

## **Chapter 11 - Establishing House Payments for the Mutual Help and Homeownership Program**

### **11.1 Required Payments for the Mutual Help Program**

For the Mutual Help Program, under the 1937 Housing Act Mutual Help (“MHOA”) housing payments shall be based on 15% (percent) of adjusted monthly income but may not be less than the monthly administrative fee or more than the administrative fee plus monthly debt service. DVHA shall utilize all NAHASDA statutory adjustments and deductions. *For purposes of meeting house payment and related household requirements all participants must have adequate income from all sources to meet said household obligations.*

### **11.2 Required Payments for other DVHA Homeownership Programs**

For all other DVHA Homeownership Programs, monthly payments shall be established in accordance with program or financing requirements but shall not exceed 30 percent of adjusted monthly income. *For purposes of meeting house payment and related household requirements all participants must have adequate income from all sources to meet said household obligations*

### **11.3 Purchase Price Determination**

11.3.1 *Existing Structures.* The DVHA shall determine purchase price of an existing unit, through utilization of an appraisal by a DVHA Appraisal policy. The purchase price shall then be set by the DVHA Executive Director or designee taking into consideration the appraised value and reviewed by the BOC.

11.3.2 *Newly Built Homes.* Purchase price of newly built homes will be based on the dwelling construction costs. The purchase price shall then be set by the DVHA Executive Director or designee taking into consideration the construction costs and reviewed by the BOC.

### **11.4 Term of Payoff**

For existing Mutual Help Program units, the applicant can elect to choose a 15 or 25 year amortization option. If an applicant changes options or the terms are recalculated, it must be done through an amendment to their agreement. The home may be paid off sooner based upon the family’s monthly payment amount. However, if the family otherwise satisfies all of its requirements under the MHOA, any remaining balance owed on the home shall be forgiven after 25 years or 300 months. The same shall apply to the 15 year or 180 month terms under the HOOA.

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### **11.5 Monthly Equity Payment Account (MEPA) 1937 Housing Act Mutual Help Program only**

In the MHOA Program, if the monthly house payment exceeds the administrative fee, the amount of the excess shall be credited to the homebuyer's MEPA. (See MEPA Policy, Chapter 14)

### **11.6 Administrative Use of MEPA**

Upon conveyance of a paid off unit, under the MHOA Program, any MEPA left in the homebuyer's account will become proceeds of sale and remain with the DVHA to be used for affordable housing activities. (See MEPA Policy, Chapter 14)

### **11.7 Maximum House Payment**

In the MHOA or HOOA Program, the maximum payment shall be the sum of the monthly debt service on the unit plus the administrative charge/fee. For other DVHA Homeownership Programs, the maximum payment shall be equal to the total purchase price amortized for up to 15 or 25 years depending upon the length of the HOOA (at the applicable interest rate, if any, to be charged).