

Home of Your Own Program

Lease-to-Own

Program Title: Home of Your Own

Program Description: The Home of Your Own Program (HOYO) will help those low income Siletz Tribal Members who wish to become homeowners but are not lendable or do not have the needed down payment saved. The Home of Your Own Program will provide single family homes on a lease to own basis. Qualified Participants will be able to exercise the option to purchase at any time from twelve months after the home lease begins up to three years. During the lease period, Participants will strengthen their credit scores and learn about budgeting, use of credit, saving, banking and predatory lending when they complete a Financial Education course. No down payment will be needed and the Siletz Tribe will provide easy financing for the homes at only 3% interest. The land will continue to be owned by the Tribe and will be subject to a land lease when the home conveys. There will be a fee for leasing the land after the home conveys.

As an added benefit to HOYO Participants, a Home Maintenance Matched Savings Account (MSA) will be available during the lease period. Participants who wish to establish a savings account to be used for home maintenance will be matched \$1: \$1. Saving for home maintenance will be encouraged, but not required.

A Lease Purchase is a contract, between a buyer and seller, to sell a property with a delayed closing.

The contract forms are very similar to the ones used in a conventional selling situation. In the purchase agreement all of the issues of the purchase are addressed including price, financing, warranty, deed and disclosures. No detail is ignored. The closing date, maintenance and possession issues are the only items that are different. The closing date is agreed upon between parties up front. Maintenance is handled by the tenant and possession of the home is addressed through a traditional lease agreement and later transferred by deed.

Program Goals: CTSI will build new single family homes on Tribal land and may expand the program later as resources are available. CTSI will create the Home of Your Own Program that will produce qualified families to lease, and within three years, transfer title ownership. The HOYO Program will help the participant families to become lendable, increase credit scores and provide a fundamental financial education during the leasing period.

Definitions:

1. Annual Income: "Annual Income" is used to determine eligibility for the program.

Annual income has one of the following meanings:

- A. "Annual Income" as defined in **SEC. 4. DEFINITIONS of the Native American Housing Assistance and Self-Determination Act [25 USC 4103]**.

The following is not counted as income for eligibility:

1. Gifts
2. Lump-sum inheritances

3. Veterans Benefits received by a family for service-related disability pursuant to Paragraph (9) of Section 4 of the Native American Housing Assistance and Self-Determination Act of 1996 (25 USC 4103(9)).

2. Adjusted Income:

“Adjusted Income” is used to determine monthly payments that STHD will charge. For purposes of computing homebuyer payments, “adjusted income” means annual income remaining after excluding the following:

A. \$480.00 for each family member, other than the head or spouse, who is under age eighteen (18), disabled, handicapped, or a full-time student, (except foster children;

B. Amount paid directly by the family for child care for family members under age twelve (12) which is necessary for employment or education;

C. Excessive travel expenses for employment or education, not to exceed twenty-five dollars (\$25.00) per family per week; Excessive travel shall be considered more than thirty (30) miles between the family's home and place of work or education and will be allowed only if the person is using their own vehicle;

D. The amount of social security tax that is deducted from the wages of any member of the tenant's or homebuyer's household, who is 18 or over and whose wages are being counted in determining the amount of rent or house payment;

E. \$400.00 for an elderly or disabled family, where the head or spouse is either sixty-two (62) years of age or older, disabled, or handicapped;

F. The amount by which three percent of the annual income of the family is exceeded by the aggregate of:

- Medical expenses, in the case of an elderly or disabled family; and
- Reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed.

G. The amount of any earned income of any member of the family who is less than 18 years of age; or

H. The amount of child support directly paid by the family for children residing outside the household as confirmed through third-party verification.

3. Drug Related Criminal Activity:

The term “drug related criminal activity” means the illegal manufacture, sale, distribution, or use of a drug, or the possession of a drug with intent to manufacture, sell, distribute or use the drug as defined in 24 CFR §5.100.

4. Elderly Family and Near Elderly Family:

The term Elderly Family means a family whose head of household is an enrolled member of the Confederated Tribes of Siletz Indians and is at least 62 years of age.

The term Near-Elderly Family means a family whose head of household is an enrolled member of the Confederated Tribes of Siletz Indians and is at least 55 years of age.

5. Family:

The term “family” includes a family with or without children, an elderly family, a near elderly family, a disabled family, and a single person.

