



# Memorandum

**TO:** NIFA Participating Lenders  
**FROM:** Jacki Young, Chief Homeownership Officer  
**DATE:** July 6, 2017  
**SUBJECT:** Memo #17-09, Closing Cost Assistance Grants with Conventional Loans

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NIFA is excited to announce the availability of a limited amount of funds for closing cost assistance grants in connection with HFA Preferred conventional loans in our program! The closing cost assistance grants, in the amount of \$1,500 each, provide a great opportunity for those qualified buyers obtaining their first mortgage loan through NIFA's program. The HFA Preferred loan, at a below market interest rate and reduced mortgage insurance premiums, may now be combined with a closing cost assistance grant that is not required to be repaid!

Grant funds may be used only for closing costs in connection with the loan and may not be used for any portion of the down payment. Eligible programs include either First Home Plus or First Home Focused. NIFA's Homebuyer Assistance (HBA) and Military Home Programs are not eligible.

The closing cost assistance grants are available immediately, including existing loan reservations in Lender Online (LOL) which have not yet closed. **NIFA has \$345,000 available and the grant funds will be allocated by NIFA to qualifying borrowers on a first-come first-serve basis.** The grant requirements are:

**Grant Assistance Amount:** \$1,500 per household.

**Loan Closing Deadline:** All loans must be closed no later than September 29, 2017.

**Eligible Use of Grant Funds:** Closing costs only. These grants may not be used for any portion of the down payment.

**Household Income Limit:** Grant recipients may have a household income no greater than 80% of the applicable area median income. The limits set forth on the attached Appendix I must be used instead of our regular program limits. NIFA will include in household income all sources of income for persons 18 years or older living in the home.

**Eligible Loan Types and Programs:** Grants may be used in connection with HFA Preferred conventional loans only and with the First Home Plus or First Home Focused Program. NIFA's Homebuyer Assistance (HBA) and Military Home Programs are not eligible, nor may the grants be used with FHA, USDA Rural Development or VA loans.

**Loan Reservation & Allocation Process:** Once the loan reservation is processed in LOL, a Change Request Form that includes a comment in Section 5 for the grant funds must be uploaded to the Pre-Closing Package. This should occur within 24 hours of the reservation date to secure the allocation request. NIFA staff will confirm the request by sending an email to the contact person listed on the Change Request Form. Please note: the first mortgage loan and grant funds will not be final approved until a complete Pre-Closing Package is submitted for review.



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**Borrower Grant Agreement:** The Acknowledgement of Grant Terms (Form K) must be signed by all occupying borrowers prior to closing and included in the Pre-Closing Package. The Acknowledgement of Grant Terms is available in the Program Documents section of LOL.

**Underwriting Guidelines:** Participating Lenders should follow Fannie Mae underwriting guidelines for the HFA Preferred loan product. NIFA's regular credit underwriting overlays apply. Borrowers are not required to pay back any portion of the grant funds. Cash back at closing is not allowed.

**Entry of Grant Funds in Desktop Underwriter (DU):** The grant funds should be entered as a gift in the assets section of DU.

**Uniform Underwriting & Transmittal Summary (1008):** Participating Lenders should include special feature code 843 on form 1008 to ensure the reimbursement of the grant funds at the time of purchase.

**Closing Disclosure (CD):** The grant amount should be included on the CD in Section L as a separate line item and labeled as "Closing Cost Assistance Grant". Other non-NIFA grant or down payment assistance programs that meet agency underwriting guidelines are permitted in combination with the grant funds as long as the funding sources are not included on the same line of the CD as the grant funds.

**Pre-Closing Package:** Participating Lenders are required to submit a complete Pre-Closing Package, including the Acknowledgement of Grant Terms (Form K), to our office for approval at least five business days before closing. We highly recommend submitting the package as soon in the loan process as possible so we can help determine borrower eligibility for the grant funds. Once the pre-closing stage is approved in the NIFA system, NIFA's Commitment Approval Letter for the first mortgage loan will include an allocation of the \$1,500 grant.

**Disbursement of Grant Funds at Closing:** Participating Lenders will advance the grant funds at closing and will be reimbursed by U.S. Bank when the first mortgage loan is purchased. Please note: NIFA is not required to provide a Legally Enforceable Obligation Letter in connection with this closing cost assistance grant.

**Limited Funds Available:** Only \$345,000 is available. Closing cost assistance grants will no longer be available once these funds have been allocated.

