

COEUR D' ALENE TRIBAL HOUSING AUTHORITY

MORTGAGE FINANCING ASSISTANCE

FINAL POLICY

(CDTHA MFA)

November 2006

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I. General

CDTHA - Mortgage Financing Assistance: Enables families who are low- to moderate-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 **CDTHA 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.). **CDTHA** 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 based on household income**, 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
Second Mortgage

Closing Cost Assistance
Appraisal Assistance

First Mortgage
Homebuyer Education

II. Eligible Recipients

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

<u>CATEGORY</u>	<u>ELIGIBILITY CRITERIA</u>
Tribal Affiliation	Enrolled Coeur d' Alene Tribe
Property Location	On the Coeur d' Alene Reservation
First Time Homebuyer	! had no ownership in a residence during the 3 year period prior to the date of application to the CDTHA for MFA ! 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 CDTHA 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
Insurance	Must be willing to pay for home owner=s 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 creditworthiness criteria.
Ratios	Repayment terms must be within lender=s qualifying ratios or as determined by the CDTHA

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 2006 Funds

Size of Family*	Maximum Very Low Income (50% of Median)	Low Income (80% of Median Income)	Moderate Income
1	\$20,900	\$20,901 - \$33,400	\$33,401-\$41,700
2	\$23,850	\$23,851 - \$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

Calc-30%	Calc-50%	Calc-80%	CalcSet	Size%
\$12,516.00	\$20,860.00	\$33,376.00	41720	70
\$14,304.00	\$23,840.00	\$38,144.00	47680	80
\$16,092.00	\$26,820.00	\$42,912.00	53640	90
\$17,880.00	\$29,800.00	\$47,680.00	59600	100
\$19,310.40	\$32,184.00	\$51,494.40	64368	108
\$20,740.80	\$34,568.00	\$55,308.80	69136	116
\$22,171.20	\$36,952.00	\$59,123.20	73904	124
\$23,601.60	\$39,336.00	\$62,937.60	78672	132
\$25,032.00	\$41,720.00	\$66,752.00	83440	140

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 for enrolled Coeur d' Alene applicants with a Coeur d' Alene family who wishes to purchase their CDTHA 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

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 (Exhibit A).

VI. *Amount of CDTHA MFA*

The MFA funds available to an applicant is contingent upon the applicant=s affordability analysis indicating the first mortgage an applicant can secure based on income, the amount of CDTHA funds available as specified in the IHP, and the maximum limits set for each category of assistance.

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*

CDTHA 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. The maximum amount of down payment and/or closing costs assistance will be based on need but not to exceed \$5,000 for a low-income family and not more than \$3,500 for a moderate- income family. The property must meet the requirements of the CDTHA.
- b. Mortgage buy-down assistance will be available to low-income and moderate-income families when funds become available. All assistance will be in the form of a subordinate mortgage consistent with the requirements of the specific program. Amounts will be based on affordability. Assistance can not be used to reduce debt as a means of qualifying the applicant.
- c. 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. CDTHA will pay up to \$300.00.

- d. One-time costs for appraisal assistance will be provided in the form of a reimbursement upon successful closing of the loan. CDTHA will pay up to \$400.00.
- e. One-time costs for inspection assistance will be provided in the form of a reimbursement upon successful closing of the loan. CDTHA will pay up to \$250 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 CDTHA prior to closing or to the disbursement of funds.
- g. Existing tenants who purchase another home are not eligible for deferment of the assistance until all vacated charges are zeroed out with the CDTHA. 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 CDTHA determines there are no charges to the tenant, the promissory note will be modified to a conditional grant in accordance with the CDTHA policy. If there are charges the principal will be adjusted accordingly consistent with CDTHA policy.

IX. Financing

CDTHA MFA Program will be provided on the basis of 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 the property to a subsequent homebuyer, or
- c. CDTHA determines that any of the representations made by the owner as set forth in the application for the assistance were not true or correct when made.

Options for repayment of home purchase assistance using CDTHA 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 applicants affordability analysis, income, the type of assistance being requested. In all cases involving moderate income families, terms for repayment or a deferral terms will be in accordance with the March, 1998 NAHASDA Final Rule.

The CDTHA MFA Program also requires that the CDTHA 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. CDTHA reserves the right to make the final determination whether the provisions of proposed home purchase programs adequately meet the NAHASDA regulatory requirements.

In the event that funds are awarded as deferred loan or conditional grant, 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 CDTHA) 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 CDTHA has given its prior written approval.

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:

Per Unit MFA Investment	Minimum Recapture Period	Secured by:	Financing Terms
<\$5,000	5 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note as determined by the Executive Director	Contingent upon Affordability, income
\$5,000 - \$10,000	10 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income
\$10,000 - \$15,000	15 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income
\$15,000 - \$25,000	20 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income
\$25,000 - \$40,000	30 years	Subordinate mortgage and/or Assignment of trust/lease income, land, promissory note	Contingent upon Affordability, income

XI. 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 CDTHA 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 CDTHA MFA Programs must indicate the income levels and any other special characteristics of the targeted population.

Involvement in the CDTHA MFA Program will require the CDTHA 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 CDTHA 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.