

KARUK TRIBE HOUSING AUTHORITY
CHAPTER 5
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Mutual Help Home Ownership Opportunity Program

MUTUAL HELP OCCUPANCY AGREEMENT

TABLE OF CONTENTS

Article I *Parties: Definitions*

Article II *MH Contribution*

Article III *Actions upon completion: Commencement of occupancy*

Article IV *Required Monthly Payments*

Article V *Inspections and Warranties: Maintenance and use of home: Utilities*

Article VI *Home buyer's reserves and accounts*

Article VII *Purchase of home*

Article VIII *TDHE home ownership financing*

Article IX *Termination of agreement*

Article X *Succession upon death, mental incapacity or abandonment*

Article XI *Miscellaneous*

Article XII *Cross references to defined terms*

ATTACHMENTS

Attachment I *Mutual Help Agreement*

Attachment II *Purchase Price Schedule*

This form of MHO Agreement shall be used for all Mutual Help Projects placed under ACC on or after March 9, 1976, the effective date of the Indian Housing Regulations (24 CFR Part 805). Pending conversion in accordance with section 805.428 of a project placed under ACC prior to that date, and TDHE shall continue to use for such project the form of MHO Agreement previously in use (HUD - 53044, July 1967) with the following provision added to it:

"The participant hereby agrees that when the project is converted in accordance with 24 CFR 805.428, he shall execute the form of Mutual Help and Occupancy Agreement applicable for such converted project."

MUTUAL HELP AND OCCUPANCY AGREEMENT

ARTICLE I
PARTIES; DEFINITIONS

1.1 Parties

This Mutual Help and Occupancy Agreement ("Agreement") is entered into by and between
("TDHE") and the Homebuyer whose signature(s) appears below. The TDHE has entered into an
Annual Contributions Contract ("ACC") with the US Department of Housing and Urban
Development ("HUD") under which the TDHE will develop a Project under the HUD Mutual Help
Homeownership Opportunity Program in compliance with HUD requirements. Under this
Agreement, the TDHE will give the Homebuyer an opportunity to achieve ownership of a Home in
the Project in return for fulfilling his obligations to make a contribution to the development of the
Project, to make monthly payments based on income, and to provide all maintenance of the
Home. The terms and conditions of this Agreement are attached hereto in duplicate original, and
the Homebuyer hereby acknowledges receipt of one such original.

TDHE

By: _____
(Official Title)

(Homebuyer)

(Homebuyer's Spouse)

(Date)

() Initial Homebuyer
() Subsequent Homebuyer

1.2 Definitions: In addition to the definitions listed below, certain
Construction Contract terms as used herein shall have the same meaning
as in the Construction Contract.

Administration Charge: The amount budgeted per unit month for the
following operating expense categories (and any other operating expense
categories included in the TDHE's HUD-approved budget for fiscal year or
other budget period): a) administrative salaries; legal expenses;
postage; telephone and telegraph; accounting services; office supplies;
space, maintenance and utilities; b) premiums for fire and other
insurance; payments in lieu of taxes, if any, payroll taxes, etc.; c) a
contribution to the Project Operating Reserve which is maintained by the
TDHE for payment of operating expenses other than this item c).

Construction Contract: The contract for construction in the case of the
Conventional method, or the Contract of Sale in the case of the Turnkey
method.

Home: The dwelling unit covered by the MHO Agreement, including the
homesites, as identified in Exhibit A of this Agreement or any other
dwelling unit and homesite in the Project (as indicated by the context).

Homebuyer: A Homeowner who has achieved ownership of his/her Home.

HUD: The US Department of Housing and Urban Development.

TDHE Homeownership Financing: TDHE financing for purchase of a Home by an eligible Homebuyer who gives the TDHE a Promissory Note and Mortgage for the balance of the purchase price (see Article VIII).

MEPA: The Monthly Equity Payments Account (see Section 6.2(a)).

MH: Mutual Help.

