

# **SPOKANE INDIAN HOUSING AUTHORITY**

## **Home Improvement Loan Program**

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Approved: April, 26, 2001; Amended: April 18, 2002; Nov. 24, 2003;  
Oct. 26, 2006; June 22, 2017; June 5, 2019

## **HOME IMPROVEMENT LOAN PROGRAM**

### **A. INTRODUCTION**

The Home Improvement Loan Program provides all Spokane Tribal members living within the boundaries of the Spokane Indian Reservation a financial resource to make necessary improvements to their home to keep or bring the home back to standard condition. Other financial resources may be applied for if the family would like to do work on or expand the home for reasons other than keeping the home safe, sanitary, and in standard condition. This program also assures consistent and fair treatment of all homebuyers.

The home improvement loan program may supplement or replace use of the Equity Use Policy for Mutual Help homebuyer improvements or other housing emergencies.

### **B. ELIGIBLE USES OF FUNDS**

1. Repairs, replacements, and upgrades to existing homes
2. Building an addition to home.

### **C. FUNDS AVAILABILITY**

Funds for this program will be allocated by the Board of Commissioners from time to time as funds are available and from funds returned in the form of repayment with interest, as outlined in this program.

### **D. LOAN FEES**

**Credit Report Fee.** If the housing authority must acquire a credit report, working with local resources or credit bureaus in Spokane, the applicant will pay the cost of the report. A single bureau report will suffice, as opposed to reports from the three major credit bureaus.

### **E. ELIGIBILITY REQUIREMENTS**

1. The applicant must be a Spokane Tribal member living within the boundaries of the Spokane Indian Reservation.
2. Applicant must not have any past due unpaid debts owed to the Spokane Indian Housing Authority, and have a payment history of on time payments for at least twelve months prior to loan approval.

3. Applicants may be required to participate in a housing authority sponsored or approved homebuyer education program prior to their selection, to obtain information about the loan process and homeownership responsibilities.
4. Applicants must show the housing authority that they are capable of repaying the loan, including not being over a 41% debt to income ratio.
5. The property must be a home **within the boundaries** of the **Spokane Indian Reservation**.
6. If the property is to be leased, a minimum of **50 years must be the term of the initial lease** to assure that the term **of the lease** is longer than the term of the home improvement loan, and the lease must be assignable if there is **need for a foreclosure** and reselling of the leasehold interest to another qualified homebuyer chosen by the housing authority.
7. The applicants must maintain the dwelling as their primary place of residence for the loan period while paying off the loan.

**F. REPAIRS AND REPLACEMENTS**

Available loan funds can be used for repairs and replacements, using the following guidelines:

1. A written request, specifying the exact proposed use of the funds, must be given to the Housing Authority before any work can be authorized.
2. Available loan funds can be used for non-routine repair or replacement of a major system, the failure of which threatens the health or safety of the Family. Major systems include the following:

Carpet & Floor Repair/Replacement	Septic Tank or Drain Field Repairs
Roof Repairs or Replacement	Plumbing System Repairs
Electrical Wiring Repairs	Heating Systems
Exterior Window Upgrades	Foundation Repairs
Handicap Access Conversion	New Well and System
Kitchen Cabinets	Exterior Deck & Porches
Interior Wall Moving (i.e. larger bedroom)	Structurally Attached Garages or Carports

3. Repair work will need to be done by qualified carpenters, electricians or licensed contractors who will be responsible for proper insurance and liability. Insurance may be required depending upon the scope of work. All work done by a contractor will need to be warranted for a minimum of 12 months. All work must be done in accordance with the uniform building code. The contractor and the homebuyer are required to meet with authorized staff before any work proceeds.

## ADDITIONS

Available loan funds can be used for building an addition onto a home when the housing authority determines that the home's current bedroom and bathroom are inadequate, making it a health and safety concern. Loan funds may also be utilized if the homebuyer wants to expand or to improve the usefulness of the home. The following process will be used:

1. A written request, specifying the exact proposed use of the funds, must be given to the Housing Authority before any work can be authorized.
2. The homebuyer will submit to the housing authority a written proposal with a request to use home improvement loan funds showing the existing house floor plan, drawings of the proposed addition, an estimated cost for material and labor, the contractor or person who will do the work, and estimated schedule outlining the process and time involved from beginning to completion. All work has to be done according to Uniform Building Code (UBC) requirements. All work will be inspected by the housing authority according to the scheduled plan.

## H. HOME IMPROVEMENT LOAN REPAYMENT

1. Homebuyers are required to repay the loan amounts used for this or any other purpose, including all interest charges, according to the procedures stated in the Spokane Indian Housing Authority Collection Policy.
2. The interest rate charged will be five percent (5%), compounded monthly until paid in full. An amortization schedule will be provided to the Homebuyer detailing the amount of principal and interest owed and paid throughout the loan period. Homebuyers will be allowed to prepay the amount owed **to the Housing Authority** without penalty.
3. A repayment agreement must be signed before any funds are paid out. For current homebuyers, the amount of monthly payment will be in addition to the regular monthly payment made to the housing authority.

## I. LOAN AMOUNTS AND REPAYMENT PERIODS:

1. 

Up \$2,499	12 Month Amortization
\$2,500 to \$4,999	36 Month Amortization
\$5,000 to \$9,999	60 Month Amortization
\$10,000 to \$25,000	Up to a 120 Month Amortization
2. Use of home improvement loan funds can only be used for one purpose at a time. As the loan is paid in a timely manner, without late payments, the applicant may request a refinance loan up to the total amount qualified and not to exceed

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the 41% total debt to income ratio. The refinance loan will require incorporating the existing loan with a new payment and amortization schedule. At the time of reapplying for a loan, if already served by the loan program, priority will be given to applicants who have not been served by the program.

**J. HOME INSURANCE REQUIREMENTS:**

**Current Homebuyers:** For additions that increase the square footage of the home, the housing authority will insure the original home before the additional square footage, using its insurance company to insure the structure. The current homebuyer will be required to pay for any additional insurance for the additional square footage if they want it insured for fire or other perils.

**Paid-off Homebuyers:** The homebuyer will be responsible for their own insurance after their home is paid in full on the basis of the equity statement. The insurance company will submit a certificate of insurance to the housing authority. If a certificate is not provided annually, the loan will be considered in default.

**K. COLLATERAL AND SECURITY**

A leasehold interest in the home will be held as collateral and security until the loan is repaid in full. For current homebuyers title to the home will not be given to the homebuyer until all debt is paid in full. Paid off homebuyers will sign a leasehold mortgage for the home as collateral and security for the loan.

**L. DEFAULTS IN PAYMENTS**

Any default in payments on home improvement loans will result in the initiation of collection proceedings according to the Collections Policy. If the default is not corrected, the result will be loss of house by the Homebuyer. To use available MEPA funds a homebuyer must provide documentation that shows a verifiable medical or financial emergency exists that would severely limit a Family's ability to make their monthly payment. Use of the MEPA funds are available only as long as the emergency exists. For loans made to homebuyers who have previously paid their home off, but have defaulted on the home improvement loan, the loss of home will be the final result.

Amended by the Board of Commissioners on June 5, 2019.

  
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Timothy Horan, Executive Director