SHERMAN COUNTY ECONOMIC DEVELOPMENT, INC.

RURAL WORKFORCE HOUSING FUND (RWHF)

FUND INVESTMENT PLAN

SCED, INC.
ENHANCING OUR HOMETOWNS FOR THE NEXT GENERATION

EQUAL HOUSING OPPORTUNITY

SHERMAN COUNTY ECONOMIC DEVELOPMENT, INC.
PO BOX 428 - 652 N STREET
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INFO@SCEDINC.ORG

Approved by the
Sherman County Economic Development, Inc.
Board of Directors on January 14th, 2025
Amendment 1 – September 22nd, 2025

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CHAPTER 1: Introduction to the Sherman County Economic Development Rural Workforce Housing Fund

The Sherman County Economic Development, Inc. (SCED, Inc.) Rural Workforce Housing Fund (RWHF) is a revolving loan fund which will provide loans for workforce housing efforts in Sherman County in order to provide additional housing for the workforce.

The objectives of SCED, Inc. for the Rural Workforce Housing Fund Investment Plan are as follows:

- Address housing shortages identified in the Housing Study with targeted solutions.
- Efficiently deploy investment funds in a timely manner.
- Maximize the number of housing units built or rehabilitated through effective fund utilization.
- Establish a sustainable financial cycle to support future housing projects.

Chapter 2: Administration

2.1 GEOGRAPHICAL SERVICE AREA

The SCED, Inc. Rural Workforce Housing Fund will provide loan funds for projects within the extraterritorial zoning jurisdiction (three-mile zoning limits) of eligible communities in Sherman County, Nebraska. Communities include: Loup City, Ashton, Litchfield, Rockville, and Hazard.

2.2 ELIGIBLE/QUALIFIED ACTIVITIES

PROJECTS ELIGIBLE FOR ASSISTANCE MUST MEET THE FOLLOWING CRITERIA:

1. New construction of owner-occupied or rental housing;
2. Substantial repair or rehabilitation of dilapidated housing stock, for which the cost to rehabilitate exceeds fifty percent (50%) of the unit's assessed value;
3. Upper story housing development;
4. Rehabilitation that includes the conversion of an existing building into housing; or
5. Extension of sewer or water service in support of workforce housing.

For owner occupied housing units, neither total cost nor sale price can exceed $325,000 per unit. For rental units, neither total cost nor sale price can exceed $250,000 per unit. These amounts may be adjusted from time to time in compliance with the Rural Workforce Housing Investment Act. *Neb. Rev. Stat. § 81-1228 et. al.*

- Target price for home sales in Sherman County: Less than $225,000 to avoid household cost-burdening
- Target rental rates in Sherman County: Less than $1,200 to avoid household cost-burdening (Cost-burdening is defined by HUD as spending over 30% of gross income on housing expenses.)

Projects must take place within the extraterritorial zoning jurisdiction of a community with a demonstrated workforce housing need that is located in an eligible county. The RWHF housing project may not be supplemented by National Housing Trust Funds, Federal Low Income Housing Tax Credits, State Low Income Housing Tax Credits, Community Development Block Grants, HOME funds, or funds from the Nebraska Affordable Housing Trust Fund.

These criteria will be updated to mirror Nebraska Department of Economic Development (NDED) guideline updates.

Qualified Activities:
Activities to be funded include loans for workforce housing projects.

Qualified Activities include:

- Loans for construction of single family and multifamily housing
- Loans for single family and multifamily rehabilitation
- Loans for second story development or rehabilitation
- Loans to repurpose buildings for housing
- Extension of sewer or water service in support of workforce housing
- Homebuyer downpayment assistance for a qualified buyer of a RWHF constructed housing unit

2.3 INELIGIBLE ACTIVITIES

Any activity not specifically authorized under Qualified Activities is ineligible to be carried out with these funds.

This section further identifies ineligible activities;

- Furnishings and personal property not an integral structural fixture including the purchase of equipment, fixtures, and motor vehicles.
- Mobile homes, as defined by DED; Mobile homes mean a movable or portable dwelling constructed to be towed on its own chassis, connected to utilities, and designed with or without a permanent foundation for year-round living. It may consist of one or more units that can be telescoped when towed and expanded later for additional capacity, or of two or more units, separately towable but designed to be joined into one integral unit.
- Housing that receives National Housing Trust Funds, Federal Low-Income Housing Tax Credits, State Low-Income Housing Tax Credits, HOME funds or Nebraska Affordable Housing Trust Funds
- Housing Administration costs
- Grant Administration costs

Grant Administration and Housing Administration costs for the SCED, Inc. RWHF at the project level can be supported with local matching funds, fees, loan repayments, interest and other funds.

2.4 ELIGIBLE APPLICANT ENTITIES

Eligible applicants include:

- For Profit Entities
- Not For Profit Entities
- Individuals Operating as Contractor Representative
- Municipalities
- Community Development Agency
- Community Redevelopment Authority
- Potential RWHF Homebuyers (Downpayment Assistance Program)

2.5 TYPES, AMOUNTS AND TERMS OF ASSISTANCE

CONSTRUCTION LOAN TERMS AND CONDITIONS:

1. Loan Amounts
    a. The minimum loan amount is $40,000, and the maximum loan amount is $260,000 per owner-occupied unit, $200,000 per rental unit. Projects utilizing this loan may not exceed a total cost or sale price of $325,000 for owner-occupied units, and $250,000 for rental units. Per-unit limits apply regardless of the percent of total project financing provided by this fund. Multiple applications on different projects in a community from the same applicant may be pooled to meet the minimum loan size.
    b. Maximum loan amounts to be determined based on the percentage of the total project. Therefore, loan applications will need to include a project budget which includes all costs of the project.
    c. Each loan requires the borrower to provide their own equity into the housing project. **At least 20% of the project will require private or outside sources.** The applicant's equity in the project can be cash, applicant labor value, and/or the value of the property in which the project will be located. Value of the property will be equal to the purchase price of the property if acquired less than 3 years from the application date. If the property purchase was greater than 3 years from the application date; then the value of the property will be based on the county assessed value or an appraised value required by the Lender.
    d. Loan amounts will be determined on a case-by-case basis.

2. Interest Rates/Fees
    a. Interest rates will be set by the SCED, Inc. Housing Loan Committee in its sole discretion. Terms and conditions may vary from applicant to applicant.

