

## DOWN PAYMENT ASSISTANCE PROGRAM POLICY

**Purpose:** It is the Colville Indian Housing Authority's (CIHA) mission to assist tribal members to obtain decent, safe and sanitary housing. This policy is designed to assist tribal members with down payment assistance in order to purchase housing for themselves and their families. The policy has been developed to maintain compliance with the Native American Housing Assistance and Self Determination Act (NAHASDA) while assisting lower income tribal member families.

**Scope:** This policy shall apply to down payment assistance provided by the CIHA to tribal members who need such assistance to purchase their own homes on the private market.

- A. **Eligibility:** Any Tribal member who desires down payment assistance for the purchase of a home on the private market must submit a complete application to CIHA. The following guidelines apply to be eligible for the Down Payment Assistance Program: (DPAP)
1. Applicant must be an enrolled member of the Confederated Tribes of the Colville Reservation, and must be otherwise eligible for services from CIHA.
  2. Household income shall not exceed 100% of the National Median Income guidelines as established by the Department of Housing and Urban Development as defined by NAHASDA 24 CFR 1000.104. A copy of the most recent income limits is posted at the CIHA main office.
    - a. Due to CIHA jurisdiction over a multi-county service area, the income limits will be set at the county with the highest income limits. If the income limit for the selected county located within CIHA service area is lower than the United States median income, the National Median Income limit must be used.
    - b. All sources of income must be reported by all members of the household who are 18 years of age or older. CIHA will use the definition of income according to HUD 24 Section 8, Part F or the Internal Revenue Services (IRS) whichever is most advantageous to the family or the CIHA. NAHASDA\_24 CFR 1000.10(b)(1), sets forth the definition of annual HUD's Section 8 programs in 24 CFR Part 5, subpart F (except when determining the income of a homebuyer for owner-occupied rehabilitation projects, the value of the homeowner's principal residence may be excluded from the calculation of Net Family Assets). The IRS definition is cited in 24 CFR 1000.10(b)(3). .
    - c. *Examples* of acceptable documentation for income verification are: pay stubs, income tax statements, copies of checks, bank statements where payments are received through direct deposit, and award letters from Federal, State and Local agencies.

- d. Applicants who are attending college must provide a copy of their Colville Tribal Education Assistance Program (CTEAP) - Higher Education GRANT CALCULATION form, if applicable, OR verification of any other student assistance that will be received.
3. If married, those individuals who sign for the home loan will also be responsible to sign the CIHA Down Payment Assistance Program documents.
4. The applicant does not have immediate financial resources to make the required down payment to the lending institution. The applicant does not own a homesite property that could satisfy the lender's down payment requirements.
5. The applicant must qualify for standard home loan financing in all aspects except for the ability to provide a down payment. The proposed monthly debt to income ratio of applicant and or spouse may not exceed 40%. Consideration for a Loan will also be based on factors including income, credit history and employment history, which follows standard loan practices.
6. Any applicant owing a debt to the CIHA shall be considered ineligible until such debt is paid in full.
7. Any applicant owing a debt to the Colville Confederated Tribes or any Tribal entity shall be considered ineligible until such debt is paid in full or must first get a letter from that entity which shows that the applicant has entered into a repayment plan approved for debt pay back.
8. The applicant must be a first time homebuyer and not have owned real estate within the last three years. Several exceptions to the first time homebuyer rule will be considered on a case by case basis and include:
  - a. an applicant that already owns, as their principal residence, a dwelling unit not in compliance with applicable building codes and which cannot be brought into compliance with such codes for less than the cost of constructing or purchasing a code compliant structure,
  - b. an applicant who is recently divorced or legally separated, where the previously owned home was held jointly and the applicant relinquishes all ownership rights to said home.
9. No member of the family purchasing the home may have any interest in any other home while receiving assistance under this Program.
10. Such other factors, including but not limited to a history of rental or homebuyer payment problems, or poor credit that Executive Director or his/her designee will take into consideration to indicate whether the family is a good candidate or not for the DPAP.
11. The applicant must be willing to participate in the pre-ownership counseling program

established by the CIHA DPAP.

12. The applicant must qualify for a mortgage loan through a financial institution. CIHA cannot provide down payment assistance for transactions involving land contracts or any lease to purchase scenarios.

