

QUINAULT HOUSING AUTHORITY
QUI-NAI-ELT VILLAGE HOMEBUYER AND LOT POLICY

1. Purpose

The purpose of Qui-Nai-Elt Village is to provide leasehold interests in (a) homes and (b) developed building sites (lots) for eligible applicants.

2. Leasehold Interests

The QHA holds a leasehold interest in the tribal trust land used for the development of Qui-Nai-Elt Village. All reference to purchase of a home or a lot under this policy is a reference to purchase of a leasehold interest in such home or lot in the form of a sublease from the QHA to the applicant.

3. Eligibility to Lease Tribally Owned Land

Only an individual who is eligible under the laws and customs of the Quinault Indian Nation to lease tribally owned land for residential purposes is eligible to purchase a home or lot in Qui-Nai-Elt Village or to acquire any interest in a home or lot in Qui-Nai-Elt Village.

4. Mortgage Pre-Approval

Each applicant must be pre-qualified for a section 184 or other approved mortgage, unless the applicant can provide cash or an asset equivalent in value of the home and lot.

5. Program Approval

- a. Each applicant must also submit an application to participate in QHA homebuyer programs.
- b. The amount of family income will be determined in accordance with the Eligibility, Admissions and Occupancy policies of the QHA, except as specifically provided otherwise under this Quinault Village policy. Even though the income of one or more family members may not have been included in securing mortgage pre-approval, the income of all family members must be included in determining program eligibility.
- c. The home must be the applicant's primary residence and not a vacation home or used as a rental home.
- d. Applicants must demonstrate they do not own another home or will not own another home by the time that construction of the new home is complete.

6. Other QHA Requirements

Each applicant shall also be required to complete such classes as are offered for QHA homebuyer programs, including such classes as are offered for QHA homebuyer programs wherein the applicant is required to secure a mortgage.

7. Use, Occupancy and Refinance Agreement

If there are no pre-qualified families desiring to purchase available homes, or if there is no approved mortgage financing available, the QHA may enter into a Use, Occupancy and Refinance Agreement with approved applicants. The purpose of the Use, Occupancy and Refinance Agreement is to authorize use and occupancy of a home until, for example, (a) approved mortgage financing is available or (b) the applicant family has addressed credit problems which have been prohibiting pre-approval. A copy of the Use, Occupancy and Refinance Agreement approved by the Board of Commissioners is attached to this policy and incorporated by reference as if fully set forth herein.

8. Assignment of Homes

Only applicants whose median family income is 100% or less of the median income established by the QHA for NAHASDA programs are eligible to purchase homes which the QHA has constructed with NAHASDA funds or with program income. The number of families with income greater than 80% of the median income and 100% or less of the median income may be limited under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).

9. Assignment of Lots

a. Except as set forth in subparagraph b., only applicants whose median family income is 100% or less of the median income established by the QHA for NAHASDA programs are eligible to purchase lots developed by the QHA.

b. A limited number of lots are available as non-program lots for applicants whose family income exceeds 100% of the median income. Because of funding restrictions, once these lots have been used either for the construction of homes from non-program income or for sublease for building their own homes to families whose income exceeds 100% of the median income, no further lots will be available to families whose income exceeds 100% of median income.

10. Home Price

a. Homes

The QHA has determined that the Dwelling, Construction and Equipment costs (DC &E), including all construction costs of an individual dwelling within five feet of the foundation, is the most accurate indicator of fair market value of the homes constructed by the QHA, and the price of such homes shall be the DC & E costs as calculated by the QHA.

b. Lots

The amount to be paid for a developed lot for construction of a home by the applicant shall be \$2,500.00, which is the estimated value of the leasehold interest in the lot.

11. Minimum Down Payment

- a. Each applicant purchasing a home must have available a minimum down payment in the amount of three per cent (3%) of the purchase price of the home.
- b. Each applicant purchasing a home must also have available the full amount of the difference between the purchase price of the home, less any down payment assistance, less the amount of any NAHASDA subsidy, less the amount of any approved financing.
- c. Each applicant purchasing a lot must have the full purchase price of the lot available.

12. Down Payment Assistance

The Down Payment Assistance policy of the QHA shall apply to the purchase of homes under this policy, but not to the purchase of lots.

13. Minimum Income

In order to qualify for purchase of a home at Qui-Nai-Elt Village, the family income of the applicant must be equal to at least 50% of the median income as established by the QHA. Families not qualifying are urged to apply for rental programs of the QHA.

14. Year(s) for Determination of Income for NAHASDA Eligibility and NAHASDA Subsidy

For the purposes of NAHASDA eligibility and the NAHASDA Subsidy, income of the applicant will be based on the same year or years for which loan pre-approval has been secured, or if the applicant has not been able to secure loan pre-approval, then for the year or years on the basis of which loan pre-approval has been sought; and if cash or an asset of similar value was used to purchase the home and lot, the same year of the application.

15. Eligibility for Homes/Lots Built/Developed with NAHASDA Funds

For purposes of establishing eligibility for homes/lots developed with NAHASDA funds, the QHA will use the definition of income that follows which is most advantageous to the family:

- a. Annual Income as defined for HUD's Section 8 programs in 24 CFR part 5, subpart F.
- b. Annual income as reported under the Census long-form for the most recent available decennial Census.

c. Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes; provided, that in the case of either reported or unreported non-taxable treaty fishing income, this definition may NOT be used for the purposes of determining the NAHASDA eligibility.

16. NAHASDA Subsidy

a. Baseline Subsidy

The baseline NAHASDA subsidy for a family of four for median income at 80% of the median income as per NAHASDA Guidance 2004-03 (baseline income) shall be \$37,000.