6. Immediate Family:

For purposes of this policy, immediate family includes father, mother, son, daughter, husband, wife, brother, sister, or any other person living in the household.

7. Tribal Member:

An enrolled member of the Confederated Tribes of Siletz Indians.

8. Dependent Children:

Minor or dependent children who are enrolled Siletz Tribal members.

9. Low Income Family:

“Low income family” means a family whose “Annual Income” (as defined above) does not exceed 80 percent of the median income as determined by the US Department of Housing and Urban Development.

Terms Of The Lease: Participants who qualify for the HOYO Program will sign a lease with an option to purchase. The terms of the lease will be

- Length of lease-12 mo to 36 mo
- Down Payment - \$0
- Lease Option Fee \$0
- Lease Payment amount- set by Tribal Council resolution
- Maintenance responsibilities- tenant
- Insurance Requirement- CTSI to maintain insurance until the option to purchase is exercised.
- Purchase Price- set by Tribal Council resolution.

Terms Of The Purchase:

- Purchase Price: Set by Tribal Council resolution and included in the purchase contract.
- Mortgage Loan- Provided by CTSI
- Mortgage payment amount- Set at lease contract

- Interest rate- 3%
- Closing Costs- buyer responsible
- Insurance Responsibility- Buyer/ owner
- Maintenance and repair- Buyer/ owner

Program Time Line: The HOYO Program is anticipating enrolling applicants by mid-year 2012. Homes will be constructed as funding is available through the Indian Housing Block Grant and other sources.

Target Population: Low-income Siletz Tribal Members, who have a source of income that will support a lease payment, and eventually, a mortgage payment.

Eligibility Qualifications:

- Enrolled Siletz Tribal Member
- Household Income must be below 80% median as determined by the US Dept of HUD
- Household income must be adequate to support the given lease payment and the eventual mortgage payment at the time the applicant is accepted to the HOYO Program without exceeding 30% of annual income. Proof of income level must be supported by the most recent paystubs, tax returns, social security statements, 1099's, etc. Applicants may not be current homebuyers or homeowners.
- Household income must remain adequate thought the course of program participation, see program disenrollment section
- Participants must be able to enter into a legal contract
- Participant may not have any past due debts to the Confederated Tribes of Siletz Indians
- Must complete an approved Financial Education Class series

Program Disenrollment

- If a household's income drops so the payment cannot be made without exceeding 30% of adjusted household income, the housing department will have the following options:
 1. Revise the contract and refinance the mortgage provided the loan period does not exceed 30 years; and only if the borrower has successfully made timely payments. The refinancing option may only be exercised once and the STHD is not required to initiate if there exists a history of late payments; or
 2. The household may be granted six months to increase income to level or be required to transfer to rental unit if income level remains insufficient at the end of six month period; or
 3. Terminate the purchase contract.

Community Responsibilities

The homebuyer or renter must agree to cause all family members or other persons who are on the premises with his/her consent to conduct themselves in a manner that will not disturb his/her neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the project in a decent, safe and sanitary condition. Disturbances are causes for termination of a lease/purchase agreement or rental dwelling lease.

The homebuyer or renter must agree that he/she and any member of his/her household or guest shall not engage in criminal activity, including drug-related criminal activity. Such criminal activity shall be cause for termination of the lease/purchase agreement or Rental Dwelling Lease.

Terminations

Homebuyer Initiated The homebuyer must provide at least thirty (30) days notice in writing to STHD of their intent to vacate the unit and terminate their agreement. STHD may hold the homebuyer responsible for the required monthly payment for the period the home is vacant, not to exceed sixty (60) days from the date of the notice or from the date of move-out, if no notice was given. Move-out date shall be determined as the date keys are returned to the STHD office or such date as determined by STHD.

STHD Initiated The Notice of Termination shall contain the reasons for termination including the specific provision of the agreement violated and the specific action of the individual who violated it. A notice to vacate will be issued to each individual receiving the notice of termination. The following time frames for evictions will be adhered to, however, based on the process involved, these may fluctuate:

1. Thirty (30) days from the date of notification.
2. 24-hour notice for behavior that threatens the life, health, or safety of other residents or STHD staff, including drug activity.
3. The homebuyer shall turn his/her keys over to the Housing Director upon vacating.