B. **Application:** To be considered by CIHA, the application must contain the following documents. (Some of the required information will be available from the lender.) Any exceptions to submission of required documents must be approved by the CIHA Executive Director's approval.

1. Verification of Colville Tribal Enrollment.
2. A Release of Information signed by all members of the household who are 18 years of age and older.
3. Wage verification for all members of the household, if no income is reported from adults, a zero income verification form is required.
4. The legal description of the home site property to be purchased.
5. A copy of the Purchase and Sale Agreement.
6. A copy of appraisal with FEMA designation.
7. Must provide a statement from lending institute which verifies the approval of a home loan, pending the down payment requirement. Statement must include the monthly mortgage amount, anticipated property taxes, and insurance costs for use with the debt to income ratio. The statement must be on the lending institute's letterhead and include the purchase price and minimum required down payment.
8. Financial statements as requested.
9. Social Security numbers with a copy of the card, or other formal documentation that verifies the individual and their social security number
10. Any additional information as requested by CIHA to determine eligibility for the program including but not limited to Landlord Statement, and Authorization for Use or Disclosure of Tenant/Homebuyer File Information to Application.

C. **Limitations:** The following limitations will apply to all applications received for this program.

1. THIS IS A ONCE IN A LIFETIME LOAN PER TRIBAL MEMBER PER FAMILY. This limitation does not prohibit an applicant to apply for the loan if they have a familial relationship with an individual who received the loan prior to the establishment of the relationship.
2. The number of loans to be made under this program will be subject to the availability of funds CIHA has set aside for that purpose.
3. Loans will only be provided for home purchases within the State of Washington.
4. Down Payment Assistance Loans will only be made where the purchase includes both land and dwelling.
5. Monthly principal, interest and insurance payment cannot exceed 30% of the household monthly income.
6. Purchase price of the home cannot exceed the Total Development Cost (TDC) limits as outlined in 24 CFR 1000.158(c), which are limits published periodically by HUD to establish the maximum amount of funds (from all sources) that the recipient may use to develop or acquire/rehabilitate affordable housing. The recipient must complete a comparison of the cost of developing or acquiring/rehabilitating the affordable housing with the limits provided by the TDC and may not, without prior HUD approval, exceed the TDC maximum cost for the project.
7. All pre-1978 built homes will be required to have Lead Based Paint (LBP) activities performed in accordance with 24 CFR part 35, 40 CFR part 745, and CCT's Toxic Lead Code 6-13.
  - (a) Lead hazard information pamphlet. CIHA or participating jurisdiction shall provide the lead hazard information pamphlet in accordance with §35.130
  - (b) LBP Disclosure form shall be provided by the Seller. **“Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards”**
  - (c) LBP activities required for the dwelling unit, common areas servicing the dwelling unit, and the exterior surfaces of the building in which the dwelling unit is located:
    - (i) A visual assessment of all painted surfaces in order to identify deteriorated paint;
    - (ii) Paint stabilization of each deteriorated paint surface, and clearance, in accordance with §§35.1330(a) and (b), before occupancy; and
    - (iii) The testing agency or seller shall provide a notice to occupants in accordance with §§35.125(b)(1) and (c), describing the results of the clearance examination.

It is the sole responsibility of the applicant or seller to pay for all of the costs

involved.

- D. **PROPERTY REQUIREMENTS.** The owner must meet the following property requirements during the life of the loan:
1. The home must be the primary residence of the owner.
  2. The property must be a single-family residence, including condominiums and townhouses.
  3. The initial purchase price of the home may not exceed the TDC limits established by HUD (see SEC C.6, above). Those TDC limits are attached as appendices to this policy.
  4. The home must pass all Housing Quality Standards as established by CIHA. A whole house inspection must be completed by a licensed home inspector at the applicant's expense.
  5. The property must be reviewed by CIHA for environmental impact in accordance with the National Environmental Policy Act (NEPA) and all other applicable statutes, regulations and Executive Orders.
  6. Lead based paint prevention requirements apply to housing acquired under this program.
  7. 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 CIHA annually during the useful life period.
  8. The owner shall be responsible for any insurance coverage required by the lending institution.
- E. **Types of Loans Covered by Program:** CIHA has also established requirements concerning the terms of the financing that will be supported through this Program. Only the following types of loans will be considered eligible for assistance under this program: FHA, VA, Section 184 and conventional loans. If the home is financed with FHA mortgage insurance, then financing is subject to all FHA requirements. Otherwise, all underwriting standards of the selected lender's financing program will apply.
- F. **Types of Loans Expressly Excluded:** The following forms of financing are not eligible for assistance under this Program:
1. Balloon payment mortgages
  2. Variable-rate interest mortgages
  3. Financings that involve pre-payment penalties on conventional loans

