

COEUR D'ALENE TRIBAL HOUSING AUTHORITY INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM

FINAL POLICY

1. Purpose

The Coeur d'Alene Tribal Housing Authority (CDTHA) has created a down payment assistance program to help low income tribal members achieve the goal of home ownership through the Individual Development Account (IDA) Program. This Program allows Tribal members, who meet the Eligibility Criteria, an opportunity to take ownership in the assistance they may receive to purchase a home. To accomplish this goal, the participants will focus on two main areas:

- Develop Positive Savings Habits and Build Assets
- Financial Literacy, Homebuyer Education Training and One-On-One Counseling

A. Develop Positive Savings Habits and Build Assets

The CDTHA IDA Program will provide participants with a 1:2 match of their savings, up to a maximum of \$3,000.00 of matching funds. This means if a participant saves \$1,250.00, the IDA Program will match that with an additional \$2,500.00 for a total of \$3,750.00. The amount participants save is measured by the length of time they participate in the program. If the participant only receives annual (lease) income, they are allowed to make a lump sum deposit. However, the goal is to establish positive savings habits and build assets, so additional, regular savings is encouraged. The Executive Director of the CDTHA will consider other exceptions on a case-by-case basis. Participants are not allowed to access their savings for at least six (6) months. This time period is necessary to allow the participants the opportunity to complete the Housing Counseling Training, per the CDTHA Housing Counseling Policy. If the participants declare in their savings plan they will make monthly contributions to their savings accounts, they must save for at least six (6) months, but no longer than twenty-four (24) months.

This time requirement for saving is placed on the participants for three reasons:

- First, the six (6) month limit allows time to prepare for the financial impact of homeownership. In most cases, it will take at least six (6) months to prepare their credit and perform all the preliminary requirements of the applicable agencies for obtaining a mortgage loan.

- Second, throughout the savings period, participants will be required to make regular monthly deposits into their IDA savings account. This allows participants time to develop positive savings habits and build assets.
- Finally, all participants are required to develop a workable budget that accounts for all of their monthly expenses as well as their savings goals. This will help them live within their means after they become homeowners.

B. Financial Literacy and Homebuyer Education Training and One-On-One Counseling

Participants must attend Financial Literacy and Homebuyer Education (HBE) classes, and participate in one-on-one counseling. The HBE program provides valuable information relating to budgeting skills, lending, housing options, credit repair, maintenance, working with Indian Health Services (IHS) and the BIA, and responsible homeownership. One-on-one counseling will help participants stay on track and achieve their goals. This training will:

- Empower participants with the information they need to be informed consumers of both lending products and different housing types.
- And improve the level of housing on the reservation.

2. Participation

Participation in the CDTHA IDA Program is contingent on five factors:

1. Meeting Eligibility Criteria
2. Tribal Membership
3. Attendance of Financial Literacy and Homebuyer Education classes
4. Monthly deposits into the IDA account
5. No early withdrawals, even for emergencies, are permitted

Participants must review and meet the Eligibility Criteria outlined at the end of this program; participants are encouraged to meet with the CDTHA Housing Counselor if they have any questions regarding the Eligibility Criteria.

Only enrolled Coeur d’Alene tribal members, who meet all the other criteria outlined, are eligible to participate in the CDTHA IDA Program.

To be eligible for the matching funds from the IDA Program, participants must attend all of the Financial Literacy and Homebuyer Education classes. If a participant plans to miss a class, they will be required to contact the Housing Counselor and explain the absence. In addition, the participant will have to meet with the Counselor and catch up on the class they missed. In no case can a participant miss a class without making it up.

One of the goals of the Program is to develop positive savings habits. Participants will only be able to access the *match funds*, for home purchase, if they comply with the program

guidelines and make regular monthly deposits. Consequences for missing monthly savings deposits are as follows:

- If a participant misses one month, they will be required to write a letter to the Housing Counselor stating why the deposit was missed. Additionally, the participant will be required to make up the deposit within the next two months along with making the regular deposits.
- If a participant misses two months, (consecutive or non-consecutive), they will receive a letter informing them they need to meet with the CDTHA Housing Counselor and explain why the deposit was missed and formulate a plan to make up the deposit within two months. If the participant fails to catch up on their deposits under the revised plan, they will not be able to access the match funds.
- If a participant misses three months, (consecutive or non-consecutive), they will be given written notice, and a phone call, informing them they are not longer eligible for the CDTHA IDA Program. They will, however, be given an opportunity to meet with the Housing Counselor to develop an amended plan that will work better for their situation: if they adhere to this plan, they may be eligible for participation again in six (6) months, provided sufficient match funds are available.
- Finally, if a participant withdraws money from their IDA savings account for an *unauthorized purchase*, (as discussed in the HBE class); they will be terminated from the program.

3. Account Structure

The CDTHA will be the IDA Program Administrator for the match funds. The participant's individual savings accounts will be held jointly between the participant and the program Administrator (CDTHA) in a custodial account. The custodial account has two benefits: Withdrawals cannot be made without the signatures of both the participant and the IDA Program Administrator. Since the consequences are so severe for early withdrawal, or withdrawal for an unauthorized purpose, the custodial account requires the participant to speak with the Program Administrator, (the CDTHA Housing Counselor), regarding the withdrawal. This will provide the participant an opportunity to obtain counseling, and discuss the best option for them, prior to withdrawing any funds. The custodial account allows the bank to provide account statements to both the Program Administrator and the individual participants, maximizing efficiency.

