

CHAPTER 26
KARUK TRIBE HOUSING AUTHORITY
DOWN PAYMENT ASSISTANCE PROGRAM
GUIDELINES

This program provides a grant to qualified first time Native American "homebuyers" for down-payment assistance for the purchase of a single-family home in standard condition. The purpose of this loan is to enable homebuyers to secure financing for a home loan, Who otherwise would not qualify due to the lack of sufficient down payment funds. Grants will be provided pursuant to the NAHASDA and will only be available when stated in the Indian Housing Plan. The Karuk Tribe Housing Authority will only provide funding to qualified applicants until all funds allocated for this activity are expended.

1.1 ELIGIBILITY REQUIREMENTS

Down payment assistance grants may be awarded and applied toward the purchase of a primary residence under the following conditions:

- A. In addition to eligibility requirements described in this policy, applicants for the Down Payment Assistance Program must demonstrate that, contingent upon receiving assistance from the Housing Authority, they qualify for a home loan from a lending institution, or that contingent upon receiving assistance from the Housing Authority, they will be able to enter into a sales contract with a seller for the purchase of a home. For owner contracts, the applicant's gross annual household income must:

Be adequate to support a mortgage, payment, taxes, insurance, and maintenance, and therefore:

- a) Participants must not exceed 80% median income in accordance with NAHASDA limits
 - b) Be no less than \$15,000 per year
 - c) The applicant's debt-to-income ratio, including housing cost, cannot exceed more than 41% of their income.
- B. Applicants must not have past due unpaid debts owed to the Karuk Tribe, Karuk Tribe Housing Authority, or any Tribal programs.
- C. Applicants will also be required to participate in a tribally sponsored or approved homebuyer education program prior to their selection, to obtain information about the home buying process and homeownership responsibilities.
- D. Applicants must be first time homebuyers.
- E. Applicants will be pre-screened to determine their ability to qualify for financing at the time their application comes to the top of the waiting list and

prior to approval of any award. Applicants will be given ninety (90) days, for the date they are notified of their selection, to provide this assurance from the lending institution or seller. If the applicant fails to meet the ninety (90) day deadline, their application will be removed from the waiting list.

1.2 PROPERTY ELIGIBILITY REQUIREMENTS

- A. The property to be purchased must be located within the Tribe's geographic area as defined in the Karuk Tribal Constitution.
- B. The property must be legally zoned for residential use.
- C. The dwelling must be a site-built home (or other approved technology), a modular home, as defined, or a manufactured home.
- D. If the dwelling is a new manufactured home, it must have a minimum of 840 square feet of living space, and meet all state and local construction and placement specifications for the area in which it will be located.
- E. Property must have environmental clearance in accordance with 24 CFR Part 58.
- F. The dwelling must be on a foundation.
- G. If the dwelling is a pre-owned manufactured home, it must be no more than ten (10) years old, and meet the above requirements.
- H. In situations where the land purchase is part of the loan, the land parcel must be modest in size, not exceeding two acres.
- I. All homes must be in standard condition and meet inspection requirements of the lender. In the case of a land sale contract, the home and property must meet the inspection requirements. (See Item "G" of the Terms and Conditions below.)
- J. Ineligible properties, include, but are not limited to: vacant land, fixer-uppers, rental or commercial property, mobile homes, or travel trailers.
- K. Manufactured homes may be:
 - a. Placed on land which is owned by the recipient
 - b. Purchased as a package with the land

1.3 TERMS AND CONDITIONS

- A. The grant amount is 20% of the loan amount, not to exceed a maximum amount of \$20,000.
- B. The recipient is required to contribute the maximum amount available, not less than \$1,000, towards earnest money, closing costs, down payment, or other purchase costs, such as appraisals or inspections.
- C. The recipient must maintain the dwelling as his primary residence for a period of ten (10) years upon receipt of the grant. This grant is secured by a recorded Payback Agreement, which requires the recipient to repay the grant amount if he/she does not comply with the residency period. If the Payback Agreement is violated, the recipient will not be eligible to participate in any housing programs administered by the Housing Authority until the loan is repaid in full.

- D. The recipient must agree to maintain Homeowner's Insurance on the dwelling, naming the Housing Authority as a loss payee for up to \$20,000, for a minimum of ten years after receipt of the loan, or until the loan obligation is satisfied, whichever is longer. Insurance certificates must be provided to the Housing Authority.
- E. The loan must be used within six (6) months of approval for program participation, (purchase contract must be signed and in place within three (3) months), or it will be forfeited to the next applicant on the waiting list and the original recipient will have the option to be removed from or placed at the end of the waiting list. In the event a purchase contract or loan cannot be used within the time period, a time extension may be granted at the discretion of the Housing Authority, based upon the circumstances.
- F. The loan monies will be released to the Title Company or appropriate third party closing agent at the time of closing.
- G. If the property transaction is a private land sale contract, the following additional conditions apply:
 - a) The property must receive a total home inspection, at the applicant's expense, by a qualified independent certified property inspector.
 - b) The home must be determined to be a "Home in Standard Condition".
 - c) The recipient must establish an escrow account.

1.4 COMPLAINTS AND APPEALS

A. Ineligibility Determination Review

Ineligible applicants will be notified in writing within ten (10) working days of the determination, stating the reason for their ineligibility and offering them an opportunity to appeal the Staff decision.

Applicants must submit their request for an appeal in writing to the Karuk Tribe Housing Authority's Executive Director within twenty (20) working days from the date of the determination. Failure to request a review within twenty (20) working days will constitute forfeiture of any further consideration of eligibility related to this application.