4. Seller financed purchases
  5. Other loan arrangements indicative of predatory or high-risk lending.
  6. Construction or home improvement loans.
- G. **Selection of Loanees:** Loans will be awarded on a first come, first served basis when determined eligible and qualified. Applications will be processed according to the certification date. Incomplete applications will not be considered for assistance. . The Executive Director of the CIHA reserves the right to loan exceptions at his/her discretion based on need. Examples include but are not limited to emergency housing needs due to catastrophic circumstances of fire,
- H. **Amount:** The maximum amount of assistance will be based on 20% of the approved loan amount, based on the appraised value of the home, not to exceed a maximum amount of \$20,000.00 per loan. The loan will not include any of the closing costs or other related loan fees. The loan will not be used to buy up on the approved loan amount in order to meet purchase price. The applicant is not automatically entitled to that amount and will not receive that amount if 20% of the approved loan amount based on the appraised value of the home is below \$20,000.00.
- I. **Loan Amount Limitations:** According to 24 CFR 1000.110 (2) Other assistance, including down payment assistance, to non low-income Indian families, cannot exceed:  $(\text{Income of family at 80 percent of median income} / \text{Income of non low-income family}) \times (\text{Present value of the assistance provided to family at 80 percent of median income})$ .
- J. **Loan Acceptance Agreement:** An applicant who is determined eligible and receives a loan must enter into a Loan Acceptance Agreement with CIHA, setting out the terms and conditions of the grant. Those terms and conditions include, but shall not be limited to, the following:
1. The Loanee must maintain the dwelling as the primary place of residence for at least ten years or agree to repay the loan, as stated in the Useful Life contract, and as detailed in appendix A
  2. The Agreement will require the Loanee enter into such binding agreements as are applicable to ensure that the dwelling remains affordable housing for its “useful life.” If the Loanee violates this requirement, Loanee will be required to repay to CIHA a prorated amount of the grant.
  3. The Loan monies are non-repayable when and if the terms of the Loan Acceptance Agreement have been met, as agreed by both parties.
- K. **Financial Counseling:** The applicant must sign a pre-homeownership counseling agreement that will require the applicant and any co-borrower to attend a series of one-on-one counseling sessions prior to the purchase of the home. In the pre purchase sessions, the Housing Services Officer (HSO) and the applicant(s) will identify relevant

goals for sessions. Once the goals are reached, the HSO will award a pre ownership education certificate to the applicant.

- L. Appeals:** An applicant may appeal a grant request denial or amount of grant by submitting a written request for an appeal hearing with the Executive Director. The request will include the applicant's specific concerns and facts. The Executive Director will notify the applicant of their scheduled hearing date. Decision rendered by Executive Director shall be final.
  
- M. Abuse of Program:** Misuse of this program or the misuse of these grant funds will result in prosecution to the greatest extent of the law.

**2 CFR 200.113 Mandatory disclosures.** The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in § 200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR part 180 and 31 U.S.C. 3321).

## Appendix A

The applicant must agree to maintain the dwelling as their primary place of residence for a ten-year period from the date of receipt of down payment assistance and must agree that the home will not be sold or otherwise conveyed during that 10-year period. If the applicant fails to maintain the dwelling as their primary residence for this period of time or if the home is sold or otherwise conveyed during this period of time, the applicant must repay the amount of down payment assistance provided by CIHA in accordance with the following schedule:

Before or within one (1) year of the date of assistance 100%  
Within two (2) years of the date of assistance 90%  
Within three (3) years of the date of assistance 80%  
Within four (4) years of the date of assistance 70%  
Within five (5) years of the date of assistance 60%  
Within six (6) years of the date of assistance 50%  
Within seven (7) years of the date of assistance 40%  
Within eight (8) years of the date of assistance 30%  
Within nine (9) years of the date of assistance 20%  
Within ten (10) years of the date of assistance 10%  
After ten (10) years of the date of assistance 0%