

CHAPTER 25
KARUK TRIBE HOUSING AUTHORITY
HOME IMPROVEMENT GRANT/LOAN PROGRAM
POLICY AND PROCEDURES

I. Scope

The Karuk Tribe Housing Authority (KTHA), a Tribally Designated Housing Entity, wishes to establish fair, effective, and consistent policies and procedures for Karuk Tribal member in need of home improvement assistance. By using Native American Housing Assistance and Self-Determination Act (NAHASDA) funds, the KTHA will assist low and moderate income Native American families residing within the KTHA formula service area by providing assistance in removing all or most health and/or safety hazards, thereby making the dwelling safer for the occupants.

Funds will be allocated each year. The amount allotted to the program will be determined each fiscal year by the amount left from the previous year. Grants in the amount of \$10,000.00, or as determined by the KTHA Board of Commissioners will be available to families whose income does not exceed 40% of median; while loans will be available for families whose income does not exceed 80% of median. The interest rate for the loan will be 2%, or as determined by the KTHA Board of Commissioners. The KTHA will not be obligated to continue the program when funds have been exhausted.

II. Applicability

Funds will be utilized for Karuk Tribal members who own their home already, including members who have a current loan on their home. Loans may not be used for debt consolidation. Home and related site work may not exceed the grant/loan amount unless funding is obtained from a different source.

Applicants who are approved for the grant, will be required to sign a Grant Agreement for a term of ten (10) years in the amount of the grant prior to work commencing. KTHA will forgive 1/10 of the loan each year applicant lives in the home. In case of the sale of the property, the amount left on the grant agreement would be required to be paid at the time of sale.

III. Qualifications - Grant

(A) Applicant must be an enrolled member of the Karuk Tribe.

(B) Applicant must be residing within the Karuk Tribe Housing Authority formula area of Siskiyou or Humboldt County or the geographic districts as defined in Section 3 of the Karuk Tribal Constitution.

KTHA will use the definition that best fits the need of the Tribal member.

For the purposes of this program, annual income has one of the following meanings:

- (1) "Annual income" as defined for HUD's Section 8 programs in 24 CFR part 5, subpart F (except when determining the income of a homebuyer for an owner-occupied rehabilitation project, the value of the homeowner's principal residence may be excluded from the calculation of Net Family assets); or
- (2) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:
 - (i) Wages, salaries, tips, commissions, etc;
 - (ii) Self-employment income;
 - (iii) Farm self-employment income;
 - (iv) Interest, dividends, net rental income, or income from estates or trusts;
 - (v) Social security or railroad retirement;
 - (vi) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
 - (vii) Retirement, survivor, or disability pensions; and
 - (viii) Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony;
 - (ix) Real estate (excluding principal residence); or

KTHA will use the definition that best fits the needs of the Tribal member.

All income of members of the applicant's household who are at least 18 years of age will be considered for eligibility purposes.

IV. Guidelines for Loan

The Karuk Tribe Housing Authority will be the lien holder for a period not to exceed ten (10) years starting from the date loan paperwork is signed. Said loan shall be secured by a Deed of Trust. At the end of loan years, the KTHA will transfer title to the purchaser in all payments including interest and penalties have been paid in full.

KTHA will carry the note at 2% interest for the loan term. Payments will be amortized over the agreed upon years, not to exceed ten (10) years. Payments shall be applied to interest first and principal second.

Payments are due on the first day of each month. Payments made after the 15th day of the month in which it is due, will be assessed a late charge of 5% of the payment amount. If a loan recipient fails to make the required payment for two consecutive months, the KTHA will begin foreclosure in the appropriate court of jurisdiction.

Home shall be the primary residence. "Borrower/Grantee" will carry homeowner's insurance for the term of the loan/grant naming the KTHA as the first loss payee. Insurance must be for no less than the amount owed to KTHA. Applicant must provide proof of insurance with KTHA as the loss payee prior to work commencing.

KTHA will not assume maintenance or rehabilitation responsibility for the home.

The Head of Household must be an enrolled member of the Karuk Tribe. Borrower debt to income ratio may not exceed 41%. Borrower must be credit free from collections, excluding medical collections, and no bankruptcy filing within 5 years. Borrower must have no less than two years continual employment at current income level.

