

**Ketchikan Indian Community Housing Authority  
(KICHA)**

**HOME Partnership Program**

**I HAVE READ AND UNDERSTAND THIS DOCUMENT  
CONTAINED HEREIN.**

\_\_\_\_\_  
**NAME**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**CO-APPLICANT**

\_\_\_\_\_  
**DATE**

***THIS FRONT PAGE IS TO BE TURNED IN WITH  
APPLICATION.***

**Ketchikan Indian Community Housing Authority  
(KICHA)**

**HOME PARTNERSHIP PROGRAM**

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**SECTION ONE:  
STATEMENT OF KETCHIKAN INDIAN COMMUNITY  
HOUSING AUTHORITY**

The KICHA housing program shall comply with all applicable regulations of the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996 and shall be updated periodically to reflect compliance.

In compliance with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no otherwise qualified individual with handicaps shall solely by reason of his or her handicap be excluded from participation in, be denied the benefits of, or be subjected to discrimination under this program.

**SECTION TWO:  
PROGRAM SUMMARY DESCRIPTION**

The housing program is specifically designed to increase the availability of affordable housing by attacking barriers at several levels simultaneously:

- Credit- Pre-screening program applicants, seeking credit-worthy low and very low income homebuyers with a stability of income and a demonstrated ability and history of meeting financial obligations.
- Affordability- buying down the amount of the client selected home by up to \$20,000.00 down, which the housing program holds as a Second Mortgage for 15 years.
- Support- Assisting credit worthy eligible applicants in successfully working through the process of making an application for a bank loan for the remainder of the purchase price of the selected home.
- Cash flow - Providing closing costs up to \$2,000.
- An additional \$2,000 down payment will be the responsibility of the buyer.
- Counseling- assisting the new homeowners to understand and appreciate responsibilities of home ownership.

Should the homeowner sell the property within the first five years, the Housing Program will recover 100% of the 2<sup>nd</sup> Mortgage plus interest (4% minimum) amount as part of any sales transaction. Sale of the property between the fifth and final year of their note would result in a diminishing portion of repayment of the 2<sup>nd</sup> Mortgage. All funds recovered through the sale or repossession of homes as described above will be returned to be utilized to supplement the housing program. Program funding can therefore be recycled and utilized to assist future generations of hopeful prospective homeowners.

### **SECTION THREE: PURPOSE AND LOCATION OF PROGRAM**

The KICHA housing program is designed to increase homeownership and affordable housing opportunities to eligible low income and very low income Alaska Native and American Indians in the Ketchikan area. The program provides limited housing program loans to eligible applicants as they finance a home or construct a new home. The program provides counseling on homeownership to eligible applicants as they progress from an applicant to homebuyer.

### **SECTION FOUR: ELIGIBILITY**

Eligibility requirements must be met by persons selected for the housing program:

1) The applicant(s) must be “first time homebuyers” which is defined as an individual or his/her spouse who has not owned a home during the 3-year period before the purchase of a home with housing funds, except that:

(a) Any individual may not be excluded from consideration as a first time homebuyer on the basis that the individual, while married, owned a home with his or her spouse or resided in a home owned by the spouse; and

(b) Any individual who has inherited a portion of a home and does not reside in the home may be considered for housing program funds based on the eligibility determination of the KICHA Program Director.

2) KICHA will provide Buy-Down loans to individuals and families whose household income does not exceed **80% of the published median income established by the Secretary of Housing and Urban Development**. The annual income shall be determined by KICHA on the basis of an examination of income at the time of the initial application and recertification prior to closing. Because of the unusual nature of income patterns in Alaska, KICHA shall, in cases where an annual income is seasonal or sporadic (i.e. fishing, construction, etc.), use a three-year average of the individual or family whose income cannot otherwise be determined. This must be verified by the past three years’ signed tax returns. If self-employed, provide the last three years’ signed personal and business tax returns. The profit and loss statements and balance sheet to the nearest quarter are also needed.

If applicable, the mortgage loan documents and divorce decree for single parents and displaced homemakers.

3) The applicant must complete all required forms and supply requested information.

4) The applicant must be able to provide a portion of the initial cash down payment for the home they choose from their own assets.

5) To be eligible, the applicant(s) must be willing to sign a second Mortgage Agreement which includes a Resale Restriction Agreement and Option to Purchase, Note Rider, Deed of Trust, Deed of Trust Promissory Note, Deed of Trust Rider and Subordination Agreement.

