

Lender Packet

**Sovereign Grant Alliance:
Ely Shone Tribe**

Introduction

We would like to introduce you the Sovereign Grant Alliance. We are a government agency program that provides low to moderate-income homebuyers with funds to close the purchase of a home. The Sovereign Grant Alliance consists of the Ely Shoshone Tribe, which is a Federally Recognized tribe.¹ This means that they are sovereign governments and qualify as government entities for purposes of HUD guidelines. All funds come directly from the tribes. We have provided summary information on the program below as well as certain guidelines from HUD for your convenience.

HUD Guidelines

HUD has divided down payment assistance through secondary financing into three categories. These categories are as follows²:

1. Nonprofit and Nonprofit Instrumentality of Government DAPs. These programs must be approved by HUD and are subject to ongoing oversight. These programs administer block grants and receive HUD properties at substantial discounts that are supposed to be passed on to buyers and therefore are subject to approval and ongoing scrutiny by HUD.
2. Government Entity DAPs which provide secondary financing and require a lien on the subject property. No HUD approval is required for these entities, but the lien on the property must comply with guidelines established by HUD in Mortgagee Letters 94-2 and 2002-22 and HUD Handbook 4155.1 Rev-5, Paragraph 1-13A.
3. Gift Programs which simply gift funds to the borrower with no expectation of repayment of these funds by the borrower. No HUD approval is required for these entities. HUD Handbook 4155.1 Rev-5, CHG-1 Paragraph 2-10(c) indicates that government entities are included among the charitable organizations that may provide secondary financing under this category. HUD Handbook 4155.1 Rev-5, CHG-1 Paragraph 2-10(c) provides as follows:

Gift Funds. An outright gift of cash is acceptable if the donor is (1) the borrower's relative, (2) the borrower's employer or labor union, (3) a

¹ See Federal Register Vol. 67 No. 134.

² This information is on the HUD website at www.hud.gov/offices/hsg/sfh/np/sfhdap01.cfm.

charitable organization (non-profit), (4) a governmental agency or public entity that has a program to provide homeownership assistance to low- and moderate-income families or first-time homebuyers, (5) or a close friend with a clearly defined and documented interest in the borrower.³

The program provides a grant, with no attached lien or repayment obligations from the buyer. By operating as a government entity we are eligible to provide gift funds under HUD Handbook 4155.1 Rev-5, CHG-1 Paragraph 2-10(c). Operating under the second and third categories does not require approval by HUD, and we have not applied for such approval. Sovereign Grant Alliance meets all appropriate FHA requirements including those contained in Mortgagee Letters 94-2, 01-30, 02-27, 03-07, and HUD Handbook 4155.1 Rev-5; Paragraph 1-13A.

Sovereign Grant Alliance will provide funds to close for use towards down payment and closing costs. The homebuyer is not required to pay back the gift. This program is intended for low to moderate-income buyers. Assistance from the program comes from a pre-existing pool of funds. It is replenished by donations from sellers who participate in the program. Funds are available year round. Sovereign Grant Alliance is not a non-profit, 501(c)(3). We will not be subject to IRS Revenue Ruling 2006-27.

1) Current Program Guidelines

Borrower Requirements

- Must be owner occupied but there are no “first-time” buyer requirements.
- Must be low to moderate income buyers.
- Application must be made for individual homebuyers. No corporate entities or investors.
- Homebuyers must have the income and creditworthiness to qualify for a mortgage.
- Homebuyers are encouraged to complete a homebuyer education course. A homebuyer education course is offered to homebuyers by Sovereign Grant Alliance.
- Homes must appraise for the sales price and meet HUD FHA requirements.
- May be used in conjunction with other assistance programs.

³ To link to HUD Handbook 4155.1 click here [4155.1](#)

Property Requirements

- Sovereign Grant Alliance enforces no maximum purchase price.
- The loan amount must not be higher than the maximums FHA has established per county.
- Program assistance is available for single-family detached homes, manufactured homes, townhouses, condominiums, and one to four owner occupied units. Homes must be owner occupied
- The program may be used on properties nationwide.

Assistance Terms and Usage

The grant will be given on condition that the borrower complete the purchase of the home as described in their application for assistance. The funds provided may be used for any appropriate closing costs of the borrower, such as appraisal fees, titles fees, down payment, etc. The funds may not be used for any purpose unrelated to the purchase of a new home. Buyer is not required to pay back the funds provided they are used for the purchase the home listed in the application for funds.

2) Current Program Income Limits.

The program is to provide low to moderate-income homebuyers with funds to close the purchase of a home. Rather than establish limits on income, we have adopted the position that we will restrict home sales prices to those adopted by HUD and not open the program to investors, corporations or other third parties, thereby serving that portion of the population which most needs assistance.