

LEASE TO OWN PROGRAM POLICY

Policy Statement

The Northern Ponca Housing Authority is aware that not all members of the Ponca Tribe of Nebraska may qualify for home loan programs offered by private lenders. To overcome this obstacle for individuals or families in need of affordable housing, the Lease to Own Program has been developed. The Lease to Own Program has been designed to assist individuals or families that are truly committed to owning a home and meeting homeownership responsibilities. This program may be used for the purchase of an existing structure; modular constructed home (which is considered the same as a stick-built home), purchase and modernization of a home, and the construction of new homes. Purchase of homes also includes manufactured homes placed on a permanent foundation. Manufactured homes must be constructed in conformance with the Federal Manufactured Home Construction and Safety Standards.

1. General Information

- A.** The Lease to Own Program may be utilized on Fee Simple Lands located within the Northern Ponca Housing Authority's Indian area, which is the area where the Northern Ponca Housing Authority provides affordable housing assistance as identified in the Indian Housing Plan.
- B.** Individuals or families that meet low-income criteria but are unable to obtain a home loan due to credit issues may receive assistance from the Northern Ponca Housing Authority if they can demonstrate that these problems are curable within a five year period. The applicant, an approved Lender, and the Northern Ponca Housing Authority will determine how the credit issues will be addressed.

An approved Lender must be approved by the Secretary of Housing and Urban Development, Secretary of Agriculture, or the Secretary of Veterans' Affairs; or supervised, approved, regulated, or insured by an agency of the federal government. In the event the credit issues are not curable, the applicant will not be eligible for assistance in this program.

- C.** The total cost of development or the purchase price of a house shall not exceed the HUD established total Development Cost (TDC) for the area where the house will be located. The TDC for the area shall be attached as an appendix to this policy.

2. Application Process

- A.** Individuals or families must first have completed a tribally sponsored and/or NPHA approved homebuyer education program (preferably a nationally

certified Pathways home trainer). This is required prior to the individual or family filing an application with a government-approved lender. The Programs Department will work with the applicant in the areas that are inhibiting the individual or family in qualifying for mortgage financing.

- B. Once the individual meets all of the program criteria and it is apparent to all concerned that the applicant appears favorable, the application will be forwarded to the governing body for final approval. Upon being approved, the applicant and the Northern Ponca Housing Authority will enter into a Lease to Own Agreement.

The Northern Ponca Housing Authority will then become the borrower, the Lender (Bank) will loan the funds to the Northern Ponca Housing Authority and the applicant will lease the unit from the Northern Ponca Housing Authority and become the Lessee. The Lessee will make house payments to the Northern Ponca Housing Authority during the term of the Lease to Own Agreement. The house payments will become part of the Lessee's payment and credit history.

- C. The amount of the monthly house payment will be determined by the terms of the loan.
- D. If the applicant is requesting that the unit be placed on their own land, they will have to obtain a Title Search Report from the Bureau of Indian Affairs Realty Office to assure they have clear title to the property.
- E. If approved for this program, the applicant will sign and date a lease agreement with the Northern Ponca Housing Authority, lender, and tribe securing the land as part of the mortgage.

3. Restrictions

- A. Individuals or families participating in this program will not be able to sell the house they are leasing or until such time as the rent to lease person/s has had a mortgage loan closed and they now are mortgagees, until then, the Northern Ponca Housing Authority owns the house.
- B. If an "Individual Development Account" (IDA) Program is established by the Tribe or NPHA, the applicant may use these funds for down payment/closing costs, purchase of appliances, furniture or whatever the tribe or NPHA decides is appropriate. IHBG funds cannot be used for non-affordable housing activities that are not consistent with the NPHA's Indian Housing Plan.
- C. Individuals or families approved for this program by the Northern Ponca Housing Authority will not be eligible for the Down Payment Assistance Program, if applicable.

- D. Since this a home loan program with a private lender, there will not be a Monthly Equity Payment Account (MEPA).

4. Program guidelines

- A. The following criteria govern the program:

- (1) The Northern Ponca Housing Authority will be the borrower by securing a loan from a lender and may have the loan guaranteed by such programs as the HUD Section 184 or Title VI program or any other Federal Guarantee Loan Program.
- (2) Individuals or families will be selected based on their willingness and ability to make house payments, demonstrate appropriate behavior to participate in this housing assistance program, not have any outstanding debt to the Northern Ponca Housing Authority, and are committed to improving their credit situation. Families selected to participate may be in this program for a period of five years.
- (3) After entering this program, individuals or families will be required to periodically file an application with a lender to learn if they qualify for a loan. If they are approved and receive the loan, they will assume the loan from the Northern Ponca Housing Authority. If they do not qualify after making the second application to a lender, they will be allowed to stay in the program and re-apply to the lender until a lender approves them within the five year period.

- F. If the individual or family does not meet the program requirements and is unable to qualify for a home loan, they may be terminated from the program and be required to give up the house in accordance with the Lease-Purchase Agreement. Should the lessee refuse to honor the Lease-Purchase Agreement, they may be terminated from the program in accordance with the terms of the agreement.

- G. While the family is in the program, they will be required to participate in Homebuyer Education, including a credit counseling session and a financial planning section. Upon completing these programs, the program participant should receive a certificate or other form of certification that may be provided to the lender as proof they understand the principles of credit and homeownership.

- H. The individual or family will be required to enter into a lease-purchase agreement with the Northern Ponca Housing Authority. The terms of the agreement will include, but not limited to the following:

- (1) Length of lease.
- (2) Amount of monthly house payment and payment date.
- (3) Agree to follow occupancy guidelines and maintenance requirements.
- (4) Agree to meet program requirements.
- (5) Surrender the house in the event of default.

5. **Eligibility Requirements**

The eligibility criteria for assistance utilizing the Lease to Own Program shall be the same as those described in the Northern Ponca Housing Authority adopted Eligibility, Admission & Occupancy Policies & Procedures.

Adopted by motion on August 16, 2008.