

***NPTHA
LIHTC OPTION TO
PURCHASE POLICY***

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SECTION 1: INTRODUCTION

- A. The Nez Perce Limited Partnership # 2 and Nez Perce Limited Partnership # 3 operate a program for low-income single-family homes in the Sundown Heights Subdivision in accordance with the requirements of the **Federal Low Income Housing Tax Credit (LIHTC) Program** governed under Section 42 of the Internal Revenue Code (IRS) and the applicable regulations of the Idaho Housing and Finance Agency (IHFA). At the end of the initial 15-year compliance period, the Nez Perce Tribal Housing Authority (NPTHA), as the General Manager of the Partnership, may purchase the homes and elect to sell them to qualifying Lessees.
- B. The earliest the NPTHA may at its sole discretion offer the Lessee the option to purchase the home is the first day of 2021 for the NPLP#2 homes and 2024 for the NPLP#3 homes. Until such time, all Lessees are renting the home until they either purchase the home as a result of NPTHA's decision to sell, or they otherwise terminate their Lease Agreement. During the rental phase, the Lessees do not have and will not accumulate any equity in the property. No Lessee shall have any right to a refund of rents upon termination by expiration of the term of the Lease Agreement or termination for any other reason. All applicants must be able to pay the minimum rent established by policy and abide by the regulations governing the **Federal Low Income Housing Tax Credit Program**.
- C. In the event the NPTHA Management elects to sell the homes, the purchase of a home under the LIHTC program on tribal trust property is a leasehold purchase. It only includes the house and does NOT include the purchase of the land on which the home is located. The owner of the leasehold purchase may be required to surrender and vacate the home being purchased on trust property upon expiration of the land lease or in the event of relinquishment of enrollment in the Nez Perce Tribe without payment or other compensation.
- D. The LIHTC Program requires the NPTHA to prequalify all prospective Lessees through an application and screening process that focuses on financial asset building and stability. The NPTHA seeks to transition eligible Lessees to purchasing a LIHTC home in Sundown Heights through a mortgage financing program approved for financing on tribal trust property on the Nez Perce Reservation. Transitioning Lessees to homeownership or personal financial stability requires ongoing Housing Counseling throughout the term of the Lease. This includes financial literacy, homebuyer education, and one-on-one counseling.

- E. If the NPTHA chooses to offer the units for sale, such offers will only be made to Lessees who meet all the program eligibility requirements and qualifications for obtaining private financing. Equity or ownership interest or rights in the home can only be achieved when financing of the home under a leasehold mortgage is secured.
- F. The tenant is not required to purchase the home and will continue to rent under the existing lease agreement.

SECTION 2: REGULATIONS AND POLICY

- A. The dwelling units under the LIHTC Program are to be operated in accordance with the requirements of the LIHTC Program governed under Section 42 of the Internal Revenue Code (IRS) and the applicable regulations of the Idaho Housing and Finance Agency (IHFA) and the requirements of the NAHASDA. Tenant's rights are subject to the eligibility requirements under this Program. Tenants must cooperate with NPTHA management in certifying their eligibility for this Program.
- B. Non-Indian and non-member spouses may join in the mortgage application process and have their income and credit considered; however, if the Nez Perce Tribal member dies, relinquishes Nez Perce membership, or becomes divorced from the non-Indian or the non-member, the non-Indian or non-member spouse cannot be the beneficiary or remain in possession of the rental unit; nor may the parties or the Courts allow the non-Indian or non-member spouse to remain in possession of the rental unit in the event of divorce or other separation.
- C. Tenants are subject to the policies of the NPTHA as they now exist or as they may hereafter be revised by the NPTHA. The NPTHA Admissions & Occupancy Policy, the NPTHA Client Action Plan, the NPTHA Housing Counseling Policy, the NPTHA Collection & Eviction Policy, the NPTHA Grievance Policy, the NPTHA Non-Low Income Assistance Policy, and the NPTHA Maintenance Policy as they exist or as they may hereafter be amended, are by this reference made a part hereof. Violation of the same is grounds for termination of the applicable lease or agreement.