If homebuyer(s) fail or refuse to vacate the premises within these time frames, STHD shall enforce the Termination by filing a Complaint for Eviction in Tribal court.

ONE STRIKE POLICY: STHD will not offer an opportunity to cure violation of lease or occupancy agreement in the event of serious or repeated or continuing violations.

A serious violation justifying immediate termination of tenancy without need to offer opportunity to correct, is any activity, engaged in by the resident, any member of the household of the resident, or any guest or other person under the control of the resident, that:

- A. Threatens the health or safety of, or right to peaceful enjoyment of their premises by, other resident or employees of the owner or manager of the housing.
- B. Threatens the health or safety of, or right to peaceful enjoyment of their premises by, person residing in the immediate vicinity of the premises: or
- C. Is criminal activity (including drug-related criminal activity) on or off the premises.

D. Other violations not promptly cured and kept cured will be grounds for termination.

Housing Department Appeal And Complaint Process

1. Right to Appeal:

Any family which is determined not to be eligible to participate in homebuyer activities, any family that is denied admission and any family whose occupancy is terminated shall be advised of the right to appeal such action or decision, and will be advised of the right to examine any relevant documents, records, or regulations directly related to the action prior to a hearing or trial. Such review shall not include documents and records containing confidential information regarding other applicants or occupants. Upon filing of a written request as provided herein, a complainant shall be entitled to an opportunity for hearing.

2. Definitions

A. "Complainant" means an applicant, tenant or participant in a HUD assisted or NAHASDA assisted Housing Project operated by STHD whose rights, duties, welfare, or status are adversely affected by STHD action or failure to act and, who files an Appeal or Complaint with respect to such action. ("Complainant" may hereinafter be referred to as "you".)

B. "Appeal" or "Complaint" means any dispute with respect to STHD action or failure to act pursuant to a lease or Mutual Help and Occupancy Agreement or CTSI Housing Department regulations, policies, or procedures which affects the rights, duties, welfare or status of the complainant.

3. Exclusions

Appeals or complaints based upon the following are excluded from the grievance procedure:

- A. Any termination based upon activity that threatens the health or safety of, or right to peaceful enjoyment of the Indian housing development by, other residents or employees of the owner or manager of the housing; or
- B. Any termination based upon criminal activity (including drug-related activity) on or off the premises of the Indian Housing development.

These "24 hour" terminations will proceed to an eviction if the home-buyer/renter does not vacate in the 24 hour period, and will be heard in the Tribal Court.

Informal Dispute Resolution:

If the STHD makes a decision that would be subject to appeal, the staff member who made the decision will attempt to informally resolve.

While informal resolution is encouraged, it does not affect the time limits to formally complain, grieve and appeal. Appeals must be filed within 10 days from the date of the initial decision. Administrative remedies must be exhausted, and you cannot skip a step in the formal process.

Formal Dispute Resolution:

1st Step: Review by Housing Director

If STHD staff cannot informally resolve the issue, the Housing Director will review your case and respond in writing within 20 days. No particular form is required to do this as long as the complaint or grievance: (1) is in writing and is signed by the party or his or her spokesperson or attorney; and (2) is actually delivered to the Housing Department within the 20 day time period. The Housing Director will review your case and respond in writing within 20 days.

2nd Step: Review by Housing Committee

If the Housing Director denies your appeal, or if the initial decision was signed by the Housing Director, you have the right to appeal to the Siletz Tribal Housing Committee in writing within 10 days from the date of the Housing Director's decision. The decision of the Housing Committee shall be the final administrative decision of the Tribe.

No particular form is required to do this, as long as the complaint or grievance: (1) is in writing and is signed by the party or his or her spokesperson or attorney; and (2) is actually delivered to the Housing Department within the 10 day time period. Additional information or documentation may be included with your appeal if submitted at least three working days prior to the hearing. If an appeal is filed with the Housing Committee STHD staff will notify complainant of the date and time of the meeting.

Complainant may choose to have Housing Committee review without disclosure of Complainant's name.

3rd Step: Tribal Court

If you disagree with the Housing Committee decision on a non-termination action, you have the right to appeal to the Siletz Tribal Court within 20 days from the date of the response from the Siletz Tribal Housing Committee. However, if the Housing Committee decision is to uphold your termination, the STHD will file an eviction action against you in Tribal Court, and you will be able to challenge that decision in your response to the eviction case.

