



**Clark County, Nevada
Community Resources Management Division**



HOME BUYER ASSISTANCE PROGRAM MANUAL



September 2011

Introduction

This Manual sets forth policies and procedures for the Clark County Homebuyer Assistance Program funded through HOME and NSP. This Program is designed to provide home ownership opportunities to low, moderate, and middle income buyers within unincorporated Clark County.

This Manual is not meant to be a substitute for Federal regulations and is not exhaustive regarding all considerations affecting the use of HOME and NSP funds. The Homebuyer Assistance Program is governed by all statutes and Notices associated with the Federal funding sources.

While careful consideration has been exercised by Clark County Community Resources Management Division staff in the development of this Manual, consultation with staff is encouraged in order to ensure correct interpretation of policies and regulations.

Information included in this Manual is based on current available guidance from HUD and may change or be updated based on new laws or guidance which may be necessary to improve the administration of program implementation over time. In the event that these policies and procedures are revised or new ones implemented, this Manual shall be revised accordingly.

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PURPOSE AND OVERVIEW

The Clark County Community Resources Management Division (CRMD) offers financial assistance to low, moderate and middle-income, homebuyers through the Division's Homebuyer Assistance Program. Under the Program, eligible downpayment, principal buy down, and closing costs are paid for with funds available under the U.S. Department of Housing & Urban Development's HOME Investment Partnerships Program (HOME) and Neighborhood Stabilization Program (NSP).

The goal of the Program is to expand home ownership opportunities for income eligible households and to increase homeownership within unincorporated Clark County ("County"). The Program is designed to be a helpful service for those interested in purchasing a home. All homebuyers participating in the Program will receive counseling to help them make a well-informed home purchase decision as well as financial assistance that will help reduce the costs associated with home purchase and/or mortgage expenses.

GENERAL PROGRAM INFORMATION

The unincorporated Clark County Homebuyer Assistance Program (HAP) is allocated from a portion of the County's State pass-through and Federal, Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME) and Neighborhood Stabilization Program (NSP) funding to provide home ownership assistance (hereafter, the "Program"). This Program is available through the County's Community Resources Management Division. The Program will be administered by non-profit subrecipients (hereafter, the "Subrecipients") selected by the County through a competitive application process. Subrecipients are required to comply with all documentation and reporting requirements of 24 CFR Part 84 and OMB Circular A-122.

HAP is available through the Subrecipients to each eligible household for down payment assistance, principal reduction, and reasonable and customary closing costs incurred in the purchase of property located within the unincorporated County. First mortgages must be a fixed-rate thirty year product and include the escrows for taxes and insurance.

Program subsidies are provided as a five-year, forgivable, zero-interest loan (soft-second mortgage) which is secured by a Deed of Trust, Loan Agreement, and Promissory Note subordinate to those of the primary lenders. If the Homebuyer meets all Program requirements, the loan will be forgiven after five years. The loan becomes immediately due and payable in full if the terms of the affordability period are breached.

The property must be the Homebuyer's principal-place of residence throughout the five year term of the affordability period. Homebuyers are required to repay loan funds in full during the first five years of their loan if they vacate, sell, transfer or assign any legal or equitable interest in the property at any time on or after the execution date of this loan, which amount shall be immediately due and payable in full. Loan amounts are not forgiven at a pro-rated amount.

A Homebuyer cannot apply for Program funds after the mortgage loan has been closed. Program funds cannot be provided to a Homebuyer who is refinancing an existing mortgage or land contract, or purchasing a home on a land contract.

Program funds can be used in combination with other down payment incentives, such as WISH funds, employer assisted programs, as well as Individual Development Accounts (IDAs).

1.0 ELIGIBLE APPLICANTS

1.1 DEFINITION OF A FIRST-TIME HOMEBUYER

If the Program is limited to First-Time Homebuyers, that requirement will be stipulated in the Subrecipient's HOME/NSP grant agreements.

“First-time homebuyer” means an individual or individuals or an individual and his or her spouse who have not owned a home during the three years before the purchase of a home with subsidy assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

- A displaced homemaker, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, in the preceding two years, worked on a full-time basis as a member of the labor force for a consecutive 12 month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family;
- A single parent who, while married, owned a home with his or her spouse or resided in a home owned by the spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody or is pregnant; and,
- An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with assistance from the Clark County Homebuyer Assistance Program, a dwelling unit whose structure is:
 - (1) Not permanently affixed to a permanent foundation in accordance with local or state regulations; or,
 - (2) Not in compliance with state, local or model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

1.2 INCOME LIMITS

The applicant's **total household income** must be within the U.S. Department of Housing & Urban Development's (HUD) Area Median Income Limits for the Las Vegas-Paradise Metropolitan Statistical Area (MSA). Subrecipients must certify

household income eligibility prior to the expenditure of HOME or NSP funds for assistance.

Under the HOME Program, the total annual household income cannot exceed eighty percent (80%) of the area median income, adjusted for family size.

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/>

Under the NSP Program, the total annual household income cannot exceed one hundred twenty percent (120%) of the area median income, adjusted for family size.

http://www.huduser.org/portal/datasets/nsp/FY2011NSPLimits_50_120.xls

1.3 *INCOME DETERMINATION – PART 5*

Household income, according to 24 CFR Part 5 (Section 8) is calculated to determine eligibility for both HOME and NSP Homebuyer Assistance Programs as is more particularly set forth in the “Technical Guide for Determining Income and Allowances for the HOME Program” (“Technical Guide”). This Technical Guide shall be used by Subrecipients for all technical questions related to determining household size as well as calculating household income for Program eligibility. The Technical Guide is available through the following link:

<http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/2005/1780.cfm>

Projected annual household income will be used to determine whether or not a particular applicant is above or below published low-income limits. It shall be assumed that the current circumstances will continue for the next twelve months. Income qualification criteria, as indicated in the most recent HOME program guidance, will be followed to independently determine and certify annual gross income of the household. All persons and residents are considered household members for purposes of income eligibility (see the Technical Guide for additional guidance on determining household size). Please note that income calculated by the mortgage lender may be different than the household income calculated under the guidelines of this Program.

Subrecipient shall collect appropriate income documentation, calculate the applicant’s household income based upon documentation, and then compare the amount of projected income against current income limits in order to determine eligibility. Income will be verified by reviewing and documenting the following:

- Verifications of employment sent to employers
- Third party verifications of other sources of income
- Federal income tax returns for the past two years
- Copies of most recent year-to-date wage receipts or salary earnings statements
- Subsidy checks
- Credit report
- Documentation of assets such as checking, savings, investments

All documentation shall be dated within six months prior to loan closing, will be kept in the participant file, and will be held in strict confidence in accordance with

all Privacy Act requirements. Records shall be retained for a period of five years after the termination of the affordability period (also see Section 14.0).

Re-qualification prior to closing is required under the following circumstances:

- Material changes to household size
- Material changes to income
- Six month expiration of initial qualification

Program application forms are the appropriate tools for Subrecipients to collect data on household composition, income and asset sources. It is a good practice for the application form to include, above the signature line, a statement stating that all of the information is complete and accurate. The application should be signed and the statement sworn to by the applicant, co-applicant or both. All household members should be indicated on the NSP program application, including their dates of birth. It is also a good practice to include a question on the application form pertaining to potential changes in household composition in the next 12 months. This question should help the Subrecipient to anticipate additional household members through birth, relationship, and other familial changes.