MH Contribution: A contribution of land, work, cash, materials or equipment toward the development cost of the Project in accordance with a Homebuyer's MHO Agreement, credit for which is to be used toward purchase of a Home unless used earlier to pay for maintenance or other obligations of the Homebuyer.

MHO Agreement: A Mutual Help and Occupancy Agreement between the TDHE and a Homebuyer.

MH Program: The Mutual Help Homeownership Opportunity Program.

Project: The entire undertaking to provide housing as identified in the ACC, including all real or personal property, funds and reserves, rights, interests and obligations, and activities related thereto to be developed and operated by the TDHE.

ARTICLE II MH CONTRIBUTION

2.1 Land Contributions:

- (a) Certain land as identified in Exhibit A of this Agreement as leased or conveyed to the TDHE, or will be so leased or conveyed before execution of the Construction Contract, as a contributed site for the Home. This land is valued at \$ _____, which amount shall be pooled with the values attributed to other contributed homesites in the Project.
- (B) The aggregate value of all the homesites contributed to the Project is \$ _____. The Homebuyer's share (MH credit) of this aggregate is \$ _____.

2.2 Disposition of Contributions on Termination Before Date of Occupancy:

If this Agreement is terminated by the TDHE or the Homebuyer before the Date of Occupancy, the Homebuyer shall not receive any reimbursement or return of property on account of any contribution, unless the TDHE make a determination, subject to HUD approval, that the termination is warranted by reason of unforeseen circumstances beyond the Homebuyer's control or other unforeseen compelling circumstances. If such determination is made:

- (a) The Homebuyer shall have no right to any reimbursement or return of property on account of the value of any MH work contribution.

ARTICLE III ACTIONS UPON COMPLETION; COMMENCEMENT OF OCCUPANCY

3.1 Notice:

- (a) Upon acceptance by the TDHE from the contractor of the Home as ready for occupancy, the TDHE shall determine whether the Homebuyer's full MH Contribution has been provided and, in the event of an affirmative determination, the Homebuyer shall be notified in writing that his Home is available for occupancy as of a date specified in the notice ("Date of Occupancy").
 - (b) If the TDHE determines that the Homebuyer has not fully provided his MH Contribution, the Homebuyer shall be so notified in writing and:
 - (1) the notice shall specify the time by which the Homebuyer's full MH Contribution shall be provided and shall state that the homebuyer may not commence occupancy until the Homebuyer's full MH Contribution has been provided, or;
 - (2) If there is special justification for permitting occupancy prior to completion of the Homebuyer's MH Contribution (such as prevention of vandalism or unacceptable hardship to the family) and there is reasonable assurance that the Homebuyer will complete the MH Contribution within an acceptable time, the notice may contain a Date of Occupancy. In such case, the notice shall state that the Home may be occupied on such date provided that a written agreement has been entered into by the Homebuyer, the TDHE and the contractor (if MH work is involved) specifying the schedule and other details for the completion of the MH Contribution.
- 3.2 Lease Term: The term of the Homebuyer's lease under this Agreement shall commence on the first day of the calendar month following the Date of Occupancy and shall expire when the Initial Purchase Price has been fully amortized in accordance with the Homebuyer's Purchase Price Schedule (see Sections 7.2(b) and 7.3(b)) unless this Agreement is previously terminated or the Homebuyer previously acquires ownership of the Home.
- 3.3 Credits to MH Reserves: Promptly after the Date of Occupancy, the TDHE shall credit the amount of the MH Contributions to the appropriate Reserves in accordance with Section 6.1 and shall provide the Homebuyer and the tribal government with a statement, approved by HUD, of the amounts so credited.

