



# 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 designated staff 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 year (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 may be grounds for termination of the TAP.

## **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 are 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.

## **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:

$(\text{Appraisal Cost} \times .65) = \text{Cost}$

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

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 80-99.99% of HUD's income guidelines, the following formula shall apply:

(Income of the non-low income family/income of family at 80% of median income) X (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. NPHA reserves the right to refuse repairs or adjustments, as determined by NPHA.

**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. THOP Transfers**

NPHA tenants who cannot and/or do not want to purchase their current unit may be able to purchase a different unit that is eligible for the THOP via a transfer. NPHA shall maintain a separate THOP Waiting List for tenants who wish to transfer to a different THOP-eligible unit, which will be ranked based on preference points and date of qualification.

**A. Preference Points**

The head of household preference points scale is as follows:

- a. Northern Ponca member age 19 and above – 20 points
- b. Northern Ponca member with nucleus unit (as defined below) – 30 points
- c. Elder (age 62 and above) – 6 points
- d. Near elder (age 55-61) – 3 points
- e. Disabled – 6 points
- f. Non-Ponca Tribe of Nebraska nucleus family – 5 points
- g. Honorably discharged veteran of a branch of the United States Military – 8 points
- h. Domestic violence situation, as documented – 3 points

A nucleus family is defined as a father, mother & child(ren); a mother & child(ren), a father & child(ren), grandparent & grandchildren. Children who are 19 years of age or older will not qualify for the “child” or “grandchild” designation of this policy.

- C. Tenants shall qualify to be placed on the THOP Waiting List by pre-qualifying for a mortgage with a financial institution and completing an NPHA-approved homebuyer education class within the last 12 months.
- D. When a THOP-eligible NPHA unit becomes available for occupancy and has been third-party appraised, NPHA shall notify the applicant in first place on the THOP Waiting List of the unit’s availability. The tenant shall have 14 days to decide if they wish to purchase the unit. If the tenant agrees to transfer and eventually purchase the unit, they shall have 45 days to provide NPHA with a mortgage pre-qualification that shows an ability to purchase the unit they are transferring to within the next 5 years, and move into the unit. The third-party appraisal conducted prior to the move-in date will be used to calculate the final sales price, regardless of when the tenant actually purchases the unit.
- E. If the tenant transfers into a unit for THOP homeownership, and fails to purchase the unit after 5 years, NPHA reserves the right to transfer the tenant to a different unit and/or raise the rent calculation to 30% of gross adjusted income. If the tenant declines the unit, NPHA shall move on to the next person in line on the THOP Waiting List. If no one on the THOP Waiting List accepts the offer, NPHA shall award the unit to the next eligible composition.
- E. The THOP TAP shall be signed upon moving into the new unit, but the composition must income qualify for all applicable funding that has been invested in the unit prior to move-in.
- F. If the selected THOP Waiting List applicant has satisfied all requirements for purchasing the unit they are moving into prior to doing so, as determined by NPHA, they may be eligible to purchase the unit prior to move-in. The composition shall have 30 days to vacate the rental premises upon purchasing the THOP unit.

**IX. Restrictions**

A binding commitment shall be placed on the home for the duration of the affordability period of the assistance. 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).

The amount of the binding commitment will be based on the following useful life scale:

\$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

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

All co-signers on the mortgage must be included on the tenant's composition.

NPHA reserves the right to reserve vacant rental units exclusively for THOP participation.

NPHA reserves the right to terminate a TAP if the tenant is unresponsive in fulfilling their obligations of the TAP, as determined by NPHA.