



# **Gun Lake Tribe**

## **Down Payment Assistance**

### **Policies & Procedures**

**Effective Date: March 15, 2007**

#### General Purpose

The Down Payment Assistance Program provides for “one time” Down Payment Assistance to qualified homebuyers for the purchase of a qualifying single family home in standard condition. These opportunities will preserve the Match E Be Nash She Wish culture and promote safety and self-sufficiency in the families that we service.

This policy is designed to serve as:

- 1) A guide for the Housing Department to use in determining eligibility, applicant admission, selection criteria and occupancy standards for Down Payment Assistance.
- 2) A document, which provides for consistent, equitable and uniform treatment of clients.
- 3) A basis for decision-making by Housing Department staff and/or committee members.
- 4) A training manual for newly-hired or appointed Housing Department staff and/or committee members.

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Eligibility for Down Payment Assistance

The purpose of this section is to determine whether a Tribal member family meets the required eligibility standards within the Housing Department's Down Payment Program.

For purposes of this program, family includes, but is not limited to, a family without children, an elderly family, a near-elderly family, a disabled family, a single person or an unmarried couple living together as a family.

- 1) In order to be eligible for Down Payment Assistance, applicants must;
  - a) Be an enrolled Tribal member of the Gun Lake Tribe or be the legal guardian in a home that a Gun Lake Tribe minor child has resided in for a minimum of fifteen (15) months.
  - b) Be eighteen (18) years of age or older.
  - c) Qualify as a low income family, defined as a family whose income does not exceed 80% of the median income, as published annually by HUD.
  - d) Have an income adequate to support a mortgage payment, taxes, insurance and maintenance, and therefore:
    - i) Be no less than \$15,000 per year; and
    - ii) The applicant's debt-to-income ratio, including housing cost, cannot exceed more than 41% of their income, as determined by the Housing Department based upon an accepted national credit report.
  - e) Participate in an approved homebuyer education class.
  - f) Be pre-qualified by a lending institution no more than two (2) months prior to making a purchase offer.

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- g) Have a completed and accurate application on file in the Housing Department office, including all requested information for each family member within the household. The applicant is responsible for making corrections or updating the application as necessary. A completed application will include;
  - i) Down Payment Assistance application.
  - ii) The most current income check stub(s) for all family members within the household.
  - iii) The most current tax returns/W2's for all family members within the household.
  - iv) Social Security cards for all family members within the household.
  - v) All other applicable forms of income for all family members within the household, which may include but is not limited to, child support, unemployment, social security or pension benefits.
  - vi) Pre-approval letter from lender.
  - vii) Current credit report or a credit release to allow the Housing Department permission to pull a credit report.
- 2) In order to be eligible for Down Payment Assistance, properties must;
  - a) Be located in the one (1) of the following counties; Allegan, Barry, Isabella, Kalamazoo, Kent, Muskegon, Newaygo or Ottawa.
  - b) Be legally zoned for residential use.

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- c) Be wood-frame (or other Housing Department approved construction type), a modular home (see definition) or a manufactured home.
- d) Be no more than ten (10) years old, and meet all state and local construction and placement specifications for the area in which it is/will be located if the dwelling is a manufactured home.
- e) Be in standard condition and meet inspection requirements of the lender.
- f) Not be considered ineligible. Ineligible properties include, but are not limited to: vacant land, fixer-uppers, rental or commercial property, mobile homes (see definitions) travel trailers or other properties as determined to be ineligible by the Housing Department.
- g) Manufactured homes may be:
  - i) Placed on land which is owned by the recipient.
  - ii) Purchased as a package with land.
  - iii) Placed on land with a long-term lease.

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Receipt and Processing of Applications

The purpose of this section is to outline the basic steps to be followed in the application process and in obtaining and verifying information for the purpose of determining eligibility.

- 1) Application process
  - a) Applications shall be received at the Housing Department office located at **1743 142<sup>nd</sup> Ave. – Suite 6** or mailed to **P.O. Box 218, Dorr, MI 49323**. Completed applications will also be accepted via fax or email. All applications are to be fully completed and signed using indelible ink. Immediately upon receipt, the application will be dated and initialed by the Housing Department.
  - b) Income verifications (See 24 CFR 1000.128)

In order to determine that data upon which determination of eligibility, selection, preference, and rents to be charged are accurate; such data must be verified. The preferred method of verification shall be written verification by a third party. In the event that third party verification cannot be obtained, the Housing Department may allow the student to submit relevant information provided that the submission contains a notarized statement, certification, or affidavit signed by the student stating the information submitted is true and accurate.

Complete, accurate and verified records for each family member, consisting of, but not limited to, the following are to be provided by the applicant/participant and maintained by the Housing Department.

- i) Letters or other statements from employers and pertinent sources giving authoritative information on all amounts of income.

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- ii) Copies of documents in the applicant's possession which substantiate his/her statements or a brief summary of the pertinent contents of such documents signed and dated by the staff who viewed them.
- iii) Certified statements or summary data from bank accounts for self-employed persons and from persons whose earnings are irregular, such as salesmen, taxi drivers etc., setting forth gross receipts, itemized expenses and net income.
- iv) Memoranda of verification data obtained by interviews, telephone, or other means, with source, date reviewed and the person receiving the information clearly indicated.

c) Application file

The Housing Department shall maintain a file for each family completing an application. All information supplied by the applicant, verification of information and all relevant correspondence with the applicant, shall be contained in the file. All applications will be kept confidential and available only to the Housing Department and committee members. Files will be placed in one (1) of three (3) categories.

i) Eligible

This file contains applications that have met initial eligibility requirements and has been approved for Down Payment Assistance. Applicants who are deemed eligible will be notified in writing and begin program procedures.

ii) Ineligible

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This file contains applications that have not met initial eligibility requirements and have been determined to be ineligible for Down Payment Assistance. Applicants who are deemed ineligible for assistance will be notified in writing and given the reason for denial of services.

iii) Incomplete/Pending

This file contains applications, which have not been sufficiently completed or verified for a determination of eligibility to be made. Applicants submitting an incomplete application will be notified in writing and given the opportunity to submit the missing information.

