



Little River Band of Ottawa Indians
375 River Street
Manistee, Michigan 49660
(231) 723-8288

Resolution # 05-1221-711

Adopts Access to Homeownership Initiative Act

WHEREAS, the status of the *Gaá Čhíng Zíłbi Daáwaa Aníshinaábek* (Little River Band of Ottawa Indians) as a sovereign and Treaty-making power is confirmed in numerous treaties, from agreements with the initial colonial powers on this land, to various treaties with the United States; and

WHEREAS, the Little River Band of Ottawa Indians (Tribe) is descended from, and is the political successor to, the Grand River Ottawa Bands, signatories of the 1836 Treaty of Washington (7 Stat. 491) with the United States, as reaffirmed by federal law in P.L. 103-324, enacted in 1994; and

WHEREAS, the Tribe adopted a new Constitution pursuant to a vote of the membership on May 27, 1998, which Constitution became effective upon its approval by the Assistant Secretary-Indian Affairs on July 10, 1998; and

WHEREAS, the Tribe adopted amendments to the Constitution on April 26, 2004, which became effective upon approval by the Assistant Secretary-Indian Affairs on May 13, 2004; and

WHEREAS, the Tribal Council is authorized under Article IV, Section 7(a) to provide for the public health, peace, morals, education and general welfare of the Little River Band and its members; and

WHEREAS, the Tribal Council is authorized under Article IV, Section 7(i)2 to manage any funds within the exclusive control of the Little River Band and to appropriate these funds for the benefit of the Tribe and its members; and

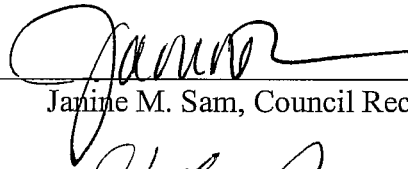
WHEREAS, the Access to Homeownership Initiative Act was properly posted for public comments for the period of time mandated by the Administrative Procedures Act, and that no comments were made, Tribal Council in a final work session on December 13, 2005 adopted the final text of the Access to Homeownership Initiative Act; and

WHEREAS, the Housing Department charged with the administration of the programs created by the Access to Homeownership Initiative Act is mandated to submit a budget request to fund these programs for the incoming year, via a supplementary budget appropriation request.

NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby adopts the Access to Homeownership Initiative Act and requests the Housing Director for a prompt submission of a budget supplementary appropriation to fund the programs of the Act for the incoming year.

CERTIFICATE OF ADOPTION

I do hereby certify that the foregoing resolution was duly presented and adopted by Tribal Council with 8 FOR, 0 AGAINST, 0 ABSENT, 0 ABSTAINING, and 1 VACANT, at a regular meeting of the Little River Band of Ottawa Indians Tribal Council held on December 21, 2005, at the Little River Band's Dome Room in Manistee, Michigan, with a quorum being present for such vote.



Janine M. Sam, Council Recorder



Stephen Parsons, Council Speaker

Attest:

Distribution:

ACCESS TO HOMEOWNERSHIP INITIATIVE ACT

Ordinance # _____

Article I. Purpose; Findings

1.01. *Purpose.* The purpose of this ordinance is to develop a comprehensive Access to Homeownership Initiative by creating a Down Payment Assistance Program, a Closing Costs Assistance Program, a Refinancing Incentive Program, and a Homeownership Education Program. These programs are designed to assist Tribal members who are either buying, building, planning to buy or build, or who currently own a house, either within or outside the Reservation or Trust Lands boundaries. The overall purpose of the Access to Homeownership Initiative is to provide a variety of Tribal housing initiatives to promote homeownership and to provide tangible financial assistance to help them defray some of the costs associated with homeownership or refinancing of current mortgage loans. The Homeownership Initiative also includes an educational segment represented by the Homeownership Education and Credit Assistance Program.

1.02. *Findings.* Tribal Council finds that:

a. It is delegated responsibility, in Article IV, Section 7(a) of the Constitution, "to exercise the inherent powers of the Little River Band by establishing ordinances through the enactment of ordinances and adoption of resolutions not inconsistent with this Constitution:

1. to govern the conduct of members of the Little River Band and other persons within its jurisdiction;
2. to promote, protect and provide for public health, peace, morals, education and general welfare of the Little River Band and its members,"

b. It is further delegated responsibility, in Article IV, Section 7(j) of the Constitution, "to take action not inconsistent with this Constitution or Federal law, which shall be necessary and proper to carry out the sovereign legislative powers of the Tribe.