Subrecipients will be required to certify in writing that beneficiaries of HOME/NSP funds are income qualified. Sample forms related to intake and the application process may be provided to the Subrecipients as a part of Program implementation.

1.4 HOMEBUYER EDUCATION

All Program participants are required to attend a minimum of 8-hours of homebuyer education provided by a HUD-certified housing counseling agency. A list of current HUD-approved housing counseling agencies in Nevada is available through the following link:

<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=NV>

Homebuyers should be encouraged to recognize the value of the counseling and assistance in the process, not just consider it as a “Federal requirement”. Counseling can provide valuable information about the buying and financing process which can help buyers find better properties and mortgages.

Topics such as homeownership preparation, available financing, credit analysis, loan closing, homeownership responsibilities, home maintenance, budgeting, the impact of refinancing, and loan servicing will be covered. Proof of attendance achieved through a copy of the Certificate of Completion will be required for HAP assistance. Attendance must have been completed within the past 12 months prior to closing. If more than 12 months have passed since the Homebuyer attended the course, the Homebuyer must take the course again.

1.5 LEGAL RESIDENCY STATUS

All household members must be legal residents of the United States in order to receive Federal housing assistance. HUD considers permanent housing to be “Federal means-tested public benefits”.

In order to qualify for this benefit, all household members receiving HUD-funded homebuyer assistance must be a United States Citizen or a “Qualified Alien” as defined in Section 431(b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193.

http://www.fns.usda.gov/snap/rules/Legislation/pdfs/PL_104-193.pdf

1.6 CONFLICT OF INTEREST

In accordance with 24 CFR 84.42, 24 CFR 92.356 and 24 CFR 570.611, no persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME/NSP funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME/NSP-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official, appointed official, or any person who exercises policy or decision making responsibilities (including members of the Board or loan committee) of the participating jurisdiction, State recipient, or Subrecipient which are receiving HOME/NSP funds.

Exceptions to this policy can be made only after public disclosure and formal approval by HUD and the Clark County Board of County Commissioners.

Subrecipients shall maintain a written code of standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.

2.0 TERMS OF ASSISTANCE

2.1 MAXIMUM LOAN AMOUNT

The maximum amount of homebuyer assistance per household for HOME and NSP is \$14,999.

2.2 PERIOD OF AFFORDABILITY

The period of affordability for all projects with a maximum assistance amount of \$14,999 is five (5) years.

Continued affordability requirements for HOME and NSP are in accordance with the HOME Program standards at 24 CFR 92.254.

2.3 ELIGIBLE USES

Direct assistance with HOME/NSP funds may be used for the following:

- Up to 50% of the lender’s required downpayment
- Buyer’s closing costs (customary and reasonable)
- Principal reduction (within established ratios – See Section 5.2)

Direct assistance acts as a “silent” second mortgage in order to provide gap financing toward the purchase of a home. The Homebuyer shall receive only the amount of assistance needed to achieve affordable home ownership.

Homebuyers will be required to meet the following criteria:

- Certify to occupy the home as principal residence (no subleasing allowed)
- May not utilize more than one real estate agent/broker for property selection
- Must agree to the requirements of an affordability period and deed restriction for five years
- May not own another home or property
- Other than the first mortgage and direct assistance (second mortgage), may not allow any liens or encumbrances on the property for the duration of the affordability period
- Required to attend a minimum of 8 hours of homebuyer education
- Must qualify for a conventional or government first mortgage with a fixed interest rate and a 30 year term
- Buyer must contribute a minimum investment of \$1,500 towards the purchase transaction by the close of escrow
- Agree to maintain property hazard insurance, make timely property tax payments, and perform general property maintenance for upkeep of the home

All homebuyers must qualify for a conventional or government first mortgage with a fixed rate and a 30 year term. All lenders must agree to comply with the bank regulators guidance for non-traditional mortgages found at:

<http://www.fdic.gov/regulations/laws/rules/5000-5160.html>

The homebuyer is not permitted to obtain any subprime mortgages for which such mortgages are inappropriate, including buyers who may qualify for traditional mortgage loans. The Subrecipient is required to document compliance with this requirement for each Homebuyer.

2.4 RECAPTURE

The affordability period shall be enforced through a Deed of Trust, Promissory Note and Homebuyer Deferred Loan Agreement. Recapture on sale and foreclosure provisions terminate the affordability period.

The homebuyer is required to repay the direct assistance provided if any one of the following occurs during the period of affordability:

- The purchased home under this program does not continue to be the principal residence of the homebuyer
- The property owner has breached the terms of the program agreement
- Death of the last surviving homebuyer, during the period of affordability, unless the property is transferred to the homeowner's heir(s), provided the heir(s) meet the income qualifications, and agree in writing to all of the terms of the Agreement and Deed
- The loan will be in default if the borrower fails to maintain required property hazard insurance or fails to pay property taxes

Recaptured funds will be considered program income and must be returned to Clark County for use in HOME/NSP eligible activities. Other specific program income guidance will be provided in the written grant agreements with Subrecipients.

2.5 NET PROCEEDS

When there is a sale of the property (voluntary or involuntary) during the period of affordability, the recaptured amount is limited to net proceeds if any. The net proceeds are the sales price minus the superior loan repayment and any closing costs. If there are not enough net proceeds upon sale to repay the entire amount of HAP subsidy that is subject to recapture, the Homebuyer is not required to pay any such amount not available from the sale out of pocket. Once the sale has occurred and funds recaptured, the affordability period terminates and Program requirements no longer apply to the property.

2.6 HOMEBUYER CONTRIBUTION

The Homebuyer shall make a minimum cash contribution toward the down payment and closing costs of \$1,500 by the close of escrow. Items paid by the Homebuyer outside of escrow (such as the appraisal, property inspection or credit report) may count towards this requirement. Eligible households must submit documentation to the Subrecipient that funds are available for the down payment and any closing costs not covered by the HOME/NSP second loan prior to receiving approval for HAP.

The Homebuyer is responsible for paying for at least half of the lender's required down payment. Additional down payment/closing cost subsidies available to the Homebuyer such as gifts from relatives, seller-paid closing costs, employer assistance, other government subsidies, church assistance, etc. are allowed as long as they do not exceed the first mortgage lender's asset cap – some exceptions may apply on a case-by-case basis.

2.7 GUARANTORS

The Homebuyer must meet credit and underwriting criteria established by the first mortgage Lender, and must be able to obtain a fixed rate first mortgage product on their own credit history. The Program does not allow for co-signors that will not be owner-occupants of the house being purchased. Clark County does not have a minimum credit score requirement for participation in HAP.

2.8 HOMEOWNER TAX AND INSURANCE REQUIREMENTS

The Homebuyer shall agree to have the taxes and homeowner's insurance escrowed as part of the first mortgage.