**ARTICLE IV
REQUIRED MONTHLY PAYMENT**

- 4.1 Amount of Required Monthly Payment:
- a) The Homebuyer shall pay to the TDHE during the term of the lease a monthly payment ("Required Monthly Payment") equal to the greater of: (1) the Administration Charge, or (2) an amount based on family income and composition as determined from time to time by the TDHE and required according to a schedule adopted by the Authority and approved by HUD. In no event shall the Required Monthly Payment exceed such limitations as may from time to time be established in the United States Housing Act of 1937 and regulations issued in accordance therewith.

- b) If the Required Monthly Payment exceeds the Administration Charge, the amount of the excess shall be credited to the Homebuyer's Monthly Equity Payments Account (see Section 6.2(a)).
- c) If the effective date of termination of this Agreement or acquisition of ownership occurs on other than the last day of a calendar month, the Required Monthly Payment for that month shall be prorated.

4.2 Adjustments in the Amount of the Required Monthly Payment:

After the initial determination of the Homebuyer's Required Monthly Payment, the TDHE shall increase or decrease the amount or such payment to reflect changes in the Homebuyer's Family Income (pursuant to the reexamination of the family's earnings and other income by the TDHE).

4.3 Time of Payment: The Homebuyer's Required Monthly Payment shall be due and payable on the first day of each month.

**ARTICLE V
INSPECTIONS AND WARRANTIES;
MAINTENANCE AND USE OF HOME;
UTILITIES**

5.1 Inspections; Responsibility for Items Covered by Warranty:

a) Inspection before Move-In and Identification of Warranties:

- (1) In order that there shall be a record of the condition of the home as of the Date of Occupancy, an inspection of the Home by the TDHE and the Homebuyer shall be made as close as possible to, but not later than, the Date of Occupancy. After the inspection, the TDHE inspector shall give the Homebuyer a written statement, signed by the inspector, of the condition of the Home and equipment. If the Homebuyer concurs with the statement, he shall sign a copy of the statement. If the Homebuyer does not concur, he/she shall state his/her objections. The inspector shall note all such objections on the statement, and the differences shall be resolved by the TDHE.
- (2) On or before commencement of occupancy of the Home, the TDHE shall furnish the Homebuyer with a list of applicable contractor's, manufacturers' and suppliers' warranties, as well as those covered by the contractors' warranties. At each inspection, the TDHE shall obtain a signed statement from the occupants as to deficiencies in the structure, equipment, grounds, etc., so that it may enforce any rights under the applicable warranties.

b) TDHE Periodic Inspections: The TDHE shall inspect the Home no less often than annually during the contractor's warranty period or periods. The inspections shall include the items covered by manufacturers' and suppliers' warranties, as well as those covered by the contractors' warranties. At each inspection, the TDHE shall obtain a signed statement from the occupants as to any

deficiencies in the structure, equipment, grounds, etc., so that it may enforce any rights under the applicable warranties.

- c) Responsibility for Items Covered by Warranty: Independent of the TDHE inspections required by Section 5.1(a) and (b), it shall be the responsibility of the Homebuyer during the period covered by Sections 5.1(a) and (b) and subsequently for the duration of the applicable warranties, to promptly inform the TDHE of any deficiencies arising during the warranty periods (including manufacturers' and suppliers' warranties) so that the TDHE may enforce any rights under the applicable warranties. If a Homebuyer fails to report such a deficiency in time, and the TDHE is subsequently unable to obtain redress under the warranty, correction of the deficiency shall be the responsibility of the Homebuyer.
- d) Inspection Upon Termination of Agreement: If this Agreement is terminated for any reason after commencement of occupancy, the TDHE shall inspect the Home, after notifying the Homebuyer of the time for the inspection, and shall give the Homebuyer a written statement of the cost of any maintenance work required to put the Home in satisfactory condition for the next occupant (see Section 9.4(a)(1)).
- e) Homebuyer Participation in Inspection: The Homebuyer shall be notified that his/her representatives may join in any inspection made pursuant to this section.
- f) Permission for Inspections: The Homebuyer agrees to permit the TDHE to inspect his Home at reasonable hours and intervals during the lease term in accordance with rule established by the TDHE.