SECTION 3: ELIGIBILITY FOR PURCHASE

- A. Only those who are eligible under the laws and customs of the Nez Perce Tribe to lease tribally owned land for residential purposes or who otherwise obtain the specific approval of the Nez Perce Tribal Executive Committee shall be eligible.
- B. The NPTHA must declare the option to purchase for each unit.
- C. The Lessee must be an enrolled member of the Nez Perce Tribe.

- the affordability credits and the tenant may choose this buydown in lieu of the affordability credits.
3. In lieu of the MFA buy down assistance, an affordability credit for down payment may be earned for each full month of occupancy. Affordability credits are only applied to the purchase price and are not considered equity or eligible for any type of refund to the tenant.
 - a. The affordability credit shall be calculated for each month of occupancy equivalent to the monthly rent payment up to 15 years (180 full months).
 4. Lessee shall have no right to receive back any part of the rent and shall have no further rights or claims hereunder.

D. Recapture

Minimum Period of Repayment, Recapture or Resale Provisions: The period of repayment or recapture of the down payment and affordability credits shall be in accordance with the Mortgage Finance Assistance Policy and shall be secured by second mortgage.

SECTION 5: NOTICE AND INTENT TO PURCHASE

A. Notice

The NPTHA will provide a notice declaring when the option to purchase is available and invite the tenants to exercise their right to purchase. The notice shall outline the purchase details and the requirement to submit an application for the LIHTC Intent to Purchase Program.

B. Intent to Purchase

The option may be exercised at any time during the option period by completing the LIHTC Intent to Purchase Application. The application will request preliminary information and provide checklists to determine eligibility.

1. Enrollment in the Nez Perce Tribe.
2. Income verification for last three years. Minimum average income shall be at least equivalent to 50% of the national median income for one person (FY 2021 is \$27,965).
3. Payment history for last three years showing ability to pay on regular monthly basis. History should not show any collection notices or court actions for delinquent rent.
4. Inspection results for the last three years should demonstrate ability to properly maintain the home and grounds without negligence or deterioration from misuse.
5. Statement confirming the home will be primary residence.

6. Release of information for all utilities for last three years, demonstrating regular monthly payments and no disconnections for non-payment.
7. Release of information to pull credit report for assisting in the calculation for affordability and lender qualifications.

Housing Counselors will be available to assist the tenant in completing the LIHTC Intent to Purchase Application.

SECTION 6: HOMEBUYER EDUCATION AND MORTGAGE FINANCING

A. Homebuyer Education & Counseling

1. As a condition of the option to purchase, the tenant must attend the Homebuyer Education class and meet with the Homebuyer Education Counselor to complete a Client Action Plan for mortgage readiness.
2. An inspection of the home shall be completed and consideration shall be made to utilize any available maintenance reserves for any necessary repairs or improvements that are the responsibility of the landlord.
3. When it is determined the tenant is mortgage ready, the tenant shall use the executed purchase & sale agreement to proceed with the mortgage application process to purchase the home.
4. The tenant is required to follow lender instructions for the completion of the mortgage application process.
5. Closing Date: If Lessee exercises the option, then the closing date shall occur within ninety (90) days of the exercise of the option to the greatest extent feasible.

B. Lender Requirements:

The subject property for the Sundown Heights subdivision is subject to Section 184 lender requirements. The tenant may include home improvements in their mortgage financing package up to the lender limits.

C. NPTHA ALTERNATIVE FINANCING

In the event the Lessee is not eligible for a conventional mortgage, the Lessee may pursue NPTHA financing under the following conditions:

1. The applicant is a Nez Perce Tribal member
2. The applicant has a minimum three-year steady income average equivalent to 50% of the national median income for one person and the income must be anticipated to continue.
3. Compensating factors for income that demonstrates other resources which assists with monthly expenses or contributions towards maintaining the home.

