



NEZ PERCE TRIBAL HOUSING AUTHORITY

POLICY CHANGE NOTICE

MORTGAGE FINANCING ASSISTANCE POLICY

PLEASE SUBMIT COMMENTS ON OR BEFORE

APRIL 11, 2024, 4:30 PM

AT 208-843-2229

OR

NPTHA@NEZPERCE.ORG

NEZ PERCE TRIBAL HOUSING AUTHORITY

MORTGAGE FINANCING ASSISTANCE POLICY

Draft REVISION Jan 2024

Adopted by the Board of Commissioners

January 22, 1999

February 20, 2003

Revised May 20, 2003

Revised November 17, 2004

Revised February 17, 2005

TABLE OF CONTENTS

<i>I. General</i>	3
<i>II. Eligible Recipients</i>	3
<i>III. Selection Criteria</i>	5
<i>IV. Eligible Property Type</i>	5
<i>V. Property Value</i>	5
<i>VI.Amount of NPTHA MFA</i>	6
<i>VII. Property Standards</i>	6
<i>VIII. Eligible Costs</i>	6
<i>IX. Financing</i>	7
<i>X. Minimum Period of Repayment, Recapture or Resale Provisions</i>	8
<i>XI. Leveraging</i>	Error! Bookmark not defined.
<i>XII. Monitoring Requirements</i>	10
<i>XIII. Application Procedures</i>	10

The table of contents will be updated upon acceptance of the proposed revisions.

I. General

NPTHA - Mortgage Financing Assistance (MFA): The MFA program provides down payment and closing cost assistance to low and moderate income families pursuing mortgage financing for the purchase of a home as their principal residence. Available funding is based on the approved Indian Housing Plan (IHP) and may include the following categories:

Down Payment & Closing Costs

Appraisal Fees

Inspection Costs

Buydown for OPP Units

Attorney fees

~~Enables families who are low income and meet other eligibility criteria to finance a home to be used as the principal place of residence through a first or second mortgage provided by NPTHA or a private lender. The family must meet all the lender's requirements associated with obtaining a mortgage (i.e., creditworthiness, total debt (including house payment) can not exceed 40% or other specified percentage of gross income, etc.). NPTHA is to provide financing assistance in accordance with its approved FY IHP. Depending on the availability of funds as identified in the approved IHP and the applicant's affordability analysis, any of the following types of assistance may be available. The specific categories of assistance and the funds available will be identified in each submission of the IHP.~~

~~Down payment Assistance~~

~~Closing Cost Assistance~~

~~First Mortgage~~

~~Second Mortgage~~

~~Appraisal Assistance~~

~~Homebuyer Education~~

II. Eligible Recipients

NPTHA MFA funds can be used to assist homebuyers who meet all of the minimum eligibility criteria described in the following table.

<u>CATEGORY</u>	<u>ELIGIBILITY CRITERIA</u>
Tribal Affiliation	Enrolled Nez Perce Tribe Member
Property Location	On the Nez Perce Reservation (according to the Treaty of 1855)
First Time Homebuyer	Had no ownership in a residence during the 3-year period prior to the date of application to the NPTHA for MFA; or Owned a principal residence not permanently affixed to a permanent foundation, or owned property not in compliance with building codes, which cannot be brought up to code, for less than the cost of constructing a permanent structure.
Income ****	Must meet at a minimum : HUD National Low-income standards and not exceed 80% of median income. Moderate income applicants may be eligible without HUD approval when a percentage of IHP funds (not to exceed 10% of the total fiscal year IHP allocation) are designated for moderate income families specifically for the NPTHA MFA program.

	Consideration of moderate income families beyond the abovementioned 10% limitation and all other above income families can only be considered under an IHP specified model activity approved by HUD.
Unit Condition	Must be in standard condition or rehabilitated to standard condition with financing.
Counseling	Must agree to participate in housing counseling and complete the Homebuyer Education Class.
Insurance	Must be willing to pay for include homeowner's insurance in purchase.
Residence	Must use home as permanent residence (at least 9 months per year)
Debt/Credit	Must have no outstanding obligations to the NPTHA and must meet HUD 184 creditworthiness criteria.
Ratios	Repayment terms must be within lender's qualifying ratios
One-time Assistance	MFA may only be used one time.

