

HOUSING IMPROVEMENT PROGRAM (HIP) CATEGORY D (Down Payment Assistance)

The HIP program provides services which results in more functional dwellings and institutes changes as an essential element in long term sustainable housing needs, building stronger families, communities, and a more vibrant housing market. Every Indian applicant who meets the basic eligibility criteria defined in 25 CFR Part 256.6 is entitled to participate in the program.

The Category D, Down Payment Assistance Program (DPA), is for the purpose of providing a “one time” HIP Grant to eligible applicants pursuing affordable financing opportunities for Native Homeownership. The DPA is available on a first come first serve basis and is subject to availability of funds. If funds are not available for DPA the tribe may discontinue accepting applications for this purpose until funds become available. DPA grants shall not exceed 15% of the loan amount or contract sales price, if purchasing a home, renovation of an existing owner occupied home or new construction, with a maximum grant amount of \$10,000 WHICHEVER IS LOWER. However, the local Tribal HIP Servicing Office has the option of determining the maximum grant allowable based on available funding and need. Sound judgement should be used in determining the grant amount necessary to assist the applicant in obtaining affordable financing. Funding cannot be guaranteed on an annual basis. No grant commitments shall be made without appropriate documentation per 25CFR 256.11 (When do I qualify for Category D assistance) and 25CFR 256.13 (How do I apply for the Housing Improvement Program).

HIP resources may be supplemented with other available resources to increase the number of HIP recipients. Participation by Tribal, Federal, State, Native Community Development Financial Institutions (CDFI's), Private or any other complementary housing program is encouraged to the maximum extent possible.

Many Native American mortgage loan applicants are first time home buyers and may not be familiar with the mortgage lending process, the requirements of a specific lender, or the various types of loans or loan guarantee programs available. It is highly recommended the borrower obtain pre-purchase homeownership counseling to facilitate the home buying process and understand the responsibilities of homeownership.

It is the borrowers' responsibility to seek a lender or local community organization to assist in the mortgage loan process. The lender will determine the borrower(s) creditworthiness and whether or not the borrower(s) is likely to qualify for mortgage financing, the amount of financing and the financing options which would be most suitable for the applicant based affordability. In addition, it is the borrowers' responsibility to work directly with the lender and fulfill all requirements of the lender.

If approved for mortgage financing the borrower seeking DPA must complete the Housing Assistance Application, BIA Form 6407, and turn into the local Tribal HIP servicing office. In addition, all supporting documentation requested in the application, **including a Letter of Commitment from the lender**, must accompany the application to determine eligibility and grant amount.

GRANT PURPOSE:

1. Construction of a new modest home or purchase of an existing home to be used as Primary Residence.
2. Purchase of a New Modular or Manufactured home as Primary Residence. Foundation must meet lender requirements.
3. Renovation/Rehabilitation of existing owner occupied Primary Residence.
4. Closing costs, loan processing fees, home inspections, equity requirements.
5. Homeownership, Credit/Financial counseling.

DPA, home equity grants, should not be used for the refinancing of an existing dwelling, payoff existing indebtedness, delinquent real estate taxes, purchase of land for purposes other than primary residence purposes, purchase of income producing assets, rental property, household furniture, vehicles, second home and any used mobile/manufactured home in excess of five (5) years old at the time of purchase.