

HOUSING AUTHORITY
OF THE
CHEYENNE AND ARAPAHO TRIBES

DOWN PAYMENT
CLOSING COST GRANT POLICY

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The purpose of this grant is to provide the opportunity of homeownership for tribal members that can qualify for financial funding from private sector lending or mortgage companies. Within the practice of providing safe, affordable housing for Native American families living within the service area of the Cheyenne and Arapaho Tribes Housing Authority, it has been determined that Native American families possess acceptable credit history and financial potential to acquire home loans from the available lending market. Although the financial stability mandatory for a mortgage payment has been identified, many times these families need assistance with the initial down payment and closing cost required for this funding from most lending sources.

The Cheyenne and Arapaho Tribes Housing Authority will assist eligible Cheyenne and Arapaho tribal members in securing a loan from another lending source, such as a bank or mortgage company, through the implementation of the Down Payment/Closing Cost Grant program.

This program will have a priority of a “First Come, First Serve” basis. Securing a loan and eligibility will be the determining factors on whether or not you have successfully completed all of the requirements.

I. CRITERIA FOR GRANT APPLICATION

- a. A grant applicant must meet the definition of a family as presented in the Cheyenne and Arapaho Tribes Housing Authority’s *Admission, Occupancy and Eligibility Policy*.
- b. Grant funds must be used for purchase of a single family dwelling to be used as grantees primary place of residence.
- c. A grant applicant cannot exceed the 100% median income limit established for his/her family size.
- d. Grant funds will be paid directly to the closing agency that handles the closing of the property. A letter of commitment from the Cheyenne and Arapaho Tribes Housing Authority will be furnished to the successful applicant to provide to the realtor and closing company.
- e. Grant funds can only be used for the purchase of property that lies within the State of Oklahoma boundaries.
- f. By federal regulation, selected properties constructed before 1978 must be tested for lead-based paint.
- g. Home cannot be in flood zone and must document with a floodplain map.
- h. Although the money used will be considered a grant, the Cheyenne and Arapaho Tribes Housing Authority will file a secondary lien against the property for a period of five (5) years beginning the date of closing with the amount of the lien decreasing by twenty percent (20%) each consecutive year. At the beginning of the sixth year, the Cheyenne and Arapaho Tribes Housing Authority will remove the lien and have no further claim to the property.

- i. Applicant cannot own another home.
- j. Applicant must be on the waiting list of the Mutual Help Housing Program.
- k. A representative of the Cheyenne and Arapaho Tribes Housing Authority must view and approve the home before the grant can be disbursed.
- l. Manufactured homes and trailer homes are not eligible for purchase under this grant program, but doublewide trailers may be purchased if under seven (7) years old and placed on a permanent foundation.
- m. All homes must be within acceptable health and safety standards as defined in the International Residential Code; no substandard homes will be allowed to be purchased through this funding.
- n. The purchase amount has to exceed \$25,000; the Executive Director must approve any lesser amount.
- o. Grant preparation from initial application to final closing may take up to sixty days for all paper work to be completed. We ask that you prepare for this completion time.

II. ELIGIBILITY

1. A single person is eligible for the down-payment/closing cost grant program. However, they can only apply after July 1st of each year. This waiting period is to allow other applicants with families the opportunity to apply.
2. Applications that have not had any action or are not in the process of having a closing date by December 31st of each year will be closed. Applicant must resubmit an application when they are ready to purchase a home.
3. This program will be based on a first come first serve basis with the approval of a loan from a lending institution. Other types of loans will have to be formal and shall be properly filed. No personal notes will be accepted without proper documentation and filings.
4. Tribal members will be first priority. The Cheyenne and Arapaho Tribes Housing Authority will budget on a yearly basis what total amount will be obligated toward this program.
5. **Non Low-Income applicants** between 80-100% median incomes. Applicants will be serviced with a smaller portion of the total grant amount. The formula for the adjustment is attached or found in NOTICE PIH 2014-02.
6. **Families over 100% median incomes** will not be served. These figures are formulated by HUD on a yearly basis.
7. Past participants will not be eligible for a second DPA; it is a one-time assistance.

III. MAXIMUM GRANT AMOUNT

1. The maximum amount available for the Down Payment/Closing Cost Grant is **\$10,000** per eligible family with the Head of Household under the age of 55.
2. **Elderly Provision for applicants 55 years and over:** The grant amount will be increased to **\$15,000**.

IV. GRANTEE OBLIGATIONS TO THE HOUSING AUTHORITY

1. A secondary lien will be placed on the property that will decrease over the next five (5) years by 20% each year. If the grantee sells the property before the end of the five (5) year period, the remaining portion of the granted amount will be returned to the Cheyenne and Arapaho Tribes Housing Authority from the Proceeds of the Sale. After the 5th year is completed, or as soon as possible at the beginning of the 6th year, the Cheyenne and Arapaho Tribes Housing Authority will remove the lien from the property and have no further claim to any Proceeds of Sale in the event that the property is sold at a later date.
2. A secondary lien will not be waived by the Cheyenne and Arapaho Tribes Housing Authority if another agency is offering and has approved to assist an applicant applying for the Down Payment Assistance funds.
3. Should the grantee not be able to fulfill his/her agreement due to the death or mental incapacity, this agreement will be binding on the successor on the home. Whoever is declared the proper tenant of the residence will be obligated for the remaining five (5) years.
4. The Cheyenne and Arapaho Tribes Housing Authority holds no responsibility to the current or future condition of the property purchased or to the original mortgage holder for payment of required payments. **The Cheyenne and Arapaho Tribes Housing Authority will not renovate or repair the unit purchased under this program.**

V. CONSTRUCTING A HOME

1. The approved applicant can use approved funds for the construction of a new home.
2. The new home cannot exceed the purchase price set in the HUD regulations for Total Development Cost.
3. Title or a deed must be furnished to the office for documentation.
4. A copy of the construction agreement must be provided.
5. The Cheyenne and Arapaho Tribes Housing Authority will monitor the progress and ask for progress reports on the completion of the home.

VI. CREDIT APPLICATION

The appropriate financial institution providing the loan will process the application. Eligibility for grant will be subsequent to the approval of loan through a financial institution or mortgage company processing the loan.