c. It is an essential element of providing for the health, peace, and general welfare of the Tribal members to encourage homeownership.

d. Tribal members interested in achieving homeownership normally face a difficult time meeting the down payment requirement to qualify for a mortgage loan,

e. It is necessary to utilize existing low-down payment programs and further develop tribal programs to assist Tribal members achieve homeownership by helping them overcome some of the obstacles they face, such as the inability to meet down payment requirements.

f. Further, it is also a reality that closing costs can be prohibitive and may prevent Tribal members from pursuing homeownership; thus, a program is needed to help members overcome such obstacles,

g. There are Tribal members who already own a home with a mortgage tied to an interest rate higher than current market interest rate and who would benefit with refinancing their mortgage debt, but do not refinance because the costs involved in such process are very high; therefore, a program is needed to help Tribal members with some of the costs associated with refinancing a mortgage debt; and,

h. It is necessary to develop and/or effectively utilize a combination of existing homeownership education programs to encourage and assist the membership with homeownership as well as credit requirements.

Article II. Adoption; Amendment; Short Title; Severability

2.01. *Adoption.* This ordinance is adopted by the Tribal Council by resolution # _____.

2.02. *Amendment.* This ordinance may be amended by Tribal Council in accordance with the Constitution and the procedures set forth herein.

2.03. *Short Title.* This Ordinance may be cited as the Homeownership Initiative Act.

2.04. *Severability Clause.* If any provision of this Ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the

provisions of this Ordinance are severable.

Article III. Definitions

3.01. *General Definitions.* For purposes of this Ordinance, certain terms are defined in this Article. The word shall is always mandatory and not merely advisory. In addition, terms and expressions used in this Ordinance shall be also interpreted as defined by the Leasehold Mortgage Program Act.

3.02. *Tribe* means the Little River Band of Ottawa Indians.

3.03. *Tribal Council* means the Tribe's governing body.

3.04. *Tribal member* means an individual enrolled as a member of the Tribe.

3.05. *Down payment* means the amount of money in cash or deposit required up front for a conventional lender or mortgagee as a condition to grant a mortgage loan. The down payment amount is usually expressed as a percentage of the total cost of the real estate subject of the transaction and does not cover closing costs.

3.06. *Closing costs* means the expenses assessed at the time of closing a mortgage transaction which are separate and apart from the purchase price and interest.

3.07. *Refinancing* means negotiation of different interest rate or term in a mortgage loan or paying a mortgage loan with money from a new loan.

3.08. *Credit Report/Scores* mean the personal credit evaluation report issued by any of the nationally recognized credit bureaus upon the request of a lender or the borrower. Such scores reflect the credit worthiness of the applicant, expressed in standard scores linked to certain levels of debts, delinquency and other similar factors.

Article IV. Down Payment Assistance Program,

4.01. The purpose of this Ordinance is to establish a Tribal Down Payment Assistance Program to encourage homeownership among Tribal members regardless of their place of residence and income level. Assistance through this Program is available to purchase an existing home or to build a new house which may be located on fee land or trust land.

4.02. To be eligible for the program the individual must be a Tribal member, over 21 years of age, who at the time of the application does not own a house. A Tribal member who currently owns a house does not qualify to receive down payment assistance to purchase a second home. However, a Tribal member who sells his/her existing home and agrees to apply proceeds from the sale to purchase/build a new home, which will be used as his primary residence, could qualify for assistance, provided that he had not been granted down payment assistance within the seven years prior. In addition, the Tribal member must demonstrate (s)he has been pre-qualified to receive either a conventional mortgage or a Section 184 or similar Loan Guarantee. The sole assumption of an existing mortgage does not qualify for this down payment assistance program. The home purchased through this assistance must be a single family residence and become the legal residence of the Tribal member. Tribal Members who fail to maintain the home as a permanent primary residence or subsequently acquire an additional interest in another home shall forfeit future access to this program.

4.03. The sum granted for down payment assistance shall be 2.25% of the total purchase price, but not to exceed the sum of \$3,375.00. The maximum amount supra corresponds to 2.25% of a \$150,000 loan. Tribal Council may from time to time establish by resolution a different maximum loan amount to use as the parameter of the top sum allowed as down payment assistance. The actual sum will be calculated based on the purchase price of the house irregardless of the amount of money the Tribal member borrower has available independently from the down payment assistance, or any other money applied to the purchase price as earnest money.

4.04. The resources available for down payment assistance are limited and intended to benefit a large segment of the membership, therefore a Tribal member who has already been granted down payment assistance is not entitled to a new grant until seven years have elapsed from the date of the closing.