### **INELIGIBILITY:**

Individuals or families, who have applied for the housing program and who, for any reason, have been determined to be ineligible; will be notified by KICHA in writing. The notification shall state the reasons for their ineligibility. All information relative to the rejection of the applicant shall be documented and placed in the applicant's file.

Applicants may be considered ineligible for not meeting Sections 1 through 5 above or for any of one or more of the following:

- 1) Providing false information on the application.
- 2) Failing to complete required forms or to supply requested information.
- 3) Failing to provide a copy of the mortgage loan documents and divorce decree, in the case of the first time homebuyer who is either a displaced homemaker or single parent who owned a home with their spouse.
- 4) Employees, agents, consultants, officers or elected or appointed officials of the participation jurisdiction, state recipient, or subrecipient which are receiving housing funds are ineligible for housing funds during their tenure or for one year thereafter unless approved by HUD.
- 5) Committing fraud in connection with any HUD Program, or failing to disclose previously committed fraud in connection with any HUD Program.
- 6) Applicants who appear on HUD's list of suspensions, debarments and limited denials of participation.
- 7) Applicants who are currently or in the past 3 years have been homebuyers in any governmental program are not eligible for the housing funds.
- 8) Applicants who have had previous assistance through housing loan funds.

All requests will be reviewed by KICHA and written notification of selection or denial will be provided based on the information submitted by the applicant.

An applicant who has been determined ineligible for the housing program may request a second determination within 30 days of the date on the written notification. The applicant may resubmit eligibility documentation at the time of the second determination. A written notification of selection or denial will be provided based on the information resubmitted by the applicant.

KICHA will establish a file containing the application and written notification of denial on all ineligible applicants.

The Ketchikan Indian Community Housing Authority (KICHA) HOME Program is funded by a grant from the U.S. Department of Housing and Urban Development (HUD), and administered by KICHA. There are a limited number of home loans available in this grant. Those persons who obtain primary financing and close their loans first will receive funding.

The program is designed to increase affordable housing for Alaska Natives and American Indians who are income qualified as determined by HUD.

Applicants must meet all of the following requirements to be eligible for the KICHA HOME Program:

- Applicant must be a first time homebuyer (someone who has not owned a home in the past three years) and,
- Applicant must have an annual income at or below the median income limits established and published by HUD.

Applicants must give true and complete information.

- All information provided on household composition, income and family assets must be accurate and complete to the best of the applicant's knowledge.
- Any misinformation or failure to provide complete information can result in termination from the HOME Program.

## **SECTION FIVE: HOME BUY-DOWN LOAN PROGRAM**

The KICHA housing program is designed to increase homeownership and affordable housing opportunities for eligible low-income Alaska Native and American Indians applicants in the Ketchikan Indian Community area. The program provides housing loans to eligible applicants as they finance a home or construct a new home. The program also provides counseling on homeownership to eligible applicants as they progress from being an applicant to a homebuyer.

The housing loan program is a loan provided to eligible applicants who successfully qualify for a mortgage loan for a single-family home through a lending institution insured by the FDIC. The housing loan contains resale restrictions and an option to purchase is granted to KICHA through the resale restrictions and an option to purchase is granted to KICHA through the Second Mortgage Loan Documents. The purpose of the resale restrictions and option to purchase by KICHA is to ensure the project remains affordable to individuals who are low income for a period of fifteen years for acquisitions.

The housing loan is provided to eligible applicants for closing and down payment costs and to buy down on the cost of the home. The loan provides up to \$2,000 towards closing costs that are normally attributed to the buyer.

Before an eligible applicant accepts the housing loan, they must understand and execute the Second Loan Documents at the closing of the loan. The housing program staff is available for any questions about the Second Loan Documents. KICHA will only provide the housing loan to eligible applicants who execute the first loan and second loan documents.

Counseling is available to applicants as they progress from being an applicant to a homeowner. The purpose of the counseling is to ensure the applicant understands the home buying process, and as a new owner, understand their responsibilities as homeowners.

### **HOME BUY-DOWN LOAN PROGRAM**

Those applicants who have been determined eligible for the KICHA housing program and have been approved for a mortgage loan from a lending institution are eligible to receive the housing loan contingent on the availability of funds. The housing loan contains the Resale Restrictions and an option to purchase is given to KICHA.