V. Priority

KTHA will identify the member families and/or individuals for consideration for the home loan program utilizing the following criteria.

1. Living Conditions
2. Inability to obtain loan through standard mortgage market
3. Income criteria as outlined in Section III
4. Employment History
5. Credit Report
6. Date of Application

Additional criteria to be used to select recipients will include greatest need in relation to income, condition of existing dwelling, and non-eligibility for obtaining financing from other sources.

VI. Application Requirements

- 1) Applicant household must meet the qualifications as stated in Section III.
- 2) Applications are available at KTHA. The application may be requested by mail, telephone, fax, or email. Completed application forms must be submitted in person or by mail with original signatures.
- 3) Applications shall be processed and prioritized in accordance with the priorities listed in section V. Household not receiving a loan/grant will be placed on a waiting list and shall not be required to reapply. However, the KTHA will require an annual verification and update of all information contained in the application. Information must be current and applicant must qualify at the time of award.
- 4) The identity and status of all household members shall be verified through birth certificates, Social Security cards, drivers' licenses, marriage certificates, divorce decrees, adoption papers, baptismal certificates, affidavits and other such documents. In particular, if both parents of a child are not in the household, proof of custody must be provided if inclusion of child is a factor in determining eligibility.
- 5) An applicant shall be eligible to receive KTHA home loan assistance on a one-time basis. The Board of Commissioners may consider exceptions on a case-by-case basis. If the Board of Commissioners determines that an applicant qualified for additional assistance, the applicant must wait a minimum of three years for the date of determination.
- 6) In the event Borrower/Grantee sells the home before loan is paid in full, Borrower/Grantee must repay said obligation to KTHA. In the case of a loan, borrower shall pay the balance of the loan at time of sale. In the case of a grant, the amount of the grant shall be prorated based on the amount of years the grant has been in place. In the event of death of Borrower/Grantee, immediate family members will be allowed to assume the loan/grant obligation. Immediate family members will be defined as spouse, child, grandchild, mother, father, brother, or sister.
- 7) Notification shall be sent to applicants (in writing) of their eligibility status within 30 days of receiving the application. Eligible applicants shall be given an approximate time period when funding shall be available. Applicants who are denied assistance through this program may request a hearing before the KTHA Board of Commissioners within 20 days of the date of the denial letter. Hearings will be held within 60 days from receiving the request by KTHA.

- 8) If, at any time either during the application process or after work is completed on the home, it comes to the attention of the KTHA and is determined that false, incomplete, or inaccurate information may have been provided regarding any eligibility factor, such information shall be investigated. If it is determined that fraud has been committed, the applicant shall be subject to penalties under applicable Federal, State, or Tribal laws. Such penalties may include but not be limited to, repayment of assistance that has been received or an application being withdrawn and deemed ineligible.
- 9) Prior to awarding of grant/loan funds, KTHA Building Inspector and/or Construction Manager will make a sight visit to determine what work will need to be done.
- 10) Once award of grant/loan is made to applicant, an Environmental Review will take place. Property must pass environmental clearance in order to receive assistance.
- 11) After environmental clearance has been established, KTHA Building Inspector and/or Construction Manager will oversee project completion. All work must be completed by a licensed contractor, or KTHA Force Account, as deemed appropriate (with applicant's approval) and when available. KTHA Procurement policies will be followed, unless Force Account is utilized.

CHAPTER 25
REHABILITATION & WEATHERIZATION
HOME IMPROVEMENT
GRANT/LOAN PROGRAM GUIDELINES

This is a Policy guide for the homeowner/occupant living in the Karuk Tribe Housing Authority Formula Area or the geographic districts as defined in Section 3 of the Karuk Tribal Constitution. This Policy is to assist Tribal members who qualify for very low to low incomes and who are homeowners to repair or improve their homes. Those repairs will result in the removal of all or most health and/or safety hazards, thereby making the dwelling safer for the occupants.

