



March 1, 2013

Mr. Patrick J. O'Donnell
Clerk of The Nebraska Legislature
PO Box 94604
Lincoln, NE. 68509-4604

Dear Mr. O'Donnell:

Enclosed for your information is a copy of the Notice required pursuant to Neb. Rev. Stat §58-270 of our statutes.

NIFA is reviewing the issuance of Community Development Loan Notes in four issues in an aggregate amount not to exceed \$1,000,000. The proceeds of the notes will be used to provide funds for the 2013 City of Lincoln Home Improvement Loan Program (the "Program"). As discussed in the notice, this amount has been determined based upon NIFA's experience to date with Programs initiated in 1992, 1995, 1999, 2002, 2006 and 2009 and the willingness of the participating Lenders to continue their support of the Program.

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Please date and sign one copy of the acknowledgment of receipt (on the last page of the Notice) and return it to us as soon as possible.

Thank You

Very Truly Yours,

A handwritten signature in blue ink, which appears to read 'Judy A. Krasomil', is written over the typed name.

Judy A. Krasomil
Treasurer

Enclosure

**NOTICE REQUIRED PURSUANT TO
NEB. REV. STAT. § 58-270**

The Nebraska Investment Finance Authority (the "Authority") hereby gives notice in accordance with the Nebraska Investment Finance Authority Act, Sections 58-201 et seq., Reissue Revised Statutes of Nebraska, as amended (the "Act"), to the Honorable Dave Heineman, Governor of the State of Nebraska (the "State"), and Patrick J. O'Donnell, Clerk of the Legislature of the State, of the proposed issuance by the Authority of the following notes (the "Notes"):

\$1,000,000*

Nebraska Investment Finance Authority
Community Development Loan Notes
(City of Lincoln Program—2013)

Consisting of the
following Series of Notes:

2013 Multiple Series

The Authority intends, pursuant to the Act, to authorize the issuance and sale of the above-referenced Notes, in multiple series, at a meeting in April 2013. The proceeds of the Notes will be used to provide funds for the Authority to finance newly originated home improvement loans ("Home Improvement Loans") made to qualified low- and moderate-income persons in the City of Lincoln for the improving or rehabilitating of substandard owner-occupied residences, through the purchase by certain lenders, on behalf of the Authority, of the Home Improvement Loans.

The Authority desires, through this Community Development Program (the "Community Development Program (Lincoln-2013)"), to cause to be provided, through the issuance of the Community Development Loan Notes, sanitary, safe and uncrowded housing for low- and moderate-income persons and families in the City of Lincoln, Nebraska (the "City").

**I. The Public Purposes To Be Effectuated and the
Needs To Be Addressed Through the Issuance of the
Community Development Loan Notes**

The public purposes to be effectuated and the needs to be addressed by the Authority through the issuance of the Community Development Loan Notes are:

*Estimate; not expected to exceed aforementioned amount.

(i) to increase the supply of safe, decent and sanitary housing for low- and moderate-income homeowners in Lincoln, Nebraska by providing financing of home improvement and housing rehabilitation loans at interest rates lower than those otherwise available;

(ii) to continue to provide an ongoing program of making such financing available within the marketplace in an orderly fashion at below-market interest rates; and

(iii) to increase home ownership opportunities for low- and moderate-income homebuyers in Lincoln by assisting them with below-market financing to make necessary home improvements.

As evidenced by the attached Appendix A, there exist in the City of Lincoln, Nebraska a number of residential dwellings that are substandard but suitable for rehabilitation if affordable financing were provided. Without this affordable financing, low- and moderate-income persons would be forced to continue to occupy unsanitary, unsafe and overcrowded housing.

The Legislature of the State has found and declared that:

(a) from time to time the high rates of interest charged by mortgage lenders substantially restrict existing housing transfers and new housing starts, and the resultant reduction in residential construction starts causes a condition of substantial unemployment and underemployment in the construction industry;

(b) such conditions generally result in and contribute to the creation of slums and blighted areas in the urban and rural areas of the State and a deterioration of the quality of living conditions within the State and necessitate excessive and disproportionate expenditures of public funds for crime prevention and punishment, public health and safety, fire and accident prevention and other public services and facilities; and

(c) there exists in the urban and rural areas of the State an inadequate supply of, and a pressing need for, sanitary, safe and uncrowded housing at prices at which low- and moderate-income persons, particularly first-time homebuyers, can afford to purchase, construct or rent, forcing such persons to occupy unsanitary, unsafe and overcrowded housing.