4. The applicant has excellent pay history with the NPTHA (not more than one month delinquency) w/in 3 years.
5. The applicant has not had any utility disconnections for non-payment for past three years.
6. The applicant has maintained the home and grounds in good condition as reflected in annual inspections.
7. The applicant can demonstrate ability to maintain the home, complete home repairs and contribute to a maintenance reserve.
8. The applicant develops a Client Action Plan with a proposed monthly budget demonstrating financial ability to pay mortgage, insurance, utilities and maintenance reserve.
9. The applicant provides an explanation why any credit issues or other conventional mortgage requirements cannot be reasonably met. The NPTHA reserves the right to decline financing if the denial for conventional mortgage is based on derogatory findings.
10. The NPTHA financing is not available for home improvements or any other additional costs.

SECTION 7: LIFE ESTATE

- A. Death of Homeowner: In the event of the death of the homeowner, the provisions of the Nez Perce Life Estate Code may apply.
1. Enrolled members of the Nez Perce Tribe, with a leasehold interest in Trust lands, may bequeath by a Will a life estate in their leasehold Trust land and any improvements thereon to their non-enrolled spouse and/or their non-enrolled children. The non-enrolled spouse and/or the non-enrolled children shall be permitted to use and occupy the holding during the course of their lifetime subject to the same terms and conditions of the enrolled deceased member, which may include any outstanding mortgage. The non-enrolled spouse and/or non-enrolled children cannot inherit the land or any improvements thereon. Upon the expiration of these life estates the leasehold interest in the land and any improvements thereon shall be transferred and conveyed to an enrolled member pursuant to the terms of the enrolled member's Will.
 2. In the event that an enrolled member dies intestate (without a will), his non-enrolled surviving spouse and/or non-enrolled children may elect to take a life estate in the leasehold lands and any improvements thereon. The non-enrolled spouse and/or the non-enrolled children shall be permitted to use and occupy the holding during the course of their lifetime subject to the same terms and conditions of the enrolled deceased member, which may include

any outstanding mortgage or other obligation secured by the home. Upon the expiration of these life estates the leasehold interest in the land and any improvements thereon shall be transferred, conveyed and sold or gifted to an enrolled Tribal member or to the Tribe.

3. The non-enrolled spouse and/or non-enrolled children may decline to take a life estate in the leasehold interest and improvements upon this determination shall transfer, convey and sell or gift to an enrolled Tribal member or to the Tribe.
4. The non-enrolled spouse and/or non-enrolled children can never inherit the land or any improvements thereon.

SECTION 8: WAIVERS

No waiver by the NPTHA of any term, covenant or, condition of this Sundown Heights Hills Subdivision Policies shall be construed as a continuing waiver thereof, nor a waiver of any other term, covenant, or condition of this Policy. Each and every default on the part of the Homebuyer shall be considered a separate and a new breach of the Policy, irrespective of whether or not other defaults exist at that time.

SECTION 9: RELINQUISHMENT

In the event that the Lessee or Assignee (homeowner) of Tribal trust lands relinquishes their membership in the Nez Perce Tribe, then said Lessee or Assignee of a residential Lease from the Tribe shall be responsible for any consequences invoked by the Nez Perce Tribe which may include a monthly charge for the duration of the Residential Lease period. These payments are in addition to any monthly mortgage payment or other contractually obligated payments owed by Lessee-Assignee for which the Leasehold is collateralized. Failure to make said Lease payments on a monthly basis shall constitute a default of the Lease or Assignment which may result in foreclosure on the Lessee or assignee's interest in the leased premises and any and all real improvements located thereon. In addition, the Lessee/Assignee is no longer eligible for homeownership and shall transfer, convey by selling or gifting the improvements to an enrolled member of the Nez Perce Tribe. Once the homeowner relinquishes their membership in the Nez Perce Tribe, a life estate for non-enrolled spouse or children shall no longer apply.