### **BUY DOWN LOAN ASSISTANCE**

KICHA will: provide a loan to Buy Down up to \$20,000 and up to \$2,000 for closing costs, will hold a Second Mortgage and an Option to Purchase Agreement on the home.

If the owner sells or loses the home in the first five years of the loan, they must pay KICHA the full amount of the Buy-Down Loan plus interest in an amount equal to Wells Fargo one-year certificate of deposit rate but not less than four percent (4%).

If the homebuyer sells or transfers the home to a qualified individual (in accordance with Sections VII and VIII of the Resale Restriction Agreement and Option to Purchase), the subsequent homebuyer shall fulfill the remaining requirements of the affordability period.

After five years, the repayment of the Buy Down is reduced each year for those owners who have complied with their legal obligations in the second Loan documents. After fifteen years, the Buy Down is forgiven.

The following repayment schedules outline the repayment schedule:

### **REPAYMENT SCHEDULES**

15-year Repayment Schedule for  
\$20,000 Buy Down

**15 Years**

**Example**

< 5 Years	January 2008 – December 2013	104%
6 Years	January 2014 - December 2014	90%
7 Years	January 2015 - December 2015	80%
8 Years	January 2016 - December 2016	70%
9 Years	January 2017 - December 2017	60%
10 Years	January 2018 - December 2018	50%
11 Years	January 2019 - December 2019	40%
12 Years	January 2020 - December 2020	30%
13 Years	January 2021 - December 2021	20%
14 Years	January 2022 - December 2012	10%
15 Years	January 2023 - December 2023	0%

Once an applicant has been determined eligible for the program and all required forms and counseling have been completed, the applicant will be advised to make an appointment with a lending institution of their choice.

The lending institution must be willing to participate in the housing program and its requirements. A Release of Information form will be completed so that housing is able to communicate with the lending institution. An eligibility letter will be sent by housing to the lending institution.

The lending institution the applicant chooses will provide a loan application for the applicant to complete. The lending institution will develop a Good Faith Estimate for the applicant, estimating the total purchase price they may be eligible for.

The applicant is solely responsible to pay for the Credit Report ordered by the lending institution, regardless of the outcome of the loan decision.

Applicants will be required to sign a Subordination Agreement with the lender and housing. The Subordination Agreement is to show that housing program's loan is in second position when it comes to a payoff of the loan within the payoff schedule.

The Second Mortgage Documents are required of the borrower to establish the borrower obligations to housing and the obligations and housing program rights with respect to the property if the obligations are breached. Specifically included are certain prohibited transfers, which the borrower cannot make, and if made, triggers housing's ability to foreclose on the property.

Once the lending institution has approved the applicant's loan, they must notify housing of their decision. The housing program will work with the financial institutions, closing companies and escrow companies identified by the applicant in closing the Second Mortgage Loan. Both the first and second loans must be closed and recorded at the same time. At the closing of the First and Second Mortgage Loans, housing will provide a check in the amount totaling the Buy Down, and Closing Costs. The buyer will pay his/her down payment to the Title Agency at closing.

The housing program will retain the originals of all the signed documents for the second loan which include: Deed of Trust, Promissory Note and Note Rider, Resale Restriction Agreement and Options to Purchase.

### **Closing the Loan:**

Several documents need to be executed by the prospective owner for the lending institution and KICHA housing program at the closing of the loan. The housing program's loan documents need to be executed and recorded at the same time the lender loan is closed.

The following checklist outlines the documents KICHA housing program must have in its files for each prospective owner before closing the Second Mortgage Loan:

- Verification of income being within published income limits.
- Verification of first time homebuyer
- Intake counseling complete
- Loan Application Counseling complete
- Financial lending institute identified with release of information form signed by applicant.
- Closing Company identified with copy of Title Insurance Policy
- Housing Quality Standards Inspection conducted and passed.
- Environmental Review conducted by KICHA.

### **Project Requirements:**

There are a number of program requirements that the owner, HUD and KICHA housing program must meet during the life of the loan. This is in addition to those specified on the second Loan Documents. The following provides an overview of the requirements:

#### **Owner**

1. The home must be the primary residence of the owner.
2. If the owner finances a home in a flood plain, they must annually purchase flood insurance adequate to cover the first and second mortgage loan. The owner must provide a certification of insurance to KICHA annually. The cost for flood insurance is not included in the owner's monthly mortgage payment to the lender.