Through Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), providing for the exclusion of interest on "qualified mortgage bonds," the federal government of the United States of America has recognized a need for and benefit in providing financing for qualified home improvement loans to persons with qualifying incomes for the improvement or rehabilitation of owner-occupied residences.

II. The Manner in Which Such Need Was Identified

The needs to be addressed as described in Section I above were identified by the Authority in the following manner:

(a) In May of 2011, a collaborative effort among the City of Lincoln Urban Development, Neighborworks—Lincoln and The University of Nebraska Community and Regional Planning Program was begun to perform parcel by parcel physical property assessments in the neighborhoods listed in Appendix A. This process has resulted in the assessment of over 10,000 parcels to date with a projected total of over 16,000 parcels to be assessed by the end of 2013. The analysis took into account housing conditions, lot conditions, sidewalk conditions, vacancy counts, physical disorder markets and social disorder markets. (See Appendix A.)

(b) With respect to the Home Improvement Loan Programs initiated by the City and the Authority in 1992, 1995, 1999, 2002, 2006 and 2009, there have been, as of August 31, 2012, 981 loans completed utilizing \$1,947,224 of CDBG funds to leverage \$6,313,405 in private bond funds for a total public/private expenditure for home improvements of \$8,260,629.

(c) In January of 2013, the City informed the Authority of its desire to expand the efforts of the City to improve the existing housing stock and indicated a willingness on the part of Cornhusker Bank, Lincoln, Nebraska, Union Bank & Trust Co., Lincoln, Nebraska, Peoples Choice Federal Credit Union, Lincoln, Nebraska and Pinnacle Bank, Lincoln, Nebraska to continue to participate in a home improvement program of the City. These lenders have indicated an interest to the City to enter into agreements for participation in a Program in an aggregate amount at least equal to the \$1,000,000 requested by the City for a period of 40 months.

(d) The City intends to contact certain additional lenders in the City of Lincoln with respect to participating in the Program.

Based upon the materials presented by the City, the Authority believes the need for home improvement and rehabilitation loan funds to at least equal the \$1,000,000 requested by the City and the lenders.

At its meeting held on February 15, 2013, the Board of the Authority approved, in substantially the form submitted, this Notice.

III. The Anticipated Principal Amount of the Note Issue and the Anticipated Date of Issuance of the Notes

The Authority anticipates issuing the Notes in the aggregate principal amount not to exceed \$1,000,000. It is expected that an amount at least equal to the final principal amount of the Notes issued will be made available to finance Home Improvement Loans. The Notes will be privately placed by the Authority directly with Cornhusker Bank, Lincoln, Nebraska, Union Bank & Trust Co., Lincoln, Nebraska, Peoples Choice Federal Credit Union, Lincoln, Nebraska and Pinnacle Bank, Lincoln, Nebraska and any additional lenders identified by the City (the "Lenders"). The initial issuance and delivery of the Notes is anticipated to occur on or before December 31, 2013.

IV. Anticipated Size of Reserve Funds

There will be no reserve funds established as security for the Notes.

V. The Professionals Involved in Connection With the Issuance of the Notes

The following professionals have been selected or approved by the Authority to participate in the issuance, sale and delivery of the Bonds:

Underwriters: Because the Notes will be privately placed, no underwriters will be involved.

Bond Counsel and
General Counsel: Kutak Rock LLP
Omaha, NE

Lenders/Note
Holders: Cornhusker Bank
Lincoln, NE
Union Bank & Trust Co.
Lincoln, NE
Pinnacle Bank
Lincoln, NE
Peoples Choice Federal Credit Union
Lincoln, Nebraska

The City: The City of Lincoln
Urban Development Department

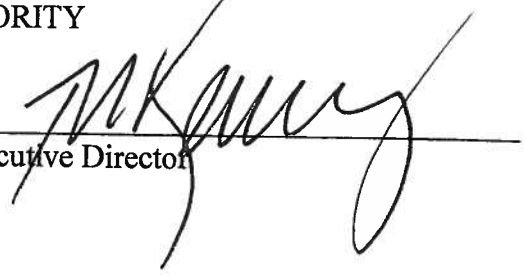
The filing of the foregoing Notice with the Governor and the Clerk of the Legislature, in accordance with the Act, was approved by the Authority on February 15, 2013.

