

POLICY MEMO

MEMORANDUM

CDBG, HOME, & NAHTF Policy Guidance

This Policy remains effective until it is amended, superseded, or rescinded.

MEMO: 16-01

Date: August 2, 2016

Nebraska Department of Economic Development, 301 Centennial Mall South, Lincoln, NE 68509, opportunity.nebraska.gov

SUBJECT: Recapture of Net Proceeds from Sale of Homebuyer and Homeowner Projects

This Notice provides guidance on the proper procedures for grantees and staff in recapturing net proceeds in the sale of Homebuyer and Homeowner projects as it relates to CDBG, HOME and NAHTF applications and projects that have been funded with CDBG, HOME and NAHTF resources.

This policy memorandum becomes effective immediately unless otherwise stated. The program documents located on the Nebraska Department of Economic Development website has the most up to date policies for the CDBG, HOME and NAHTF program.

After reviewing guidance related to Recapture of Net Proceeds from Sale of Homebuyer and Homeowner Projects, and reviewing internal policies, the Department has determined that it will implement new policies and procedures for applicants and grantees related to the Recapture of Net Proceeds of housing related contracts (i.e. owner-occupied rehabilitation, down payment and closing cost assistance, purchase/rehab/resale, new construction, acquisition/rehab, purchase/rehab/lease/resale, etc.).

These requirements pertain to those applicants that will be applying for resources beginning in 2016 (and any subsequent year after that), and also current grantees that have been funded with CDBG, HOME and NAHTF resources.

In general, the following will be required:

- 1) Provide a statement in grantees Program Guidelines that states, "Recapture provisions are utilized, then the amount recaptured cannot exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than CDBG, HOME or NAHTF funds) and any closing costs;
- 2) Provide a statement in the grantees Reuse Plan that states, "Recapture provisions are utilized, then the amount recaptured cannot exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than CDBG, HOME or NAHTF funds) and any closing costs; and,
- 3) Implement these procedures and educate staff in regard to recapturing net proceeds in the sale of homebuyer or homeowner projects.

All CDBG, HOME and NAHTF applicants must comply with this guidance. A failure to complete and submit the required application information may result in an applicant not being eligible to receive CDBG, HOME or NAHTF resources.

Department staff will utilize the closing statement from the sale of the subject property to ensure compliance with this policy for the Recapture of Net Proceeds from Sale of Homebuyer and Homeowner Projects. A closing statement from the sale of the subject property will need to be obtained and included within the project files.