

AFFORDABLE HOUSING **POLICY**

These policies and procedures were adopted by the (NORTHERN PONCA HOUSING AUTHORITY) by Resolution #06-14 on October 7, 2006.

POLICY STATEMENT

The purpose of the Northern Ponca Housing Authority's (NPHA) Affordable Housing program is to provide the members of any federally recognized Tribe purchasing a house in one of the NPHA's 15 service areas with affordable homeownership financing opportunities to help improve the quality of life in the tribal communities, with a one-time down-payment assistance.

The Northern Ponca Housing Authority's (NPHA) Affordable Housing program shall comply with all applicable regulations of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) along with other applicable rules and regulations. The NPHA Executive Director with the approval of the governing body shall be responsible for periodically amending this policy to comply with any applicable laws or regulations.

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1. PROGRAM DESCRIPTION.

The Affordable Housing Program is specifically designed to increase the availability of affordable housing by addressing homeownership on several levels. It combines NPHA Indian Housing Block Grant funds with private first mortgages, thereby multiplying many times over the number of native families that can be assisted with (Northern Ponca Housing Authority)'s grant.

(The NPHA has designated that the Affordable Housing Program will be a forgivable loan after five years, at the time of closing the awardees will be required to sign a Subordinate Mortgage. If the awardees default on the loan before the five years, the assistance will be paid back at the rate of 100%)

- A. **Eligibility** – The Down Payment Assistance Program is available to low-income Indian families with gross incomes at or below 80% of the median income adjusted for family size. The current income limits shall be appendices to this policy.
- B. **Credit** – Down Payment Assistance Program borrowers must meet the credit requirements of the first mortgage lender (bank/lender). Applicants will be pre-screened to determine credit worthiness. NPHA will assist applicants in demonstrating that they have stable income and the ability and willingness to meet financial obligations.
- C. **Affordability** – Down Payment Assistance funds are available to buy down the cost of owning a home. This results in a lower mortgage amount and lower monthly payments. NPHA funds will be in the form of a second mortgage with no monthly payments. This second mortgage is forgiven after five years.
- D. **Cash Flow** – Down Payment Assistance may include payment of reasonable loan closing costs associated with the first mortgage and (Northern Ponca Housing Authority)'s second mortgage.
- E. **Support** – Trained staff will assist eligible applicants in successfully working through the process of making an application to a bank/lender for a first mortgage loan.
- F. **Counseling** – Borrowers will be required to participate in homebuyers' classes designed to assist new homeowners in understanding and fulfilling the responsibilities of homeownership.

2. ASSISTANCE AVAILABLE. The (Northern Ponca Housing Authority) has established and implemented the Affordable Housing Program to assist creditworthy low-income households in purchasing a home. The Affordable Housing loan may help with down payment and closing costs and is designed to make home mortgage payments more affordable. The following is a list of the assistance offered at this time:

A. Down payment. (NPHA) may provide funds to buy down the amount of the first mortgage to a level that is affordable to the homeowner. Down payment assistance is limited to (50% OF THE VALUE OF THE PROPERTY OR \$20,000 (the least of the two) of the value of the property.

Nearly all lenders will require a down payment when purchasing a home. Part of this down payment may be provided by (NPHA), however, homebuyers must provide a small portion from their own cash, for the earnest deposit.

B. Closing Costs. Funds are available from (NPHA) to pay all, or a substantial part of, the closing costs of the first mortgage loan. This assistance is limited to actual, reasonable closing costs.

C. Maximum Loan Amount. The maximum amount of assistance for each homeowner will be (\$20,000) including down payment and closing costs.

3. BORROWER ELIGIBILITY.

A. Native Restrictions. Assistance is only available to members of a Federally recognized tribe. Tribe means any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act. Borrowers must present a tribal membership card or other form of positive identification of native status at the time of application.