A copy of this Notice has also been provided to those representatives of the news media requesting notification of the proposed issuance of bonds, which representatives are listed on Appendix B hereto.

Date: February 15, 2013

NEBRASKA INVESTMENT FINANCE
AUTHORITY

By _____
Executive Director

A handwritten signature in black ink, appearing to read 'M. K. ...', is written over a horizontal line. The signature is fluid and cursive.

APPENDIX A

Lead Based Paint

Whether a potential lead hazard exists in residential housing is often estimated by whether a unit was built before 1970 or not. A more accurate approach used is based on the decade in which the housing was built. According to the National Safety Council, about two-thirds of homes built between 1940 and 1960, and a lesser number of homes built between 1960 and 1978 contain lead.

It is estimated that lead can be found in two-thirds, or 5,525 of the 8,288 owner-occupied houses in Lincoln built before 1940. Of the 10,994 built between 1940 and 1960, one-half or 5,497, are estimated to contain lead. Although the data is unclear, it is believed that up to one-third, or 5,298 of the 15,895 houses built between 1960 and 1979 contain lead-based paint.

The Urban Development Department is involved with between 300 to 400 housing units per year providing rehabilitation and homeownership assistance. Urban Development also operates various in-house rehabilitation programs and works with several non-profit organizations to provide a full range of housing options.

Income by Household Size

The Department of Housing and Urban Development (HUD) uses Census data in developing income guideline limits to determining housing assistance eligibility and housing affordability needs within the City of Lincoln. When HUD sets income limits for income categories by household size, it uses median family income as a standard for a family of four persons.

% of MFI	Size of Household							
	1	2	3	4	5	6	7	8
Extremely Low Income 30%	\$14,250	\$16,300	\$18,350	\$20,350	\$22,000	\$23,650	\$25,250	\$26,900
Very Low Income 50%	\$23,800	\$27,200	\$30,600	\$33,950	\$36,700	\$39,400	\$42,100	\$44,850
Other Low Income 80%	\$38,050	\$43,450	\$48,900	\$54,300	\$58,650	\$63,000	\$67,350	\$71,700
100%	\$47,600	\$54,400	\$61,200	\$67,900	\$73,400	\$78,800	\$84,200	\$89,700

Source: HUD-adjusted area median family income 2/9/12

The above table shows the approximate income limits by household size for 2012. Median Family Income (MFI) which is also known as Area Median Income for HUD purposes, was \$67,900, which can be found in the table for a 100% MFI for a four-person household. At 30 percent of the MFI, a four-person household would have an income of \$20,350, at 50% an income of \$33,950, and at 80% an income of \$54,300.

Household Income:

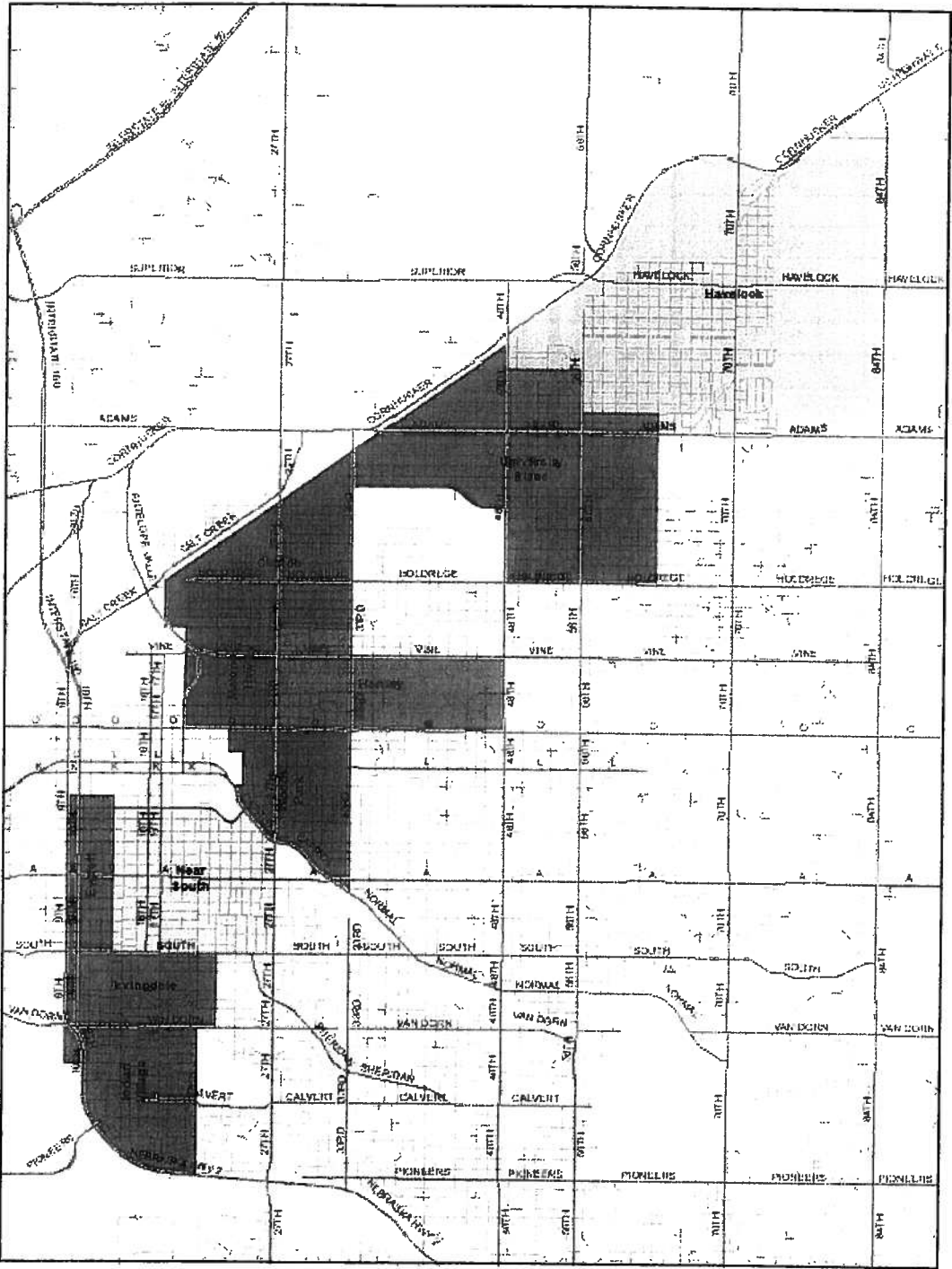
Household Income	Number of Households: Rental	Rental Percentage	Number of Households: Owner	Owner Percentage	Number of Households: Total	Percentage of City's Total
Less than 30% MFI	10,945	79.54%	2,815	20.46%	13,760	12.76%
30% to 50% MFI	7,915	63.09%	4,630	36.91%	12,545	11.64%
50% to 80% MFI	10,315	51.98%	9,530	48.02%	19,845	18.41%
80% to 95% MFI	3,215	33.65%	6,340	66.35%	9,555	8.86%
Over 95% MFI	7,530	12.22%	44,560	72.28%	61,645	57.19%
Total Households	107,795					
Households under MFI					55,705	51.68%

Source: 2006-2008 CHAS / ACS Data via HUD. Geographic context: Lancaster County

The department of Housing and urban Development also requests a special Census tabulation each decade to examine housing needs by household type and incomes. This data may be used, in part, to determine whether or not the housing needs of particular groups of households are being met. This special tabulation is called the Comprehensive Housing Affordability Strategy or CHAS data. The following table shows that a total of 55,705 households or over 51% of all households were below the MFI.

Housing Conditions:

In May of 2011 collaboration with the City of Lincoln Urban Development, NeighborWorks – Lincoln and The University of Nebraska Community and Regional planning program began performing parcel by parcel physical property assessments in the neighborhoods listed below. This analysis currently has assessed over 10,000 parcels with a projected total of over 16,000 parcels by the year end. The analysis was based on housing conditions, lot conditions, sidewalk conditions, vacancy counts, physical disorder markers and social disorder markers.