I. Eligibility Requirements for Grant

- 1) Must be a Karuk Tribal member.
- 2) Applicant must be owner/occupant of the single family dwelling – must be primary residence.
- 3) Applicant's income must be no more than 40% of median income levels as established by HUD.
- 4) Applicant must apply for the Rural Development Section 504 grant prior to receiving approval for this grant. This grant may be used in conjunction with the Section 504 Grant.
- 5) \$10,000 grant limit, unless otherwise determined by the KTHA Board of Commissioners.
- 6) Applicant will be required to sign a Grant Agreement for a term of ten (10) years prior to work commencing.
- 7) Applicant must agree to live in the home for no less than ten (10) years as specified in the grant agreement. In the event of the applicant's death within the ten (10) year period, immediate family members will be allowed to occupy the home for the remainder of the ten (10) years, in order to fulfill the applicant's obligation. Immediate family members, as defined by KTHA include: spouse, child, mother, father, brother, sister, or grandchild. KTHA will forgive 1/10 of the loan each year the applicant lives in the home.
- 8) Applicant agrees to carry homeowner's insurance on the home in no less than the amount of the Grant Agreement. Applicant must include KTHA as the loss payee on the policy.

II. Eligibility Requirements for Loan

- 1) Must be a Karuk Tribal member.
- 2) Applicant must be owner/occupant of the single family dwelling -- must be primary residence.
- 3) Applicant's income must be no more than 80% of median income levels as established by HUD.
- 4) Applicant must have sufficient income to repay the loan and a credit history indicating an ability and willingness to meet obligations when due.

III. Fund Limits and Terms

- 1) \$10,000 loan limit, unless otherwise determined by the KTHA Board of Commissioners.
- 2) Interest Rate for applicants between 41-80% of Median shall be 2%.
- 3) Maximum repayment term to be determined by KTHA Loan Committee – not to exceed 10 years.
- 4) Security will be by a Promissory Note secured by a Deed of Trust on the Property. Promissory Note will include a late charge of 5% of the payment amount and a "due-on-sale" provision.
- 5) If the property is sold, rented, leased or otherwise changes from primary residence of the borrower the entire loan must be repaid in full within six months.
- 6) Funds may not be used on Income producing properties.

IV. Grant/Loan Purposes

Grant/Loan funds may be used for repairs and improvements for health and safety hazards of the home.

Examples of authorized grant/loan purposes:

- a) Repairing or replacing roofs
- b) Repairing or replacing windows and screens
- c) Repairing structural components of the home
- d) Providing sanitary water and waste disposal systems, including hookups to community facilities
- e) Bathroom or laundry fixtures and facilities

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- f) Room additions when necessary to remove health hazard to family
- g) Insulation, weather-stripping, storm windows and doors
- h) Repair of mobile or manufactured homes provided the applicant owns the structure and the site has full foundation or is (or will be with the grant/loan funds) properly anchored and blocked, with skirting.
- i) Fees and expenses, legal fees, architectural fees, costs of permits, and reasonable connection fees.

Examples of unauthorized grant/loan purposes:

- a) Assisting in construction of new dwelling
- b) Cosmetic improvements not related to health and safety issues
- c) Moving a mobile or manufactured home from one site to another
- d) Paying packaging or placement fees, commissions or similar charges
- e) Paying for off-site improvements
- f) Refinancing debts other than obligations incurred for authorized purposes
- g) Making repairs on a dwelling in such poor condition that it will continue to be a major hazard to safety and health.

Homes repaired with the Home Improvement Loan/Grant program must be brought up as nearly as possible to minimum property standards for existing homes.

- Improvements and repairs must be done by licensed contractors with written bids for the work to be done.
- Three bids must be obtained for the work to be done. Two bids will be acceptable if you are unable to get three bids.
- In situations where deemed appropriate by KTHA management and with applicant's approval, KTHA Force Account will be allowed to complete the work, contingent on their availability. In this case, the requirements for three bids and licensed contractor to perform the work will be waived.
- KTHA may assign the KTHA Building Inspector or other designated individual to inspect home to determine whether the applicant and the home meet the needs and requirements of the loan/grant.
- No self-help projects will be approved.
- Construction contracts will include completion date and contractual clauses deemed necessary by KTHA.
- KTHA will retain all funds for the approved loan/grant and pay for work done and signed off by contractor and borrower. Work must be inspected and signed off by County/City Building Department prior to release of funds.
- KTHA to determine release of funds based on above criteria, lien releases, or other documentation.