

LEASE TO OWN **POLICY**

Policy Statement

The Seneca Nation Housing Authority (SNHA) is aware that not all members of the Seneca Nation may qualify for home loan programs offered by private lenders. To overcome this obstacle for individuals or families in need of affordable housing, the Lease to Own Program has been developed. The Lease to Own Program (the "Program") has been designed to assist individuals or families that are truly committed to owning a home and meeting homeownership responsibilities. This Program may be used for the purchase of an existing structure; modular constructed home (which is considered the same as a stick-built home), purchase and modernization of a home, and the construction of new homes. Purchase of homes also includes manufactured homes. The term manufactured home, in this policy, may be a mobile home. Manufactured homes must be constructed in conformance with the Federal Manufactured Home Construction and Safety Standards as evidenced by the affixed certification label.

1. General Information

- A.** The Program may be utilized on Fee Simple Lands located within the SNHA's Indian area, which is the area where the SNHA provides affordable housing assistance as identified in the Indian Housing Plan.
- B.** Individuals or families that meet low-income criteria may receive assistance from the SNHA if they meet eligibility requirements for participation in the Program.
- C.** The purchase price for the home will be the "Total Cost of Development" as more particularly described in the Program guidelines set forth below. Approved Program participants will enter in a Lease Purchase Agreement in the form included in this Policy (the "Lease Purchase Agreement"). The monthly rental payments will be credited toward the purchase price for the home. If the Program participant/tenant meets all of his or her obligations under the Lease Purchase Agreement, at the end of the lease term, the ownership of the property will be transferred by SNHA to the Program participant/tenant.

2. Application Process/Eligibility

- A.** All applicants must have completed a tribally sponsored and/or SNHA approved homebuyer education program (preferably a program run by a nationally certified Pathways home trainer).

Applicants who are accepted into the Program will be required to complete homeownership counseling during the term of his or her Lease Purchase Agreement.

- B.** The eligibility criteria for participation in the Program shall be the same as those described in the SNHA adopted Homebuyer's Eligibility, Admission & Occupancy Policies & Procedures.
- C.** All applicants must complete the Program application (to be adopted by the SNHA) and must submit all supporting documentation needed to confirm satisfaction of the eligibility criteria. Once SNHA staff has confirmed that an applicant's application is complete and that he or she meets the eligibility criteria, the application will be forwarded to the SNHA Board of Commissioners (the "Board") for consideration.
- D.** If the applicant is requesting that the unit be placed on their own land, they will have to obtain a Title Search Report from the Seneca Nation of Indians Clerk's office to assure they have clear title to the property and will be required to transfer ownership of the land to SNHA.

E. Participation in the Program is subject to availability of housing sites and funding. Nothing in this policy obligates SNHA to allocate land or funding to this Program and such allocation shall be at the sole discretion of the Board. Applicants who qualify for participation in the Program but who cannot be placed in a home due to a lack of available sites and/or funding shall be placed on a waiting list in order of the date their application has been determined to be complete and they are found to meet the eligibility criteria for the Program. Prior to being admitted to the Program from the waiting list, an applicant will be required to update on a yearly basis and reconfirm their application and supporting documentation to verify that he or she remains eligible for the Program. As housing sites and/or funding is available, SNHA shall contact and requalify applicants in the order in which they appear on the waiting list.

3. Restrictions

- A.** During the term of the Lease Purchase Agreement and until such time as
 - (a) the Program participant/tenant has complied with all of his or her obligations under the Lease Purchase Agreement (including payment of all rent and other obligations under the agreement) and
 - (b) ownership of the property is transferred by SNHA to the Program participant/tenant by recording of a deed, SNHA will be the owner of the

property and the Program participant/tenant will not be able to sell or mortgage or sublease or otherwise encumber the house they are leasing.