3. Loan Terms
    a. Recipients of assistance must agree to observe all conditions of the loan documents (as may be required by SCED, Inc. under this program).
    b. Recipients must execute documents and instruments and provide such information, certificates and other items as determined necessary by SCED, Inc., in its sole discretion, in connection with any assistance.
    c. Construction loans will be due and payable upon sale or occupancy of the unit or the due date established by the loan committee, whichever comes first. When there is reasonable cause to determine the project will not be sold or occupied by the loan due date, the borrower must renegotiate loan terms with SCED, Inc. to extend maturity, or surrender collateral to SCED, Inc.
    d. Loan terms vary according to the type of housing development. The preferred terms for financing are listed below. However, additional or different loan terms can be negotiated by the Applicant and Loan Committee based on the size of the project and other conditions.
        i. Multi-Family Rental Development (New Construction or Rehabilitation) – Up to twenty-four (24) Months
        ii. Single-Family, Owner Occupied and Rental Development – Up to twenty (20) Months
        iii. Substantial Repair or Rehabilitation of Dilapidated Housing Stock – Up to fifteen (15) Months
        iv. Upper Story Housing Development – Up to twenty- four (24) Months
        v. Rehabilitation, Converting Existing Building into Housing – Up to twenty- four (24) Months
    e. If loan is not repaid upon sale or occupancy of the unit or the due date, SCED, Inc. will follow default and delinquency terms outlined in this plan, unless extensions are arranged.

2.6 APPLICATION PROCESS:

Sherman County Economic Development, Inc. will market this program throughout Sherman County. Potential applicants will be proven builders, developers, or local entities desiring to create workforce housing. Potential applicants will contact SCED, Inc. to request an application. Sherman County Economic Development, Inc. will accept applications on an open cycle, “first ready, first served” basis. It is the position of Sherman County Economic Development, Inc. that such flexibility in taking and reviewing applications and making loans will best serve to develop and expand community housing in our coverage area.

All activities will be conducted with a perpetual philosophy to ensure this fund can be a resource for the long term and to maximize geographic coverage.

APPLICATION CONTENTS:

1. Application Questionnaire (Attachment A), including
    a. Current financial statements of borrower and all guarantors (audited if available).
    b. Detail of outstanding litigation against borrower, developer or any guarantor.
2. Housing Project Abstract
    a. Project drawings and specifications
    b. Implementation schedule by phases
    c. Evidence of site control
3. Project Cost Breakdown
    a. Sources and uses of construction costs
    b. For Rentals: Evidence of committed buyer or long-term financing approval for post completion.

2.7 APPROVAL PROCESS

Additional approval process information can be found under the Loan Process section of Chapter 3.

GRADING CRITERIA:

Sherman County Economic Development, Inc. Operating Team will confirm threshold requirements, then consider the project information and community support.

1. Threshold Requirements
    a. Location (Sherman County Economic Development, Inc. will verify there is a demonstrated workforce housing need)
    b. Meets requirements of NDED RWHF guidelines
2. Project Information
    a. Shovel ready
    b. Value and quality of proposed project
    c. Proposed construction timeframe and ability of borrower to complete the construction within said timeframe
    d. Proposed sales/occupancy timeframe and ability of borrower to meet said timeframe
    e. Proposed sales price (priced for occupancy)
    f. Feasibility of the project
    g. Project leverage and shared risk
    h. Meets needs of the community
3. Community Support
    a. Evidence of community support (such as incentives to builder or end buyer)

UNDERWRITING:

Once an application has been graded, the Sherman County Economic Development, Inc. Loan Officer will review each application for financial viability, considering the following:

a. Cash Flow Coverage Ratio
b. Loan to Value Ratio
c. Collateral

Sherman County Economic Development, Inc. will prepare and submit each completed application to the SCED, Inc. Housing Loan Committee for approval or denial. The board of directors will formally ratify all approved loans. SCED, Inc. will apply the necessary and appropriate underwriting and analysis procedures to support the goals of the program. Additionally, due to the unique nature of each transaction and the specific circumstances surrounding each application, Sherman County Economic Development, Inc. anticipates that loan terms and conditions may vary from one project to another.

DISCRETION OF SHERMAN COUNTY ECONOMIC DEVELOPMENT, INC. HOUSING LOAN COMMITTEE:

Sherman County Economic Development, Inc. Housing Loan Committee has the sole and final discretion to approve or deny applications and to establish final loan terms. Sherman County Economic Development, Inc. is an equal opportunity lender, and will not discriminate against any person because of race, color, religion, sex, handicap, familial status, or national origin.

2.8 CONTINGENCIES

CLOSING/ADVANCE OF FUNDS:

Upon approval of loans by the Sherman County Economic Development, Inc. Housing Loan Committee, Heritage Bank and The Law Office of Eurek and Peterson will prepare and execute required loan documents and schedule a loan closing with the borrower. Upon closing, funds will be disbursed in one of two ways: 1) to an escrow agent named in the loan documentation who will in turn disburse funds to the borrower by phase, upon completion and inspection (by Sherman County Economic Development, Inc.) of each phase, and receipt of lien waivers from each sub-contractor; 2) Sherman County Economic Development, Inc. will disburse funds to the borrower by phase, upon completion and inspection (by Sherman County Economic Development, Inc.) of each phase, and receipt of lien waivers from each sub-contractor.

DEFAULT AND DELINQUENCY TERMS:

Sherman County Economic Development, Inc. will schedule and conduct regular inspections and reviews of projects. At a minimum, inspections and reviews will be done at least every two months to ensure that the

borrower is making progress and on schedule. The borrower shall attend these inspections if requested by Sherman County Economic Development, Inc.

In the event that deficiencies are noted in the inspections and review process, Sherman County Economic Development, Inc. will schedule a meeting with the borrower to address identified deficiencies. It is the goal of Sherman County Economic Development, Inc. to reach a satisfactory resolution to noted concerns and accomplish original tasks all within the original timeframe of the loan.

However, if the borrower is unwilling or unable to complete the project within the mutually agreed upon timeframe (at time of the original loan being made or subsequently negotiated), Sherman County Economic Development, Inc. reserves the right to terminate the executed contract between the borrower and the Fund and initiate legal proceedings and collection procedures to recover funds invested and/or advanced.