Program Process for Participants:

(verbiage for marketing handout and/ or website)

☑ Step One: Apply. In order to get started, you must apply to find out if you qualify for the program. After submitting your application and all required documentation, a counselor will contact you to inform you of your qualification status and next steps.

☑ Step Two: Sign Your Lease And Move-In. After you sign your lease-purchase agreement, and pay first month's rent, you'll get the keys to your new home! Move-in and start enjoying your new living space. Your lease period may be anywhere from 12-36 months, depending on your needs.

☑ Step Three: Improve Your Financial Knowledge. During your lease period, you will enroll in a financial education class series. These classes will help you understand how credit works, build a budget, review your credit report and correct credit issues and design a financial action plan. Your action plan will help position you to get ready to exercise your lease option and transition into homeownership.

During the lease period you will also be given the opportunity to enroll in a Home Maintenance Matched Savings Account (MSA). The purpose of the MSA will be to establish a habit of saving and help you save for home maintenance after you become the homeowner. Participants will be allowed to save during the lease period for their MSA's. Any money you save in your MSA will be matched \$1 to \$1. You will be able to save up to \$1000 per year in your MSA.

☑ Step Four: Become The Homeowner. By the end of the lease period, you will have worked diligently to be able to achieve a mortgage loan. If you make all your lease payments on time, and meet the assumption guidelines, you'll be eligible for a mortgage loan and become the homeowner. At this point, you will no longer make a lease payment, instead you will pay the mortgage payments directly. You will have all the rights and responsibilities of homeownership!

Components of the Home of Your Own Program

Participant Recruitment and Selection

Application Process

Assessment

Orientation

Optional Matched Savings Account Program for Home Maintenance

Lease

Exercise of Option to Purchase

1. Participant Recruitment and Selection

- A. Marketing through existing programs is an especially effective way to recruit. For the initial selections, the HOYO will first be presented to current Mutual Help wait list clients that qualify and then to all Siletz Tribal Members.
- B. Suggested means of recruitment:
 - Initial selections may include qualified applicants on the current Homeownership waiting list.
 - Flyers
 - Market through your existing programs; referrals from staff
 - Announcements and articles in all Tribal Newsletters

2. Application Process

During the recruitment period applications will be accepted. Individuals wishing to be considered for the program will complete an application form and turn in the required supporting documentation. The application and documentation will supply the information needed to determine baseline eligibility. All information stated in the application must be verified. Applications should be available in Tribal offices and online.

Baseline eligibility must be met before moving to the next phase of the HOYO. Baseline eligibility requirements are as follows;

- Enrolled tribal member of the Confederated Tribes of Siletz Indians
- Must be able to legally enter into a binding contract
- Household income at or below the maximum allowed income limit and may not exceed 80% of median income level in accordance with the Native American Housing Assistance and Self-Determination Act of 1996 and determined by the US Department of HUD. Household income is later verified during the assessment stage.
 - Household is defined as all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals. Household members may be verified through federal tax returns, receipt of mail at such address or any other documentable avenue.
- Household income must be adequate to support the given lease payment and the eventual mortgage payment at the time the applicant is accepted to the HOYO Program without exceeding 30% of adjusted household income. Income level must be verifiable for the two years immediately preceding application date. Must have positive landlord references
- Must have or be able to establish reasonable credit by the end of the lease term
- May not be a current homeowner.
- May not have any past due debt to the Confederated Tribes of Siletz Indians
- Must complete an approved Financial Education Class series

Also to be noted during the Application Process;

- One enrolled tribal member per household is eligible to participate in the HOYO Program
- The Case Manager will work with the applicant in filling out the Application Form, if needed.
- All applications will be kept on file. Inactive, declined or withdrawn applications should be kept for a period of at least three years.
- Individuals who have applied will be considered for entrance into the Program if slots become available on a first-come, first-served basis. New Participants will be brought into the Program based on the program eligibility criteria according to the order in which their applications were received.
- For the initial selection of Participants in this program, Tribal members who meet income eligibility and are currently on the Homeownership waiting list will have priority consideration.
- Participation in the MSA Program is not required, it is optional. If the Participant chooses to utilize the matched savings account, information collected from the application process can be used.
- Participation in the MSA is limited to those participating in the HOYO Program.

