

YUROK INDIAN HOUSING AUTHORITY



Down Payment Assistance Policy

Purpose:

The purpose of this program is to provide expanded home ownership opportunities for Tribal Members and Native Americans within our service area by using Native American Housing Assistance and Self-Determination Act funds to provide down payment assistance to low-income households and leverage other private funding and government agencies, as stated in the Yurok Indian Housing Plan. This program shall be administered by the Yurok Indian Housing Authority (YIHA) in accordance with the Native American Housing and Self Determination Act (NAHASDA) Rules and Regulations set forth in 24 CFR Parts 1000, 1003, and 1005.

How the Program Works:

1. The amount of the down payment assistance may be 20% of the purchase price. not to exceed **\$50,000.00**.
2. YIHA shall provide in addition to the down payment assistance any standard and/or reasonable closing costs not to exceed \$5,000.
3. The down payment assistance amount provided by YIHA shall be recorded with the appropriate county as a second mortgage, or lien, against the applicable property. (“Applicable Property” shall mean, in the case of a loan on non-trust land- the land and home; and in the case of a loan on trust land-only the home.)
4. The Executive Director has the authority to authorize a gift letter of up to 3% of the purchase price as a financial gift and there is no repayment expected or implied. **This 3% is deducted from initial 20% down payment.**
5. Repayment of the balance of the down payment assistance shall be deferred for a period of ten years, as long as the homebuyer maintains the home as his/her principal residence and is up-to-date on first mortgage loan payments.
6. If, during the first ten years the home is sold, or otherwise transferred by the applicant, YIHA shall recover the down payment assistance that was provided on a pro-rated basis of 10% per year for ten years, unless the mortgage is assumed by a qualified YIHA housing applicant. After the ten-year period, the down payment assistance shall be forgiven and YIHA shall file a satisfaction of the second mortgage.

As per the Promissory Note, any sale or transfer of title to the property, even if awarded by the courts, from the borrowers shall trigger a repayment obligation and terminate loan forgiveness and any balance then owing under the schedule of forgiveness will be due and payable.

Application Requirements for the YIHA Down-Payment Assistance Program:

1. Applicant must be an enrolled member of a federally recognized tribe. Enrolled Yurok Tribal Members shall have preference.
2. Applications are available at YIHA. The application may be requested by mail, telephone, or fax. Completed application forms must be submitted in person or by mail with original signatures.
3. Applicants must submit a Pre-Qualification letter from a lender approved by YIHA at the time of their application. Approved Section 184 clients shall have priority.

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4. Applicants shall **complete** Homebuyer Education to further understand the Home Loan process and the responsibilities of Homeownership.
5. Applications shall be processed and selected on a first come first serve basis **based on the availability of funds**.
6. The application shall include an Authorization for the Release of Information, which must be signed by all members aged 18 and older.
7. Housing Authority staff shall check and verify all information that is provided in the application via Third Party Verification. Employers, welfare agencies, banks, credit bureaus, similar sources and previous landlords will be asked to document household income, payment history and occupancy history, per federal law to avoid fraud. Verifying documentation will be retained.

Eligibility shall be determined on the basis of:

- a) The applicant's income as defined in Section 3, Part 8 of Public Law 104330 of NAHASDA, which must be within 80 percent of median income for their sized family. (A limited number of applicants shall be served who are between 80 and 100 percent of median income. The budget for this limited number of applicants shall not exceed 10% of the annual grant amount for any one year.) Applicable income limits are available at the YIHA office.
- b) Income shall be determined in accordance with provisions outlined in Section 3, Part 8 of Public Law 104330 of NAHASDA. The applicant's income eligibility shall again be determined at the time of purchase (close of escrow).
- c) The identity and status of all household members shall be verified through birth certificates, Social Security cards, driver's licenses, marriage certificates, divorce decrees, adoption papers, baptismal certificates, affidavits and other such documents. In particular, if both parents of a child are not in the household, proof of custody must be provided.
- d) An applicant shall be eligible to receive YIHA Housing Down-Payment Assistance on a one-time only basis.
- e) The applicant must occupy the home they purchase through this program within 30 days from the closing date and must make this home their principal residence for no less than ten years.
- f) No applicant shall be eligible for the program unless all outstanding balances to YIHA owed by said applicant or member of the household are paid in full.
- g) Applicants must be a "First Time Home Buyer".

Notification shall be sent to applicants (in writing) of their eligibility status within 30 **business** days of receiving the application. Eligible applicants shall be given an approximate time period when funding shall be available. Applicants may request a hearing **through the Grievance Policy**.