3. The home the owner purchases must pass the ICBO Inspection as required by HUD and KICHA.
4. The initial purchase price of the home must not exceed the mortgage limit set by HUD for the type of single family housing for the area.
5. The maximum per unit subsidy may not exceed the total development cost standard for the area as issued by HUD.
6. If the home or new construction is financed with a mortgage insured by HUD, the affordability period must be equal to the term of the HUD insured mortgage.
7. Purchase of a manufactured housing unit qualifies as affordable housing only if the unit:
  - a) Is situated on a permanent foundation;
  - b) Is connected to permanent utility hook ups;
  - c) Is located on land that is held in a fee-simple title, land trust or long-term ground lease with a term at least equal to that of the appropriate affordability period, and
  - d) Meets construction standards

### **KICHA**

1. The housing program will ensure requirements of the Second Loan Documents are met.
2. The housing program will provide counseling as requested or needed
3. The housing program shall comply with all applicable regulations of HUD and shall update the policies periodically to reflect compliance.
4. In accordance with NAHASDA guidelines, KICHA will conduct the Environmental Reviews for the housing program.

### **SECTION SIX: COUNSELING**

KICHA housing program shall provide counseling opportunities to applicants and homebuyers in the housing program. The purpose of the counseling program shall be:

- 1) To enable the applicant or homebuyer to understand the responsibilities that accompanies participation in the housing program;

- 2) To enable the applicant or prospective homebuyer to understand the home buying process;
- 3) To enable the applicant and prospective buyer to understand homeownership tasks, with specific training given to individuals as the need and readiness for counseling or training indicates;
- 4) To develop an understanding of the role of housing program and the need for a cooperative relationship between the homebuyer and KICHA.

The Counseling Program follows the following guidelines:

- 1) Intake Counseling
- 2) Loan Application Counseling
- 3) Post-Occupancy

#### **INTAKE COUNSELING:**

Each potential applicant for housing program is required to participate in Intake counseling to insure understanding of the housing program. This shall consist of the following:

- 1) The applicant will be provided with a fact sheet and a Letter of Interest for the housing program. The fact sheet outlines the eligibility requirements of the program.
- 2) If the applicant decides they want a determination on their eligibility for the program, they must:
  - a) Make an appointment with the housing program staff and obtain a copy of the checklist to know what information they need to bring to the appointment.
  - b) Complete and return all required housing program forms and supply requested information at the time of the appointment.

#### **LOAN APPLICATION COUNSELING:**

Once the applicant completes the Letter of Interest, and has been scheduled for the first appointment, they are required to participate in the Loan Application Counseling. This will consist of, but is not limited to, the following:

- 1) The applicant will be provided a copy of "A Guide to Homeownership" to enable the applicant to better understand the home loan and homeownership requirements.

- 2) The applicant will be given a copy of the housing program Summary. The Summary will be reviewed so the applicant will understand how the program is used to assist them in purchasing a home.
- 3) The staff will provide information on the loan process including the methods and different loan programs lenders use to determine the applicants mortgage loan amount, dealing with real estate agents, choosing the home, home inspections, finalizing the loan and future maintenance on the home.
- 4) The staff will, at the applicants' request, provide copies of an actual mortgage loan application for their review. The applicant will also be provided with copies of the different forms and brochures, which explain loan programs, earnest money agreements, good faith estimates, budgeting, maintenance, and calculating monthly mortgage payments and the different costs involved in closing on their mortgage loan.
- 5) Applicants will be advised to contact a financial institution of their choice to determine if they qualify for a mortgage loan.
- 6) Applicants who are determined eligible to participate in the housing program are required to attend a second meeting so the housing staff can review the Second Loan Documents with the applicant to ensure they understand them.
- 7) The applicant will be provided with a copy of the Second Loan Documents to further review or have them reviewed by an attorney of their choice. Applicants are advised that such a review will be at their cost.
- 8) Applicants who are eligible for the program will be given a letter of introduction informing the lender that the applicant appears to be eligible for the program.
- 9) Once the applicant has chosen a home, the housing staff shall inform the applicant of the final processes involved in closing on their mortgage loan.
- 10) When the closing company and/or financial institution have the final figures required for the closing of the loan, they will submit them to the staff for review. The staff will then verify the amounts and request a check for the closing company or financial institution.

