

QUINAULT HOUSING AUTHORITY

DOWNPAYMENT ASSISTANCE PROGRAM

POLICY



POLICY STATEMENT:

The purpose of the Quinault Housing Authority's Downpayment Assistance program is to provide the members of the Quinault Indian Nation with affordable homeownership financing opportunities to help improve the quality of life in the tribal communities.

The Quinault Housing Authority's Downpayment Assistance 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 while assisting low-income tribal member families and median income families to the extent resources are available for this purpose. The Quinault Housing Authority Board of Commissioners shall be responsible for periodically amending this policy to comply with any applicable laws or regulations.

I. PROGRAM DESCRIPTION.

The Downpayment Assistance Program is specifically designed to increase the availability of affordable housing by addressing homeownership on several levels. It combines Quinault Housing Authority Indian Housing Block Grant funds with private first mortgages, thereby multiplying many times over the number of Native families that can be assisted with Quinault Housing Authority's grant. Enrolled Quinault members who are employees, agents, officers or elected or appointed officials of the Quinault Indian Nation (QIN) and the Quinault Housing Authority (QHA) are eligible for loans pursuant to the eligibility guidelines of this program. The Executive Director of the QHA must approve all applications in accordance with 24 C.F.R. 1000.30, 1000.32, and 1000.34 regarding conflict of interest.

II. WAITING LIST.

QHA will maintain a list of eligible applicants based on the date and time the complete application is received by the QHA. If funds are unavailable for the Downpayment Assistance Program, QHA may suspend or discontinue accepting applications until funds become available.

III. ASSISTANCE AVAILABLE.

The QHA has established and implemented the Downpayment Assistance Program to assist credit worthy low and median income households in purchasing a home. The Downpayment Assistance may be used to help with downpayment and closing costs and is designed to make home mortgage payments more affordable. The terms of assistance include:

- A. DOWNPAYMENT:** QHA may provide funds to buy down the amount of the first mortgage to a level that is affordable to the homeowner. Downpayment assistance is limited to \$5,000.00 for low-income families and to the amount provided for in 24 C.F.R. 1000.110(d)(2) for non-low-income families determined by the following formula: (income of family at 80% of median income/ income of non-low-income family) X (\$5,000.00). Nearly all lenders will require a downpayment when purchasing a home. Part of this downpayment may be provided by the QHA; however, homebuyers must provide a portion from their own cash. QHA requires the **applicant provided portion to be a cash payment that cannot be borrowed**, but can be gifted funds. Downpayment Assistance grants shall be awarded as follows:

1. *Low-Income Applicant(s):* Defined as person(s) with an annual adjusted income less than eighty percent (80%) of the median income for the area or National Median Income, whichever is greater. QHA will match funds on a two-to-one (2:1) basis (for every dollar that an applicant pays towards a downpayment the QHA will contribute two dollars).
2. *Median-Income Applicant(s):* Defined as person(s) with an annual adjusted income above eighty percent (80%) and up to one hundred percent (100%) of the median income for the area or National Median income, whichever is greater. QHA will match funds on a one-to-one (1:1) basis (for every dollar that an applicant pays towards a downpayment, the QHA will contribute one dollar) up to the amount determined by the following formula: (income of family at 80% of median income/

income of non-low-income family) X (\$5,000.00). At no time shall the QHA spend in excess of ten percent (10%) of its NAHASDA grant funds on households with an adjusted income between eighty percent (80%) of the median income for the area. At no time will QHA spend its NAHASDA grant funds on households with an adjusted income in excess of one hundred (100%). No applicant with a total household adjusted income over one hundred percent (100%) of median income is eligible for this Program.

- B. MAXIMUM LOAN AMOUNT:** The maximum amount of assistance for each homeowner family will be five-thousand dollars (\$5,000.00) for low-income families and to the amount provided for in 24 C.F.R. 1000.110(d)(2) for non-low-income families determined by the following formula: (income of family at 80% of median income/ income of non-low-income family) X (\$5,000.00).
- C. SELECTION OF GRANTEES:** Grants will be awarded on a first come, first serve basis for low-income applicants who have been determined to be eligible and qualified. QHA will fund all low-income applicants prior to funding median income applicants. Applications will be processed in accordance with the date QHA has certified the applicant as eligible. Incomplete applications will not be considered for assistance.
- D. CREDIT:** Downpayment Assistance Program borrowers must meet the credit requirements of the (bank/lender). In addition, applicants will be pre-screened to determine credit worthiness and ability to make monthly mortgage payments. QHA may assist applicants in demonstrating that they have stable income and the ability and willingness to meet financial obligations.
- E. AFFORDIBILITY:** Downpayment Assistance funds are available to buy down the cost of owning a home. This results in a lower mortgage amount and lower monthly payments. QHA funds will be in the form of a second mortgage with no monthly payments. This second mortgage will be gradually reduced pursuant to the provisions of Section VIII of this policy.
- F. PRE-OCCUPANCY COUNSELING:** All applicants will be required to attend QHA approved homebuyer counseling class prior to loan approval. The purpose of this requirement is:
1. To enable the applicant to understand the responsibilities that accompany participation in Quinault Housing Authority's Downpayment Assistance Program.
 2. To enable the applicant to understand the home buying process.
 3. To enable the applicant to understand and prepare to assume homeownership responsibility.

4. To develop an understanding of the Downpayment Assistance Program with the goal of promoting self-sufficiency, pride of ownership, and community betterment.

