Program.

The Authority was created by the Nebraska Investment Finance Authority Act, codified at Neb. Rev. Stat. 58-201 et seq. The Authority has statewide jurisdiction with respect to providing financing for the acquisition of residences in Nebraska to be occupied by low and moderate income persons and families.

As specified in Mortgagee Letter 2019-06, we have reviewed the Authority’s down payment assistance program, particularly the Legally Enforceable Obligation Letter and the Authority’s Form J (Borrower Acknowledgement Letter).

Pursuant to the terms of the Mortgagee Letters, HUD has determined that entities qualifying pursuant to Section 115 of the Internal Revenue Code of 1986, as amended (the “Code”), should be treated as instrumentalities of government for purposes of HUD’s requirements with respect to single family secondary financing programs.

Section 115(1) of the Code provides, in part, that income derived from the exercise of any essential governmental function and accruing to a State or any political subdivision thereof, or of the District of Columbia, shall not be included in gross income for federal income tax purposes. Section 115(2) of the Code provides that income inuring to the government of any possession of the United States, or any political subdivision thereof, shall not be included in gross income for federal income
tax purposes. Section 115 has been the subject of interpretation in Internal Revenue Service rulings and regulations.

Based upon the enabling legislation of the Authority and the Authority's operations, we advise you that the income of the Authority is excluded from federal income taxation pursuant to the provisions of Section 115 of the Code and the rulings and regulations thereunder.

Very truly yours,

\[Signature\]
HOMEBUYER ASSISTANCE (HBA) PROGRAM
BORROWER ACKNOWLEDGEMENT LETTER*
FORM J

In connection with the purchase of your Residence (identified below) with a first mortgage loan, you have applied to the Nebraska Investment Finance Authority ("NIFA") for a Homebuyer Assistance Program Second Mortgage Loan ("HBA Loan"). The proceeds of your HBA Loan for the down payment and/or closing costs relating to your purchase of the Residence are to be used to satisfy the Minimum Required Investment as required by HUD. Having a HBA Loan associated with your first mortgage loan may result in the interest rate for your first mortgage loan being greater than interest rates NIFA is currently charging for other first mortgage loan programs without an associated HBA Loan.

You will make monthly payments of principal and interest on your HBA Loan, as set forth in the Promissory Note ("Form G"), in 120 equal payments over a term of 10 years or until the loan is paid in full. Your HBA Loan will be serviced by a loan servicer who will send you a monthly loan statement and to whom you will send your monthly payments.

NIFA Reservation #: __________________________________________

Borrower Name: ____________________________________________

Co-Borrower Name: __________________________________________

Property Address: ____________________________________________

HBA Loan Amount: $ __________________________ Interest Rate of HBA Loan: 1.0%
(Note to lender: this amount must match the amount on the Obligation Letter and all other closing documents)

NIFA’s relationship to Borrower(s): § 115 authorized lender.

NIFA Authorized Signatory:

Jacki Young, Chief Homeownership Officer

Please acknowledge that you have received and read this Form J by signing in the space provided below.

Borrower’s Signature ___________________________________________ Date ______________

Co-Borrower’s Signature ___________________________________________ Date ______________

NIFA Contact Information:
1230 “O” Street, 200 Commerce Court
Lincoln, NE 68508
(402) 434-3900 or (800) 504-6432

*Letter pursuant to HUD Handbook 4155.1 5.B.5.a