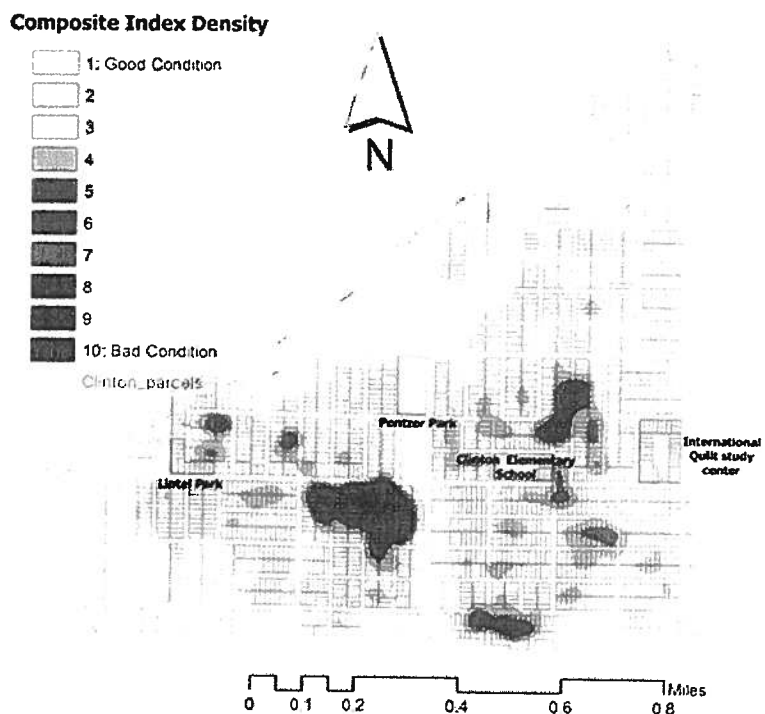
Status of Community Areas that have been SCAN'ed

- Select Neighborhood Associations**
- In Progress, Completed by May 2013 (3,375 Parcels)
 - SCAN Being Fitched (1,144 Parcels)
 - SCAN Completed (10,329 Parcels)
 - SCAN Data Being Compiled (2,478 Parcels)

City of Lincoln, Nebraska: Urban Development



Analysis such as the images below show us which neighborhoods to target and additionally where we should be concentrating in our target within neighborhoods. Detailed statistics are provided for each neighborhood. Examples of data collected in the Clinton Neighborhood as below, and are used as justification.



**Descriptive
- House section**

Statistics

Vacant / For sale		House paint peeling / Siding damaged		Missing / Broken gutters, trim, fascia, details		Broken or boarded windows / Doors		Interior Furniture / Appliances outdoors		Roof		Porch	
Total	1441 -100.00%	Total	1441 -100.00%	Total	1441 -100.00%	Total	1441 -100.00%	Total	1441 -100.00%	Total	1441 -100.00%	Total	1441 -100.00%
Vacant	84 -5.83%	Major	167 -11.59%	Major	162 -11.24%	Yes	134 -9.30%	Yes	172 -11.94%	Major	161 -11.17%	Major	176 -12.21%
For sale	34 -2.36%	Minor	355 -24.64%	Minor	317 -22.00%					Minor	255 -17.70%	Minor	322 -22.35%
No Vacant	1318 -91.46%	None	913 -63.36%	None	956 -66.34%	No	1294 -89.80%	No	1224 -84.94%	None	1018 -70.65%	None	937 -65.02%
Not Applicable	0 0.00%	Not Applicable	0 0.00%	Not Applicable	0 0.00%	Not Applicable	7 -0.49%	Not Applicable	39 -2.71%	Not Applicable	0 0.00%	Not Applicable	0 0.00%
Missing Data	5 -0.35%	Missing Data	6 -0.42%	Missing Data	6 -0.42%	Missing Data	6 -0.42%	Missing Data	6 -0.42%	Missing Data	7 -0.49%	Missing Data	6 -0.42%