4.05. The Down Payment Assistance Program will be administered by the Housing Department. To

this effect, the Housing Department is hereby authorized to prepare the proper applications and establish management and processing guidelines. The Housing Department cannot add more requirements than those established in this Ordinance.

4.06. The Housing Department must submit to the Tribal Ogema and Tribal Council a separate budget request to fund the Program on a yearly basis and submit a Program Report to the Ogema and Tribal Council on a monthly basis, stating the number of grants issued and the number of grants denied, further specifying the reasons for the denial. The Housing Department shall provide a Program Evaluation and recommendations on a yearly basis, at the time of the department's budget request.

4.07. Upon approval, the Housing Department will issue the tribal member a certificate stating the exact amount of the down payment available to the member. Unless other arrangements are made, the sum approved as down payment will be sent directly to the financial institution that pre-qualified the Tribal member prior to the closing date, or will otherwise be made available at the date of closing.

Article V. Closing Cost Assistance Program.

5.01. The purpose of this Ordinance is also to establish the Closing Cost Assistance Program to further encourage homeownership among Tribal members regardless of their place of residence and income levels. Assistance from this program is available to cover all or part of the closing costs associated with the purchase of an existing home or the costs associated with the closing of a loan to build a new house located on either fee or trust land. This program is designed to work in conjunction with the Down Payment Assistance Program described above; so, a Tribal member who qualifies to receive down payment assistance is also entitled to receive closing costs assistance. Tribal members cannot access this program except through the down-payment assistance program.

5.02. To be eligible for the program the individual must be a Tribal member who is 21 years old or older, and who has also qualified for the Tribal Down-Payment Assistance Program.

5.03. The sum granted for closing costs assistance shall be 1.00% of the total purchase price, but not to exceed the sum of \$1,500.00. The maximum amount supra corresponds to 1.00% of a \$150,000 loan. Tribal Council may from time to time establish by Resolution a different maximum loan amount to use as parameter of the top sum allowed as closing costs assistance. The actual sum will be calculated based on the purchase price of the house irregardless of the amount of money the Tribal member borrower has available independently from the down payment assistance or closing cost assistance, or any other money applied to the purchase price as earnest money.

5.04. The resources available for closing costs assistance are limited and intended to benefit a large segment of the membership, therefore a Tribal member who has already been granted closing costs assistance is not entitled to a new grant until seven years have elapsed from the date of the closing, provided that, as stated above, the Tribal member has listed his current house for sale and intends to use the proceeds of that sale to purchase the second home.

5.05. The Closing Costs Assistance Program will be administered by the Housing Department. To this effect, the Housing Department is hereby authorized to prepare the proper applications and establish processing guidelines. The Housing Department cannot add more requirements than those established in this Ordinance.

5.06. The Housing Department must submit to the Ogema and Tribal Council a separate budget request to fund the Program on a yearly basis and submit a Program Report to the Ogema and Tribal Council on a monthly basis, stating the number of grants issued and the number of grants denied. Likewise, and in conjunction with the yearly Down-Payment Assistance Program Evaluation, the Closing Cost Assistance Program shall also be evaluated on a yearly basis, the submission of which is due at the time of the submission of the Housing Department budget.

5.07. Unless otherwise arranged, the sum approved as closing costs assistance will be sent directly to the financial institution that pre-qualified the Tribal member prior to the closing date, or will be made available at the date of closing. To assure a clear separation of expenditures, this financial

assistance shall be provided separately from any down-payment assistance.

Article VI. Refinancing Assistance Program.

6.01. The purpose of this Ordinance is also to establish the Refinancing Incentive Program (Refinancing Program) to encourage homeowners to refinance their mortgage debt if the prevailing market interest rates are below the rate their loans are locked into. This program is available to refinance mortgage loans on an existing home located in fee land or trust land regardless of its geographical location. The program is not designed to cover all of costs associated with refinancing but it does offer a strong incentive to encourage tribal members to refinance existing loans when it is in their financial best interests to do so.

6.02. To be eligible for the program the individual must be a Tribal member who at the time of the application owns a house financed on a mortgage loan, and by refinancing can reduce the monthly mortgage payment by a minimum of \$30.00 per month. There are no age limitations associated with this program.

6.03. The sum granted for refinancing assistance shall be \$1,000.00, regardless of the amount of the loan or the fees associated with the refinancing of an existing mortgage.