Clark County shall be listed as a Mortgagee on all property hazard insurance policies with usual loss payable to Mortgagee. Property hazard insurance must be maintained throughout the affordability period in an amount sufficient enough to cover replacement of the structure. Proof of insurance may be requested of the Homebuyer by the Subrecipient or Clark County at any time throughout the affordability period.

2.9 RECORDED DOCUMENTS

The following documents must be signed at the time of loan closing. The Deed of Trust and Deferred Loan Agreement must also be recorded with the Clark County Recorder's office to secure the direct assistance provided. Clark County will provide samples of these legal documents to Subrecipients as a part of Program implementation. Only Clark County approved documents may be used and these documents may be updated if needed based on guidelines from HUD or Clark County's District Attorney's office. The Subrecipient must ensure that the lender of the first mortgage approves Clark County legal documents and that the most current and approved documents are used at the time of closing.

- Homebuyer Deferred Loan Agreement
- Deed of Trust
- Promissory Note

Homebuyer files including these legal documents shall be maintained for five years after the termination of the affordability period.

3.0 PROPERTY ELIGIBILITY

3.1 LOCATION

Any existing home within the unincorporated area of Clark County not including the incorporated cities will be considered when using HOME funds.

NSP funds can only be used on properties located in the NSP target areas per the NSP Action Plan approved by HUD and the Board of County Commissioners. Target area specifications will be identified in the grant agreements with Subrecipients and maps made available on the Clark County Community Resources Management Division website.

****Special NSP Requirement****

Any property assisted with NSP funds must be a foreclosed or abandoned residential dwelling located within the unincorporated County's defined NSP Target Area. See Appendix A for applicable definitions of abandoned and foreclosed.

3.2 MAXIMUM PURCHASE PRICE

The maximum purchase price for any property assisted with HOME funds may not exceed current market value of the property as determined by an appraisal.

The maximum purchase price for any property assisted with NSP funds may not exceed 99% of the current market value of the property as determined by an appraisal (minimum 1% discount required).

The appraisal used to determine current fair market value for any home assisted with HOME/NSP funds must be in accordance with the appraisal requirements of URA at 49 CFR 24.103 and must be dated within 60 days of the final offer (also see Section 11.0).

The purchase price limits shall not exceed the actual 95 percent of median sales price limit for Clark County as updated by the Department of Housing and Urban Development (HUD). The current 2011 limits are effective 01/01/2011 and HUD will periodically update these limits.

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/maxprice.cfm>

If the property to be purchased by a Homebuyer was originally acquired and rehabilitated with NSP funds, there is also a NSP sales price cap. NSP requires that the sales price must be the lesser of appraised value or the total cost to acquire, rehabilitate, and redevelop the property.

3.3 UNIT CHARACTERISTICS

A. Homes eligible for purchase under the HAP include existing single family homes, townhomes and condominiums that are in compliance with State and local codes and ordinances. This includes manufactured homes that are permanently affixed to a foundation that include the land as part of the home purchase. The County will not allow purchase of a manufactured home where the land underneath the home is either rented or leased. New construction homes, or homes under construction, are not eligible for purchase under the Homebuyer Assistance Program. Property code deficiencies must be corrected prior to close of escrow.

B. An eligible home must be vacant, owner-occupied or a tenant wishing to purchase their place of residence. All properties assisted with HOME/NSP funds are subject to the Uniform Relocation Act as well as the Protecting Tenants at Foreclosure Act. All home purchases must be voluntary without the threat of eminent domain (condemnation). A Notice to Sellers must be provided at the time of final offer (form to be provided by Clark County for use in Program implementation).

A home that is occupied by a permanent tenant (i.e., over 30 days), causing a permanent displacement of that tenant, is not eligible for purchase. A rental home that previously contained a permanent tenant must be vacant for at least ninety (90) days prior to its purchase before it can be considered eligible. The seller of a rental home must certify in writing that this is the case before escrow can close (form to be provided by Clark County for use in Program implementation). However, a permanent tenant may purchase a home he/she is currently occupying provided it meets the other eligibility requirements in this section.

C. The Homebuyer must be able to obtain a property deed that, after purchase, is free of all claims that may restrict the Seller's ability to transfer title to the property or that could lessen the home's value.

3.4 LEAD BASED PAINT

Any home considered for purchase that was constructed prior to 1978 must comply with the current Federal lead-based paint requirements of the HOME/NSP program. Subrecipients will provide proper notification to participants prior to the purchase of a home older than 1978. All homes constructed prior to 1978 must undergo a visual assessment for lead-based hazards by a person who has taken

the Visual Assessment course provided by HUD prior to home purchase. The home will also be inspected for defective paint surfaces by a qualified inspector as necessary to meet HOME/NSP Program requirements. If defective paint surfaces are found, the Seller must properly abate the painted surfaces or the home will not be eligible for purchase using HOME/NSP assistance. If lead mitigation and clearance costs are incurred, the costs will be borne by the Seller.

Notification (24 CFR 35.1010(b) and 24 CFR 35.130)

- 1) Borrower must receive a copy of the Department of Housing and Urban Development/Environmental Protection Agency/Consumer Product Safety Commission lead hazard information brochure entitled “Protect Your Family from Lead in Your Home”. Verification of Borrower’s receipt of brochure must be placed in project file.

Disclosure (24 CFR 35.82)

- 1) Seller must disclose all known information about the presence of lead-based paint (LBP) or LBP hazards. A copy of the disclosure attached hereto as LBP-1 must be placed in the project file.
- 2) Seller must allow Borrower 10 days to inspect the property for LBP or LBP hazards.
- 3) The above disclosure requirements apply to all real estate sales, whether or not assisted with HOME funds.

Visual Assessment (24 CFR 35.1015(a))

- 1) A visual assessment of all interior painted surfaces painted surfaces, including common areas such as hallways, laundry rooms, or garages, and all exterior surfaces of the building must be conducted to identify deteriorated paint.
- 2) The visual assessment must be conducted by a person who has successfully completed the HUD Office of Lead Hazard Control Visual Assessment Course, and may be included as part of the Housing Quality Standards inspection required of all properties assisted with HOME funds.

Paint Stabilization (24 CFR 35.1015(b) and 24 CFR 35.1330(a)(b))

- 1) All deteriorated paint surfaces identified through the visual assessment must be stabilized prior to close of escrow.
- 2) Testing of deteriorated paint surfaces for the presence of lead may be done at the designated party’s (Seller or Borrower) option. A Notice of Lead Hazard Evaluation attached hereto as LBP-2 must be provided to the Borrower and a copy placed in the project file within 15 days of completion of the evaluation activities.
- 3) The designated party shall perform paint stabilization using safe work practices as defined at 24 CFR 35.1345 and attached hereto as LBP-3.
 - a. Workers performing paint stabilization must be trained in accordance with OSHA regulations at 29 CFR 1926.59 and must also meet additional requirements as set forth at 24 CFR 35.1330(a)(4) attached hereto as LBP-3.
 - b. If testing of the deteriorated paint surfaces was performed, and no lead based paint found, safe work practices shall not apply.
 - c. Safe work practices are not required if the total amount of deteriorated paint surfaces identified does not exceed 20 sq. ft. on exterior surfaces, 2 sq. ft. in any one interior room, or 10% of the total surface area on an interior or exterior type of

component with a small surface area like window sills, baseboards and trim.

