

WALKER RIVER PAIUTE TRIBE **HOUSING DEPARTMENT**

DOWN PAYMENT ASSISTANCE PROGRAM POLICY

These policies and procedures were adopted by the Walker River Tribal Council by Resolution #WR-120-2022 on November 22, 2022.

POLICY STATEMENT

The purpose of the Walker River Paiute Tribe Housing Department's Down Payment Assistance Program is to provide the members of the Walker River Paiute Tribe with affordable homeownership financing opportunities to help improve the quality of life in the Tribal community.

The Walker River Paiute Tribe Housing Department's Down Payment Assistance Program shall comply with all applicable regulations of the Native American Housing Assistance and Self-Determination Act of 1996 (as amended) ("NAHASDA") along with other applicable rules and regulations. The Housing Department's Executive Director with the approval of the Tribal Council shall be responsible for periodically amending this Policy to comply with any applicable laws or regulations.

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1. PROGRAM DESCRIPTION.

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

- A. **Eligibility** – The Down Payment Assistance Program is available to low-income Indian families with gross incomes at or below 80% of the median income adjusted for family size.
- B. **Credit** – Down Payment Assistance Program borrowers must meet the credit requirements of the first mortgage lender (bank/lender). Applicants will be pre-screened to determine credit worthiness. The Housing Department will assist applicants in demonstrating that they have stable income and the ability and willingness to meet financial obligations.
- C. **Affordability** – Down Payment Assistance funds are available to buy down the cost of owning a home. This results in a lower mortgage amount and lower monthly payments. Housing Department funds will be in the form of a second mortgage with no monthly payments. This second mortgage is gradually reduced, thus converting it to homeowner equity.
- D. **Cash Flow** – Down Payment Assistance may include payment of reasonable loan closing costs associated with the first mortgage and Housing Department's second mortgage.
- E. **Support** – Trained staff will assist eligible applicants in successfully completing an application with a bank/lender for a first mortgage loan.
- F. **Counseling** – Borrowers will be required to participate in homebuyers' classes designed to assist new homeowners in understanding and fulfilling the responsibilities of homeownership.

2. **ASSISTANCE AVAILABLE.** The Housing Department has established and implemented the Down Payment Assistance Program to assist creditworthy low-income households in purchasing a home. The Down Payment Assistance loan may 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 at this time:

- A. **Down payment.** The Housing Department may provide funds to buy down the amount of the first mortgage to a level that is affordable to the homeowner. Down payment assistance is limited to 5% of the purchase price and closing costs up to a maximum of \$15,000.

Nearly all lenders will require a down payment when purchasing a home. Part of this down payment may be provided by the Housing Department, however, homebuyers must provide a small portion from their own cash. The Housing Department requires that the homebuyer pay at least 2% of the sales price toward the down payment. This amount may increase, depending on the requirements of the first mortgage lender.

- B. Closing Costs.** Funds are available from the Housing Department to pay all, or a substantial part of, the closing costs of the first mortgage loan. This assistance is limited to actual, reasonable closing costs.
- C. Maximum Down-Payment Assistance Amount.** The maximum amount of assistance for each homeowner will be \$15,000 including down payment and closing costs.
- D. Minimum Loan Amount.** The minimum loan amount to qualify for this program is \$50,000.

3. BORROWER ELIGIBILITY.

- A. Native Restrictions.** Assistance is only available to members of the Walker River Paiute Tribe.
- B. Income Limitations.** Participation in the Down Payment Assistance Program is limited to low-income families as defined in the Housing Department's established income limits (HUD Income Guidelines). Participants will be required to provide documentation to verify the determination of low-income status.
- C. Homeownership Counseling Classes.** The applicant must successfully complete the Housing Department approved home ownership-counseling curriculum. The Housing Department's Executive Director shall approve the curriculum.
- D. First Mortgage Loan.**
 - (1) The applicant must be able to obtain a mortgage loan with an eligible lender. The lending institution must be willing to participate in the Down Payment Assistance Program and its requirements. The borrower will sign a Release of Information form so that the Housing Department is able to share information with the lending institution.
 - (2) The lending institution must, as a part of its mortgage loan, require purchase of property insurance.
- E. Cash Down Payment.** The applicant must be able to provide at least 2% of the sales price in the form of a cash down payment from his or her own assets. This cash payment shall not be borrowed.
- F. Assets.** The applicant shall not own any other residential property.