6.04. The resources available for refinancing assistance are limited and intended to benefit a large segment of the membership, therefore a Tribal member who has already been granted refinancing assistance is not entitled to a new grant until three years from the date of closing of the refinanced loan. Tribal members who had been granted down payment assistance will not be able to request refinancing assistance before three years of the date of closing of the new mortgage.

6.05. The Refinancing Incentive Program will be administered by the Housing Department. To this effect, the Housing Department is hereby authorized to prepare the proper applications and set up the processing guidelines. The Housing Department cannot add more requirements than those established in this Ordinance.

6.06. The Housing Department must submit to the Tribal Ogema and Tribal Council a separate budget request to fund the Program on a yearly basis and submit a Program Report to the Ogema and Tribal Council on a monthly basis, stating the number of grants issued and the number of grants denied. This program will be evaluated on a yearly basis, with such program evaluation due upon the submission of the Housing Department's yearly budget.

6.07. Unless other arrangements are made, the sum approved through the Refinancing Incentive Program will be sent directly to the financial institution that is processing the Tribal member's refinancing application prior to the closing date, or will be made available at the date of closing.

Article VII. Homeownership Education and Credit Assistance Program

7.01. This Ordinance also establishes the Homeownership Education and Credit Assistance Program for the purpose of helping Tribal members understand the process of acquiring a home, including the obligations and rewards that come along with homeownership, as well as to assist those Tribal members who may not meet the credit qualifications required by the financial institutions to extend a mortgage loan due to past debts, delinquency, bankruptcy or other factors.

7.02. The Homeownership Education program model to be utilized is any program that qualifies as such for HUD or Fannie Mae subsidized loans. The National American Indian Housing Council's Pathways Home is one example of these types of programs currently available. This program is recommended for all applicants to the Down Payment Assistance Program and Closing Costs Assistance Program. Tribal Members who qualify for a mortgage are not required to complete the program. Tribal Members who cannot qualify for a mortgage on their own must complete this course, or equivalent course, as recognized by the Housing Department. Course work will be available locally through the Housing Department or on-site as it available in locations accessible to where the Tribal member resides. For tribal members without such access, on-line and/or long-distance education sessions may be required.

7.03. The Credit Assistance Program is a component designed to offer Tribal members guidelines

and assistance related to achieving a credit score as required by the financial institutions before they will grant a mortgage loan. This is a voluntary program that requires the commitment of the Tribal member as well as an authorization granted to the Housing Department to inquire, on behalf of the Tribal Member, his/her credit records, his cooperation with possible credit arrangements, pay-outs and such, that will be aimed at repairing the credit of the member. The member shall participate in the program for as long as he remains interested in improving his credit rating to levels that qualify him to access reasonable mortgage terms. The Housing Department may stop the assistance at any time the member so requests or the member stops complying with the guidelines suggested by the Program staff. This program is purely assistive and educational in nature. The Housing Department is strictly prohibited from handling the personal finances of any Tribal member. All payments agreed upon with lenders, shall reflect the obligation of the member with the lender, without any financial or surety involvement of the Tribe. The Housing Department may enlist technical assistance as may be available through lending institutions, legal advice as may be necessary from time to time, as well as services through HUD approved credit counseling agencies when more intensive services as may be required.

7.04. The Homeownership Education Program is voluntary for individuals who are qualified for the Tribal Down Payment and Closing Costs Assistance Programs and mandatory for Tribal Members who do not qualify for a mortgage on their own. The Credit Assistance Program is not mandatory. It is voluntary and recommended for individuals who have credit problems and/or have been denied mortgage credit and are prepared to work their credit related obstacles to achieve homeownership.

7.05. The Housing Department must submit to the Tribal Ogema and Tribal Council a separate budget request to fund these two related programs on a yearly basis, submit a combined Program Report to Ogema and Tribal Council on a monthly basis. An evaluation of these programs is due at the time of the submission of the department budget.

Article VIII. Funding, Retroactive Application, Effective Date

8.01. Funding for all the programs established in this Ordinance will be authorized on an annual basis by Tribal Council as part of the Housing Department Budget and the normal Tribal budgeting process. The Housing Department must individually submit a Budget request for each of these programs as part of their regular budget submission.

8.02. Tribal members who have already purchased or refinanced a home which would have met the requirements of eligibility for any of the programs established in this Ordinance between September 21, 2005 and the date this Ordinance goes into effect, would still be eligible to have the expenses paid for down payment, closing costs or refinancing costs, being reimbursed up to the limits established for each program herein.

8.03. This Ordinance will enter into effect upon Tribal Council's adoption and subsequent to the allocation of funding.

Posted Completed.

12/13 Final Work Session; approved with some language corrections.