It is Sherman County Economic Development, Inc.'s desire to work with borrowers toward successful completion and sale of a project. However, if circumstances are such that renegotiation is required in order to complete the sale or occupancy of the project, terms may be renegotiated at the request of the borrower. The lender is under no obligation to consider a request for renegotiation. Communication, demonstrated progress and a solid plan for completion of the project will be key considerations for renegotiation.

All loans are due and payable: (1) upon sale or occupancy of the unit; or, (2) the due date as established in the contract documents. Due and payable date is established by whichever action comes first.

CONTINGENCY RESERVE:

The Sherman County Economic Development, Inc. Housing Loan Committee will evaluate overall risk of outstanding loans and determine the appropriate fund reserve. It is proposed that 5% of the outstanding balance of the Sherman County Economic Development, Inc. Rural Workforce Housing Fund will be held in reserve for contingencies.

Chapter 3: Operations

3.1 RWHF POSITIONS

Following is a list of individuals involved in the administration of the Sherman County Economic Development, Inc. Rural Workforce Housing Fund and their duties:

Fund and Program Administrator – Melissa Dush, SCED, Inc. Executive Director

- Track and Maintain the Net Value of the fund
- Supervise Investment compliance inspections
- Asset Management
- Supervision of all loan approvals
- Signatory authority for loan documents
- Supervision of all disbursements
- Supervision of all project monitoring
- Calculation of total returns and performance measures
- Develop loan packages for review by the loan officer
- Responsible for all day-to-day operations of the fund
- Participate in and provide support during inspections with the Operations Team.

Fiscal Officers – Demi Rodocker, Gifford & Cox Certified Public Accountant and Jennifer Smydra CPA, LLC

- Preparation of annual reports
- Maintenance and filing of the fund's financial books and records
- Prepare loan disbursements
- Track performance measures

Loan Officer – Clayton Suckstorf, Heritage Bank Loan Officer

- Reviews loan applications and documentation
- Presents completed loan applications to the Sherman County Economic Development, Inc. Housing Loan Committee
- Completes loan agreements and security instruments with borrower, obtains signatures and notarizations and collects fees
- Responsible for filing of all necessary security documents
- Approves disbursement of funds to the escrow agent

Operations Team – Sherman County Economic Development, Inc. Loan Review Committee, Board of Directors, and Program Administrator

- Evaluate initial information from potential borrowers and invites full applications if eligible
- Engage with borrowers
    - Help customers by answering questions; responding to requests
    - Assist entities in loan package preparation
- Provide initial review of loan application and documentation; requests of additional information if required
- Market the fund
- Ensure program compliance
- Manage the loan monitoring report
- Conducts inspections and project reviews

Grant Administrator – Melissa Dush, Sherman County Economic Development, Inc. Executive Director

- Supervision of grant compliance and monitoring

The Law Office of Eurek & Peterson – Preston Peterson, Attorney

- Review loan and security documents

Sherman County Economic Development, Inc. Housing Loan Committee

- Final approval or disapproval of applications

Sherman County Economic Development, Inc. Board of Directors

- Ratification of approved loans

3.2 LOAN PROCESS

LOAN REVIEW PROCESS:

1. Applications will be accepted on an open cycle, first-ready, first-served basis. Qualified projects that meet the criteria and are "shovel-ready" will be processed for approval/denial. The applicant must submit an application fee of $200 when the application is submitted. Applications for additional projects will have a reduced fee of $100 when a second project is presented for a loan within 12 months of the initial loan. Upon receipt of a completed application, Sherman County Economic Development, Inc.'s operations team will conduct a thorough review of the full applications. Applicants will be contacted for further information or additional documents as necessary.
2. Once an application is considered complete it will be graded and forwarded to the loan officer.
3. The loan officer will review the application to ensure the project is viable and meets fund criteria.
4. If the application does not meet the viability or fund criteria, the loan officer will deny the application and return it to the operations team to inform the borrower of the denial in writing.
    a. Applicant may remedy deficiencies and re-submit the application.
5. Applications that meet the review of viability and fund criteria will be presented to Sherman County Economic Development, Inc. Housing Loan Committee for approval or denial.
6. Approved loans will be scheduled for closing. Loans that are denied will be returned to the operations team for written applicant notification.
7. The Sherman County Economic Development, Inc. Board of Directors will ratify approved loans at the next board meeting held once a month.

LOAN CLOSING PROCESS:

1. Upon approval by the Sherman County Economic Development, Inc. Housing Loan Committee and SCED, Inc. Board of Directors, the loan officer will prepare the loan and security documents and set a closing with the borrower.
2. Loan closing with borrower will include: review of requirements and documents, signing documents (with Notary when necessary), collection of fees.
3. Deed of Trust documents will be filed by the loan officer or attorney.
4. Loan Proceeds will be disbursed as agreed in the documents, either through an escrow agent by completed phase or by Sherman County Economic Development, Inc. by completed phase.
5. Loan approval will be ratified by the Sherman County Economic Development, Inc. board of directors at the next board meeting.

LOAN SERVICING AND MONITORING:

1. Operations team will complete periodic reviews and inspections of projects to ensure projects are on track for completion within initial project timelines and projections.
2. Loans will be disbursed by phase, upon completion of each phase. This will help ensure loan proceeds are used only on the approved project and will maintain control of the funds until the approved project has progressed to a phase completion. This will also facilitate the monitoring of the project. Although the loan will be approved, disbursement will only happen upon each milestone/phase completion. The operations team will be responsible for monitoring current completion prior to disbursements.

3.3 PROGRAM COMPLIANCE

Operations team will be responsible for program compliance.

- Inspections at least every two months for timeline compliance: Projects not in compliance with the estimated project timeline will be reviewed and the applicant will be asked to provide information regarding the circumstances and plans to bring the project back into compliance. Circumstances beyond the control of the applicant or his agents will be taken into consideration (e.g. weather).
- Inspections at least every two months to ensure housing unit is being built or rehabilitated to the specifications outlined in the approved project proposal from the application. Any variations will be identified and discussed with the applicant.
- Operations team will inspect proof of insurance required by applicant and agents.

