



Northern Ponca Housing Authority

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DOWN PAYMENT ASSISTANCE **POLICY**

POLICY STATEMENT

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

NPHA's DPA 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 NPHA Board of Commissioners (BOC), shall be responsible for periodically amending this policy to comply with any applicable laws or regulations.

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1. PROGRAM DESCRIPTION

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

- A. **Eligibility** – The DPA Program is available to low-income Native American 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** – DPA Program applicants must meet the credit requirements of the first mortgage lender (bank/lender). NPHA will assist applicants in demonstrating that they have stable income and the ability and willingness to meet financial obligations.
- C. **Affordability** – DPA 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 the funding useful life has been exhausted.
- D. **Cash Flow** – DPA may include payment of reasonable loan closing costs associated with the first mortgage and NPHA's second mortgage.
- E. **Support** – Trained staff may assist eligible applicants in successfully working through the process of making an application to a bank/lender for a first mortgage loan.
- F. **Counseling** – Applicants will be required to participate in NPHA approved-homebuyers' classes designed to assist new homeowners in understanding and fulfilling the responsibilities of homeownership.

2. ASSISTANCE AVAILABLE

NPHA has established and implemented the DPA Program to assist creditworthy low-income households in purchasing a home. The maximum amount of assistance for each homebuyer will be as periodically determined by NPHA. The DPA loan will 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:

- A. **Down payment** - NPHA may provide funds to buy down the amount of the first mortgage to a level that is affordable to the homebuyer.
- B. **Rehabilitation** - Up to 25% of the down payment award may be used for repairs to a house that would otherwise fail inspection, as approved by NPHA.
- C. **Closing Costs** – A portion of the DPA award may be used for closing costs.

3. APPLICANT 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. Applicants must present a tribal membership card or other form of positive identification of native status at the time of application. Applicants enrolled in the Ponca Tribe of Nebraska will be given preference in awards per Ponca Preference Resolution 08-10, approved August 16, 2008. (See resolution 08-10).
- B. **Income Limitations** - Participation in the DPA Program is limited to low-income families as defined in the most recent HUD established income limits. The higher of the county or federal HUD income limit shall apply. Participants will be required to provide documentation to verify the determination of low-income status. NPHA shall re-verify applicant's income for eligibility purposes prior to DPA being provided.
- C. **Homeownership Counseling Classes** - The applicant shall successfully complete an NPHA home ownership-approved course to be eligible to participate in the DPA program.
- D. **First Mortgage Loan**
 - i. 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 DPA Program and its requirements. The applicant will sign a Release of Information form.
 - ii. The lending institution must, as a part of its mortgage loan, require purchase of property insurance, and must escrow the insurance payments. Applicant must provide the earnest deposit.
- E. **Assets** -The applicant shall not own any other residential property that is safe, sanitary, and adequate for applicant's family, as determined by NPHA.
- F. **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, 1000.32, 1000.34 and 2CFR 200.318 (c) (1) regarding conflict of interest.

4. INELIGIBILITY

Applicants will be considered ineligible for not meeting items in Section 3 or for any of one or more of the following:

- A. Providing false information on the application;
- B. Failure to complete required forms or to supply requested information;
- C. Committing fraud in connection with any NPHA program, or failing to disclose previously committed fraudulent acts in connection with any NPHA program;
- D. Appearing on the Federal Government's Excluded Party List System (EPLS);

- E. Owe an outstanding debt to any public or Indian housing authority or tribally designated housing entity.

5. WAITING LIST / APPLICANT POOL

- A. The DPA Program is operated on a first-come first-served basis (with any preferences the TDHE/TRIBE has defined under eligibility in Section 3) subject to the availability of funds.
- B. NPHA will maintain a list of eligible applicants based on the date and time the applicant was determined eligible by NPHA.
- C. If funds are unavailable for the DPA 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 all NPHA DPA eligibility requirements have been met (see Section 3 – Applicant Eligibility) if the funds are available, 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 may be extended for 30 days at a time in the event of purchasing delays that are not any fault of the applicant.

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 for at least the useful life of the funding provided per NPHA's binding commitment agreement.
- B. The property must be located within NPHA's Service Area.
- C. The property must be a single-family residence, including condominiums and townhouses. Note: Modular homes are eligible for assistance but mobile homes (anything without permanent foundation) are not.
- D. The initial purchase price of the home may not exceed the HUD established Total Development Cost (TDC) limit. (See HUD Unit TDC Limits)
- E. The house must pass all housing quality standards as established by NPHA, except for those issues approved to be fixed with a portion of down payment assistance.
- F. 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.
- G. Lead-based paint prevention requirements apply to housing acquired under this program. (Note: NPHA shall require the seller to certify that there is no lead-based paint in the home).
- H. The unit may be owned by NPHA, but must have been purchased with NAHASDA funds or was once a homeownership unit and has since been turned into a rental unit. In the event that an NPHA tenant and a non-NPHA tenant wants to purchase a vacant unit owned by NPHA, the NPHA tenant will be offered the unit first.
 - 1. The price of the unit prior to DPA will be equal to the third party appraisal.
 - 2. The assistance shall be in the form of a 35% discount on the BOC-approved price.

8. REPAYMENT OF THE AWARD

- A. There are no monthly payments or interest associated with NPHA's DPA Program award.
- B. A binding commitment will be placed on the unit at the time of sale for the amount of the assistance provided. If the homebuyer defaults on the loan or sells the property, the un-forgiven portion will be based on the remaining percentage of the funding useful life and binding commitment agreement. (Example: Award: \$10,000 – Move-out 3 years = 4,000 Amount owed to NPHA program based on amount granted divided by five (5) years).

The useful life binding commitment shall be based on the following assistance award tiers:

\$5,001-\$30,000 = 5 years

\$30,001-\$70,000 = 10 years

\$70,001+ = 15 years

New construction or acquisition of newly constructed housing = 15 years

- C. For NPHA-owned units: 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 ICDBG assistance/ 60 months (5 years) = \$600 binding commitment reduction each month.

9. RESALE RESTRICTIONS

Documents for the DPA Program shall include resale restrictions and an option to purchase granted to NPHA. If, at any time, before the funding useful life and binding commitment agreement expires, the owner sells or transfers title to the home, the owner must repay NPHA any balance due.

10. COUNSELING

All applicants will be required to attend an NPHA-approved homebuyer education course prior to loan approval. The purpose of this requirement is:

- A. To enable the applicant to understand the responsibilities that accompany participation in NPHA's DPA Program.
- B. To enable the applicant to understand the home buying process.
- C. To enable the applicant to understand and prepare to assume homeownership responsibilities and tasks.
- D. To develop an understanding of the DPA Program with a goal of promoting feelings of self-respect, pride and community responsibility.

11. APPEALS PROCESS

Individuals or families who have applied for the DPA 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. Other recourses for appealing a NPHA decision may also be available and will be described in each letter of denial sent to the applicant.