**POST OCCUPANCY:**

Post occupancy counseling is designed to assist the homebuyer during the KICHA housing program loan period. During this period, the homebuyer may contact the housing staff at any time to request information or referrals to assist them through the home buying process. This counseling shall include but is not limited to the following:

- 1) Budget Counseling/Community Resources

- 2) Home Maintenance
- 3) Refresher review of Second Loan Documents
- 4) Termination from the program.

#### **SECTION SEVEN: MONITORING**

KICHA shall work with the homebuyer to ensure the success of their homeownership. In that effort, the homebuyer's first mortgage lender of delinquent homebuyer accounts shall notify the housing program. Upon receipt of any delinquent notices, the housing staff will contact the homebuyer to assist in resolving the problem.

At any time during KICHA housing program loan, the homebuyer may contact the housing staff to obtain information and/or counseling or referrals.

#### **SECTION EIGHT: TERMINATION FROM PROGRAM**

Completion of Program Requirements:

The provisions set forth in the Resale Restriction and Option to Purchase Agreement (Agreement) relating to the KICHA Purchase Option shall terminate and become void automatically after fifteen (15) years for acquisitions. Upon termination of the Agreement, upon request of the then record owner of the fee title to the property, KICHA and any other Optionee shall execute, acknowledge, and record a termination of the Agreement. Any unfulfilled obligations of any Owner shall survive the termination of the Agreement but the Agreement shall no longer affect title to the residence.

The homebuyer's legal obligations for the First Mortgage Loan will remain as stated in those documents.

#### **Default of Second Loan Documents:**

If a homebuyer is found to be in default of any portion of the Second Loan Documents, KICHA will provide counseling to the homebuyer in an effort to resolve the problem.

If the homebuyer defaults on the Second Loan Documents, the following steps will be initiated:

- 1) The KICHA will arrange a meeting with the homebuyer to discuss the default of the Second Loan Documents;
- 2) The KICHA will work with the homebuyer to develop a specific plan of action to correct the default of the Second Loan Documents;
- 3) The KICHA will monitor the homebuyer's plan of action on a BI-monthly basis until the default is corrected;
- 4) If the homebuyer continues to default on the Second Loan Documents, KICHA may elect to foreclose on the homebuyer.

If the homebuyer is in default of first Mortgage Loan Documents, the following steps will be initiated:

- 1) The KICHA will arrange a meeting with the homebuyer to discuss the default to determine whether the problem may be resolved;
- 2) The KICHA may refer the homebuyer to credit counseling or other professional resources as a means to resolve the problem;
- 3) If the default can not be resolved and the lending institution holding the First Mortgage Documents forecloses on the property, KICHA may elect to exercise its Option to Purchase the property as defined in the Resale Restriction Agreement and Option to Purchase Document.

### **Transfer of Home Prohibited Transfer**

Any attempt by the homebuyer to make a Prohibited Transfer of title or any interest in the property in violation of the Second Loan Documents shall be void and subject to exercise by the Optionee of the Purchase Option described in Section VI of that document.

### **Permitted Transfers by Owner**

The following transfers are not considered Prohibited Transfers and therefore are not subject to exercise by the Optionee of the Purchase Option:

- (i) Transfer by gift, devise, or inheritance to the homebuyer's spouse or natural or adopted children;
- (ii) transfer of title by a homebuyer's death to a surviving joint tenant, tenant by entireties, or surviving spouse of community property;
- (iii) transfer of title to a spouse as part of divorce or dissolution proceedings;
- (iv) granting of leasehold interest or rental of the residence for a period of less than a year; or
- (v)

transfer of title or interest in the residence to the spouse in conjunction with marriage; providing, however: (vi) that the Second Mortgage Document covenants shall continue to run with the title to the property following said transfers; and (vii) that an instrument be executed, acknowledged and recorded by the Transferee containing the following covenant:

This residence is subject to the Resale Restrictions Agreement and Option to Purchase and Transferee, on behalf of Transferee and Transferee's successors and assigns, covenants and agrees to be bound by and perform the Agreement, and to include in any further transfer of the residence the covenant required by Section VII (b) of the Agreement.