5.2 Maintenance:

- a) Homebuyer's Responsibility for Maintenance: The Homebuyer shall be responsible for all maintenance of the Home, including all repairs and replacements (including repairs and replacements necessitated by damage from any cause). The TDHE shall not be obligated to pay for or to provide any maintenance of the Home other than the correction of warranty items reported during the applicable warranty period.
- b) Homebuyer's Failure to Perform Maintenance:
 - 1) Failure of the Homebuyer to perform his/her maintenance obligations constitutes a breach of this Agreement. Upon a determination by the TDHE that a breach has occurred, the TDHE shall require the Homebuyer to agree to a specific plan of action to cure the breach and to assure future compliance. The plan shall provide for maintenance work to be done within a reasonable time by the Homebuyer, or to be done by the TDHE and charged to the Homebuyer's MEPA. If the Homebuyer fails to agree to a reasonable plan or fails to carry out the agreed to plan, this Agreement shall be terminated in accordance with Sections 9.1 and 9.2.
 - 2) If the condition of the property creates a hazard to the life, health or safety of the occupants, the TDHE shall have the work done, and charge the cost thereof to the Homebuyer's MEPA in accordance with Section 6.3(a).

- 3) Any maintenance work performed by the TDHE shall be accounted for through a work order stating the nature of and charge for the work. The Homebuyer shall receive a copy of all work orders for his/her Home.

5.3 Homebuyer's Responsibility for Utilities: The homebuyer agrees to furnish his/her own utilities. The TDHE shall have no obligation to do so. However, if the TDHE determines that the Homebuyer is unable to provide his/her utilities, and that this inability creates conditions that are hazardous to the life, health or safety of the occupants, the TDHE may provide the utilities and charge the Homebuyer's MEPA for doing so (subject, however, to the limitation provided at Section 6.3(d)).

5.4 Obligations with Respect to Home and Other Persons and Property:

The Homebuyer agrees:

- a) To use the Home only as a place to live for (1) himself/herself and the members of his/her family listed in schedule appended to this Agreement, (2) children born to or adopted by member of such family after the date of this Agreement, and foster children, (3) persons providing live-in care for a member of the Homebuyer family, and (4) aged or widowed parents of the Homebuyer or spouse; other family members may live in the Home only with the prior written approval of the TDHE;
- b) Not to sublet his/her Home without the prior written approval of the TDHE;
- c) To abide by necessary and reasonable regulations promulgated by the TDHE for the benefit and well-being of the Project and the Homebuyer, which shall be prominently posted in the TDHE office;
- d) To comply with all obligations imposed upon Homebuyers applicable provisions of building and housing codes materially affecting health and safety;
- e) To keep the home and such other areas as may be assigned to him/her for his/her exclusive use in a clean and safe condition;
- f) To dispose of all ashes, garbage, rubbish, and other waste from the Home in a sanitary and safe manner;
- g) To use in a reasonable manner all electrical, plumbing, sanitary, heating, ventilating, air-conditioning and other facilities and appurtenances;
- h) To refrain from and to cause his/her household and guests to refrain from, destroying, defacing, damaging, or removing any part of the Home or Project;
- I) To conduct himself/herself and cause other persons who are on the premises with his/her consent to conduct themselves in a manner which will not disturb his neighbors' peaceful enjoyment of their accommodations and will be conducive to maintaining the Project in a decent, safe and sanitary condition; and
- j) To refrain from illegal or other activity which impairs the physical or social environment of the Project.

- 5.5 Structural Changes: The Homebuyer shall not on his/her own initiative make any structural changes in or additions to his/her Home unless the TDHE has first determined in writing that such change would not a) impair the value of the Home, the surrounding Homes, or the Project as a whole; or b) affect the use of the Home for residential purposes; or c) violate HUD requirements as to construction and design. Any changes made in accordance with this section shall be at the Homebuyer's expense (and not from any Reserve or Account created under this Agreement), and in the event of termination of this Agreement the Homebuyer shall not be entitled to any compensation for such changes or additions.