Financial assistance is for low income families with incomes up to 80% of median income in accordance with the HUD national ~~median~~ income guidelines ~~as amended annually by HUD~~:

Example for FY 2004 Funds

Size of Family*	Maximum Very Low Income (50% of Median)	Low Income (80% of Median Income)	Moderate Income
1	\$19,050	\$19,051—\$30,450	\$32,201—\$40,250
2	\$21,750	\$21,751—\$34,800	\$36,801—\$46,000
3	\$24,500	\$24,501—\$39,200	\$41,401—\$51,750
4	\$27,200	\$27,200—\$43,500	\$46,001—\$57,500
5	\$29,400	\$29,401—\$47,000	\$49,701—\$62,100
6	\$31,550	\$31,551—\$50,500	\$53,351—\$66,700
7	\$33,750	\$33,751—\$54,000	\$57,051—\$71,300
8 or more	\$35,900	\$35,901—\$57,450	\$60,701—\$75,900

***Number of persons in the family**

III. Selection Criteria

Selection of applicants who meet all of the eligibility requirements identified above will be based on the date of application and date of mortgage readiness. ~~Enrolled Nez Perce applicants with a Nez Perce family who wish to purchase their NPTHA MH or SH home or a new home in accordance with the applicable policy or lease agreement and HUD Section 184 underwriting guidelines:~~

IV. Eligible Property Type

Any single-family property, to be occupied as the principal residence of the owner, including:

- A one family property
- A condominium unit
- New (double-wide minimum) Manufactured/Modular home
- Section 184 eligible homes

V. Property Value

The appraised value and purchase price of the assisted property may not exceed the Rural Development 203(b) mortgage limit for the area for the type of property being assisted (single family, condominium, etc.) as amended by the federal government.

VI. Amount of NPTHA MFA

~~The MFA funds available to an applicant is contingent upon the applicants affordability analysis,~~ the amount of NPTHA funds available as is specified in the **annual** IHP, and the maximum limits set for each category of assistance. Applicants will be served based on qualifying for a mortgage and date of closing.

VII. Property Standards

Each home purchased with MFA assistance must meet at a minimum the federal Section 8 Rental Assistance Program **Housing Quality Standards (HQS)** minimum requirements or, when FHA financing is involved, the Minimum Property Standards as verified by an inspection performed by a qualified person. Newly constructed housing must also meet the Model Energy Code published by the Council of American Building Officials and the Uniform Building Code.

VIII. Eligible Costs

NPTHA MFA funds may be used to provide assistance to qualified homebuyers in one or a combination of the following categories contingent upon the availability of funds and the limitations set forth in the approved IHP.

~~Downpayment Closing Cost Assistance~~ ~~Environmental Review~~
~~Acquisition 2nd Mortgage~~ ~~Cultural Resource Survey~~
~~New Construction 2nd Mortgage~~ ~~Appraisal Assistance~~

- a. **Down Payment and Closing Costs:** The maximum amount of downpayment and/or closing costs assistance will not exceed ~~\$5,000~~ **\$10,000 for a low-income family and \$3,500 \$5,000 for a moderate-income family** or the cap set by the current fiscal year Indian Housing Plan.
- b. **Mortgage buy-down assistance** will be available to low-income families for home purchases in Sundown Heights. All low-income families will be assisted with a maximum of \$25,000 in the form of a forgiven second or third mortgage (aka conditional grant) and amortized over a ~~30~~ **15**-year period depending on affordability. **Moderate income families are eligible for a \$20,000 buydown assistance in the form of**

~~a forgiven second mortgage (conditional grant). Additional buy-down assistance required will be repaid according to terms based on affordability and secured through a second mortgage with repayment terms or a second/third forgiven mortgage depending on affordability.~~ Moderate-income families will not receive the same benefit as low-income families but will be assisted in accordance with the NAHASDA rules and regulations. Families whose income is over the moderate-income limits are not eligible for assistance.

- c. **Attorney fees:** One-time costs for attorney assistance/review will be provided upon successful closing of the loan. Payment for costs will be made directly to the attorney upon receipt of an invoice after closing. NPTHA will pay up to ~~\$300.00~~ **\$400.00**.
- d. **Appraisal Fees:** One-time costs for appraisal assistance will be provided in the form of a reimbursement upon successful closing of the loan. NPTHA will pay up to ~~\$400.00~~ **\$500.00**.
- e. **Inspection Fees:** One-time costs for inspection assistance will be provided in the form of a reimbursement upon successful closing of the loan. NPTHA will pay up to ~~\$250~~ **\$300** for a licensed inspector.
- f. ~~Where the home search requires an additional appraisal, inspection, attorney review, etc., evidence of payment to the contractor for the additional services must be presented to the NPTHA prior to closing or to the disbursement of funds.~~
- g. Existing tenants who **plan to vacate their rental to** purchase a home are **required to make sufficient arrangements to pay for any anticipated move-out repairs/cleaning charges before receiving MFA funds. Preliminary inspections and cost estimates may be necessary. If vacated balance is not paid in full, collection action will be utilized until balance paid in full.** ~~are not eligible for deferment or forgiveness of the assistance until all vacated charges are zeroed out with the NPTHA. They will initially sign a promissory note for the down payment and closing costs assistance plus interests amortized for a term not to exceed five years. Once the NPTHA determines there are no charges or there are minor charges to the tenant, the promissory note will be revised to reflect repayment of the charges and a deferment of the balance over a specified term. If the charges exceed the amount of assistance reflected in the promissory note, the NPTHA will amend the promissory note to reflect the additional costs.~~

IX. ~~Financing~~ Obligation

NPTHA MFA Program will be provided on the basis of the terms which include without exception **recapture provisions** in the event:

- a. Owner ceases to occupy the property as his principal residence, or

- b. Owner sells or transfers the property to a subsequent homeowner, or
- c. NPTHA determines that any of the representations made by the owner as set forth in the application for assistance were not true or correct when made.

