

**PROPOSED REGULATION OF THE HOUSING DIVISION OF
THE DEPARTMENT OF BUSINESS AND INDUSTRY**

Overall Authority: NRS 319 and AB 629 of the 2007 Legislature:

These proposed changes to Chapter 319 of the Nevada Administrative Code are offered by the Administrator of the State of Nevada, Department of Business and Industry, Housing Division pursuant to the authority provided in NRS 319.140. The intention of these regulations is to explain the criteria that will be used by the Housing Division when determining whether or not to approve a grant to a non-profit organization pursuant to AB629 of the 2007 Legislature.

NAC 319.490 Purpose and objectives. The provisions of NAC 319.490-499, inclusive, are established to effectuate and will be applied so as to accomplish the general purposes of AB629 Section 3 Subsections 1-4 and the specific objectives of NRS 319 and to ensure that any grants executed by the Housing Division meet the intent of encouraging employer assisted housing.

NAC 319.490 Definitions. As used in NAC Section 319.490-495 the term ‘employer assisted housing program’ means a program for the provision of down-payment assistance, reduced-interest rate mortgages, mortgage guarantees, rental subsidies or individual development account savings plans, or any combination thereof, to assist employees in securing affordable housing in the State of Nevada.

NAC 319.491 GRANTS. The Division will fund grants pursuant to AB629 Section 3 subsections 1-4 provided:

- 1. The grant is to an IRS designated non-profit organization, organized under IRS Code Section 501(c)3 and in good standing with the Nevada Secretary of State’s Office and whose purpose is specifically designated as promoting affordable or subsidized single family housing located within the State of Nevada. Further, the designated non-profit organization must have a demonstrated ability to process and service loans either directly or in conjunction with a proven loan servicing organization for not less than 5 consecutive years prior to the date of a grant.*
- 2. The grantee (s) selected in 319.490(1) must have a financial net worth of not less than one-million dollars (\$1,000,000) at the time of the grant and must maintain a net worth of at least one million dollars (\$1,000,000) throughout the period of the grant and the net worth of the organization shall be determined exclusive of the value of the grant provided pursuant to AB 629(3).*
- 3. The grantee (s) may not profit from nor charge directly or indirectly for use of the grant funds through administrative charges in excess of ten percent (10.0%) of the total value of the grant.*
- 4. Any proposed grantee (s) service contracts or sub-grants must be approved by the Administrator of the Housing Division prior to implementation. This requirement only*

applies if the value of such contracts or sub-grants exceed two-thousand dollars (\$2,000).

- 5. All grant funds are subject to audit and must comply with the laws of Nevada.*

NAC 319.492 ELIGIBILITY FOR GRANT FUNDS:

- 1. Grant recipients may loan on a secured basis only to eligible borrowers, up to twenty-thousand dollars (\$20,000) in down payment and closing cost assistance loans.*
- 2. The loan must be funded via a proportional match of grant funds and employer provided funds. The grant recipients may not fund loans to eligible borrowers from grant funds only.*
- 3. The terms of repayment, interest rates, fees and underwriting criteria must be specified in any written Memorandum of Understanding approved by the grant recipient and eligible employee groups authorized representatives.*
- 4. No loan may be funded without at least one percent of borrower contribution toward the total purchase price of a eligible home for which the down payment and closing cost loan is sought.*
- 5. Loans may contain a zero interest rate provision.*
- 6. Eligible loans:*
 - a) must be repaid in full upon sale, transfer, or refinance of the secured property;*
 - b) death of a recipient allowing for time to settle the borrower's estate;*
 - c) borrower must remain employed within the industry providing the grant matching funds;*
 - d) borrower, if a union member at time of the loan must remain a member of the participating union;*
 - e) borrower must reside in the home as their primary resident and may not run a separate business or enterprise from the home;*
 - f) if the borrower does not occupy the home as their primary residence, the loan proceeds will be immediately due and payable.*
 - g) Verification of use of the home as a primary residence in the form of up-to-date and current home owners' insurance policy and or current property tax bills will be required on an annual basis to be provided and verified by the grant recipient for each borrower.*
 - h) Loans must be secured but may be subordinated to a maximum of third position to allow for borrower to take advantage of other forms of down payment assistance programs provided however than in no circumstance shall the total of all forms of secured debt exceed ninety-nine percent (99.00%) of the total verified sales price of home.*
 - i) Loans may be provided to all income and employee eligible applicants. Length of employment shall not be a criterion for eligibility. Two or more employees may not combine to create multiple levels of down-payment assistance on the same property.*
 - j) All borrower applicants must first complete a Nevada Housing Division approved homebuyer education class prior to being declared eligible by the grant recipient for a loan.*
 - k) Grant recipients may not lend to borrowers whose home is outside the county of the employer of the borrower nor for a property outside the state of Nevada.*

- l) Grant recipients will use federal income guidelines similar to those of the Nevada Housing Division's first time homebuyer mortgage program as revised from time to time.*
- m) Grant recipients will execute appropriate documentation informing borrowers about potential federal tax liabilities in the event any or all portions of the loans made have principal forgiven. The grant recipients are not liable for calculating borrower tax liabilities, only informing them of the potential for liability in the event of any loan forgiveness.*
- n) Grant recipients will:*
 - I. Independently verify borrower eligibility and at a minimum confirm:*
 - a) Employee income levels and determine family size adjustments*
 - b) Confirm completion of required home buyer education class*
 - c) Confirm borrower is a member of a participating employee group*
 - d) Ensure timely funding of all loans to complete home buyer purchases*
 - e) Administer loans through the longer of the length of the grant or term of the most recent loan regardless of the level of repayment or forgiveness so long as a loan has any principal outstanding.*

f)

NAC 319.493 COMMITMENTS AND REVERSION OF UNSPENT GRANT BALANCE DEADLINES:

- 1. Grant recipients may not commit unexpended grant funds for loans beyond June 30, 2009.*
- 2. Any remaining grant funds, committed to loans or not may not be expended beyond September 18, 2009 and must be reverted to the State of Nevada General Fund, through the Nevada Housing Division, net of any unpaid administrative fees. All grant funding must cease, except for loan servicing fees, as of September 30, 2009.*

NAC 319.494 Requests for clarification, relief or information. (NRS 319) Any person desiring clarification of NAC 319.490-319.494, inclusive, relief from the strict application of any of the terms of those sections, or information concerning procedures for dealing with the Division may address a written request to the Administrator at:

***Administrator, Nevada Housing Division
1535 Old Hot Springs Road, Suite #50
Carson City, NV 89706***