3. Assessment

After an Applicant's eligibility is determined, a face to face interview with the Program Manager or, his/her designee, is a prerequisite for acceptance into the Program. The HOYO Program Manager shall determine acceptance into the Program.

Staff will consider elements such as motivation, responsiveness, ability to gather personal financial documents, credit issues, savings patterns, ability to open a savings account and household income. Staff will educate the applicant on the requirements of HOYO, sign initial documents and explain the timelines and availability of financial educational classes.

Here are some Guidelines for assessing Applicants' suitability for the Program:

- Individuals who demonstrate high levels of interest and motivation as well as a willingness to participate in Financial Education classes should receive priority.
- A credit report will be reviewed. Discuss any slow payments, bankruptcies, judgments or repossessions that may have occurred. If the credit blemish is misreported, discuss options with the applicant to correct the problem with the credit reporting agency.
- Self-selection is an important criterion. If an Applicant is interested in the Program and enthusiastic about the concept of asset building and saving, chances are they will make a good Participant.

Acceptance into Program – Upon completing the necessary paperwork, meeting with staff and being accepted, a letter congratulating the participant should be sent out in a timely manner.

4. Orientation

The Orientation Session should cover the basic principles of the HOYO Program. The object of holding an orientation session is to familiarize participants with each other, discuss program requirements, and to discuss the optional matched savings program.

5. Optional Matched Savings Account Program for Home Maintenance

If HOYO participants wish to start the matched savings program. Guidelines are as follows;

- Deposits into the matched savings program are to be in equal amounts. No lump sum deposits, increases or decreases will be allowed.
- The savings period will end when the lease period ends. The savings period will start after the Participant has been formally accepted into the HOYO Program.
- The maximum matched savings amount per month will be \$83.33 and the maximum allowable per year will be \$1000.
- There is no minimum allowable amount
- Participants are allowed to make two deposits per month
- Withdrawals from the account will not be allowed during the savings period
- If a participant misses more than three deposits they will be exited early from the matched savings program. Early exits will receive the entire sum of their deposits however they will not receive any matching funds.
- If the Participant exits from the HOYO Program and does not transfer title, they will automatically be exited from the MSA program. Early exits will receive the entire sum of their deposits however they will not receive any matching funds.

Upon completion of the HOYO Program and the Matched Savings Program Participants may request a disbursement from the account for any repair, maintenance or improvement to their HOYO home. Guidelines for disbursements are as follows:

- Disbursements must be at least \$100 or more
- Disbursements must be made payable to the vendor and cannot be made payable to the Participant
- All funds must be disbursed within one year of program completion.

6. Lease

After being accepted into the HOYO Program the participant will be required to sign a lease describing the terms and conditions of the lease with an option to purchase.

- Purchase price is set by Tribal Council resolution..
- Utilities are the responsibility of the tenant
- Maintenance and repair are the responsibility of the tenant
- Annual unit inspections are required
- Lease term between 12 months up to 36 months and must be included in the lease
- Household composition and income- the household is qualified at the time of entry into the HOYO program.

7. Construction

Homes will be constructed to program specifications. Some options will be available. Homes will be built with efficiency: renewable construction products, Energy Star appliances, efficient energy sources and neighborhood enhancing layouts.

- Purchase price is set by Tribal Council resolution. Quality and options of construction are determined by CTSI.

8. Exercise of Option to Purchase

Leases will contain an option to purchase within the lease period. The term of the lease period will be at least 12 months up to 36 months. The lease will not be renewable. Upon termination of the lease the tenant will be required to exercise the option to purchase or vacate the property. In the event of divorce, separation, or death of the qualified Tribal member during the rental lease period, the lease will terminate. Terms of the purchase are as follows;

- Purchase price shall be set by the Tribal Council and agreed to prior to lease signing.
- Transfer of title ownership will be evidenced by Sale Deed.
- Loan will be evidenced by Trust Deed and Note
- Interest rate will be fixed at 3% annual interest for the term of the mortgage and the mortgage will be provided by CTSI
- No closing costs
- Payments will be equally amortized over the life of the loan
- The term of the mortgage will be up to thirty years.
- All maintenance and repairs will be the owners responsibility
- All utilities will be the owners responsibility

Household income and composition will be verified upon acceptance into the HOYO Program