- 4) The designated party shall receive a Notice of Required Safe Work Practices attached hereto as LBP-3, together with the results of the visual assessment, prior to conducting paint stabilization.
- 5) The designated party shall verify compliance with safe work practices upon completion of paint stabilization activities by submission to the Program Administrator of the Certification of Compliance with Safe Work Practices attached hereto as LBP-4. The certification shall be placed in the project file.

Clearance (24 CFR 35.1015(b)(d))

- 1) A certified Risk Assessor,
- 2) Lead-Based Paint Inspector or a Clearance Technician must conduct a clearance exam upon completion of paint stabilization and clean-up activities.
 - a. Clearance is not required if the total amount of deteriorated paint surfaces identified and treated does not exceed 20 sq. ft. on exterior surfaces, 2 sq. ft. in any one interior room, or 10% of the total surface area on an interior or exterior type of component with a small surface area like window sills, baseboards and trim.

The clearance exam shall consist of a visual assessment and dust testing to determine if the unit is safe for occupancy.

- 1) If the test results equal or exceed the published clearance standards at 24 CFR 35.1320(b)(2), the unit will not be considered to have passed the clearance exam, and must be re-cleaned and retested prior to close of escrow.
- 2) The clearance examiner must be independent from the individual or entity which conducts the paint stabilization activities.
- 3) Prior to close of escrow, and within 15 days of paint stabilization activities, the Borrower must receive a clearance report which details the results of a clearance examination as prepared in accordance with 24 CFR 35.1340. A copy of the clearance report shall be placed in the project file.

3.5 INSPECTIONS

All eligible homes must meet local building codes and health and safety standards at the time of purchase as determined by a qualified inspector, and must be equipped with working smoke and carbon monoxide detectors. After a participant has an accepted purchase offer, the Subrecipient will make the request to Clark County for inspection (form to be provided in Program implementation). A qualified inspector will conduct an inspection of the home. The Seller must address any deficiencies to the home in meeting local building and health and safety standards noted by the inspector before the close of escrow. If the property cannot be brought into compliance with local building codes and health and safety standards, it shall not be purchased with HOME/NSP assistance.

This code inspection is not meant to take the place of a more thorough whole-house or termite inspection. The initial code inspection is brief and will be directed at discovering very obvious health, safety and code issues, and to ensure the presence of items required in these program guidelines.

Clark County requires that all Homebuyers obtain a third-party home inspection with a qualified home inspector prior to purchase. This inspection will provide the Homebuyer with more detailed information about the overall condition of the home including:

- Physical condition, structure, construction and mechanical systems
- Items that need to be repaired or replaced
- Estimate of the remaining useful life of major systems, equipment, structure and finishes

Clark County does not provide the Homebuyer with funds for rehabilitation of the properties acquired under this Program; therefore it is the Homebuyer's responsibility to be an informed buyer and to consider the home inspection prior to signing a contract with the Seller. HAP does not provide any ongoing or after closing assistance with the cost of repairing, maintaining, operating or owning a home.

3.6 OTHER HOME/NSP PROGRAMMATIC REQUIREMENTS

A. Environmental Review

All properties receiving HOME/NSP assistance will be subject to an Environmental Review to be performed by Clark County prior to acquisition. All properties acquired with HUD assistance must have a completed Environmental Review prior to close of escrow to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself is safe for development. Each project must meet the applicable Environmental Review per 24 CFR 92.352.

All purchase agreements must contain language contingent upon completion of environmental review. An Addendum to the Purchase Agreement has to be signed by the Seller. The Addendum will outline the Environmental Review completion requirement and include a contingency that will permit the contract to be cancelled in the event that environmental approval is not achieved. Clark County will provide language for this addendum for Program implementation.

B. Accessibility

Section 504 of the Rehabilitation Act of 1973 requires that a Subrecipient's Program, when viewed in its entirety, is usable and accessible to persons with disabilities. It includes, but is broader than, the obligation to provide accessible units in accordance with 24 CFR 8.22 and 8.23. This obligation would include the following:

- All program activities, including public hearings, homebuyer briefings, counseling sessions and meetings should be held in locations that are accessible to persons with disabilities.
- Information about all programs and activities should be disseminated in a manner that is accessible to persons with disabilities. Auxiliary aids and special communication systems should be used for program outreach, public hearings related to housing programs, and other program activities.
- Reasonable steps should be taken to provide information about available accessible units to eligible persons with disabilities. Homebuyer programs are not required to produce accessible units but reasonable accommodations during the application process are required for any buyers with accessibility needs. Program advertising should acknowledge that the program will work with households with accessibility needs.

C. Non-discrimination

Implementation of the HAP will be consistent with Clark County's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with HOME/NSP funds on the basis of religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, gender identity or expression of a person, national origin, or ancestry, or other arbitrary cause.

D. Business Enterprises Owned by Minorities, Women and Persons with Disabilities

Clark County encourages participation in the Program of business enterprises owned by minorities, women and persons with disabilities (M/W/D-BE). Contracts for the procurement of services in connection with HAP should be awarded to the maximum extent possible M/W/D-Bes. Section 24 CFR 84.44(b) of the Uniform Administrative Requirements outlines recommended steps for achieving participation goals.

4.0 APPLICATION PROCESS

4.1 APPLICATION

All potential Homebuyer interested in HAP must submit an application through one of the Subrecipients approved by Clark County for the administration of HOME/NSP funds. Subrecipients will process all applications submitted on a first-come, first-served basis. All Subrecipients must have an Initial Intake Application that will be used to determine Program eligibility as more fully described in Section 1.0. Applicants not meeting these criteria will be sent rejection letters stating why they are not qualified. Eligible applicants will be contacted to further explain Program requirements and the property purchasing process. In addition, they will be encouraged to make appointments with representatives of approved lenders as soon as possible to obtain pre-approval for first mortgage financing.

4.2 *WAITING LIST*

Should the demand for the program funding exceed the supply of funds, a waiting list should be created and maintained by the Subrecipient until all NSP/HOME funds have been disbursed and the Program closed. The waiting list shall be maintained in chronological order of application, and applicants drawn in chronological order for processing as funds become available. Income qualification for the program will be re-evaluated at time the applicant is selected from the waiting list for processing. Letters or phone calls to applicants on a regular basis will be used to determine continued interest in remaining on the waiting list.

4.3 *PRE-APPROVAL*

Program participants may be approved for HAP assistance after they have been pre-approved by a first-mortgage lender. Buyers should be encouraged to compare products and programs described by lenders. Eligible applicants must have sufficient funds to meet the required down payment and closing costs, as well as necessary reserves and sufficient income to meet the monthly mortgage payments. Written notification from the Subrecipient is required for all successful and unsuccessful applicants.