Options for repayment of home purchase assistance using NPTHA MFA funds includes but is not limited to:

- repayment on a monthly basis with a low interest rate, repayment after other prior loans are paid in full, repayment upon transfer of ownership of the home, or
- forgiveness of the principal amount of the loan or grant over a period of time.

The type of option for repayment will be based on the applicant's affordability analysis, income, the type of assistance being requested. In all cases involving moderate income families, terms for repayment or deferral terms will be in accordance with the March, 1998 NAHASDA Final Rule.

The NPTHA MFA Program also requires that the NPTHA funds either be recaptured from the initial homebuyer at the time of sale of the property, or restrictions must be imposed on who may qualify to be a subsequent purchaser of the property. Subsequent homebuyers must also be low income and the sale provisions must provide a fair return on investment to the owner and be affordable to the subsequent homebuyer. NPTHA reserves the right to make the final determination whether the provisions of proposed home purchase programs adequately meet the NAHASDA regulatory requirements. (Moved to repayment section)

In the event that funds are awarded as deferred loan, conditional grant, or a forgiven mortgage, the amount of the funds subject to recapture will be reduced by 1/30 for each year that the owner both owns the property and resides in the property as owner's principal place of residence and makes any payments due on prior loans on the property. Owner shall not be required to repay more than the proceeds (after deducting closing costs as approved by NPTHA) from the sale of the property less the repayment of any prior loans secured by the property. If owner owns the property and the property has been owner's principal residence for at least thirty years, no funds need be repaid. If the property is sold to a subsequent owner whose income meets the restrictions of the original MFA, the MFA grant may be assumed by the subsequent owner provided NPTHA has given its prior written approval. (moved and re-worded to recapture section)

X. Minimum Period of Repayment, Recapture or Resale Provisions

The period for repayment or recapture of the MFA funds depends on the amount of funds invested in the home purchase and will be forgiven over the recapture period. The assistance provided will be secured according to the table below:

Per	Minimum Recapture	Secured by:	Financing Terms
-----	-------------------	-------------	-----------------

Unit MFA Investment	Period		
<\$5,000	5 3 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note as determined by the Executive Director	Contingent upon Affordability, income
\$5,001 - \$10,000	10 5 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income
\$10,001 - \$15,000 \$20,000	15 10 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income
\$15,001 - \$20,000 \$20,001-\$30,000	20 15 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income
\$20,001 - \$40,000+ \$30,001+	30 20 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income

XI. Repayment

MFA assistance that is awarded as a deferred loan, conditional grant, or a forgiven mortgage and subject to recapture will be reduced annually on the date of the loan for each year the owner complies with the conditions of the assistance.

If the property is sold, the balance due under recapture period shall be collected at the time of sale. If the property is sold to a subsequent owner whose income meets the restriction of the original MFA and is an enrolled Nez Perce tribal member, the MFA grant may be assumed by the subsequent owner provided the NPTHA has given its prior written approval.

If the homeowner ceases to occupy or transfers title, the balance due under the remaining recapture period shall become due. Based on affordability, the homeowner may negotiate a payment plan but shall not make less than monthly payments.

XII. Leveraging

~~The evaluation rating process also favors those applications which successfully utilize leverage with other funds. Any non-match eligible source of funds which will pay for project development costs or provide permanent financing for the project is considered leverage. Some examples include:~~

~~Cash~~

~~Owner's Investment/Equity~~

~~Other Loans and Grants~~

~~CDBG or Other Federal Funds~~

~~Value of land or real property donated (or reduced) or provided at less than~~

~~Appraised value~~

~~Cost of infrastructure improvements~~

XII. Monitoring Requirements

Monitoring of mortgage financing programs is limited to verification that the homebuyer and the property being purchased meet the MFA eligibility requirements and that the homebuyer maintains the property as the owner's principal residence for the term of the MFA assistance. Monitoring of the residency requirement and any repayment/recapture provisions shall take place as part of the loan servicing process.

XIII. Application Procedures

Application procedures are to be developed and implemented by the NPTHA Executive Director. All application information is to be completed, processed, and verified utilizing forms developed by the Executive Director. Intake, processing, and verification procedures must be consistent with standard financing and underwriting practices. Additionally, applications for NPTHA MFA Programs must indicate the income levels and any other special characteristics of the targeted population.

Involvement in the NPTHA MFA Program will require the NPTHA to apply practices and documentation that require an understanding of underwriting procedures and quality control measures. Underwriting procedures will be developed and implemented by the NPTHA Executive Director.

IXV. Waiver Authority

The Executive Director has the authority to waive this policy as it relates to the definition of first-time homebuyer.