The participant will receive two account statements each month. One statement, directly from the bank, will provide deposit information for that month. The second statement, from the IDA Program Administrator, will include the amount they saved that month, and the amount of match funds credited to them plus accrued interest. This will give the participants an opportunity to see how fast the combined accounts can get them to their savings goal.

The IDA Program Administrator will hold all match funds until a qualified purchase is made. At that time the matched funds will be sent directly to the escrow closing agent to be applied towards down payment and closing costs. Receipt of these funds for the purchase of a home may or may not constitute a tax liability for the participant.

4. Qualified Purchases

When the participant has reached their savings goal or saved for a maximum of 24 months and has found a home to purchase, they will contact their Housing Counselor to verify their purchase is a qualified expense and to insure they are financially prepared to incur the obligation. Qualified expenses that can be paid from the IDA match funds include:

- Down Payment on the home
- Closing costs associated with the purchase of the home
- Rehabilitation expenses associated with purchasing an existing home

When it has been determined the costs associated with the purchase are acceptable, the Housing Counselor will prepare a written recommendation and justification memorandum to the CDTHA Executive Director for approval and release of funds.

5. Follow-Up

In an effort to evaluate and improve the CDTHA IDA Program, once the participants have purchased their home they will be asked to participate in a year long monitoring program. The Housing Counselor will contact them once a month and ask them to complete evaluation forms and contribute to newsletters detailing the benefits they received by participating in the Program. Their continued participation and support is crucial to the Program and efforts to reach other Tribal members who may be eligible for this Program.

6. Program Duration

The IDA Program will continue until all match funds are exhausted. Disbursement of matching funds will be made in order of those who can obtain a mortgage first.

7. Program Eligibility

Applicant eligibility is contingent upon meeting all of the criteria identified in the table on page 5. Selections for the matching funds will be made on the first come, first served basis of those who can qualify for and close a mortgage loan first.

8. Penalties

A processing fee will be applied and deducted from the Participant account in the event of failure to complete program. The Executive Director will establish a fee structure based on a sliding scale.

<u>CATEGORY</u>	<u>ELIGIBILITY CRITERIA</u>
Tribal Affiliation	Enrolled Coeur d'Alene Tribal Member
Property Located	<i>Idaho and neighboring states.</i>
First Time Homebuyer	<ul style="list-style-type: none"> ● Had no ownership in a residence during the 3 year period prior to the date of application to the CDTHA for the IDA Program; ● owned a principal residence not permanently affixed to a permanent foundation, or owned property not in compliance with building codes, which cannot be brought to code for less than the cost of constructing a permanent structure; ● SH and MH participants are eligible if they are unable to make the purchase because they can't meet the affordability requirements.
Income*****	Must meet at a minimum: HUD National Low-Income standards, and cannot exceed <80% of median income
Unit Condition	The home to be purchased must be in standard condition or rehabilitated to standard condition with financing. Used manufactured homes are not eligible.
Counseling	Must agree to participate in housing counseling and homebuyer education and financial literacy classes and one-on-one counseling.
Insurance	Must be willing to pay for homeowners insurance
Residence	Must use home as permanent residence (at least 9 months per year)
Debt/Credit	Must have no outstanding obligations to the CDTHA and must meet HUD 184 mortgage credit worthiness.
Mortgage-Readiness	Must be mortgage-ready within 24 months or with applicable program requirements.
Employment	Must demonstrate at least 2 years of concurrent and stable employment history.
Existing Renter	Existing CDTHA renters who purchase a home are eligible for the match funds under a promissory note until all vacated charges have been settled and zeroed out with the CDTHA. They will sign an initial promissory note for the match, amortized for a term not to exceed five years. Once the CDTHA 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.
Contribution	Only one Coeur d'Alene Tribal member per household is eligible to participate.
<i>CDTHA POLICIES</i>	The Eligibility and Ineligibility Sections of the Admissions and Occupancy Policy will apply.

*******Example: NAHASDA 2007 INCOME LIMITS**

Family Size	Very Low Income (50% of Median Income)	Low Income (80% of Median Income)	Moderate Income (80% - 100% Median Income)
1	\$20,650	\$20,651 - \$33,040	\$33,041 - \$41,300
2	\$23,600	\$23,601 - \$37,760	\$37,761 - \$47,200
3	\$26,550	\$26,551 - \$42,480	\$42,481 - \$53,100
4	\$29,500	\$29,501 - \$47,200	\$47,201 - \$59,000
5	\$31,860	\$31,861 - \$50,976	\$50,977 - \$63,720
6	\$34,220	\$34,221 - \$54,752	\$54,753 - \$68,440
7	\$36,580	\$36,581 - \$58,528	\$58,529 - \$73,160
8	\$38,940	\$38,941 - \$62,304	\$62,305 - \$77,880

*Number of persons in the family