4.4 *PRIOR TO MAKING AN OFFER*

Upon selection of a home and prior to the presentation of the purchase offer, an acquisition notice shall be given to the Seller (Notice to Sellers). Subrecipient shall provide the acquisition notice to the participant ensuring that it complies with HOME/NSP Program requirements. The acquisition notice will include the following provisions and will be made available by Clark County for use in program implementation:

- A. Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations failed to result in an amicable agreement;
- B. Homebuyers offer is based upon an estimate of the fair market value of the property which will be determined by a state licensed appraiser;
- C. Seller certifies that the property has not been occupied by a tenant within the last 90 days (with the exception of the potential buyer) and that no tenant has been forced to move within the last four months. In addition, the seller warrants that no rent is being received for the

property, and further certifies that no occupants of the property pay rent to reside there;

- D. If subject property was constructed prior to 1978, the purchase will be subject to an inspection prior to the close of escrow to verify that the residence is in compliance with the current lead-based paint requirements. The home will be inspected for defective paint surfaces by a qualified inspector, as necessary, to meet Program requirements. If defective paint surfaces are found, seller must properly abate the painted surfaces or the home shall be ineligible for purchase;
- E. This purchase is also subject to an inspection by a County inspector to determine that the residence meets local building and health and safety standards prior to the close of escrow. Seller will be required to correct any deficiencies to the home in meeting local building and health and safety standards as a result of said inspection. If the property cannot be brought into compliance with local building and health and safety standards, it shall be ineligible for purchase;
- F. Since the purchase is voluntary, the Seller is not eligible for relocation payments, or other relocation assistance;
- G. The offer is subject to the review and approval of Clark County and/or Subrecipient in order to protect the Homebuyer from being forced to complete the sale if their financial situation changes and are no longer able to meet all HOME/NSP requirements; and,
- H. If an acquisition notice is not provided to the Seller containing the above disclosures prior to submitting the purchase offer, a provision that the Seller may withdraw from the agreement after this information is provided is required.

All purchase offers shall be reviewed by Subrecipient staff prior to submittal to the Seller to ensure the appropriate contingency clauses are contained in the document in order to comply with Program requirements. Only after a Homebuyer has written documentation of an accepted purchase offer shall the Subrecipient reserve an allocation of Clark County HAP funds for the HOME/NSP funded second loan.

4.5 BROKER/REAL ESTATE AGENT

Participating broker/real estate agents must be licensed in the State of Nevada and need to be pre-qualified through an application process designed by the Subrecipient organization and approved by Clark County. This pre-qualification will include a training session provided by the Subrecipient which is required prior to the representation of a Homebuyer. Participating broker/real estate agents are subject to the conflict of interest regulations cited in Section 1.6.

4.6 HOMEBUYER REPRESENTATION

Clark County requires that all Homebuyers obtain representation by a local real estate professional to assist in their home search. Broker/agents shall be informed of the potential Homebuyer's price range in order to focus property search efforts.

Homebuyers may not utilize more than one real estate agent/broker for home search and property selection. The buyer's agent helps protect the buyer throughout the process and sale transaction.

If the Homebuyer enters the program with a broker/real estate agent who is not participating agent, then the broker/real estate agent is required to attend a HAP training session offered by a Clark County approved HAP Subrecipient. If an Applicant submits an application for homebuyer assistance without representation, then the Subrecipient may offer the Homebuyer a list of participating agents/brokers to choose from. Subrecipients may not direct a Homebuyer to any one broker/agent but must offer Homebuyers a list of participating professionals from which to choose.

5.0 FIRST MORTGAGE LOAN

5.1 OBTAINING A LOAN

The Homebuyer is responsible for obtaining the first loan financing through a participating institutional lender that has been approved by subrecipient. The first loan must be a 30 year fixed product. Loan types could include, but are not limited to: FHA 203(b), VA (must be originated and guaranteed in accordance with VA guidelines), RHS (must be originated and guaranteed in accordance with USDA), Fannie Mae Conventional.

PRIOR TO OBTAINING A HAP LOAN FROM THE SUBRECIPIENT, A HOMEBUYER MUST PROVIDE EVIDENCE OF FINANCING FOR THE MAXIMUM AMOUNT THE FIRST LENDER IS WILLING TO LOAN. THIS MAXIMUM AMOUNT SHALL NOT INCLUDE THE SECOND LOAN AMOUNT WHEN CALCULATING THE AMOUNT THE FIRST LENDER SHALL LOAN.

All lenders must agree to comply with the bank regulators guidance for non-traditional mortgages found at:

<http://www.fdic.gov/regulations/laws/rules/5000-5160.html>

The Homebuyer is not permitted to obtain any subprime mortgages for which such mortgages are inappropriate, including buyers who may qualify for traditional mortgage loans. The Subrecipient is required to document compliance with this requirement for each Homebuyer.

5.2 HOMEBUYER RATIOS

Under the Program, the participant must pay within the range of 20% to 30% of their gross monthly income towards total "Housing Expenditures" (front-end ratio) based on a 30 year amortization schedule; provided, however, that the ratio of monthly housing expenditures, plus all other household monthly debt payments (back-end ratio), does not exceed 43% of gross income. Any applicant whose monthly housing costs plus all other household monthly debt payments exceeds 43% of their gross income must reduce their household debt burden before they will be eligible to participate in the Program.

Participants paying less than 20% or more than 30% of their gross monthly income towards total housing expenditures are not eligible for HAP direct assistance. HAP

principal reduction may be utilized in order to reduce the participant's front-end ratio to 25%.

Housing expenditures include:

- principal and interest
- escrow deposits for real estate taxes
- hazard insurance
- mortgage insurance premium
- homeowners' association dues
- ground rent
- special assessments, and
- payments for any acceptable secondary financing

5.3 PARTICIPATING LENDER

Participating lenders need to be pre-qualified through an application process designed by the Subrecipient organization and approved by Clark County. Prior to originating a HAP loan, the Participating Lender is required to attend a HAP training session. The lender must accept the Clark County HAP HOME/NSP legal documents to be used for the direct assistance (2nd mortgage) including the Deed of Trust, Promissory Note and Homebuyer Deferred Loan Agreement. Participating lenders are subject to the conflict of interest regulations cited in Section 1.6.

If the Homebuyer enters the program with a Lender who is not a participating entity, then the Lender is required to attend a HAP training session. If an Applicant submits an application for homebuyer assistance without Lender representation, then the Subrecipient may offer the Homebuyer a list of participating Lenders to choose from. Subrecipients may not direct a Homebuyer to any one Lender but must offer Homebuyers a list of participating professionals from which to choose.

5.4 LOAN TERM

The first loan shall be fully amortized and have a term of all due and payable in no fewer than 30 years. No adjustable interest rate loans or temporary interest rate buy-downs will be permitted. There will be no balloon payment due before the maturity date of the Clark County second loan.

5.5 ESCROW ACCOUNT

All households will be required to have escrow accounts for the payment of property taxes and property insurance to ensure payments remain current.

6.0 COUNTY ASSISTANCE

6.1 MAXIMUM LOAN AMOUNT

The maximum loan amount for the County second loan will be \$14,999 per home purchased under the Program. HOME and NSP funds cannot be combined on a single transaction.

