

**KARUK TRIBE HOUSING AUTHORITY
HOME 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 members and other Native Americans who are in need of home loan 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 home loan assistance for purchasing a home and necessary infrastructure construction.

Five loans will be available each fiscal year, for a maximum amount of \$100,000.00 each. Four loans will be available for families whose income does not exceed 80% of median; one loan will be available for a family between 80 - 100% of median each year. The KTHA will award five home loans each fiscal year when funds are available and shall not be obligated to continue the program when funds have been exhausted.

The KTHA will make funding available for this program for five consecutive years. All payments will be placed in a "revolving loan" fund at the KTHA.

II. Applicability

Funds will be utilized for first time home buyers purchasing or constructing homes, foundation and infrastructure costs only. Loans may not be used for debt consolidation. Home and related site work may not exceed the loan amount unless funding is obtained from a different source.

"Borrower" can only be considered eligible for the revolving loan program, combining multiple programs funded by the IHBG [such as down payment assistance] will not be allowed.

III. Qualifications

Applicant must be an enrolled member of the Karuk Tribe of California or other federally recognized Indian tribe.

Applicant must be residing within the Karuk Tribe Housing Authority formula area of Siskiyou or Humboldt County.

Four households must be at or below 80% of median income; One household must be between 80 - 100% of median income.

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; or
- (3) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

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

IV. Guidelines

The Karuk Tribe Housing Authority will be the title holder for a twenty-five year period starting from the close of escrow secured by a Deed of Trust. At the end of twenty-five years, the KTHA will transfer title to the purchaser if all payments including interest and penalties have been paid in full.

KTHA will carry the note at 4% interest for the loan term. Payments will be amortized over twenty-five years; payments shall be applied to interest first principle second.

Payments are due on the first day of each month. Payments made after the 7th day of the month in which it is due, will be assessed a twenty dollar late charge. If a homebuyer fails to make the required payment for two consecutive months, the KTHA will begin foreclosure in the appropriate court of jurisdiction.

In the instance where the "Borrower" owns the land and is borrowing funds for construction, the "Borrower" will be required to sign a lease agreement which leases the land to the KTHA for the term of the loan effective the close of escrow.

Home shall be the primary residence. Applicants who are not first time homebuyers and have secured approval for assistance from the KTHA Housing Committee must agree to sell their existing home and apply a minimum of 80% of the proceeds from that sale to the loan on the home being financed by the KTHA.

"Borrower" will carry homeowners insurance for the term of the loan naming the KTHA as the lien holder and first insured. Insurance must be for no less than the amount owed to KTHA.

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

The Head of Household must be an enrolled member of the Karuk Tribe of California or other federally recognized Indian tribe.

Borrower debt to income ratio may not exceed 41%.

Borrower must have credit free from collections and no bankruptcy filing within 5 years.

Borrower must have no less than two years continual employment at current income level.

Borrower will be responsible for obtaining appraisal. KTHA will loan 97% of appraised value and require 3% cash down payment.

V. Priority

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

1. Karuk Tribal Members
2. Other federally recognized tribal members
4. Living Conditions
5. Inability to obtain loan through standard mortgage market
6. Income criteria as outlined in section III.
7. Employment History
8. Credit Report

9. 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. The KTHA Housing Committee shall award two loans each fiscal year. Households not receiving a loan 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. The KTHA may require proof that family has applied for and been denied loans through private sector financial institutions.
- 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 Housing Committee may consider exceptions on a case-by-case basis. If the Housing Committee determines that an applicant qualifies for additional assistance, the applicant must wait a minimum of three years from the date of determination.

- 6) The applicant must occupy the home within 30 days from the escrow closing date and must make this home their sole residence for no less than five years.
- 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 Housing Committee 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 purchase of 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.