PROCESS FOR ENSURING MAXIMUM COST LIMITS WILL BE VERIFIED:

- Defined RWHF Maximum Cost and Sale Limits:
  - Owner-Occupied Homes: Maximum cost and sale price set at $325,000 per home.
  - Rental Properties: Maximum cost and sale price set at $250,000 per unit.
  - Amounts may be adjusted from time to time in compliance with the Rural Workforce Housing Investment Act. *Neb. Rev. Stat. § 81-1228 et. al.*
- Contractual Agreement at Loan Closing:
  - RWHF borrowers will sign an agreement, outlined in Exhibit *TBD* of the SCED, Inc. RWHF Loan Closing documents, affirming that costs and sale prices will not exceed the established limits.
- Cost Monitoring:
  - Oversight by Fiscal Officers and Operations Team: These teams will conduct phased site visits to monitor project progress and net profit tracking. Borrowers will provide detailed documentation of costs using the prescribed cost tracking template (PG 21-22).
  - Phased Fund Distribution: Funds will be released incrementally, ensuring ongoing cost monitoring and compliance with the Rural Workforce Housing Fund guidelines. (PG 19-20)
  - Listing Price Verification: RWHF real estate listings will be monitored to ensure compliance with the maximum sale price limits. Violations of the price limits are subject to penalties and fees in amounts established at the sole discretion of the SCED, Inc. Board of Directors, and may further result in repayment obligations, revocation of program benefits, or other remedies deemed necessary to enforce compliance.[1]

PROCESS FOR ENSURING OWNER-OCCUPIED UNITS WILL BE SOLD TO HOMEBUYERS

- Borrower Agreement:
  - RWHF borrowers will sign an agreement, outlined in Exhibit *TBD* of the SCED, Inc. RWHF Loan Closing documents, affirming that owner-occupied units will be sold to homebuyers who will use the property as their primary residence.
- Buyer Verification:
  - A copy of the closing statement is to be provided to the SCED, Inc. RWHF Program Administrator within 30 days of the sale.
  - Buyers of RWHF homes must provide proof to the loan committee demonstrating that the purchased home will serve as their primary residence. This includes evidence or a statement that the home will be occupied by the buyer for more than 51% of the year.

Grant administrator will have oversight of compliance with grant agreements.

3.4 RISK MITIGATION

FUND:

Fund balance maintained in FDIC insured banking institutions will not exceed insured limits, unless financial institution has pledged securities for the excess above the FDIC insurance limit.

INVESTMENT MANAGEMENT:

The Trust Department at Heritage Bank will advise on investment options for any funds that have been repaid and are in between investment projects. Funds not currently dispersed to projects will be kept in an interest-bearing account or, when appropriate, be invested in a conservative asset allocation portfolio with a long-term track record of the best return at the lowest risk.

COLLATERAL:

- Deed of Trust on real estate (Not applicable if Sherman County Economic Development, Inc. is the borrower).
- Personal Guaranties or Loan Guarantors may be required as necessary.

INSURANCE:

- Borrower or agent thereof must provide proof of the following insurance:
  - Commercial General Liability Insurance
  - Builder's Risk Insurance
  - Automotive Liability
  - Workers Compensation at statutory limits and employers' liability
  - Liability insurance to cover the value of the owner's property

IMPLEMENTATION SCHEDULES:

- All projects will have a construction/implementation schedule with acceptable milestones (phases) for project progression prior to approval of the loan. Each project will be divided into phases that are agreeable to Sherman County Economic Development, Inc. and the borrower. Compliance with these milestones/phases will be expected. Any variances must be communicated as soon as realized along with plans to bring the project back into compliance.

PAYMENT OF LOAN PROCEEDS:

- As a risk mitigation technique, loan funds will be disbursed in one of two ways: 1) to an escrow agent named in the loan documentation who will in turn disburse funds to the borrower by phase, upon completion and inspection (by Sherman County Economic Development, Inc.) of each phase, and receipt of lien waivers from each sub-contractor; 2) Sherman County Economic Development, Inc. will disburse funds to the borrower by phase, upon completion and inspection (by Sherman County Economic Development, Inc.) of each phase, and receipt of lien waivers from each sub-contractor.

INTEREST PAYMENTS:

- As a risk mitigation technique, the Sherman County Economic Development, Inc. Housing Loan Committee may recommend and subsequently approve to have an applicant pay periodic interest payments (i.e. monthly, quarterly, annually, or at maturity).

3.5 FINANCIAL

CAPITAL MANAGEMENT STRATEGY:

It is Sherman County Economic Development, Inc.'s intent to keep the funds fully invested in workforce housing activity. Funds that have been repaid and are in between investment projects will be kept in an interest-bearing account or, when appropriate, be invested in a conservative asset allocation portfolio with a long-term track record of the best return at the lowest risk.

SOURCES OF FUNDING TO COVER ADMINISTRATIVE COSTS:

In order to cover administrative costs, Sherman County Economic Development, Inc. will utilize interest income, income from flat rate fees, and/or revenue from Sherman County Economic Development, Inc. operations. Funds will not be taken from the Rural Workforce Housing Fund grant for administrative expenses.

Chapter 4: Other

4.1 CONFLICT OF INTEREST CLAUSE

This Plan will utilize Sherman County Economic Development, Inc.'s adopted Rural Workforce Housing Fund conflict of interest policy. (See Attachment B)

4.2 FUTURE USE PLAN

The fund will be operated as a revolving loan fund. Sherman County Economic Development, Inc. will continually market this program throughout Sherman County. Sustained marketing efforts will seek to create a pipeline of projects to be funded. As initial projects are completed and the monies are repaid into the fund, Sherman County Economic Development, Inc. will be prioritizing future projects to maximize fund investment. Initial focus will be on rehabilitation of dilapidated housing and new construction. As the program matures, the fund priorities will be expanded to include all qualified housing activities.

4.3 MISCELLANEOUS

AMENDMENTS:

Any material change in these Program Guidelines must be approved by the Sherman County Economic Development, Inc. Board of Directors and the Nebraska Department of Economic Development. Amendment requests will be submitted in writing to the Board for approval and then submitted to the Nebraska Department of Economic Development for approval.

FAIR HOUSING ACT:

No eligible applicant who wishes to participate or make application to this program shall be discriminated against solely on the grounds of race, color, national origin, religion, familial status, disability or sex. They shall not be excluded from participation in, be denied benefits of, or be subjected to discrimination under any part of Sherman County Economic Development, Inc.'s Rural Workforce Housing Loan Fund in accordance with the Fair Housing Act.