6.2 AFFORDABILITY PARAMETERS FOR HOMEBUYERS

The actual amount of subsidy to the participant shall be computed according to the housing ratio parameters specified in section 5.2. The Homebuyer shall receive only the amount of subsidy needed to achieve homeownership while still keeping housing costs affordable. A Program Assistance Calculator will be provided by Clark County to Subrecipients for Program implementation. The Subrecipient will use the amount of the first loan as determined by the primary lender and calculate the County second loan amount required, bridging the gap between the closing costs, less down payment, and the amount of the first loan.

6.3 RATE AND TERMS FOR COUNTY SECOND LOAN

HAP assistance from Clark County is a zero interest, non-amortizing forgivable loan. As long as the Homebuyer has occupied the home as their principal residence and complies with the requirements of the Deferred Loan Agreement, Deed of Trust and Promissory Note, the HOME/NSP assistance will be forgiven after the five-year affordability period has been completed. Forgiveness occurs on the anniversary date.

- The affordability period for HOME funds begins when the activity is closed in the Federal Integrated Disbursement & Information System (IDIS).
- The affordability period for NSP funds begins when the homebuyer's Deed of Trust has been recorded with the Clark County Recorder's office.

Clark County shall confirm the start date of the affordability period with the Subrecipient for each project. The subrecipient shall ensure that the Homebuyer is aware of the duration and start date of the affordability period. Loans are due upon transfer of title or when borrower no longer occupies the home as his/her principal residence or upon a default of the loan.

Clark County requires the Homebuyer to obtain Owner's Title insurance on the second mortgage loan at closing.

6.4 ELIGIBLE SETTLEMENT EXPENSES

HAP assistance may be used to fund settlement expenses and/or down payment subject to the requirements of the insurer/guarantor.

Settlement charges customarily charged to the buyer in the Southern Nevada market shall be charged to the buyer for any transaction involving HAP funds. Similarly, any settlement charges customarily charged to the Seller in the Southern Nevada market shall be charged to the Seller for any transaction involving HAP funds.

The Program does not have a cap on closing costs, but eligible closing costs are subject to review and approval by Clark County as a part of Program monitoring. Subrecipients have a responsibility to evaluate the cost-reasonableness of buyer-paid closing costs prior to closing and to request changes through the Lender/Title companies as appropriate. While there is not set standard for cost reasonableness, a generally accepted measure examines project or incurred costs to those that might be incurred in similar circumstances, in comparison to common industry standards, as well as the necessity of such costs in the normal course of business.

The settlement expenses (closing costs) include all expenses that must be paid when a home is purchased, such as:

1. Fees or premiums for title examination, title insurance or similar expenses;
2. Loan application fees;
3. Credit report;
4. Flood certification;
5. Fees for preparation of a deed, settlement statement, or other documents;
6. Lender's legal fees;
7. Payments owed at the time of settlement for property taxes or homeowner property hazard insurance coverage;
8. Escrows for future payments of taxes and hazard insurance;
9. Fees for notarizing deeds and other documents;
10. Title search and insurance;
11. Transfer and recordation taxes and fees;
12. Fees for premiums for mortgage insurance or guarantee;
13. Loan discount points and origination fees;
14. Current month's mortgage interest from the date of closing through the end of the month in which closing occurs;
15. Up to 30 days of prepaid mortgage interest;
16. Appraisal;
17. Homeowners Association current dues and transfer fees;
18. Home inspection fees;
19. Home warranty fees; and
20. Other reasonable and customary prepaid expenses.

6.5 APPROVAL OF THE COUNTY SECOND LOAN

After the purchase offer is accepted and all financing commitments are in place, a complete loan package is produced and submitted to Subrecipient staff. The loan application package will include, but not be limited to, Homebuyer income eligibility and repayment ability, amount and terms of the first loan, itemization of loan costs, preliminary title report, credit report, appraisal, loan commitment from first lender, and any other information particular to the purchase. The loan package is approved through a process established by the Subrecipient.

If approved, the Homebuyer signs a Clark County approved Homebuyer Deferred Loan Agreement, Promissory Note, Deed of Trust, and any other statutory lending notices (Truth in Lending Disclosure, Rescission Notice, etc.) necessary to secure the HOME/NSP second loan. The Deferred Loan Agreement, Promissory Note, and Deed of Trust are then sent to the title company for closing. The Deferred Loan Agreement and Deed of Trust must be recorded with the Clark County Recorder's Office.

7.0 LOAN REPAYMENT AND TERMS

7.1 GENERAL INFORMATION

Clark County will not accept voluntary loan payments from Homebuyers pre-paying a portion of the deferred loan. Pre-payment of the second loan during the affordability period will not release the Homebuyer from the principal occupancy requirement.

Clark County will accept loan payments from Homebuyers paying in full upon sale of transfer of the property or change in title. All loan payments are payable to Clark County, unless otherwise directed.

Loan payments should be made to:

*Clark County Community Resources Management Division
500 S. Grand Central Parkway, 5th Floor
Las Vegas, NV 89106*

The County will maintain a financial recordkeeping system to record payments. Recaptured funds will be considered program income and must be returned to Clark County for use in HOME/NSP eligible activities. Other specific program income guidance will be provided in the written grant agreements with Subrecipients.

The required recapture provisions will be enforced through the execution of the Deferred Loan Agreement between the Subrecipient and the Homebuyer with the County as Beneficiary, which will include the signing of a Deferred Loan Agreement, Promissory Note, and Deed of Trust. The Deferred Loan Agreement and Deed of Trust will be recorded with the Clark County Recorder's Office at closing.

7.2 SALE OF PROPERTY DURING AFFORDABILITY PERIOD

If the Homebuyer does not remain in the property during its affordability period, then the property must be sold at Fair Market Value. If sale of the home occurs during the affordability period, the total amount of HAP direct assistance will need to be repaid to Clark County. See Sections 2.4 and 2.5.

7.3 REFINANCE OF FIRST LOAN

The outstanding Clark County second loan will not be due upon prepayment or refinance of the first loan, provided that such refinancing of the property, the principal balance of the new first lender loan and the Clark County HAP second loan must not exceed the present appraised value of the property. Clark County has the right to refuse subordination for purposes of refinancing if it is not in the County's interest to do so.

7.4 SUBORDINATION

The County will not subordinate its position to loans for credit debt or loans that do not reflect one of the following exceptions:

- To lower the interest rate and monthly payment on the first mortgage by a minimum of \$50 per month;
- To allow the borrower to secure a loan to cover emergency, non-insured property damage to the home; or
- To allow the borrower to secure a loan to cover major, non-insured medical treatment.

No cash may be taken out of the property as part of the refinancing.

7.5 *CONDITIONS OF DEFAULT*

Conditions of default include transfer of title or sale of the property without repayment or assumption of the HOME/NSP HAP second loan. The Homebuyer is also considered in default if property taxes are not paid or proper insurance is not maintained. The HAP loan is also in default if the Deferred Loan Agreement and deed restrictions are not adhered to.

7.6 *FORECLOSURE*

In the event the Homebuyer's property enters foreclosure proceedings through a foreclosure action or a deed transfer to the lender in lieu of foreclosure, Clark County will take all precautions necessary to ensure the HAP funds invested in the property are protected. The Subrecipient must refer the Homebuyer for housing counseling and notify the County of the potential foreclosure. The Homebuyer will be required to repay what is due only out of net proceeds (if any) received from transfer. Additionally sections 2.4 and 2.5 will apply.