G. POST-OCCUPANCY COUNSELING: If available, applicants may elect to attend post-occupancy counseling; which may include budget counseling, home maintenance schedule, saving for emergencies; etc. Any counseling services offered shall be at no cost to the homebuyer/homeowner.

H. FINANCIAL MANAGEMENT CLASSES: All Borrower(s) will be required to participate in and complete Financial Management homebuyers' class designated to assist new homeowners in understanding and fulfilling their financial obligations as a responsible homeowner. The QHA Housing Counselor shall approve the curriculum.

IV. ELIGIBILITY – Any Quinault tribal member who desires downpayment assistance for the purchase of a home on the private market must submit a complete application. Completed applications **must include:**

- A. Verification of Quinault Tribal Enrollment;
- B. A Release of Information signed by all members of the household who are 18 years of age or older;
- C. Letter addressed to the QHA Board requesting Downpayment Assistance.
- D. Wage verification for all members of the household.
- E. A copy of the Purchase and Sale Agreement.
- F. A copy of appraisal with FEMA designation
- G. Applicants must provide a statement from lending institution which verifies the approval of a home loan, pending the downpayment requirement. The statement must be on the lending institution's letterhead and include the purchase price and minimum required downpayment. The lending institution must, as a part of its mortgage loan, require purchase of property insurance, and must escrow the insurance payments.
- H. 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 24 C.F.R. 1000.38. The owner shall be responsible for adequate insurance coverage required by the Quinault Housing Authority and the Lender.
- I. Financial statements showing necessary funds for the Matching Funds.
- J. Social Security numbers with a copy of the card, or other formal documentation that verifies the individual and their social security number.

V. LIMITATIONS.

The following limitations will apply to all applications received for this program.

- A. LOW-INCOME APPLICANT(S):** To qualify for low-income benefits an applicant's income may not exceed eighty percent (80%) of the median income for the area or the National Median Income as established by the Department of Housing and Urban Development, as defined by NAHASDA 24 C.F.R. 1000.110, whichever is greater. A copy of the most recent calculation is posted at the QHA main office. Participants will be required to provide documentation to verify the determination of low-income status.
- B. MEDIAN-INCOME APPLICANT(S):** To qualify for median-income benefits an applicant's income must be greater than eighty percent (80%) but may not exceed one-hundred percent (100%) of the median income for the area or the National Median Income as established by the Department of Housing and Urban Development, as defined by NAHASDA 24 C.F.R. 1000.110, whichever is greater. A copy of the most recent calculation is posted at the QHA main office. Participants will be required to provide documentation to verify the determination of median-income status.
- C. THIS IS A ONCE IN A LIFETIME GRANT PER TRIBAL MEMBER HOUSEHOLD.**
- D.** The number of grants to be made under this program will be subject to the availability of funds QHA has set aside for that purpose.
- E.** Grants will only be made available to properties within the QHA service area as identified in Indian Housing Plan.
- F.** Downpayment Assistance Matching Funds will only be made where the purchase includes both land and dwelling; or a dwelling with a tribal trust land leasehold interest.
- G.** The home must be the primary residence of the applicant.
- H.** All pre-1978 built homes will be required to have Lead Based Paint (LBP) activities performed in accordance with 24 C.F.R. Part 35 and 40 C.F.R. Part 745.
 - 1. A LBP hazard information pamphlet must be provided in accordance with §35.130.
 - 2. A LBP Disclosure form shall be provided by the Seller. "Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards."
 - 3. All 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 must be specified. It is the sole responsibility of applicant or seller to pay for all remediation costs involved.

- I. Closing must occur within two-hundred and ten (210) days of the approval of the application, or the applicant must re-apply for the program funds. Funds will be issued at closing.

VI. TYPES OF LOANS COVERED BY PROGRAM.

QHA has 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, USDA RD, Section 184, and conventional loan products. 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.

VII. TYPES OF LOANS EXPRESSLY EXCLUDED.

The following forms of financing are not eligible for assistance under this program:

- A. Balloon payment mortgages
- B. Variable-rate interest mortgages
- C. Financings that involve pre-payment penalties on conventional loans
- D. Seller financed purchases (land contract)
- E. Other loan arrangements indicative of predatory or high-risk lending

VIII. DISCHARGING THE LOAN AND RESALE RESTRICTION.

Program participants are subject to resale restrictions on the home assisted with program funds. If, at any time within the first ten years of the loan closing date, a grantee sells or transfers title to an assisted home, the grantee must repay the QHA any unforgiven outstanding balance. If a grantee no longer desires to own the property and intends to sell or otherwise transfer title, the grantee must notify Quinault Housing Authority of their intent in writing. Program loans shall be discharged as follows:

- A. There is no monthly payment or interest associated with Quinault Housing Authority's Downpayment Assistance Program.
- B. Ten percent (10%) of the original downpayment assistance loan amount will be forgiven on each annual anniversary of the loan until such time as the entire balance has been forgiven.

IX. APPEAL PROCESS

- A. Individuals or families who have applied for the Downpayment Assistance Program and who, for any reason, have been determined to be ineligible will be notified by Quinault Housing Authority 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.

- B. An applicant who has been determined ineligible for the Downpayment Assistance Program may request QHA to reconsider its determination within 30 days of the date on the written notification. The applicant may resubmit eligibility documentation at the time of the reconsideration. A written notification of selection or denial will be provided based on the information submitted by the applicant. Other recourse(s) for appealing a Quinault Housing Authority decision may be submitted in writing to the Quinault Housing Board of Commissions through formal hearing scheduled at the request of the applicant. The final determination rendered by the Quinault Housing Board of Commissioner(s) is final and not appealable.