

# NORTHERN PONCA HOUSING AUTHORITY

## SECTION I 3-5 YEAR PROGRAM POLICY

### SECTION I-1

1. The 3-5 Year Program was designed for those families wanting to own their own home. However, due to past credit issues and their debt to ratio income, it was not possible for them to receive a loan. The homes may be purchased at anytime between the five-year period. However, the homes have to be purchased by the fifth year. The homes will be sold for the same price we paid for the home plus, closing costs, and any extras we did to the home after it was bought. The intent of the 3-5 Year Program is to be treated as a lease with the option to purchase arrangement. (Resolution 04-05)

### SECTION I-2: PAYMENTS

1. Rent payments are based on your income at the time you move into the home. Your rent payment consists of a \$60.00 administrative fee and remainder of your rent is put into a savings account that will go to the purchase of your home. The payment is due by the 5<sup>th</sup> of every month delinquent after the 10<sup>th</sup>. A \$25.00 late fee will be added if the payment is not received by the 10<sup>th</sup> of the month. NPHA will waive the late charge if payment arrangements are made with the Accountant by the 10<sup>th</sup> of the month.

### SECTION I-3: RESPONSIBILITIES OF BUYERS

1. Home buyers must purchase a home warranty every year. The homebuyer may either pay for the home warranty in full, borrow money from their savings, or have it added in with their monthly payment each month. If a home buyer chooses to borrow from their savings the money must be paid back over a years time. A home warranty on the property is to protect the home if anything major would go wrong with the property. The home warranty does have a \$65.00 deductible which would need to be paid for by the home buyer. The home buyer is responsible for contacting the home warranty.
2. NPHA is not responsible for any maintenance on the home. All maintenance which needs to be done on the home is the responsibility of the home buyer. This includes any costs that the home buyer may incur during the five years.

However, if something goes wrong in the home and it is an emergency, money may be borrowed from their savings. It is considered an emergency when the family and home are put in danger. A homebuyer may borrow from his/her savings up to \$500.00 without having to pay back the money. Anything over the \$500.00 must be paid back accordingly:

- A. Repayment of money borrowed will be based on his/her income, but shall not exceed 30% of their income.
3. All utilities will be paid for by the home-buyer.

#### SECTION I-4: COUNSELING

1. A home visit will be done every six months. At this time re-verification will be done on employment and credit issues. The Homebuyer Counselor will also discuss any concerns the home-buyers may have about purchasing the home or credit issues.
2. The home-buyers must also attend Consumer Credit Counseling Services every 6 months. Attending CCCS is required every six months only if there are credit issues that need to be worked on. However, if there are no credit issues, the homebuyer must attend CCCS on a yearly basis. Credit counseling is a way to get the home-buyers to understand their finances and to be able to keep current with all outstanding debt.
3. A class will be held for all home-buyers at the beginning of the fourth year of living in the home. The class will explain what home ownership is, tax benefits, insurance, and the home loan process.
4. NPHA must also be notified of any major purchases. Major purchases are considered anything over \$1000.00. Major purchases affect the home-buyers debt to ratio income and could cause a homebuyer to not be able to purchase the home in five years.

#### SECTION I-5: TRANSFERS

1. If at anytime during the three to five year program a homebuyer is unable to continue living in the home in that particular service area a transfer may be granted upon BOC approval. However, it must follow the following guidelines:

- a. The home must be sold for the same amount NPHA purchased the home for including closing costs. NPHA will also have the option of keeping the home as a rental unit.
2. The home purchased in the new service area must be the same price as the existing home.
3. The home must be in one of our service areas.
4. The homebuyer is limited to a one-time transfer.
5. The transfer will only be allowed if it is job related, financial related, or family related. (must be BOC APPROVED on any of the above issues)
6. The homebuyer must fall within the HUD income guidelines of 80% median income.
7. The homebuyer must have 90-120 days of employment in the new service area. Job employment will show whether there is an ability to make a rent payment each month.
8. One - Time transfer only

## **Section I-6 Lease and Program Termination**

1. The lease executed between the NPHA and the program participant will terminate on the 1st day of the sixth year. (Resolution 04-05)
2. The 3-5 Year Program will be terminated at the end of the existing four (4) 3-5 Year leases. (Resolution 04-05)