- Yard section

Litter	Trash overflowing / Piles		Empty Alcohol Containers		Drug Paraphernalia		Grass over 6"		Volunteer Trees / Overgrown Weeds		Yard waste / Brush		Debris		Fence broken / Rotting / Leaning		
Total	1441	Total	1441	Total	1441	Total	1441	Total	1441	Total	1441	Total	1441	Total	1441	Total	1441
	-100.00%		-100.00%		-100.00%		-100.00%		-100.00%		-100.00%		-100.00%		-100.00%		-100.00%
Major	74	Major	31	Yes	41	Yes	4	Yes	120	Major	129	Major	64	Major	112	Major	74
	-5.14%		-2.15%		-2.85%		-0.28%		-8.33%		-8.95%		-4.44%		-7.77%		-5.14%
Minor	285	Minor	46							Minor	301	Minor	218	Minor	230	Minor	180
	-19.78%		-3.19%								-20.85%		-15.13%		-15.96%		-12.49%
None	1071	None	1353	No	1381	No	1418	No	1307	None	1000	None	1151	None	1092	None	1178
	-74.32%		-93.89%		-95.84%		-98.40%		-90.70%		-69.40%		-79.88%		-75.78%		-81.75%
Not	0	Not	0	Not	8	Not	8	Not	3	Not	0	Not	0	Not	0	Not	0
Applicable	0.00%	Applicable	0.00%	Applicable	-0.56%	Applicable	-0.56%	Applicable	-0.21%	Applicable	0.00%	Applicable	0.00%	Applicable	0.00%	Applicable	0.00%
Missing	11	Missing	11	Missing	11	Missing	11	Missing	11	Missing	11	Missing	8	Missing	7	Missing	9
Data	-0.76%	Data	-0.76%	Data	-0.76%	Data	-0.76%	Data	-0.76%	Data	-0.76%	Data	-0.56%	Data	-0.49%	Data	-0.62%

- Drive / Garage Section

Detached Structure / Garage paint peeling / Siding damaged		Detached Structure or Garage windows /broken/ Boarded		Driveway cracked / Displaced		Junk Car/ Illegally Parked Vehicle		Expired / No License on Vehicle		Private Walkway	
Total	1441	Total	1441	Total	1441	Total	1441	Total	1441	Total	1441
	-100.00%		-100.00%		-100.00%		-100.00%		-100.00%		-100.00%
Major	105	Yes	73	Major	167	Yes	77	Yes	57	Major	82
	-7.29%		-5.07%		-11.59%		-5.34%		-3.96%		-5.69%
Minor	203			Minor	312					Minor	320
	-14.09%				-21.65%						-22.21%
None	1125	No	1096	None	954	No	1274	No	1234	None	1025
	-78.07%		-76.06%		-66.20%		-88.41%		-85.63%		-71.13%
Not	0	Not	264	Not	0	Not	77	Not	137	Not	0
Applicable	0.00%	Applicable	-18.32%	Applicable	0.00%	Applicable	-5.34%	Applicable	-9.51%	Applicable	0.00%
Missing	8	Missing	8	Missing	8	Missing	13	Missing	13	Missing	14
Data	-0.56%	Data	-0.56%	Data	-0.56%	Data	-0.90%	Data	-0.90%	Data	-0.97%

- Right of Way Section

Sidewalk cracked / displaced		Trees blocking street lights		Shrubs/trees on sidewalk/ street	
Total	1441	Total	1441	Total	1441
	-100.00%		-100.00%		-100.00%
Major	159	Yes	27	Yes	64
	-11.03%		-1.87%		-4.44%
Minor	460				
	-31.92%				
None	809	No	1396	No	1352
	-56.14%		-96.88%		-93.82%
Not	0	Not	5	Not	12
Applicable	0.00%	Applicable	-0.35%	Applicable	-0.83%
Missing	13	Missing	13	Missing	13
Data	-0.90%	Data	-0.90%	Data	-0.90%

APPENDIX B

BOND ISSUE REQUEST LIST

Dick Piersol
The Lincoln Journal Star
926 P Street
Lincoln, NE 68508

Margery Beck
Associated Press
926 P Street
Lincoln, NE 68508

Don McCabe
Nebraska Farmer Magazine
5625 O Street, Suite 5
Lincoln, NE 68510

Steve Jordan
Omaha World-Herald
14th & Dodge Streets
Omaha, NE 68102

David H. Hahn
Statepaper.com
P.O. Box 83672
Lincoln, NE 68501

**ACKNOWLEDGEMENT OF RECEIPT
OF
NOTICE REQUIRED PURSUANT TO
SECTION 58-270
REISSUE REVISED STATUTES OF NEBRASKA, AS AMENDED**

The undersigned, Patrick J. O'Donnell, Clerk of the Legislature of the State of Nebraska, hereby acknowledges receipt on the date set forth below of the attached Notice Required Pursuant Section 58-270, Reissue Revised Statutes of Nebraska, as amended, with respect to the following:

Nebraska Investment Finance Authority
Community Development Loan Notes
(City of Lincoln Program)
2013 Multiple Series

Accepted this ___ day of March, 2013.

Patrick J. O'Donnell
Clerk of the Legislature

Seal