This SCED, Inc. Rural Workforce Housing Fund Investment Plan was hereby initially approved by the action of the Board of Directors of Sherman County Economic Development, Inc. this 14th of January, 2025. Amendment #1 was hereby approved on September 22, 2025.

Signature: Clayton Suckstoff Date: 9-22-25

Clayton Suckstoff, President
Sherman County Economic Development, Inc.

SCED, INC.
ENHANCING OUR HOMETOWNS FOR THE NEXT GENERATION

Sherman County Economic Development, Inc.
652 N Street – PO Box 428, Loup City, NE 68853
308-745-5040 info@scedinc.org

EQUAL HOUSING OPPORTUNITY

Sherman County Economic Development, Inc.
Rural Workforce Housing Funds (RWHF) Loan Application

Low Interest Housing Project Financing Applications are considered on a first-ready, first-served basis. Scoring criterion will be used to:

a) Rate the project and financing viability, and
b) Select applications when demand for financing exceed available financing resources.

The applicant must submit an application fee of $200 when the application is submitted. Applications for additional projects will have a reduced fee of $100 when a second project is presented for a loan within 12 months of the initial loan. All applications will be reviewed by the SCED Inc. RWHF Loan Committee and referred to the SCED, Inc. Board of Directors for final approval.

PROJECTS ELIGIBLE FOR LOAN FUNDS MUST MEET THE FOLLOWING CRITERIA:

1) New construction of owner-occupied or rental housing;
2) Substantial repair or rehabilitation of dilapidated housing stock, for which the cost to rehabilitate exceeds fifty percent (50%) of the unit's assessed value;
3) Upper story housing development; and
4) Rehabilitation that includes the conversion of an existing building into housing.

Extension of water or sewer infrastructure associated with workforce housing is an eligible use of RWHF in association with the above eligible activities, proportionate to the number of workforce housing units and subject to RWHF price limits.

RWHF PRICE LIMITS: For owner occupied housing units, neither cost nor sale price can exceed $325,000 per unit. For rental units, neither cost nor sale price can exceed $250,000 per unit. Minimum loan amount is $40,000. **At least 20% of the project will require private or outside sources.** The applicant's equity in the project can be cash, applicant labor value, and/or the value of the property in which the project will be located.

Projects must take place within the extraterritorial zoning jurisdiction (three-mile zoning limits) of a community with a demonstrated workforce housing need that is located in Sherman County. The RWHF housing project may not be supplemented by National Housing Trust Funds, Federal Low Income Housing Tax Credits, State Low Income Housing Tax Credits, Community Development Block Grants, HOME funds, or funds from the Nebraska Affordable Housing Trust Fund.

If prepared to proceed, please complete this financing application (including the compilation of required additional information and the Applicant Certification). The application materials may be submitted electronically, but the application fee should be mailed and payable to: *Sherman County Economic Development, Inc. – PO Box 428, Loup City, NE 68853*

Sherman County Economic Development, Inc. reserves the right to offer financing amounts, terms, and conditions as a counterproposal to the application request. SCED, Inc. reserves the right to deny financing based on a substantial weakness in any one scoring criteria, even if all other criterion is determined to be strong. Potential applicants are encouraged to discuss financing needs with SCED, Inc. staff prior to completing a full application to receive assistance on (1) likely qualification as an eligible financing recipient and (2) assistance on strengthening the financing application.

BORROWER INFORMATION:

Entity: _____

Name and Title of Borrower's Representative(s): _____

Mailing Address: _____

Phone: _____Email: _____

NOTE: $200.00 Application Fee must be received before underwriting begins.

BUSINESS ORGANIZATION:

- ☐ Sole Proprietorship
- ☐ "S" Corporation
- ☐ "C" Corporation
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Company
- ☐ Non-Profit Organization

*Depending on entity type, certain supporting documentation is needed – see checklist for details

FEDERAL ID #: _____

SSN# of Representatives: _____

_____

_____

Have any of the borrowers ever been convicted of a felony? Yes ___ No ___ If yes, explain: _____

_____

_____

APPLICANT EXPERIENCE:

Length of time in development field: _____ Number of projects developed: _____

Development History:

_____

_____

Is there any outstanding litigation against borrower(s)? Yes ___ No ___ If yes, explain: _____

_____

_____

* Please attach a separate sheet of paper if necessary

LOAN INFORMATION:

Loan Amount Requested: _____ Total Project Cost: _____

Type of Loan Requested: Construction Loan_____

Term/Maturity Requested: _____
Suggested - 15 Months or Upon Sale of the Home

Source of Repayment for this Loan: _____
Suggested - Sale of the home or move to permanent financing

Loan will be used to pay for: _____

_____

Eligible Expenses – Purchase of Real Estate, Construction, Supplies, Materials, Sub-Contractor Expenses

GUARANTOR/COLLATERAL for SCED, Inc. RWHF Loan (when applicable):

Guarantor(s) for Loan: _____

Collateral for Loan (ex. Lien on real estate): _____

_____

Equity Investment Amount: _____ Outstanding Litigation Against Guarantor(s): Yes ___ or No ____

PARTICIPATING LENDER INFORMATION:

Name of Lending Institution: _____

Address: _____

Contact Person: _____ Phone: _____

Loan Amount: $ _____ Loan Term: (Years) _____ Interest Rate: _____%

Variable or Fixed Rate? _____ Collateral Required: _____

Equity Required: _____

Equity Information:

Amount Available from business or owners for investment (minimum 20%): $ _____

Source of owner's equity into project: _____

USE OF FUNDS:	**TOTAL PROJECT COST**
☐ **Land Acquisition**	_____
☐ **Building Acquisition**	_____
☐ **Renovation (Existing)**	_____
☐ **New Construction**	_____
☐ **Infrastructure (Extension of Water or Sewer)**	_____
☐ **Other (Specify)**	_____
○ **TOTAL:**	_____

Please note, any federal or state low-income housing tax credits, Community Development Block Grants, HOME funds or funds from the Affordable Housing Trust Fund are not permissible and can NOT be used as a funding source to this fund.