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Terms and Conditions

The purpose of this section is to explain specific terms and conditions that apply to applicants applying for Down Payment Assistance.

- 1) The recipient shall be required to contribute \$1,000 towards earnest money, closing costs, down payment or other purchase costs such as appraisals or inspections. This money is to be provided to Housing Department no later than seven (7) days prior to grant disbursement.
- 2) The Housing Department will contribute a base grant amount of \$3,000 after the initial \$1,000 has been received from the applicant. The Housing Department will then pledge an additional cash contribution by offering a dollar match (1:1); the pledge amount is not to exceed \$1,500. The maximum amount that can be received by the applicant is \$4,500. This money is to be provided to the Housing Department no later than seven (7) days prior to grant disbursement.

For example;

If the applicant donates \$1,000 the Tribe will contribute \$3,000.

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If the applicant donates \$2,000 the Tribe will contribute \$4,000.

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- 3) The home purchase transaction must be approved by the Housing Department and Housing Committee and subject to receipt of copies of acceptable current title report, purchase agreement, property inspection, appraisal reports and other information required by Housing Department.
- 4) The grant monies along with the successful applicant's contribution will be released to the title company or appropriate party/closing agent at the time of closing.

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- 5) The Housing Department reserves the right to request copies of closing documents.
- 6) Recipients of this grant are not eligible to apply for the Housing Department's Home Improvement Program for a minimum of two (2) years after receipt of this Down Payment Assistance Grant.
- 7) 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 or seller's expense, by a qualified independent state licensed and approved property inspector acceptable to the Housing Department.
  - b) The property must be determined to be a "Home in Standard Condition" by the Housing Department.
  - c) The recipient must establish an escrow account for monthly payment collection.
- 8) If a property is purchased by a non Tribal member, the Gun Lake Tribe, minor child(ren)'s name must appear on the title.
- 9) If the homeowner sells or leases the home within five (5) years of the date of the grant award, the member will be responsible for reimbursing the Housing Department (20%) twenty percent of the total grant amount per year that they did not live in the home. This will include any instances when the residence no longer serves as the applicant's primary residence even when the home/property remains in the applicant's name.

For example: The total grant amount was \$4,500.

If you move prior to one (1) year, you would repay 100% or \$4,500

If you move after one (1) year, you would repay 80% or \$3,600

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If you move after two (2) years, you would repay	60% or \$2,700
If you move after three (3) years, you would repay	40% or \$1,800
If you move after four (4) years, you would repay	20% or \$900
If you move after five (5) years, you would repay	0% or \$0

10)

11)

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Grant Priorities

The purpose of this section is to determine the order in which funding will be awarded and the responsibilities of the Housing Department and the applicants within the Down Payment Assistance program.

Grant funding will be awarded in the order the applications were received. The Housing Committee reserves the right to assess the needs of all applicants and expedite the waiting period in extreme cases as necessary.

1) Credit Assistance Program

The Housing Department will be available to work with applicants who request or require credit counseling in order to utilize the Down Payment Assistance program. Credit reports may be obtained and assistance provided in interpretation of the reports as part of an effort to provide credit-counseling assistance. The Housing Department will also assist with understanding the credit requirements of lenders and provide support prior to submission of an application for Down Payment Assistance.

2) Funding

The level of funding for all programs is subject to availability of Tribal resources and budget approval, and no entitlement nor representations of entitlements of any type or nature are made hereunder.

3) Monitoring and Reporting

The Housing Department is responsible for compliance with this policy. Applicants are responsible for providing accurate information as requested by the Housing Department in a timely and complete manner.

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Definition of Terminology

**Median Income** - The median income as established by HUD, and based on family size.

**Low Income** - At or below 80% of median income.

**Income** - An annual household income that does not exceed the applicable income limits as published by Housing And Urban Development (HUD) annually.

**Primary Residence** - Primary residence is defined as a family's main dwelling. Primary residence is not defined as a home used mainly for recreation and is not a home where the applicant receives lease/rental assistance income.

**Home in Standard Condition** - A home that is considered to be in decent, safe and sanitary condition, as determined by the Housing Department, and meets applicable codes for fire and safety.

**Permanent Structure** - A dwelling is considered a permanent structure if it is on a permanent foundation, and in the case of manufactured homes, if it is secured in accordance with local codes. In no event will mobile homes, travel trailers, recreational vehicles or other types of mobile units be considered as permanent structures, even though they may be a primary residence.

**Manufactured Home** - A dwelling that is factory-built on a permanent, steel frame chassis, constructed in conformance with the National Manufactured Housing Construction and Safety Standards established by the Department of Housing and Urban Development (HUD).

**Modular Home** - A dwelling that is a factory-built wood frame structure, constructed in conformance with the National Uniform Building Code. (UBC)

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**Mobile Home** - A structure constructed for movement on public highways that has sleeping, cooking, and plumbing facilities, and that is intended for human occupancy, that is being used for residential purposes and that was constructed between January 1, 1962 and June 15, 1976, and met construction requirements of Michigan Manufactured Home Law in effect at the time of construction.

**Long Term Lease** - Minimum of five (5) years.

**Recipient** - An adult (age 18+) Tribal member who has been awarded assistance under any of the housing programs herein defined.