- G. Employees.** Employees, agents, officers or elected or appointed officials of the Walker River Paiute Tribe are eligible for loans under this Program. The Executive Director of Housing Department must approve all such loan applications. Employees, agents, officers or elected or appointed officials must comply with 24 C.F.R. §§ 1000.30, 1000.32, and 1000.34 regarding conflict of interest.

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

- Providing false information on the application.
- Failing to complete required forms or to supply requested information.
- Committing fraud in connection with any Walker River Paiute Tribe program, or failing to disclose previously committed fraud in connection with any Walker River Paiute Tribe program.
- Appearing on HUD's list of suspended, debarred and limited denials of participation.
- Having a record of eviction from any government assisted housing program.
- Having an outstanding debt owed to any public or Indian Housing Authority or Tribally Designated Housing Entity.
- Having an outstanding debt owed to the Walker River Paiute Tribe or any Tribal department or entity.

5. WAITING LIST/APPLICANT POOL

- A.** The Down Payment Assistance Program is operated on a first-come first-served basis subject to the availability of funds.
- B.** The Housing Department will maintain a list of eligible applicants based on the date and time the completed application is received by the Housing Department.
- C.** If funds are unavailable for the Down Payment Assistance Program, the Housing Department may suspend or discontinue accepting applications until funds become available.

6. RESERVATION OF FUNDS.

- A.** Funds will be reserved for each applicant when the loan application is complete, including a copy of the Earnest Money Agreement and all information required by the first mortgage lender.
- B.** Funds will be reserved for six months and may be extended for 30 days at a time.

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.
- B.** The property must be located within the Tribe's and Housing Department's Indian area as defined in its IHP.
- C.** The property must be a single-family residence, including condominiums and townhouses. Manufactured homes and/or mobile homes qualify for the program.
- D.** The initial purchase price of the home may not exceed the Total Development Cost limits established by the Housing Department for the type of single family housing for the area. The Housing Department may use HUD established Total Development Cost limits established annually by HUD.
- E.** The house must pass all Housing Quality Standards as established by the Housing Department if applicable.
- F.** The property must be reviewed by the Housing Department 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. The Housing Department will require the seller to certify that there is no lead based paint in the home.
- 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 must provide a certification of insurance to the Housing Department annually.
- I.** The owner shall be responsible for any insurance coverage required by the Housing Department or the lending institution.

8. REPAYMENT OF THE LOAN

- A.** There are no monthly payments or interest associated with the Housing Department's Down Payment Assistance Program loans.
- B.** Ten percent of the original down payment assistance loan amount will be forgiven on each annual or monthly anniversary of the loan. If the property is sold (or the title is otherwise transferred) and/or ceases to be the borrower's primary residence, the unforgiven portion of the loan will be

due and payable.

9. CERTIFICATION OF RESIDENCY. The property must remain the borrowers' primary residence throughout the term of this loan. Borrowers will be required to sign an annual affidavit stating the amount of time they lived in the house as their primary residence during the previous year. If they did not live in the house for at least 11 of the previous 12 months, the loan will be considered to be in default. The Housing Department's Executive Director will review each default and consider the appropriate course of action.

10. RESALE RESTRICTION

- A. Documents for the Down Payment Assistance Program shall include resale restrictions and an option to purchase granted to the Housing Department.
- B. If, at any time, the owner sells or transfers title to the home, the owner must repay the Housing Department any balance due.

11. ASSUMPTION OF LOAN. If the property is sold during the term of the Housing Department's loan, the Housing Department's loan may be assumed by a qualified borrower. Generally, the assumption approval will be based on the following:

- A. The new owners must assume the first mortgage and be contractually obligated to satisfy the mortgage.
- B. The new owners must be low income, as defined by the Housing Department. The definition of low-income shall be the same as defined in the Housing Department Eligibility, Admissions & Occupancy Policy.
- C. The property must be the new owner's primary residence.
- D. The new owner must be a member of the Walker River Paiute Tribe.

12. TRANSFER OF HOME LOCATED ON RESEVATION.

- A. For homes located on the Reservation, if the homebuyer no longer desires to own the property and intends to sell or otherwise transfer title, the homebuyer must notify the Housing Department of their intent in writing. Upon receipt of the notice, the Housing Department shall then have the right to exercise its Purchase Option by delivery of notice to the homebuyer of such exercise at any time within thirty (30) days from its receipt of such written notice from the homebuyer of interest to sell or otherwise transfer the residence.

