

**FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA
HOUSING DIVISION**

DOWN PAYMENT ASSISTANCE PROGRAM

Adopted pursuant to Resolution #2009/06 of the Fond du Lac Reservation Business Committee on January 17, 2006.

Amended by Resolution #1125/06 of the Fond du Lac Reservation Business Committee on May 11, 2006.

Amended by Resolution #1027/08 of the Fond du Lac Reservation Business Committee on February 5, 2008.

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HOUSING DIVISION
DOWN PAYMENT ASSISTANCE PROGRAM**

I. POLICY STATEMENT

The purpose of the Fond du Lac Housing Division Down Payment Assistance Program is to assist members of the Fond du Lac Band of Lake Superior Chippewa in securing affordable homeownership financing opportunities.

The Down Payment Assistance Program shall be administered in accordance with all applicable provisions of the Native American Housing Assistance and Self-Determination Act of 1996, 25 U.S.C. § 4101 et seq. (NAHASDA), and other applicable rules and regulations. The Fond du Lac Housing Division Director shall periodically review this Policy and shall advise the Fond du Lac Reservation Business Committee, which is the governing body and tribally-designated housing entity of the Fond du Lac Band, if changes are necessary in order to comply with applicable laws or regulations.

II. PROGRAM DESCRIPTION

1. **Eligibility.** The Down Payment Assistance Program is available to Fond du Lac Band members age 18 years or older. Those applicants whose annual gross incomes above \$20,000 a year and who are classified as low-to-moderate income under HUD income guidelines will be served through funding from the Band's NAHASDA block grant. Applicants whose income exceeds the low-to-moderate income under HUD guidelines but does not exceed the median income plus 60 percent, as defined by HUD, will be served from funding from non-program income to the Fond du Lac Housing Division. Applicants with annual gross incomes below \$20,000 a year or above the median income plus 60 percent, as defined by HUD, are ineligible for assistance under the Program.

Applicants must not have any past due unpaid rents or homebuyers payments to the Fond du Lac Housing Division or the Fond du Lac Reservation.

Applicants are ineligible for this program if they have previously received a tribally funded or BIA Down Payment Grant, except that an applicant who has received prior assistance and can demonstrate that he or she has no

available equity due to circumstances beyond the applicant's control may receive assistance under this Program if the applicant meets all other eligibility requirements.

2. **Credit.** Down Payment Assistance Program borrowers must meet the credit requirements of the mortgage lender and be approved or pre-qualified for a mortgage.
3. **Purpose of Assistance.** Assistance under this Program may include payment of reasonable loan down payments, closing and/or those costs generally referred to as settlement charges on the Lender's Good Faith Estimate associated with a first mortgage of a home to be used as a family's primary residence.
4. **Counseling.** Borrowers will be required to participate in homebuyers' classes designed to assist new homebuyers in understanding and fulfilling the responsibilities of homeownership (see Section IV(3)).

III. AVAILABLE ASSISTANCE

The Fond du Lac Reservation Business Committee has established and implemented the Down Payment Assistance Program to assist Band members with purchasing a home. The Down Payment Assistance program may help with down payment and closing costs and is designed to make home mortgage payments more affordable. The following is a list of the assistance offered at this time:

1. **Down Payment; Homebuyer Contribution.** Lenders will usually require a down payment when purchasing a home. Part of this down payment may be provided by Fond du Lac Housing Division under this Program. However, homebuyers must contribute provide at least five hundred dollars (\$500.00) towards the down payment.
2. **Closing and Settlement Costs.** Assistance may be provided under this Program to pay all or part of the closing and settlement costs of the mortgage loan. This assistance is limited to actual, reasonable closing and settlement costs.
3. **Maximum Amount of Assistance.** The maximum amount of assistance for each homebuyer will be three thousand dollars (\$3,000.00), including down payment, closing and settlement costs.
4. **Payments to Lending Institution.** Assistance under this Program shall be disbursed on behalf of the homebuyer to the title company processing the mortgage upon the receipt of documentation from the lending institution that the homebuyer is eligible for the mortgage.