B. Income Limitations. Participation in the Affordable Housing Program is limited to low-income families as defined in the (NPHA) established income limits. Participants will be required to provide documentation to verify the determination of low-income status.

C. Homeownership Counseling Classes. The applicant must successfully complete an (NPHA) approved home ownership-counseling curriculum. The (NPHA) (Affordable Housing Specialist) shall approve the curriculum.

D. First Mortgage Loan.

- (1) The applicant must be able to obtain a mortgage loan with an eligible lender for the maximum affordable amount. The lending institution must be willing to participate in the Affordable Housing Program and its requirements. The borrower will sign a Release of Information form so that (NPHA) is able to share information with the lending institution.
- (2) The lending institution must, as a part of its mortgage loan, require purchase of property insurance, and must escrow the insurance payments.

E. Cash Down Payment. The applicant must be able to provide at least the earnest deposit.

F. Assets. (NOTE: THIS SECTION IS OPTIONAL) The applicant shall not own any other residential property. An exception may be made for inherited property.

G. Employees. Employees, agents, officers or elected or appointed officials of (NPHA) are eligible for loans under this program. The Executive Director of (NPHA) must approve all such loan applications. Employees, agents, officers or elected or appointed officials must comply with 24CFR 1000.30,100.32, and 1000.34 regarding conflict of interest.

4. INELIGIBILITY. Applicants will be considered ineligible for not meeting items in Section 2 above or for any of one or more of the following:

- Providing false information on the application.
- Failing to complete required forms or to supply requested information.
- Committing fraud in connection with any (NPHA) program, or failing to disclose previously committed fraud in connection with any (NPHA) program.
- Appearing on HUD's list of suspended, debarred and limited denials of participation
- Having a record of eviction from any government assisted housing program.
- Having an outstanding debt owed to any public or Indian housing authority or tribally designated housing entity.

5. WAITING LIST / APPLICANT POOL

- A.** The Affordable Housing Program is operated on a first-come first-served basis (with any preferences the TDHE/TRIBE has defined under eligibility on page 2) subject to the availability of funds.
- B.** (NPHA) will maintain a list of eligible applicants based on the date and time the completed application is received by (NPHA).
- C.** If funds are unavailable for the Affordable Housing Program, (NPHA) may suspend or discontinue accepting applications until funds become available.

6. RESERVATION OF FUNDS.

- A.** Funds will be reserved for each applicant when the loan application is complete, including a copy of the Earnest Money Agreement and all information required by the first mortgage lender.
- B.** Funds will be reserved for 60 days, and days and may be extended for 30 days at a time.

7. PROPERTY REQUIREMENTS. The owner must meet the following property requirements during the life of the loan:

- A.** The home must be the primary residence of the owner.
- B.** The property must be located within (NPHA)'s Indian area as defined in its IHP.
- C.** The property must be a single-family residence, including condominiums and townhouses.
(Note: The TDHE/TRIBE shall determine whether manufactured homes and/or mobile homes qualify for the program.)
- D.** The initial purchase price of the home may not exceed the Total Development Cost limits established by the (NPHA) for the type of single family housing for the area. The (NPHA) may use HUD established Total Development Cost limit.

- D. The house must pass all Housing Quality Standards as established by the (NPHA), if applicable.
- E. The property must be reviewed by (NPHA) for environmental impact in accordance with the National Environmental Policy Act (NEPA) and all other applicable statutes, regulations and Executive Orders.
- F. Lead based paint prevention requirements apply to housing acquired under this program. (Note: The TDHE/TRIBE should require the seller to certify that there is no lead based paint in the home.)
- G. If the owner selects a home in a flood plain, flood insurance must be obtained in an amount adequate to cover the first and second mortgage loan in compliance with 24CFR 1000.38. The owner must provide a certification of insurance to (NPHA) annually.
- H. The owner shall be responsible for an insurance coverage required by the TDHE/TRIBE or the lending institution.