In addition to the above requirements, Participating Lenders are responsible for ensuring that all loans satisfy NIFA program guidelines, U.S. Bank guidelines, agency underwriting guidelines, PMI guidelines (if applicable) and secondary market guidelines.

If you have any questions, feel free to contact our office.



# Closing Cost Assistance Grants HFA Preferred Conventional Loans

## Appendix I Maximum Household Income Limits

County Name	Household Limit	County Name	Household Limit	County Name	Household Limit
Adams	55,440	Frontier	50,080	Nance	50,080
Antelope	50,080	Furnas	50,080	Nemaha	60,320
Arthur	50,080	Gage	50,800	Nuckolls	50,080
Banner	51,280	Garden	50,080	Otoe	53,680
Blaine	50,080	Garfield	50,080	Pawnee	50,080
Boone	52,240	Gosper	51,440	Perkins	55,920
Box Butte	50,080	Grant	50,080	Phelps	56,000
Boyd	50,080	Greeley	50,080	Pierce	52,720
Brown	50,080	Hall	46,800	Platte	54,880
Buffalo	57,520	Hamilton	46,800	Polk	54,560
Burt	51,200	Harlan	50,080	Red Willow	50,080
Butler	51,760	Hayes	50,080	Richardson	50,080
Cass	60,000	Hitchcock	50,080	Rock	50,080
Cedar	51,440	Holt	50,080	Saline	50,080
Chase	50,080	Hooker	50,080	Sarpy	60,000
Cherry	50,080	Howard	46,800	Saunders	60,000
Cheyenne	56,640	Jefferson	50,080	Scotts Bluff	50,080
Clay	50,080	Johnson	50,080	Seward	57,600
Colfax	52,080	Kearney	51,040	Sheridan	50,080
Cuming	50,480	Keith	50,480	Sherman	50,080
Custer	50,080	Keya Paha	50,080	Sioux	50,080
Dakota	49,840	Kimball	50,080	Stanton	50,720
Dawes	50,960	Knox	50,080	Thayer	50,080
Dawson	50,080	Lancaster	57,600	Thomas	50,080
Deuel	50,080	Lincoln	51,840	Thurston	50,080
Dixon	49,840	Logan	50,080	Valley	50,080
Dodge	50,080	Loup	50,080	Washington	60,000
Douglas	60,000	Madison	50,080	Wayne	60,640
Dundy	50,080	McPherson	50,080	Webster	50,080
Fillmore	51,520	Merrick	46,800	Wheeler	50,080
Franklin	50,080	Morrill	50,080	York	53,920

***\*There is a limited supply of grant funds available and will be allocated on a first-come first-serve basis.***

**FORM K**

**NEBRASKA INVESTMENT FINANCE AUTHORITY  
CLOSING COST ASSISTANCE GRANT**

**ACKNOWLEDGEMENT OF GRANT TERMS**

**Name of Borrower:** \_\_\_\_\_

**Name of Co-Borrower:** \_\_\_\_\_

**Address of Home Being Purchased:** \_\_\_\_\_

You have requested a Closing Cost Assistance Grant in the amount of \$1,500 in conjunction with your application for an HFA Preferred conventional first mortgage loan. This Grant is administered by the Nebraska Investment Finance Authority (NIFA) in connection with the HFA Preferred conventional loan product and NIFA's First Home Plus and First Home Focused Programs.

In addition to standard loan underwriting criteria, you must meet all of NIFA's program requirements to be eligible for the Grant. This includes, but is not limited to, maximum household income limits specifically applicable to the Grant. NIFA will notify your lender if you are approved for a Grant.

The \$1,500 Grant, if received, may only be used by you to pay closing costs in connection with the loan for your home. The Grant may not be used by you for any portion of your down payment. NIFA will not allow any cash back to you at closing.

This closing cost assistance, if approved, will be provided in the form of a Grant. If you are approved for a Grant, you will not be required to pay back any portion of the Grant funds. There are no closing fees associated with requesting the Grant. The loan closing deadline for loans for which a Grant is approved is September 29, 2017.

This undersigned Borrower understands and agrees to the terms above. This Form K must be signed prior to the closing of your loan. Please acknowledge you have received and read this by signing in the space provided below.

\_\_\_\_\_  
(Borrower) (Date)

\_\_\_\_\_  
(Co-Borrower) (Date)

\_\_\_\_\_  
(Non-Borrowing Spouse) (Date)