PROJECT INFORMATION:

Project Name: _____

Address of Project: _____

Description of Project (include amenities):

_____

_____

_____

_____

_____

_____

Number and values of new construction single-family units for ownership:

(Values not to exceed $325,000 per unit)
Number of 2 Bedroom units: _____ Value: _____
Number of 3 Bedroom units: _____ Value: _____
Number of 4 Bedroom units: _____ Value: _____

Number, values, & projected rent of new construction single-family units for rental:
(Values not to exceed $250,000 per unit)
Number of 2 Bedroom units: _____ Value: _____ Rent: _____
Number of 3 Bedroom units: _____ Value: _____ Rent: _____
Number of 4 Bedroom units: _____ Value: _____ Rent: _____

Number of units because of substantial repair or rehabilitation of dilapidated stock (cost to rehabilitate must exceed 50% of units assessed value):
(IF OWNER-OCCUPIED: Values not to exceed $325,000 per unit)
(IF RENTAL: Values not to exceed $250,000 per unit)
Number of 2 Bedroom units: _____ Value: _____ Rent: _____
Number of 3 Bedroom units: _____ Value: _____ Rent: _____
Number of 4 Bedroom units: _____ Value: _____ Rent: _____

Number of upper story housing units:
(IF OWNER-OCCUPIED: Values not to exceed $325,000 per unit)
(IF RENTAL: Values not to exceed $250,000 per unit)
Number of 2 Bedroom units: _____ Value: _____ Rent: _____
Number of 3 Bedroom units: _____ Value: _____ Rent: _____
Number of 4 Bedroom units: _____ Value: _____ Rent: _____

Number of units as a result of converting an existing building into housing:
(IF OWNER-OCCUPIED: Values not to exceed $325,000 per unit)
(IF RENTAL: Values not to exceed $250,000 per unit)
Number of 2 Bedroom units: _____ Value: _____ Rent: _____
Number of 3 Bedroom units: _____ Value: _____ Rent: _____
Number of 4 Bedroom units: _____ Value: _____ Rent: _____

Status of Project (Where are you at now? Do you own the land?):
_____
_____

Timeline of Project:
_____
_____

What market is the project planned to fulfill?
_____
_____

Does the community support this project?
_____
_____

Site Description (Include current use of site):
_____
_____

Current Ownership of Proposed Site – If applicant is not the current owner of the site what is planned to obtain site control?

_____

_____

Has the final plat been approved by City/community leadership?

_____

_____

Ownership of Project During Development (non-profit, LP, LLC, Sole Proprietorship, Individual):

_____

_____

Current Zoning of Site:

_____

_____

Availability of Utilities to Site:

_____

_____

Environmental Issues on Site – If yes, how will they be addressed?

_____

_____

Is the building site in a flood plain?

_____

_____

CONTRACTOR INFORMATION (If Different than Borrower):

Contractor Entity Name: _____

Length of Time in the Development Field: _____ Number of Projects Developed: _____

Workforce Housing Construction History: _____

_____

Outstanding Litigation Against Contractor: Yes ___ or No ____ Attach separate sheet of paper to explain.

Will there be an Architect? If yes, who will be the project architect? _____

Are there other project team members? If yes, who are they?

_____

_____

ATTACH THE FOLLOWING:

- ☐ Organizational Documents of Borrower and Guarantors (i.e. Articles of Organization, By Laws, etc.)
- ☐ Project Cost Breakdown *(Template – PG 21-22)*
- ☐ Implemented Schedule by Phases of Work *(Template – PG 19-20)*
- ☐ Projection of Cash Flow for the Project
- ☐ Personal Tax Returns of the Applicant (20% or more ownership) for the past two years
- ☐ Business Tax Returns for the past two years
- ☐ Business Year-to-date Profit and Loss
- ☐ Business Balance Sheet
- ☐ Assessor Information on Rehab Projects
- ☐ Bank Pre-Approval Letter for Permanent Financing (if applicable, i.e. rentals)
- ☐ Evidence of Site Control – Deed or Agreement
- ☐ Letters of Commitment from Other Funding Sources
- ☐ Site Plan of Housing Development – Blueprints and Elevation Drawings
- ☐ Housing Plans of Proposed Housing Project – Floor Plans
- ☐ Environmental Information as required by each Funding Source
- ☐ Details of Outstanding Litigation against Borrower, Developer or any Guarantor (if applicable)
- ☐ Copy of a Credit Report from a Financial Institution
- ☐ Credit History Authorization (*Attached – PG 18*)
- ☐ Consent to Sign for the Organization
- ☐ United States Citizen Attestation Form (*Attached – PG 23*)
- ☐ Current, Valid Certificate of Registration under the Nebraska Contractor Registration Act (if applicable) – http://dol.nebraska.gov/conreg/ - $40 Fee
- ☐ Proof of Insurance as Appropriate: Commercial General Liability, Builder's Risk, Automotive, Worker's Comp & Liability Insurance to cover the value of the owner's property
- ☐ **Agree to Conflict of Interest clause in loan contract.**

Borrower must initial the following:

_____ (Borrower's Initials): I am required to and hereby agree to use the federal immigration verification system (E-Verify Program) to determine work eligibility status of new employees physically performing services within the state of Nebraska. This applies to any contractors or subcontractors.

_____ (Borrower's Initials): I have received and read the Sherman County Economic Development, Inc. Fund Investment Plan and will adhere to all requirements outlined in the Fund Investment Plan.

Once all of the above information has been received, the application will be reviewed for completeness. If necessary, additional information will be requested. Upon receipt of additional information requested, the application will be reviewed by the SCED, Inc. Loan Committee and Board of Directors. Approval or denial will be communicated in writing to the borrower within 30 days.

The information contained in this application is true and accurate and hereby authorizes Sherman County Economic Development, Inc. to obtain credit reports and other such information as deemed necessary to obtain loan approval from its loan committee.

By:

_____

Signature

_____ _____

Title Date

CREDIT HISTORY SEARCH AUTHORIZATION

By signing this agreement, I hereby give full authorization to the Sherman County Economic Development, Inc. RWHF Administrator to perform a credit history search on my past and current credit history. Also, I hereby give full authorization to utilize the information that I have supplied on this form for the purpose of performing a credit history search.