- B.** Participants approved for this program by the SNHA will not be eligible for the Down Payment Assistance Program, if applicable.
- C.** There will not be a Monthly Equity Payment Account (MEPA) for this Program. As set forth in the Lease Purchase Agreement, all costs of maintaining the home will be the responsibility of the Program participant/tenant.
- D.** Lessee shall not make structural changes or additions to the home unless the SNHA has consented and determined that such change would not:
 - 1)** Impair the value of the home, the surrounding homes, or the project as a whole; or
 - 2)** Affect the use of the home for residential purposes.

4. Program guidelines

- A.** In addition to the eligibility criteria described in the SNHA adopted Homebuyer's Program Eligibility, Admission & Occupancy Policies & Procedures, Program participants will be selected based on their willingness and ability to make their lease payments and assume the responsibilities of home ownership as outlined in the Lease Purchase Agreement.
- B.** If the Program participant/tenant fails to comply with the terms and conditions of the Lease Purchase Agreement, they may be terminated from the Program in accordance with the terms of the Lease Purchase Agreement.
- C.** Program participants will be required to enter into a Lease Purchase Agreement with the SNHA at the time they are accepted into the Program. The terms of the agreement will include, but not be limited to, the following:
 - i.** Length of lease.
 - ii.** Amount of monthly rental payment and payment date.
 - iii.** Agreement to follow occupancy guidelines and maintenance requirements.
 - iv.** Agreement to meet Program requirements.

- v. Agreement to surrender the house in the event of default or be subject to eviction.

D. The purchase price for the home will be determined at the time the home is completed and prior to the Program participant/tenant taking occupancy under the Lease Purchase Agreement. The purchase price shall be calculated based on the "Total Cost of Development" of the home. The "Total Cost of Development" will be calculated by SNHA and will include the total cost of construction as reflected in the construction contract, the cost of any site work and installation of utilities and infrastructure (if not included in the construction contract), all permitting and inspection fees, land acquisition costs (if any), and the cost of appliances and building mechanicals and systems and interior and exterior finishes and landscaping (if not included in the construction contract).

E. The term of the Lease Purchase Agreement shall be thirty (30) years. The monthly payment amount under the Lease Purchase Agreement shall be calculated by dividing the purchase price by the number of months in the term of the lease Agreement.

F. The monthly rental payments shall be credited by SNHA toward the purchase price, **however**, in the event the Program participant/tenant defaults under the Lease Purchase Agreement and the Lease Purchase Agreement is terminated, all rental payments made by the Program participant/tenant shall be forfeited. The Program participant/tenant shall not acquire any ownership interest in the home until such time as all obligations under the Lease Purchase Agreement have been satisfied and ownership of the home is transferred by SNHA to the Program participant/tenant in accordance with the Lease Purchase Agreement. Program participants/tenants shall be permitted to prepay the purchase price for the home.

G. The SNHA may establish, from time to time, written policies regarding performance and enforcement of the respective maintenance responsibilities of the Program participant/tenant. Each Program participant/tenant shall be responsible for maintaining the home in accordance with the Lease Purchase Agreement. In the event the Program participant/tenant fails to perform his or her maintenance responsibilities and SNHA performs the maintenance responsibilities of the Program participant/tenant maintenance, the Program participant/tenant shall be charged for the cost thereof.

H. Upon the expiration of the term of the Lease Purchase Agreement and compliance by the Program participant/tenant with all of his/her obligations under the Lease Purchase Agreement (including payment of all rent and other obligations under the agreement), SNHA will convey title to the property to the Program participant/tenant. The date of the conveyance shall be mutually agreed to by SNHA and the Program participant/tenant. All costs incidental to

the transfer of ownership, including costs of a survey, title search, document preparation and recording, shall be paid by the Program participant/tenant. SNHA will deliver documents necessary to convey all of its right, title and interest in the property, subject to easements and restrictions of record. In the event the Program participant/tenant has failed to comply with all of his or her obligations under the Lease Purchase Agreement as of the expiration of the term of the Lease Purchase Agreement, he or she will vacate the home and a participant/tenant shall be selected.

I. Late Payments: Efforts to collect delinquencies will be in accordance with the SNHA Homebuyer's Eligibility, Admissions, & Occupancy Policy, Collection and Eviction Policy.