8.0 PROCEDURE FOR EXCEPTIONAL/SPECIAL CIRCUMSTANCES

Exceptions or special circumstances are defined as any action that would depart from policy and procedures stated in this Manual. Consideration of an exceptional/special circumstance may be initiated by Subrecipients, Homebuyers, or Clark County staff prior to close of escrow or receiving HAP assistance. A report on the situation will be prepared and it shall contain a narrative, recommended course of action and any written or verbal information supplied by the Homebuyer. The Manager of Community Resources Management Division shall make a determination of the exceptional or special circumstances request.

9.0 LOAN MONITORING PROCEDURES

Subrecipients will annually monitor Homebuyer and housing units to ensure adherence to Program requirements including, but not limited to, the following:

- A. Owner-occupancy
- B. Property tax payments
- C. Property hazard insurance coverage
- D. Good standing on first lender loan
- E. General upkeep of housing unit

Reporting formats and procedures for this requirement must be provided by the Subrecipient to Clark County staff prior to Program implementation.

10.0 PROGRAM REIMBURSEMENT

The HAP is a reimbursement program. After the close of escrow the Subrecipient will compile a reimbursement packet submit to Clark County for payment of the HAP assistance provided with HOME/NSP funds. Clark County will provide

Subrecipients with a reimbursement checklist to be used for Program implementation.

The Subrecipient's reimbursement packet will also include documentation for the reimbursement of costs for counseling, intake and eligibility. The County will provide funding (Project Delivery Fee) of up to \$2,500 towards these costs.

The Subrecipient shall request a single payment for reimbursement of the HAP assistance as well as the Project Delivery Fee. Exceptions to this policy may be requested by the Subrecipient on a case-by-case basis due to high transaction volume and is subject to approval by Clark County staff.

All reimbursement requests must be submitted within 60 calendar days of close of escrow. Project Delivery Fees are included as a component of the Subrecipient's total program budget as specified in the grant agreement with Clark County and will be paid on a per property basis.

11.0 APPRAISALS

The Homebuyer's appraisal must be completed within sixty days of the final offer. If the Lender requires a second appraisal, the purchase price of the property may be reduced to the Lender's appraised value through an amendment to the purchase agreement (or 99% of the appraised value if NSP). A copy of the Lender's appraisal must be obtained in order to document Fair Market Value.

All appraisals used to determine Fair Market Value for the Program must meet the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (URA) definition of an appraisal (see 49 CFR 24.2(a) (3) and the five following requirements (see 49 CFR 24.103(a) (2)) :

- An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.
- All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.
- A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
- The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

Appraisers are required to disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project,

other than that due to physical deterioration within the reasonable control of the owner.

If the owner of a real property improvement is permitted to retain it for removal from the project site, the amount to be offered for the interest in the real property to be acquired shall be not less than the difference between the amount determined to be just compensation for the owner's entire interest in the real property and the salvage value (defined at §24.2(a) (24)) of the retained improvement.

12.0 MARKETING AND OUTREACH

- A. All outreach efforts will be done in accordance with state and federal fair lending regulations to assure non-discriminatory treatment, outreach and access to the Program. See Section 3.6C.
- B. The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population serviced by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies.
- C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving federal funds. Subrecipients will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public. See Section 3.6B.
- D. Potential applicants will be informed of the details of the HAP via flyers or public notices or local media articles, or meetings with lenders or real estate agents. The marketing information will include basic eligibility requirements, a general description of the Program, and will bear the Fair Housing Lender symbol. Interested individuals who wish to participate in Clark County's HAP will be asked to fill out an application and submit income documentation. Subrecipients will assist applicants in completing the application as necessary.

13.0 FAIR HOUSING & AFFIRMATIVE MARKETING REQUIREMENTS

The Program is subject to fair housing and the general certification to affirmatively further fair housing. Subrecipients are required to establish policies and procedures to ensure equal access to all HOME/NSP projects, define procedures for Program participant selection, as well as to evidence affirmative marketing efforts. All outreach shall be done in accordance with State and Federal fair lending regulations to ensure non-discriminatory treatment, outreach and access to the Program in accordance with the Fair Housing Act of 1975. Real estate professionals as well as lenders must also comply with all Fair Housing Act requirements. The Fair Housing Lender logo will be placed on all outreach materials. The Subrecipient is required to take appropriate steps to ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

As a condition of receiving NSP/HOME funds, Clark County submitted a Consolidated Plan amendment. As a part of this plan, which is subject to HUD approval, the jurisdiction must certify that it will affirmatively further fair housing. In order to affirmatively further fair housing, the jurisdiction is required to:

- Conduct an analysis to identify impediments to fair housing choice within the jurisdiction (an “Analysis of Impediments,” or “AI”);
- Take appropriate actions to overcome the effects of any impediments identified through that analysis; and
- Maintain records reflecting the analysis and actions in this regard and assess the results of these actions.
- The following activities have been identified as actions that affirmatively further fair housing in this Program:
- Encourage residents to expand where they look for housing in order to expand housing choices and remove self-imposed restrictions. This goal can be accomplished most effectively through face to face counseling, and to a lesser extent, through an ongoing publicity campaign.
- Make an effort to work with minority real estate firms and agents.
- Ensure any display ads, websites and brochures for real estate depict residents of all races as well as Hispanics.
- The ongoing disparity in loan denial rates, suggests a substantial need to provide Hispanics and African Americans with financial counseling to better prepare applicants before they submit a mortgage loan application. Such counseling should include educating potential home buyers to recognize what they can actually afford to purchase, avoiding the use of high cost and high risk mortgages, budgeting monthly ownership costs, building a reserve fund for normal and emergency repairs, recognizing racial steering by real estate agents, and encouraging consideration of the full range of housing choices available.

Whenever this program is advertised, Subrecipients shall include these elements and keep appropriate records to show that affirmative marketing has occurred. In addition, in dealing with realtors, lenders and other housing professionals, note and report any actions taken by these professionals that are discriminatory in intent or effect.

14.0 RECORD KEEPING AND REPORTING REQUIREMENTS

Subrecipients are required to comply with all documentation and reporting requirements of 24 CFR Part 84 and OMB Circular A-122. Subrecipients are required to establish adequate financial management procedures in order to ensure that Federal funds are spent for eligible activities, provide adequate documentation to satisfy Program requirements, and prevent fraud and abuse of Federal funds. Compliance will be monitored by Clark County staff through both desk audit and onsite audit of Program files. Compliance monitoring is an ongoing aspect of the HAP program and Clark County reserves the right to rescind or reduce its original funding commitment to a Subrecipient if insufficient progress in Program implementation is identified through monitoring.

Subrecipients expending greater than \$500,000 in total Federal assistance (including HOME/NSP funds) will be required to comply with audit requirements under the Single Audit Act (OME Circular A-133) and appropriate supplements. HOME/NSP funds must be tracked separate from each other and separate from other Federal funding.