A Transferee who satisfies the condition of Section VII (b) of the Resale Restriction Agreement and Option to Purchase in the Second Loan Documents shall then be the homebuyer.

The homebuyer may also transfer the home if the conditions of Section VIII of the Resale Restriction Agreement and Option to Purchase are satisfied. The homebuyer must notify housing at least thirty business days prior to the sale of transfer of the property. Housing will approve or disapprove of the proposed Transferee within thirty business days after receiving the homebuyer's notice. In the event housing does not disapprove of the proposed transfer by notice to the homebuyer within thirty business days after the owners notice, housing shall be deemed to have approved the proposed Transferee.

Within thirty business days after approval pursuant to Section VII (b), the Transferee shall execute an agreement under the terms of which the Transferee shall assume the obligations and duties and agree to be bound by the restrictions of the Agreement, by written and recorded instruments provided in Section VII (b) of the Resale Restriction Agreement and Option to Purchase.

#### **Procedure on Sale of Home by Owner:**

If the homebuyer no longer desires to own the property, and intends to make a transfer of title to any interest in the property which, unless the homebuyer complies with Section IX of the Resale Restriction and Option to Purchase Agreement, would be a Prohibited Transfer. The homebuyer must notify housing of their intent. Upon receipt of the notice, housing shall then have the right to exercise its Purchase Option by delivery of notice to the homebuyer of such exercise at any time within thirty business days from the receipt by the Optionee of such written notice from the homebuyer of intent to sell or otherwise transfer the residence.

If housing exercises its Option to Purchase the property, closing shall be through an escrow with the title insurance company issuing the owners title insurance policy. The closing shall be within sixty days of the opening of escrow by both parties. Housing will notify the homebuyer of its intent to exercise the Purchase Option soon after the escrow has been opened. In the event housing decides to assign the Purchase Option, the opening of the escrow may be postponed no more than thirty business days after the homebuyer is notified by the housing of its intent to exercise its

Purchase Option to select a new Optionee. In the event housing postpones opening of the escrow and is unable to select such an assignee, housing retains the right to open escrow and complete the purchase provided the escrow is opened within thirty business days and the sales transaction is completed within ninety days from the homebuyer's notice of intent to sell.

Up to ten days before close of escrow, the homebuyer may give notice to housing of the homebuyers' intent to terminate the escrow. Housing shall retain the right by notice to the homebuyer to complete the purchase of the property for an additional period of ten days commencing from the date of the receipt of notice the homebuyer's intent to terminate the escrow.

### **Transfer by Homebuyer if Purchase Option is not exercised**

In the event KICHA does not exercise its Purchase Option within thirty business days of the homebuyer's notice pursuant to the Resale Restriction and Purchase Option, the homebuyer may offer the residence to anyone.

### **Payments to Ketchikan Indian Community Housing Authority**

If the homebuyer loses or sells the home within the first five (5) years from the day of signing the Second Mortgage Documents, the homebuyer will owe KICHA for the full amount of the Second Mortgage Loan, plus interest. A Promissory Note executed at the time of closing will be enforced in the event of sale or loss of the home.

If the homebuyer loses or sells the home after five (5) years to the end of the affordability period, the homebuyer will owe KICHA for a percentage of the Buy Down, plus interest, on the original purchase price of their home. A Promissory Note executed at the time of closing will be enforced in the event of sale or loss of the home.

## **SECTION NINE INCOME AND DEDUCTIONS**

### **INCOME:**

1. Annual income is the anticipated total income from all sources received by the family head and spouse (even if temporarily absent) and by each member of the family, including all net income derived from assets, for the twelve (12) month period following the effective date of initial determination or re-certification of income, exclusive of certain types of income as defined in Section 6.3.
2. Income includes, but is not limited to:

- a) The full amount, before any deductions, of wages and salaries, overtime pay, commission fees, tips, bonuses and other compensation for personal services (including Alaska Permanent Fund dividends for all household members);
- b) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance of depreciation of assets used in a business or profession may be deducted, based on a straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except the extent of the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- c) Interest, dividends and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in the above paragraph. The costs that would be incurred in disposing of the assets will be excluded from income. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets in excess of \$5,000. Annual income shall include the greater of the actual income derived for all family assets or a percentage of the value of such assets based on the current passbook savings rate as determined by HUD.
- d) The full amount of period payments received for Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
- e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (exception to this is under 3-c of this Section).
- f) Periodic and determinable allowances, such as alimony and child support payments and regular contributions of gifts received from persons not residing in the dwelling.
- g) All regular pay, special pay and allowances of a member of the Armed Forces; and
- h) Any earned income tax credit to the extent it exceeds income tax liability.

