

DOWN PAYMENT ASSISTANCE PROGRAM POLICIES

Revised 2014

Section 1.00 - Purpose

The purpose of this program is to provide expanded home ownership opportunities for Tribal Members of the Confederated Tribes of Siletz Indians (CTSI). This program provides down payment assistance to qualifying below median income households and leverages other private funding. This program is available throughout the service area, and beyond. CTSI is a direct recipient of Indian Housing Block Grant (IHBG) funds from the Federal Government through Housing and Urban Development or HUD. IHBG is governed by the rules and regulations set forth at 24 CFR Part 1000.

Section 2.00 - How the Program Works

Tribal Members may apply to the Down Payment Assistance Program DPA at any time. Applications will be processed on a first-come, first-served basis. CTSI does not charge a fee for application or use of the DPA Program. DPA is awarded in the form of a conditional grant as evidenced by the Agreement between the Siletz Tribal Housing Department and Recipient.

Applications with original signatures must be received along with all requested documentation. Applications which do not have the requested supporting documentation, are incomplete or unsigned by all applicants will not be processed.

It is the responsibility of the applicant(s) to locate a suitable home that meets all guidelines, apply for primary financing and any other project financing. Once applicants have received written notice of approval for DPA funding, they will have six months to close on the transaction. Written notice of approval will be given when applicants meet all requirements of the Applicant Eligibility Requirements. Time extensions may be granted if applicants have located a home and are pre-qualified with a primary lender.

All applicant information must be no more than six months old. If the applicant situation changes in any way during the application process, it is the responsibility of the applicant to inform CTSI and provide supporting documentation. Not providing information may be deemed fraudulent and may jeopardize the status of the application. Applicants must meet all qualifications at the time of closing.

Section 3.00 - DPA Amount and Legal Form

The maximum amount of assistance will be \$15,000.00 for applicants earning up to 80% of median income. If the applicant earns between 80-100% of median income the Median Income Subsidy Calculation will be used to calculate the amount of assistance.

The down payment amount provided by CTSI will be evidenced by the Agreement. The full amount of the conditional grant will be forgiven after five years from the date on the Agreement, if the beneficiary complies with the following:

- a) maintains the home as their principal residence , and;
- b) remains in compliance with all funding sources which have a lien on the property, and;
- c) maintains replacement value hazard and/or flood insurance , and;
- d) pays all required real property taxes.

If all terms are met, the CTSI conditional grant will be fully forgiven at the end of the five year term from the date of the Agreement. During the five year period, it will be forgiven on pro-rated basis of one fifth (1/5) per year, with amounts pro-rated on a monthly basis for partial year.

Section 4.00 - Service Area

The service area for the DPA is nationwide. DPA can be used on either Tribal or non-Tribal land.

Section 5.00 - Use of Funds

Restrictions apply for the use of DPA funds. DPA cannot be used to pay any costs or fees outside of escrow nor can they be used to pay for renovations or repairs to the subject home. DPA is disbursed at closing and directly deposited into the established escrow account.

Section 6.00 - Cash Out at Closing

The final HUD 1 statement issued from the title company must evidence the total amount of DPA funds. Buyers may not take cash out at closing in an amount that is greater than the buyers contribution to the transaction. Any buyer's contribution must be deposited to the established escrow account. The buyer's contribution includes, but is not limited to, the following; earnest money, inspections and costs paid to lenders. Funds paid outside of escrow will not be counted as part of the buyer's contribution.

Section 7.00 – Eligible Primary Loan Products

DPA applicants are encouraged to seek the best-suited primary loan product to fit their needs as long as the primary lender is willing to cooperate with DPA program requirements. First mortgage loans must be from a FHA qualified lender. DPA funds may not be combined with a private contract.

Some restrictions apply to the primary loan products used in combination with DPA.

- a) The term of the first mortgage loan shall not be more than forty (40) years and must have a fixed rate of interest.
- b) Primary mortgages shall provide for complete amortization by maturity, with equal monthly payments of principal, interest, taxes and insurance (PITI).

Section 8.00 - Combining DPA with Other Funding Sources

DPA is provided as a conditional grant on the subject home. Other sources of funding may be used in combination with DPA such as; buyer contribution, seller contribution, grants, government or non-profit housing assistance, etc.

Section 9.00 - Title Insurance and Recording

CTSI does not require title insurance. The title to the subject property must be clear of any clouds upon conveyance. Title to the home must be taken in fee simple, in trust or at least a 50 year leasehold. Contract sales are not allowed.

Section 10.00 - Hazard and Flood Insurance

The subject home must be insurable and a copy of the policy or declarations page for hazard

insurance and flood insurance (if required) must be received by closing. Hazard insurance must provide full replacement value. Homes located in a flood plain are required to carry flood insurance.

Section 11.00 - Applicant Eligibility Requirements

- a) Enrolled Tribal Member- Applicant(s) must be an enrolled member of the Confederated Tribes of Siletz Indians, must live in the home and take title ownership of the home.
- b) Age- Applicants must be 18 years of age or older and able to lawfully enter into a legal binding contract for the area they are buying in.
- c) First Time Homebuyer- Applicants must be a first time homebuyer or not have owned a home within the previous three years. Exceptions to the first time homebuyer requirement are;
 - i) Applicants who are recently divorced or legally separated, who owned a home jointly and have relinquished all ownership rights to the home, or;
 - ii) An applicant who has to relocate, over a 50 mile or 45 minute commuting distance, for employment, education related to employment or health reasons, or;
 - iii) A substantial increase in family size which causes the family to need additional bedrooms.
 - iv) A participant who is in their five year period but whose home was 100% destroyed by fire or other natural causes and who uses the insurance settlement to build or buy a replacement home within 18 months of the loss may have their Down Payment Assistance transferred to the replacement home's financing. CTSI must be repaid their award amount or less from the proceeds of the loss.
 - v) Upon funding transfer to a new property, the CTSI award will be required to remain in place for the remainder of the five year period. The date of original placement to the date of loss/ repayment and the date of replacement of the award to the date of forgiveness shall be five years total.
 - vi) A applicant who resides in an owner occupied home that is dilapidated or substandard to the extent that demolishing and rebuilding is the most prudent cure.
- d) Income Limit- Total gross household income must be at or below 80 percent of median income as adjusted by household size. A limited number of applicants will be served who are between 80 and 100 percent of median income. If household income is between 80-100% of median, the Median Income Subsidy Calculation will be used to determine the loan amount. Income is determined using the Section 8 definition for determining income. Income limits are determined by HUD and will be updated annually.
 - i) Median Income Subsidy Calculation is as follows;