- B.** If the Housing Department exercises its Option to Purchase the property, closing shall be through an escrow with the title insurance company issuing the owners title insurance policy. The closing shall be within sixty (60) days of the opening of escrow. In the event the Housing Department decides to assign the Purchase Option, the opening of the escrow will be within thirty (30) business days after the homebuyer is notified of the Housing Department's intent to exercise the Purchase Option. In the event the Housing Department postpones opening of escrow and is unable to select an assignee, the Housing Department retains the right to open escrow and complete the purchase provided the escrow is opened within thirty (30) business days and the sales transaction is completed within ninety (90) days from the homebuyer's notice of intent to sell.
- C.** Up to ten (10) days before close of escrow, the homebuyer may give notice to the Housing Department of the homebuyer's intent to terminate the escrow. The Housing Department shall retain the right by notice to the homebuyer to complete the purchase of the property for an additional period of ten (10) days commencing from the date of the receipt of notice the homebuyer's intent to terminate the escrow.
- D.** In the event the Housing Department does not exercise its Purchase Option within thirty (30) business days of the homebuyer's notice pursuant to the Resale Restriction and Purchase Option, the homebuyer may offer the residence to anyone.
- E.** Any attempt by the homebuyer to make a prohibited transfer of title or interest in the property in violation of the Down Payment Assistance Program Documents, the transfer will be void and subject to exercise of the purchase option described in this Section.
- F.** Permitted Transfer by Owner. The following transfers are not prohibited and therefore are not subject to exercise by the Optionee of the Purchase Option:
- (1)** Transfer by gift or inheritance to the homebuyer's spouse or children;
 - (2)** Transfer of title by a homebuyer's death to a surviving joint tenant, tenant by entireties, or surviving spouse of community property;
 - (3)** Transfer of title to a spouse as part of divorce or dissolution proceedings;
 - (4)** Granting of leasehold interest or rental of the residence for a period of less than a year; or
 - (5)** Transfer of title or interest in the residence to the spouse in conjunction with marriage.
 - (6)** The above transfers are allowable if the Second Mortgage Document covenants continue to run with the title to the property following said transfers, and any transfer documents must contain

the following covenant:

This residence is subject to the Resale Restrictions Agreement and Option to Purchase and Transferee, on behalf of Transferee and Transferee's successors and assigns, covenants and agrees to be bound by and perform the Agreement, and to include in any further transfer of the residence the covenant required by the Agreement.

- (7) The homebuyer must notify the Housing Department at least thirty (30) business days prior to the sale or transfer of the property. The Housing Department will approve or disapprove of the proposed Transferee within thirty (30) business days after receiving the notification.

13. **COUNSELING.** All applicants will be required to attend a Housing Department approved homebuyer counseling class prior to loan approval. The purpose of this requirement is:

- A. To enable the applicant to understand the responsibilities that accompany participation in the Housing Department's Down Payment Assistance 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, and
- D. To develop an understanding of the Down Payment Assistance Program with a goal of promoting feelings of self-respect, pride and community responsibility.

14. PAYMENT OVERSIGHT

- A. The Housing Department shall work with the homebuyer to ensure the success of their home ownership. If, for any reason, the first mortgage loan becomes delinquent, the lender will contact the Housing Department. Upon receipt of any delinquent notices, the Housing Department staff may contact the homebuyer to assist in resolving the problem. This intervention does not, in any way, diminish the homeowner's responsibilities to the first mortgage lender.
- B. If a homebuyer is found to be in default of any portion of the first mortgage documents, the Housing Department may provide or refer the home buyer to financial counseling in an effort to resolve the problem, and may:
 - (1) Arrange a meeting with the home buyer to discuss the default;
 - (2) Work with the home buyer to develop a specific plan of action to correct the default;
 - (3) Monitor the homebuyer's plan of action until the default is

corrected.

15. APPEALS PROCESS

- A.** Individuals or families who have applied for the Down Payment Assistance Program and who, for any reason, have been determined to be ineligible will be notified by the Housing Department 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 Down Payment Assistance Program may request a second determination within 30 days of the date on the written notification. The applicant may resubmit eligibility documentation at the time of the second determination. A written notification of selection or denial will be provided based on the information submitted by the applicant. Other recourses for appealing a Housing Department decision may also be available and will be described in each letter of denial sent to the applicant.