Clark County will provide guidance and checklists to Subrecipients on the documentation required to draw down HOME/NSP funds. An overall project file checklist will also be provided by Clark County to Subrecipients for use in Program implementation. All documents pertaining to the Homebuyer shall be retained in the file to document compliance with all requirements. The Subrecipient will observe all Privacy Act requirements and keep client data in locked file cabinets. Disclosure shall be made to the applicant of who will be granted access to the application file and documents and for what purposes. These files must be available for Clark County, State of Nevada, Office of Inspector General or HUD inspection upon request.

Buyer files should be maintained for a period of five years after the termination of the affordability period.

Also see Section 1 for documentation requirements related to Homebuyer eligibility and income determination.

Subrecipients should monitor Program activity and performance to keep track of individual projects as well as overall Program production (see also Section 9.0). Well-designed project tracking systems will identify and monitor project status, document accomplishments/outcomes, and monitor progress towards meeting Program objectives and affordability requirements.

The following three reports are due to Clark County staff on a regular basis. Reporting formats and deadlines will be provided to Subrecipients for use in Program Implementation.

- Funds report
- Households report
- Affordability monitoring report

APPENDIX A: DEFINITIONS

As used in this Manual and all program documents, unless the context requires otherwise, the following words and terms have the meanings set forth below:

Abandoned Mortgage, lease or tax payments are at least 90 days past due; or a code enforcement inspection determines the home is not habitable and the owner does nothing to correct the problems within 90 days; or the property is the subject of court-ordered receivership or otherwise meets a state definition of an abandoned home or residential property.

Acquisition Cost The Acquisition Cost is used interchangeably with Purchase Price. NSP funded projects must be foreclosed and purchased at a 1% discount from the current appraised value of the property.

Affordable: In reference to housing costs, means that the financial obligation can be paid by the person or household, along with all other financial responsibilities of that person or household, without endangering the financial stability of the household. Housing Costs include principal, interest, property taxes, and insurance.

Affordability Period: The minimum period of time properties are required to be occupied by a Borrower as his/her principal place of residence under the HOME/NSP regulations. For this program, that period is five (5) years.

Applicant: Any person who applies for a HAP loan under the Program (including all persons that will reside in the property).

Assisted Unit: A unit purchased with a loan funded under this Program.

Back-end ratio: The total debt-to-income ratio between monthly household income and monthly housing costs plus all payments on long-term installment debt.

Borrower: For purposes of determining the household income, the income of all persons 18 years and older who will reside in the property will be considered as part of the total income used to determine eligibility within the established limits.

Certification: A written statement of fact filed in connection with this Program and subject to penalties of perjury.

Dependents: The household members who reside in the property and who are listed as dependents on the Borrowers' income tax returns.

Eligible Household: To be considered a member of a household, a person must either be (1) on the title and the loan documents for the unit or (2) claimed as a dependent on the tax returns of a household member who will appear on the title and loan for the property. A household is defined in terms of financial relationships and can include any owner partnerships as long as their combined gross, annual income meets the eligibility guidelines. All household members must be first time homebuyer.

Eligible Property: Real Residential property located in the unincorporated county which also meets additional criteria relative to the specific funding sources utilized. For NSP: the property must be foreclosed. For HOME: no restrictions on property eligibility.

Fair Market Value: The value of a property based upon the determination of an authorized appraiser mutually acceptable to both the City and the Borrower.

First-time homebuyer: See section 1.1

First Mortgage:

1. A mortgage which is in first lien position, taking priority over all other liens.
2. An extension of credit for which a Deed of Trust is recorded and the proceeds of which are used to finance the purchase of an eligible property which meets the requirements set forth in this Manual.

Foreclosed The property has a mortgage payment that is at least 60 days past due and the owner has been notified that they are late and/or in danger of a bank action to foreclose; or the property owner is 90 days past due on tax payments; or foreclosure proceedings have been started or completed.

Front-end Ratio: The ratio between monthly household income and monthly housing cost, including principal and interest, escrow deposits for real estate taxes, hazard insurance, mortgage insurance premium, homeowners' association dues, ground rent, special assessments, and payments for any acceptable secondary financing.

Homebuyer: A purchaser of residential property that will be owner owner-occupied.

Gross Income: The anticipated income of a person or family for the 12 month period following the date of determination of income.

Homebuyer: The participant in the Program that receives HAP assistance and takes Title to the property.

HOME/NSP Second Mortgage: An extension of credit for which a Deed of Trust is recorded and is subordinate to the First Deed of Trust. A deferred payment is due in full in accordance with the regulations pertaining program guidelines.

Household Income: All sources of income from which the Borrower(s), and any other person 18 years of age or older who is expected to live in the residence, receive income including the monthly gross pay; any additional income from overtime, part-time employment, bonuses, commissions, tips, dividends, interest, royalties, pensions, Veteran's Administration (VA) compensation, net rental income or other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments).

HUD: The United States Department of Housing and Urban Development.

Income: To determine a Borrower's eligibility for program assistance, income is determined using definitions specific to the particular funding source(s) utilized.

Income Eligible Households: Under the HOME program families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD as adjusted for family size and revised annually. Under the NSP program, persons and families whose incomes do not exceed the qualifying limits for middle income families as established and amended from time to time pursuant to HERA of

2008. Such limits are defined as 120% of the area median income as adjusted for household size and revised annually.

Lender:

1. A bank or trust company, mortgage banker, mortgage broker, federal or state chartered savings and loan association, state or federal governmental agency or credit union whose principal business is to originate, process, close and service loans for the purchase of property.
2. Nationwide institutions whose primary purpose is to develop housing and provide first mortgage financing to low-income purchasers of the developed housing.
3. The provider of primary mortgage financing for the purchase of an eligible property assisted with secondary financing under this Program.

Loan-to-value-ratio: The ratio between the amount of all indebtedness likened or to be liened against a property to the appraised value of the property securing the liens.

Maturity Date: The date upon which a mortgage loan comes due and payable in full in accordance with the regulations pertaining to the funding source(s) used.

Mortgage: A deed of trust used to secure a lien on real property.

Participating Lender: Lending institutions that have demonstrated their ability to provide loan origination services and perform other duties within applicable laws and the Regulations.

Principal Residence: (1) A Single-Family Residence, (2) Condominium or (3) Townhouse. It does not include limited cooperatives (such as timeshares), recreational vehicles, campers, or similar vehicles. The Borrower must occupy the Principal Residence for entire term of the loan.

Purchase Price: The cost of acquiring a residence, excluding usual and reasonable settlement or financing costs, and excluding the value of services performed by Borrower in completing the acquisition of the residence.

Recapture: The option for recovering funds provided to a Borrower under this Program should the Borrower fail to comply with the requirements of the programs for the duration of the affordability period.

Related Person: As defined under the Internal Revenue Code and applicable regulations: siblings, spouses, ancestors and lineal descendants or any other related persons.

Second Mortgage: A mortgage that is junior or subordinate to a first mortgage.

Target Areas: Specific census tracts as defined by Clark County as “Areas of Greatest Need”

U.S. Department of Housing and Urban Development (HUD): HUD is the Program administering agency for the Federal government for both the HOME and NSP programs. HUD develops and issues program regulations and guidance, monitors program performance and otherwise reviews State and local government productivity and performance.