80% of median top range by size of household	\$ _____	(A)
Actual income household earns	\$ _____	(B)
A divided by B= Subsidy rate	% _____	(C)
C times \$15,000 equals amount of subsidy	\$ _____	
- e) Primary Loan Approval- Applicants must be able to obtain approval from a primary

lending institution for the purchase of the home and provide a pre-approval notification as evidence.

- f) Past Due Debt to CTSI- Applicants must not have any past due, unpaid debts owed to CTSI.

Section 12.00 - Property Eligibility Requirements

- a) Program area- Eligible properties must be located within the United States located either on tribal or non-tribal land
- b) Eligible Homes- Homes may be single family detached or attached. The home may either be new or existing construction.
- c) Manufactured Home Requirements- Manufactured homes qualify which are;
 - i) Built after 1976
 - ii) De-titled
 - iii) Include the land upon which it is located on and not located in a park
- d) Maximum Sales Price- Properties must have a sales price that does not exceed current Total Development Costs (TDC), as defined by HUD's 24 CFR part 1000.156.
- e) Condition of the Home- The home must be in decent, safe and sanitary condition. DPA funds cannot be used to pay for alterations or repairs to the home.
- f) Required Inspections- All properties require a pest and dry rot inspection. Newly constructed stick built housing and newly placed manufactured homes are not required to have a pest and dry rot inspection. DPA funds cannot be used to pay for the inspection or any repairs the inspection may call for.
- g) Lead Based Paint and Hazards Disclosure- Seller must complete and sign a Lead Based Paint and Hazards disclosure and present to buyer prior to closing.

Section 13.00 Applicant's Ability to Afford the Home

As part of its underwriting obligation, CTSI uses the primary lender's analysis. CTSI also has criteria to determine that the applicant is a suitable recipient. The goal of the DPA Program is to help eligible homebuyers become successful homeowners. To accomplish this goal the CTSI has developed the following suitability requirements:

- a) The principal, interest, taxes, insurance and mortgage insurance cannot exceed 30% of the applicant's household income (24 CFR part 1000.124). CTSI uses HUD's Section 8 definition to determine income of the household.
- b) Homebuyer Education Requirement- Completion of a homebuyer education program is mandatory. Applicants must attend the ABC's of Homebuying. If the ABC's of Homebuying is not available due to location of classes being offered or a conflict of time with closing, other educational programs may be substituted.

Section 14.00 Fraudulent Applications

If at any time either during the application process or after the purchase of the home, CTSI

determines that the applicant provided false, incomplete or inaccurate information, an investigation to determine fraud will be conducted.

If it is determined that fraud has been committed, the applicant will be subject to penalties under applicable Federal, State or Tribal laws. In addition, their application for Down Payment Assistance will be withdrawn. If the assistance has already been disbursed, the recipient(s) will be required to repay the award amount.

Section 15.00 In-eligible Applicants

Any family which is determined not to be eligible, or if an applicant disagrees with a decision of the Housing Department, they shall be advised of the right to grieve such action or decision. See the Housing Department Grievance/ Complaint Process for the complete Grievance Policy.

Section 16.00 Program Funding Status

If an applicant is deemed eligible to participate in the DPA Program and the Program does not have sufficient funds to fund the project, the applicant will be placed, in date of eligibility order, on a waiting list. When program funds become available, applicants will be notified.

Section 17.00 Down Payment Assistance Documents

DPA documents will be signed at closing along with the primary lender's documents and any other funding source documents. The buyer and seller are required to sign all applicable DPA documents prior to funding. The following is a list of DPA documents.

- a) DPA Program Application
- b) Release of Information Form
- c) Environmental – an Environmental Review must be completed by CTSI per the requirements of 24 CFR Part 58 before funds are committed to the project.
- d) Agreement- Serves as a binding commitment between Siletz Tribal Housing Department and Recipient
- e) Notice as to Program Requirements- states the requirements the recipient must meet during the first 5 year period to be eligible for forgiveness.
- f) Lead Based Paint Hazards Disclosure

Section 18.00 Default Workouts

There are four requirements the DPA recipient must maintain after funding. They are:

- i) maintain the home as a principal residence
- ii) be in compliance with all funding sources which have a lien on the property maintain replacement value hazard and/or flood insurance naming CTSI as a mortgagee
- iii) pay all required real property taxes

Any default of the DPA amount may, at the option of CTSI, be recovered through a reduction in the annual per capita amount. CTSI may do any of the following in a default workout;

- a) Allow the DPA recipient to sell the home before the five-year period and take a partial recapture of the DPA funds
- b) Allow the DPA recipient to sell the home before the five-year period and forgive the

- full amount
- c) Allow the DPA recipient to remain in the home and accept a partial recapture of the DPA amount
 - d) Allow the DPA recipient to remain in the home and forgive the full amount
 - e) Allow a lien holder to foreclose on the home