The amount of the subsidy may be modified from time to time by resolution of the Board of Commissioners as circumstances warrant. In the case of publication of any subsequent NAHASDA Guidance revising median income figures, the baseline NAHASDA subsidy under this policy will NOT change automatically, but shall only be modified by resolution of the Board.

b. Subsidy for Other Family Sizes

The baseline NAHASDA subsidy for a family of other than four members shall be based on the baseline subsidy set forth above, adjusted by the following percentage:

Income of applicable family size at 80% median income as per HUD
ONAP notice for applicable income year/income of family size of four at
80% median income for applicable income year

Example No. 1. 80% of the median income for a family of four per NAHASDA Guidance 2004-03 was \$46,000, and 80% of the median income for a family of three under that guidance was \$41,400, and the following adjustment would accordingly be made to the baseline NAHASDA subsidy for a family of three:

$$\$41,400/\$46,000 = 90.00 \% \times \$37,000 = \$33,300.00$$

Example No. 2. 80% of the median income for a family of five under NAHASDA Guidance 2004-03 was \$49,700, and the following adjustment would accordingly be made to the baseline NAHASDA subsidy for a family of five:

$$\$49,700/\$46,000 = 108.04\% \times \$37,000 = \$39,976.09$$

c. Subsidy for Other Levels of Income

The baseline NAHASDA subsidy for a family whose income is in the range of 50% to 100% shall be based on the NAHASDA baseline subsidy of \$37,000 (adjusted for family size if appropriate) adjusted by the following percentage:

Family Income at 80% of Median Income/Family Income of
Comparably Sized Family

Example No. 1. For a family of four with income of \$57,500 (or 100% of the median income where 80% of the median income for a family of four is \$46,000), the following adjustment would be made to the baseline NAHASDA subsidy for a family of four with 100% of the median income:

$$\$46,000/\$57,500 = 80.00\% \times \$37,000 = \$29,600.00$$

Example No. 2. For a family of three with income of \$25,875 (or 50% of the median income where 80% of the median income for a family of three is \$41,400), the following adjustment would be made to the adjusted base NAHASDA subsidy for a family of three at 80% of the median; i.e., \$33,300 ¹ for a family of three with 50% of the median income:

$$\$41,400/\$25,875 = 160.00\% \times \$33,300 = \$53,280.00$$

17. Spreadsheet

A form of spreadsheet entitled "2004-03 Income Limits & Percentages for QHA NAHASDA Subsidies" and based on NAHASDA Guidance 2004-03 is attached to this policy showing various levels of income for various family sizes and various levels of NAHASDA subsidies under this policy. As revised median incomes levels are published by the HUD ONAP office, updated spreadsheets will be prepared by the QHA for use in conjunction with this policy.

18. Additional to Down Payment Assistance

The NAHASDA subsidy available under this policy shall be in addition to down payment assistance provided under the Down Payment Assistance policy of the QHA.

19. Recapture of Subsidy

Upon authorized sale or other conveyance of a home, a purchaser must repay the amount of any QHA down payment assistance and the amount of any NAHASDA subsidy in accordance with the following schedule:

Before or within one (1) year of bank financing	100%
Within two (2) years of bank financing	90%
Within three (3) years of bank financing	80%
Within four (4) years of bank financing	70%
Within five (5) years of bank financing	60%
Within six (6) years of bank financing	50%
Within seven (7) years of bank financing	40%
Within eight (8) years of bank financing	30%
Within nine (9) years of bank financing	20%

¹ See, Example No. 1 under b. above.

Within ten (10) years of bank financing	10%
After ten (10) years of bank financing	0%

20. Second Mortgage

Upon financing, the purchaser of a home must enter into a second mortgage to secure repayment of the subsidy amounts as set forth in the preceding paragraph. A sample form of second mortgage is included as Attachment C to the form of Use, Occupancy and Refinance Agreement attached to this policy.

21. NAHASDA Rider

Upon financing, the second mortgage of any purchaser who has received a NAHASDA subsidy and/or whose down payment assistance has been paid for in whole or in part from NAHASDA funding must include a NAHASDA rider in the form of NAHASDA rider attached to the form of Use, Occupancy and Refinance Agreement attached to this policy.

22. Codes, Covenants and Restrictions (CC&R's)

The Codes, Covenants and Restrictions (CC&R's) adopted by the Quinault Housing Authority on November 24, 2003, amended February 1, 2005, shall apply to Qui-Nai-Elt Village.

23. Applicability of Other QHA Policies

Except to the extent that the other policies of the QHA are in conflict with this Qui-Nai-Elt Village Homebuyer and Lot Policy, all eligibility, admissions and occupancy policies of the QHA shall apply to all applicants, homebuyers and other residents under this policy. Homebuyers and those living with homebuyers who have secured a mortgage on shall only be subject to the CC&R's.

24. Approved Sublease

All subleases for which a leasehold mortgage is to be given to secure financing of the purchase of a home or for the construction of a home shall include substantially similar language to the following:

- a. "The Lessee (Sublessee) agrees to comply with the Qui-Nai-Elt Codes, Covenants and Restrictions (CC&R's) adopted by the Quinault Housing Authority on November 24, 2003, amended February 1, 2005, and further agrees that a breach of such CC&R's shall be a breach of this Lease."
- b. "The form of any mortgage on the leasehold interest herein shall be subject to the written approval of the Lessor (Sublessor), and any mortgage entered into in violation of this provision shall be null and void."

[HISTORY: Policy agreed to at Board of Commissioner meetings on January 19, 2005, and February 1, 2005.]