IV. BORROWER ELIGIBILITY REQUIREMENTS

1. **Restrictions.** Assistance is only available to members of the Fond du Lac Band living within the service area of the Fond du Lac Housing Division as outlined in the Band's Indian Housing Plan (IHP).
2. **Documentation of Income.** Participation in the Down Payment Assistance Program funds provided from the NAHASDA Block Grant are limited to low-to-moderate income families as defined under Section II(1) of this Program and under the Fond du Lac Housing Division established income limits. All participants will be required to provide documentation to verify the determination of income status in order to determine eligibility and funding source for their participation in the Program.
3. **Homeownership Counseling Classes.** The applicant must successfully complete an Fond du Lac Housing Division or HUD approved home ownership-counseling class.
4. **Mortgage Loan**
 - a. The applicant must be able to obtain a mortgage loan with an eligible lender for the maximum affordable amount. The borrower will sign a Release of Information form so that Fond du Lac Housing Division is able to share information with the lending institution.
 - b. The lending institution must, as a part of its mortgage loan, require purchase of property insurance, and must escrow the insurance payments.
5. **Cash Down Payment.** The applicant must be able to provide at least Five Hundred Dollars (\$500) of the sales price in the form of a cash down payment from his or her own assets. This cash payment shall not be borrowed.
6. **Assets.** The applicant shall not own any other residential property.
7. **Employees.** Employees, agents, officers or elected or appointed officials of Fond du Lac Housing Division are eligible for grants under this program. Employees, agents, officers or elected or appointed officials must comply with 24 C.F.R. §§ 1000.30, 1000.32, and 1000.34 regarding conflict of interest.

V. INELIGIBILITY

Applicants will be considered ineligible for not meeting items in Section IV above or for any of one or more of the following:

1. Providing false information on the application.
2. Failing to complete required forms or to supply requested information.

3. Committing fraud in connection with any Fond du Lac Housing Division program, or failing to disclose previously committed fraud in connection with any Fond du Lac Housing Division program.
4. Appearing on HUD's list of suspended, debarred and limited denials of participation
5. Having a record of eviction from any government assisted housing program.
6. Having an outstanding debt owed to any public or Indian housing authority or tribally designated housing entity.

IV. WAITING LIST/APPLICANT POOL

1. The Down Payment Assistance Program is operated on a first-come first-served basis subject to the availability of funds.
2. Fond du Lac Housing Division will maintain a list of eligible applicants based on the date and time the completed application is received by Fond du Lac Housing Division.
3. If funds are unavailable for the Down Payment Assistance Program, Fond du Lac Housing Division may suspend or discontinue accepting applications until funds become available.

VI. RESERVATION OF FUNDS

1. Funds will be reserved for each applicant when the loan application is complete, including a copy of the Earnest Money Agreement and all information required by the first mortgage lender.
2. Funds will be reserved for sixty (60) days and may be extended for an additional sixty (60) days.

VII. PROPERTY REQUIREMENTS

1. The owner must meet the following property requirements during the life of the loan:
 - a. The home must be the primary residence of the owner.
 - b. The property must be located within Fond du Lac Housing Division's Indian area as defined in its IHP.
 - c. The property must be a single-family residence, including condominiums, town homes, manufactured homes permanently affixed to a foundation and modular homes qualify for the program. Mobile Homes do not qualify

for the Down Payment Assistance Program.

- d. The house must pass all Housing Standards as established by the Fond du Lac Housing Division and/or HUD, if applicable.
- e. The owner shall be responsible for an insurance coverage required by the lending institution.

VII. COUNSELING

1. All applicants will be required to attend an Fond du Lac Housing Division approved homebuyer counseling class prior to loan approval. The purpose of this requirement is:
 - a. To enable the applicant to understand the responsibilities that accompany participation in Fond du Lac Housing Division's Down Payment Assistance Program;
 - b. To enable the applicant to understand the home buying process;
 - c. To enable the applicant to understand and prepare to assume homeownership responsibilities and tasks; and
 - d. To develop an understanding of the Down Payment Assistance Program with a goal of promoting feelings of self-respect, pride and community responsibility.

2. If available, applicants may elect to attend Post-Occupancy counseling. The cost of this counseling may be included in closing costs paid by Fond du Lac Housing Division if the homebuyer makes arrangements before the loan closing. Post-Occupancy counseling may include the following:
 - a. Budget Counseling;
 - b. Home Maintenance;
 - c. Refresher review of Fond du Lac Housing Division's Down Payment Assistance Program requirements; or
 - d. Other.

Any counseling required by the lender or by the FOND DU LAC HOUSING DIVISION shall be at no cost to the homebuyer.

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