Applicants Full Name: _____ Date: _____

Dba: _____

Address: _____
CITY STATE ZIP CODE

Telephone: _____ Email: _____

Social Security Number: _____ Federal ID Number: _____

Date of Birth: _____

Applicant Signature: _____ Date: _____

ENTITY/BORROWER:	**[SAMPLE] EDIT AND ADD STEPS AS NEEDED**	
LOAN AMOUNT:		
LENGTH OF LOAN:		
START OF CONSTRUCTION:		
IMPLEMENTATION SCHEDULE BY PHASES OF WORK		
	BORROWER	**SCED, INC. INSPECTORS**
Phase 1: DATE RANGE _____ (____ Days)	INITIAL IF COMPLETED	INITIAL IF COMPLETED
Basement Excavation Is Complete		
Installation Of Formed Footings		
Installation Of Insulated Concrete Forms/Basement Walls		
Plumbing Rough-In Of Sewer And Water Under Basement Slab		
Basement Floor Flat Work		
Garage Floor Flat Work		
Installation Of Driveway		
Phase 2: DATE RANGE _____ (____ Days)		
Framing Of Basement Walls, Placing TGI's And Sheeting Floor		
Framing Of Exterior & Interior Walls		
Sheeting Exterior Walls		
Setting Roof Trusses		
Sheeting Roof Trusses		
Installation Of Exterior Windows and Doors		
Installation Of Tyvek Products		
Installation Of Soffit, Fascia, And Edge Metal		
Installation Of Roofing Material		
Installation Of Siding		
Garage Door Installation		

Phase 3: DATE RANGE _____ (____ Days)		
Interior Rough-In Plumbing		
Interior Rough-In Electrical		
Installation Of Exterior And Underground Electrical Services		
Interior Rough-In HVAC		
Installation Of Exterior Wall Insulation		
Installation Of Sheetrock		
Finish Of Sheetrock		
Installation Of Attic Insulation		
Paint Interior Walls		
Doors, Casing, And Carpet Base Installation		
Cabinet And Vanity Installation		
Countertop Installation		
Touch Up Paint/Interior Walls		
Phase 4: DATE RANGE _____ (____ Days)		
Installation Of Porch & Sidewalk		
Installation Of Stone Veneer		
Final Installation Of Plumbing Fixtures		
Final Installation Of Electrical Fixtures		
Final Installation Of HVAC Fixtures		
Installation Of Vinyl Plank & Carpet		
Base On Vinyl Plank		
Installation Of Appliances		
Installation Of Landscaping & Sprinklers		
Final Clean-Up		
COMPLETION DATE: _____	FINAL TIMEFRAME FOR COMPLETION: _____ Months	

TEMPLATE: PROJECT COST BREAKDOWN

PHASE 1	CATEGORY or SUB	COST ESTIMATE	ACTUAL COST	DIFFERENCE
Builder Risk	Insurance	$	$	
County Zoning Permit	Fee	$	$	
City Building Permit	Fee	$	$	
Curb Grinding		$	$	
Dumpster		$	$	
Dig Basement		$	$	
Footings		$	$	
Basement Walls		$	$	
Basement Floor		$	$	
Front Stoop		$	$	
Garage Floor		$	$	
Waterproofing		$	$	
Window Wells		$	$	
Backfill		$	$	
Gravel Fill		$	$	
Construction Materials		$	$	
Beams, Joists, Floor Sheeting		$	$	
Plumbing Rough-In		$	$	
Underground Electrical		$	$	
Temp Service		$	$	
Loan Interest	Interest	$	$	
	PHASE 1 TOTAL	$	$	
PHASE 2	**CATEGORY or SUB**	**COST ESTIMATE**	**ACTUAL COST**	**DIFFERENCE**
Construction Materials		$	$	
Wall Framing, Windows, & Doors		$	$	
Driveway		$	$	
Electrical Rough-In		$	$	
Hot/Cold Water Lines		$	$	
Ductwork & Venting		$	$	
Garage Door		$	$	
Loan Interest	Interest	$	$	
	PHASE 2 TOTAL	$	$	
PHASE 3	**CATEGORY or SUB**	**COST ESTIMATE**	**ACTUAL COST**	**DIFFERENCE**
Dumpster		$	$	
Construction Materials		$	$	
Roof, Shingles, Siding		$	$	
Lighting & Outlets		$	$	
Hot Water Heater		$	$	
Install Furnace		$	$	
Flooring Materials		$	$	
Drywall		$	$	
Painting		$	$	
Loan Interest		$	$	
	PHASE 3 TOTAL	$	$	
PHASE 4	**CATEGORY or SUB**	**COST ESTIMATE**	**ACTUAL COST**	**DIFFERENCE**
Construction Materials		$	$	
Doors, Cabinets, Trim		$	$	
Install AC Unit		$	$	
Sinks, Toilets, and Showers		$	$	
Flooring Installation		$	$	
Gutters		$	$	
Appliances		$	$	
Lawn Seeding		$	$	
Construction Loan Closing Costs	Fee	$	$	
	PHASE 4 TOTAL	$	$	
	PROJECT TOTAL	$	$	

TEMPLATE: SUBCONTRACTOR/SUPPLIER COST TRACKER

CATEGORY	SUBCONTRACTOR/SUPPLIER	COST ESTIMATE	ACTUAL COST	DIFFERENCE
Framing (Material)		$	$	
Framing (Installation)		$	$	
Drywall		$	$	
Excavation/Backfill		$	$	
Foundation		$	$	
Flooring (Material)		$	$	
Flooring (Installation)		$	$	
Electrical		$	$	
Plumbing		$	$	
HVAC		$	$	
Cabinets & Counters		$	$	
Appliances		$	$	
Refrigerator		$	$	
Dishwasher		$	$	
Stove Top		$	$	
Oven		$	$	
Microwave		$	$	
Other		$	$	
Permits/Insurance/Fees		$	$	
Curb Grinding		$	$	
Dumpster		$	$	
Gutters/Downspouts		$	$	
Garage Doors		$	$	
Interior Painting		$	$	
Sprinklers/Seeding		$	$	
TOTAL		$	$	

PROJECT COST BREAK DOWN BY PHASE

PORTION OF THE WORK	PERCENTAGE OF LOAN AMOUNT	VALUE
Loan Initiated Payout:	20%	
Phase 1:	20%	
Phase 2:	20%	
Phase 3:	20%	
Phase 4:	20%	
TOTAL	100%	

United States Citizenship Attestation Form

For the purpose of complying with Neb. Rev. Stat. §§ 4-108 through 4-114, I attest as follows:

☐ I am a citizen of the United States.