3. Annual family income does not include the following:

- a) Income from employment of children (including foster children) under the age of 18 years.
- b) Payments received for the care of foster children (including their Alaska Permanent Fund Dividend);
- c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workman's compensation), capital gains and settlement for personal or property losses.
- d) Amounts received by the family, which are specifically for or in reimbursement of, the cost of medical expenses for a family member.
- e) The income of a live-in aid shall not be counted as income. A live-in aid is defined as a person who resides with an elderly, disabled, or handicapped person and; (1) is determined by KICHA to be essential to the care and well-being of the person; (2) is not obligated to support the person; and (3) would not be living in the unit except to provide necessary supportive services.
- f) Amounts of educational scholarships paid directly to the student or to the educational institution and amounts paid by the government to a veteran for use in meeting the cost of tuition, fees, books, supplies, transportation, and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that are available for subsistence is to be included as income.
- g) The special pay to a family member serving in the armed Forces who is exposed to hostile fire.
- h) Amount received under training programs funded by HUD.
- i) Amounts received by a disabled person that are disregarded for a limited time for purposes of supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
- j) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc) and made solely to allow participation in a specific program.
- k) Temporary, non-recurring, or sporadic income (including gifts).
- l) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance under NAHASDA.

## **INCOME LIMITS**

HUD establishes the income limits on an annual basis. KICHA HOME Program income limits are determined, per area and family size, at the most current 80% of median income published.

*These limits are revised annually*

<b>1 Person</b>	<b>2 People</b>	<b>3 People</b>	<b>4 People</b>	<b>5 People</b>	<b>6 People</b>	<b>7 People</b>	<b>8 People</b>
<b>44,350</b>	<b>50,700</b>	<b>57,050</b>	<b>63,350</b>	<b>68,450</b>	<b>73,500</b>	<b>78,600</b>	<b>83,650</b>

## **SECTION TEN SOCIAL SECURITY NUMBERS**

Listed below are the procedures used to insure that each family discloses and verifies Social Security Numbers for family members over the age of six years.

- 1) The homebuyer and all family members, over the age of six years, must provide verification of each family member Social Security Number (SSN). Verification can be in the form of the following:
  - a) A photocopy of a valid SSN card issued by the Social Security administration of the Department of Health & Human Services for all family members six years and older.
  - b) A valid State Driver's License disclosing the SSN.
  - c) A valid State Identification card disclosing the SSN.
  - d) A statement or verification received by the individual from the Social Security Administration disclosing the SSN.
  - e) Any documentation provided by the family that does not disclose, or Verify the individual's SSN will be rejected for verification purposes.
2. Additionally, the following applies to the documentation and verification of SSN's.
  - a) For those family members who do not have a SSN assigned to them, they need only to certify this fact. No further action by the family or the KICHA is required.
  - b) For those family members that do have a SSN assigned to them, are able to provide the number itself, but are unable to provide documentation of the number at the time, must certify to this fact.
3. The family members have sixty days from the date of the certification to provide the documentation of the SSN to KICHA.

- a) Homebuyers must disclose and verify SSN's at their interim reexamination. Homebuyers shall be granted the same sixty days as outlined above if needed to verify the SSN's. Homebuyers who fail to verify the SSN after the sixty days shall have their application rejected.
  - b) The head of household or spouse must execute the certification that a family member under the age of 18 years, either does not have a SSN, or that the family member under the age of 18 does have a SSN but is unable to provide documentation.
  - c) An additional extension of up to sixty days must be provided to an applicant that is 62 years or older for documenting or certifying their SSN.
4. Once a particular family member has documented their SSN, re-verification or re-documentation of a particular SSN is not required, unless:
- a) The family adds a member that is age six or older, the new member must disclose and document their SSN, or certify that no SSN has been assigned.
  - b) If a family member ages six or older is assigned a new SSN then that family member must disclose their new SSN.
  - c) If a family member age six or older, who previously certified that no SSN had been assigned to them, subsequently is assigned a SSN, then that new SSN must be disclosed and documented.