



NPHA Tenant Home Ownership Program Policy

Program Summary: The Northern Ponca Housing Authority (NPHA) Tenant Home Ownership Program (THOP) is designed to allow prospective homebuyers to rent with the intent of eventually purchasing the designated NPHA unit and its premises within 5 years of entering the NPHA THOP. Tenants will work with the Resident Services Coordinator to develop a Tenant Action Plan (TAP) in order to prepare for homeownership and measure the progress towards actual conveyance. The NPHA Board of Commissioners shall approve the sale and purchase price of all eligible NPHA units. This policy is for NAHASDA & 1937 Act Homes (which were formerly Mutual Help units).

I. Program Eligibility:

The following criteria must be met by applicants in order to enter into a TAP Agreement:

- A. The head of household must be an enrolled member in a federally recognized Native American Tribe.
- B. The head of household must be at least 19 years of age.
- C. Shall be a current tenant in the NPHA low-rental housing program.
- D. The applicants shall not have received housing purchase assistance within the last 5 years (Down Payment Assistance, Mutual Help, NPHA Tenant Home Ownership Program, etc.)
- E. NPHA will re-certify family composition and income prior to the actual sale of the home. If at any time the family composition or the composition income changes, they must notify NPHA immediately. Failure to do so is grounds for termination of the TAP and any legal action available to NPHA will be taken.

II. Tenant Action Plan

A TAP will be prepared to assess the tenant's current situation, areas to improve upon, and ultimately, the goals necessary to attain homeownership. The TAP will be completed when the tenants are mortgage ready. Failure to successfully complete the NPHA THOP TAP within the 5-year allotted timeframe will result in the tenants not being eligible for Down Payment Assistance, Mutual Help, NPHA THOP, etc. for a period of 5 years after the TAP has been unsuccessful. Tenant will remain in the low-rental housing program as long as they're in compliance with all of the policies & laws listed in Section VI of this policy. The signed TAP Agreement enters the tenant(s) into the NPHA THOP.

- A. Individual Financial Assessment:
 1. Credit history
 2. Household income vs. expenses
 3. Employment
 4. Budgeting
 5. Obstacles to mortgage readiness
 6. Bank qualification vs. ability to pay according to budget
 7. Savings account for house repairs
- B. Homeowner Education
 1. Responsibilities as a homeowner
 - a. Regular and preventative home maintenance
 - b. Replacement costs for major household items
- C. Achieving Homeownership
 1. Goals to achieve

- a. Timeframes for completion
 - b. Tracking the progress
2. Other areas as necessary

III. NPHA Tenant Home Ownership Program Payment Calculation

Rent under the NPHA THOP will be calculated just as it is in the low-rental housing program. However, this amount shall not dictate the amount of the mortgage payment once home is conveyed. Tenants will have no equity in the home until the unit is conveyed.

IV. Unit Purchase Price Calculation

The purchase price of the home shall be calculated once the following takes place:

- Prequalification for a home loan with a lending institution
- Successful completion of TAP
- Unit has been appraised by a professional appraisal service

The purchase price for compositions at or below 80% of HUD's median income shall be calculated as:

$(\text{Appraisal Cost} \times .75) = \text{Cost}$

$\text{Cost} - \{\# \text{ of years living in all NPHA units consecutively} \times (\text{Cost}/30 \text{ years})\}$

At the tenant's request, the purchase price may also include any applicable added closing costs, prepaid expenses, and discount points (up to 6% of sales price per HUD 184 guidelines). These added costs shall not be included in the affordability period calculation.

The formula credit for # of years living in all NPHA units consecutively shall not exceed 15 years.

For compositions where the household entered NPHA's low-rent housing program at or below 80% of HUD's income guidelines, but have since increased their income level to be above 80% of HUD's income guidelines, the following formula shall apply:

$(\text{Income of the non-low income family}/\text{income of family at 80\% of median income}) \times (\text{THOP final purchase price of family at or below 80\% of median income})$

V. Home Maintenance

The unit shall be maintained as if the unit were a regular unit in the NPHA low-rent housing program. Prior to conveyance, an inspection will be conducted by a third party inspector to determine what, if any home components need to be replaced or repaired.

VI. Policies/Laws Governing the NPHA Tenant Home Ownership Program

The NPHA Admissions & Occupancy Handbook/lease agreement, NPHA THOP Policy, & Northern Ponca Tribe of Nebraska Law & Order Code shall govern the tenant/landlord relationship between NPHA and the NPHA THOP tenants.

VII. Down Payment Assistance & the NPHA Tenant Home Ownership Program

NPHA Down Payment Assistance is not available through the NPHA THOP.

VIII. Restrictions

A binding commitment shall be placed on the home for the duration of the affordability period of the assistance, per NPHA's Indian Housing Plan (IHP). For the purposes of this policy, affordability period shall be calculated by subtracting the purchase price from the third-party appraisal of the home conducted at the time of sale. This binding commitment shall be in effect until the affordability period has expired from the first buyer (transfer to family members does not cause the original binding commitment to expire).

Should the property be sold within the affordability period, the lien shall be paid back to NPHA at a rate of $[(\text{appraisal value} - \text{purchase price}) / \text{years of affordability period}] \times (\text{years of affordability period} - \text{years lived at the property})$

If \$25,000 or more of ICDBG funding has been invested in the unit within the previous 5 years of the grant being closed out, a separate 5-year binding commitment shall be placed on the unit at the time of sale. The balance of the binding commitment will diminish for each month that passes during the initial 5-year period. For example: $\$36,000 \text{ ICDBG assistance} / 60 \text{ months (5 years)} = \$600 \text{ binding commitment reduction each month}$.

If multiple ICDBG projects were invested in the unit, NPHA shall include all previous ICDBG grant funds invested in the unit within the last 5 years of ICDBG grant closure in this binding commitment.