— OR —

☐ I am a qualified alien under the federal Immigration and Nationality Act, my immigration status and alien number are as follows: _____, and I agree to provide a copy of my USCIS documentation upon request.

I hereby attest that my response and the information provided on this form and any related application for public benefits are true, complete, and accurate and I understand that this information may be used to verify my lawful presence in the United States.

PRINT NAME _____
(first, middle, last)

SIGNATURE _____

DATE _____

SHERMAN COUNTY ECONOMIC DEVELOPMENT, INC. RWHF
LOAN REVIEW SCORING CRITERIA

Each loan application will be assessed to evaluate: the creditworthiness of the borrower and suitability for underwriting; the potential benefits to Sherman County residents; the impact of the housing project on the community; and compliance with applicable federal, state, and local laws, regulations, and policies.

The evaluation criteria include 1 point for Yes and 0 points for No. All other points are indicated below.

PROJECT FEASIBILITY (Maximum of 25 Points):
Is the project economically viable?

1. Based on realistic market projections, will cash flow be sufficient to repay the loan?
2. Does the applicant have sufficient experience in the housing field?
    a. 0-5 Years (1 pt)
    b. 6-10 Years (2 pts)
    c. 11-15 Years (3 pts)
    d. 15 Years Plus (4 pts)
3. What type of housing activity will be developed?
    a. Conversion (1 pt)
    b. Upper Story (2 pts)
    c. Substantial Repair/Rehab (3 pts)
    d. New Construction (5 pts)
4. Does the applicant own the land/site of development?
    a. No land identified or under control (1 pt)
    b. Purchase agreement/option, not closed (3 pts)
    c. Currently own (5 pts)
5. What length of loan is the applicant seeking
    a. 18-24 months (1 pt)
    b. 12-18 months (3 pts)
    c. 12 months (5 pts)
6. Is collateral adequate to support the loan?
7. In the event of default, how difficult will the foreclosure process be?
8. Have all owners and principals provided necessary information evidencing support of the loan?
9. Do the credit reports of the applicant and owners indicate a history of prompt payment?
10. Has an adequate plan been prepared?

COMMUNITY BENEFITS (Maximum of 9 Points):

1. How many housing units will be added to the housing stock?
    a. 1-5 (1 pt)
    b. 6-10 (2 pts)
    c. 11-15 (3 pts)
    d. 15 Plus (4 pts)
2. What are the sales prices or monthly rents of the housing units?
3. What will the environment impact be if the housing project is established?
4. Will a dilapidated property be demolished to build a new home(s)?
5. Will the project add diversity and stability to the local economy?
6. Does the project conform with the current housing study?

PROGRAM STIPULATION (Maximum of 3 Points):

1. Will the housing project be located within city limits?
2. Will the project necessitate the relocation of individuals or businesses?
3. Have all owners or principals provided assurance of compliance with all laws and regulations?

TOTAL POINTS (Maximum 37 Points): _____

- *In the event of a tie and there are not enough funds to fund both projects, the remaining funds could be prorated out to the applicants based on percentage of the total project.*

Attachment B: Conflict of Interest

Sherman County Economic Development, Inc. RWHF Conflict of Interest Policy

SCED, Inc. Board of Directors Approved: January 14, 2025

Any person involved in the decision-making process of a Rural Workforce Housing Fund (RWHF) loan shall abstain from voting if he or she has a conflict of interest with the applicant. This conflict could result from a business relationship or immediate family member (parents, grandparents, children, spouse or siblings). If such a conflict occurs, the member of the Loan Committee or Sherman County Economic Development, Inc. (SCED, Inc.) Board of Directors with the conflict shall abstain from voting on the application.

1) *Policy.* It is a policy of SCED, Inc. for proper operation of its RWHF Program that requires any employees and any members who are part of this program be receptive to the confidential nature of the information that is being provided by businesses, and that the public have confidence in the integrity of its citizens that this information shall not be disclosed. In recognition of these goals, the following confidentiality ordinance for all of the SCED Inc. Board members, SCED, Inc. Housing Loan Committee members, SCED, Inc. employees, and the administrator of the program is hereby adopted.
2) *Persons affected.* All members of the Board of Directors of Sherman County Economic Development, Inc., the SCED, Inc. Housing Loan Committee, or any Administrator of the Rural Workforce Housing Fund Program who are in possession of, or have access to, financial information must sign an agreement pledging that they will not release this information and that this information shall be kept confidential.
3) *Disclosure.* In the event that anyone does disclose financial information or other information that is confidential, they shall be subject to disciplinary action if he or she is an employee of SCED, Inc., or he or she shall be subject to removal from a board of SCED, Inc. if they are a member of a board.
    1) This ordinance has four purposes:
        i. To encourage high ethical standards by the citizens, officials, boards, and employees;
        ii. To establish a requirement for strict confidentiality in the conduct of all board members, officials and employees;
        iii. To prohibit disclosure by such board members and employees of any private financial other confidential information provided to them by applicants; and
        iv. To serve as a basis for disciplining those who fail to abide by its terms.
4) *Standard of conduct*
    a. All SCED, Inc. Board Members, SCED, Inc. Housing Loan Committee Members, employees or any organization which has been contracted and may be provided confidential information shall sign a pledge of confidentiality.
    b. No SCED, Inc. Board Members, SCED, Inc. Housing Loan Committee Members, or employees shall disclose any confidential information either while they are an employee or even after their leave of employment. If there are any conflicts of interest by any member or employee, appointee of the Board, or the Program Administrator of the RWHF program, this conflict of interest shall be disclosed on the records of either the SCED, Inc. Board of Directors or the minutes of the meeting of that body, and they shall refrain from participating in any discussion or voting thereon.
    c. No SCED, Inc. Board Members or employees or anyone contracted with SCED, Inc. should willfully and knowingly use confidential information either for pecuniary gain or disclose to any other person confidential information acquired in the course of and by reason of their official duties.
    d. No former SCED, Inc. Board Member, employee or anyone who has been contracted with by SCED, Inc. to administer the RWHF Program shall use any confidential information to which he or she has had access by virtue of his or her official capacity and which has not been made public concerning the property, operations or affairs of any public body that has disclosed information pursuant to the RWHF Program.
5) *Violations.* Those found to have violated this ordinance shall be subject to fines, penalties, possible removal from committee positions, censure and other legal remedies.