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If, at any time either during the application process or after purchase of the home, it comes to the attention of YIHA that false, incomplete or inaccurate information may have been provided by the applicant regarding any eligibility factor; such information shall be delivered to the appropriate law enforcement agency for investigation. If it is determined that fraud has been committed, the applicant shall be subject to penalties under applicable Federal, State, or Tribal laws. If the investigation results in a conviction for fraud, their application for down payment assistance shall be withdrawn or if the assistance has already been provided, the applicant(s) shall be required to repay the down payment amount as determined by YIHA.

The following standards shall apply:

- 1) The monthly mortgage payment shall not exceed 30% of the Adjusted Family Income.
- 2) The term of the first mortgage loan shall not be more than thirty (30) years at a competitive **fixed** interest rate. Such mortgages shall provide for complete amortization by maturity, with equal monthly payments of principal, interest, taxes and insurance (PITI). The fixed period mortgage establishes a period of affordability equal to the length of the mortgage.
- 3) Buyer and Seller shall pay their usual and reasonable settlement and financing costs, as negotiated.
- 4) All properties shall require a certified appraisal, the cost of which shall be paid by the buyer.
- 5) All properties shall require an environmental review, the cost of which shall be paid out of the closing costs.
- 6) All properties shall require an inspection by a Building Inspector to assess conformance with HUD standards for FHA Insured Loans and to determine cost of repairs necessary to bring the home into such conformance. The home must be free of defects and meet minimum Housing Quality Standard (HQS) before occupancy.
- 7) Each approved lender shall provide standard mortgage loan forms and conditions, shall set closing dates and time and shall assure all appropriate paperwork is complete prior to closing.
- 8) Each approved lender has the right to determine its loan processing fees, including the fixed interest rate.
- 9) The purchase price of the home can be no greater than its appraised value.
- 10) The home must be a single-family stand-alone unit, a town house, condominium unit or a manufactured/**modular** home on a permanent foundation. Rental properties and cooperative units shall not be eligible nor shall **modular or manufactured** homes not placed on a permanent foundation and/or, in the case of new construction, property NOT owned by the applicant, with the exception of trust land, tribal trust or tribal fee.
- 11) Applicant(s) shall obtain title to the property that is free and clear of all Liens and Encumbrances.

Homes requiring substantial remodeling or repair in order to qualify for funding shall not be eligible for participation in the YIHA Housing Down Payment Assistance Program.

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Subordination of YIHA Silent Second:

The Board of Commissioners may consider a one time only agreement to the subordination of the YIHA silent second to enable the member to pay for major repairs i.e. roof, weatherization windows or up sizing their units due to the family composition. Monies may only be used for actual construction costs performed by a licensed contractor.

Under no condition will debt consolidation or cash back to the owners/borrowers be permitted. If approved, the following conditions will apply;

- 1) All mortgages must be current and the payment history is of good standing.
- 2) All Insurance must be current and increased by the amount of the new mortgage.
- 3) The amount of the new mortgage can't exceed the pro-rated 10% per year forgiveness schedule as determined by the standard ten year note and deed of trust.
- 4) A final Inspection report must be completed by YIHA.
- 5) Borrowers must cover the cost of the subordination agreement, appraisal and escrow.
- 6) Owner/borrowers have the ability to borrow equity earned through appreciation up to but not exceeding an 80/20 loan to value ratio.
- 7) All other terms and conditions of the program apply and remain in affect.

Record Keeping:

The YIHA shall maintain a current ledger for the YIHA Down Payment Assistance Program that shall record the following:

- 1) Name, address, and phone number of the approved applicant.
- 2) Down Payment Assistance amount and date.
- 3) Status of the assistance on an annual basis (not to exceed **ten** years).
- 4) YIHA annual IHBG from which funds were provided.
- 5) Amount of recaptured funds upon sale or transfer of title.
- 6) Date that the "satisfaction of the second mortgage" was filed.

C*E*R*T*F*I*C*A*T*I*O*N

This is to certify the Down Payment Assistance Policy of the Yurok Indian Housing Authority was approved at a duly called meeting of the Board of Commissioners on April 13, 2009 at which a quorum was present and the Down Payment Assistance Policy was adopted by a vote of 6 For, 0 Apposed, and 0 Abstentions.

Wanda Green, Chairperson
Yurok Indian Housing Authority Board of Commissioners

ATTEST:

Kerri Malloy, Secretary
Yurok Indian Housing Authority Board of Commissioner