8. REPAYMENT OF THE LOAN

- A. There are no monthly payments or interest associated with (NPHA)'s Affordable Housing Program loans.
- B. (100%) of the original down payment assistance loan amount will be forgiven five years of the anniversary of the loan. If the property is sold (or the title is otherwise transferred) and ceases to be the borrower's primary residence, the unforgiven portion of the loan will be due and payable.

- 9. CERTIFICATION OF RESIDENCY.** The property must remain the borrowers' primary residence throughout the term of this loan. Borrowers will be required to sign an annual affidavit stating the amount of time they lived in the house as their primary residence during the previous year. If they did not live in the house for at least 11 of the previous 12 months, the loan will be considered to be in default, (NAME OF TDHE/TRIBE)'s Executive Director will review each default and consider the appropriate course of action.

10. RESALE RESTRICTION

- A. Documents for the Affordable Housing Program shall include resale restrictions and an option to purchase granted to (NPHA).

- B.** If, at any time, before the five years the owner sells or transfers title to the home, the owner must repay the TDHE/TRIBE any balance due.

11. COUNSELING

- A.** All applicants will be required to attend an (NPHA) approved homebuyer counseling class prior to loan approval. The purpose of this requirement is:
 - (1)** To enable the applicant to understand the responsibilities that accompany participation in (NPHA)'s Affordable Housing Program.
 - (2)** To enable the applicant to understand the home buying process,
 - (3)** To enable the applicant to understand and prepare to assume homeownership responsibilities and tasks,
 - (4)** To develop an understanding of the Down Payment Assistance Program with a goal of promoting feelings of self-respect, pride and community responsibility.
- B.** If available, applicants may elect to attend Post-Occupancy counseling. The cost of this counseling may be included in closing costs paid by (NPHA) if the homeowner makes arrangements before the loan closing. (NOTE: THE FOLLOWING SENTENCE IS OPTIONAL SINCE THE COUNSELING COSTS ARE ELIGIBLE UNDER SECTION 202(3) OF NAHASDA.) If the homebuyer elects to attend after the loan closing, the costs of the counseling will be at the owner's expense. Post-Occupancy counseling may include the following:
 - (1)** Budget Counseling
 - (2)** Home Maintenance
 - (3)** Refresher review of (NPHA)'s Affordable Housing Program requirements.
- C.** Any counseling required by the lender of the TDHE/TRIBE shall be at cost to the homebuyer.

12. PAYMENT OVERSIGHT

- A.** (NPHA) shall work with the homebuyer to ensure the success of their home ownership. If, for any reason, the first mortgage loan becomes delinquent, the lender will contact (NPHA). Upon receipt of any delinquent notices, (NPHA) staff may contact the homebuyer to assist in resolving the problem. This intervention does not, in any way, diminish the homeowner's responsibilities to the first mortgage lender.

- B.** If a homebuyer is found to be in default of any portion of the first mortgage documents, (NPHA) may provide or refer the home buyer to financial counseling in an effort to resolve the problem, and may:

 - (1)** Arrange a meeting with the home buyer to discuss the default;

 - (2)** Work with the home buyer to develop a specific plan of action to correct the default;

 - (3)** Monitor the homebuyer's plan of action until the default is corrected.

13. APPEALS PROCESS

- A.** Individuals or families who have applied for the Affordable Housing Program and who, for any reason, have been determined to be ineligible will be notified by (NPHA) in writing. The notification shall state the reasons for ineligibility. All information relative to the rejection of the applicant shall be documented and placed in the applicant's file.

- B.** An applicant who has been determined ineligible for the Affordable Housing Program may request a second determination within 30 days of the date on the written notification. The applicant may resubmit eligibility documentation at the time of the second determination. A written notification of selection or denial will be provided based on the information submitted by the applicant. Other recourses for appealing a (NPHA) decision may also be available and will be described in each letter of denial sent to the applicant.