**ARTICLE VI
HOMEBUYER'S RESERVES AND ACCOUNTS**

6.1 Refundable and Nonrefundable MH Reserves ("Reserves"):

- a) The TDHE shall establish as of the Date of Occupancy a Refundable MH Reserves for the Homebuyer.
- b) The Refundable MH Reserve shall be credited with the amount of the Homebuyer's non-land MH Contribution.
- c) The Refundable MH Reserve shall be credited with the amount of the MH Contribution of any credits for land contributed to the Project, and the Homebuyer's share of any tribal non-land contribution to the Project.
- d) When it becomes necessary to draw against the Refundable MH Reserve, the TDHE shall requisition the funds from its accounts.

6.2 Equity Accounts ("Accounts"):

- a) Monthly Equity Payments Account ("MEPA"): The TDHE shall maintain a separate MEPA for the Homebuyer. The TDHE shall, as provided in Section 4.1(c), credit this account with the amount by which each Required Monthly Payment exceeds the Administration Charge.
- c) Investment of Excess: The aggregate amount of funds held by the TDHE in the MEPA shall be invested in federally insured savings accounts, in Federally insured financial institutions or securities approved by HUD. Income earned of the investment of such funds shall periodically, but at least annually, be prorated and credited to the Homebuyer's MEPA, in proportion to the amount in each such account on the date of proration.

6.3 Charges for Maintenance:

- a) If the TDHE has maintenance work done in accordance with Section 5.2(b)(2), the cost thereof shall be charged to the Homebuyer's MEPA.
- c) In lieu of charging the debit balance in the MEPA to the Homebuyer's Refundable MH Reserve, the MEPA may allow the debit balance to remain in the MEPA pending replenishment from subsequent credits to the Homebuyer's MEPA.
- d) The TDHE shall at no time permit the accumulation of a debit balance in the MEPA in excess of the sum of the credit balances in the Homebuyer's Refundable MH Reserve unless the expenditure is required to alleviate a hazard to the life, health or safety of

the occupants and the source of funds for reimbursement to the TDHE is specifically approved by HUD.

- 6.4 Disposition of Reserves and Accounts Upon Acquisition of Ownership: When the Homebuyer purchases his Home, the balances in the Homebuyer's Reserves and Accounts shall be disposed of in accordance with Section 7.4(c).
- 6.5 Disposition of Reserves and Accounts Upon Termination of Agreement: If this Agreement is terminated by the Homebuyer or the TDHE, the balance in the Homebuyer's Reserves and Accounts shall be disposed of in accordance with Section 9.4.
- 6.6 Use of Reserves and Accounts; Non-assign ability: The Homebuyer shall have no right to receive or use the funds in any Reserve or Account except as provided in this Agreement, and the Homebuyer shall not, without the approval of the TDHE, assign, mortgage or pledge any right in this Agreement or to any Reserve or Account.

ARTICLE VII PURCHASE OF HOME

- 7.1 When Home May Be Purchased and When It Must Be Purchased: The Homebuyer may at his/her option purchase his/her Home on or after the Date of Occupancy, but only if the Homebuyer has met all of his obligations under this Agreement. When the Homebuyer's income, Reserves and Account balances are sufficient to enable the TDHE to make the determination provided in Section 7.5(a), the Homebuyer may purchase the Home.
- 7.2 Purchase Price and Purchase Price Schedule:
- a) Determination of Initial Purchase Price: If the Homebuyer is the one who first occupies the Home pursuant to an MHO Agreement, the TDHE shall determine the Initial Purchase Price pursuant to the Purchase Price Schedule approved by the Housing Committee. (See Attachment II).
- b) Purchase Price Schedule: As promptly as possible after execution of the Construction Contract, the TDHE shall furnish to the Homebuyer a statement of the Initial Purchase Price of the Home and a Purchase Price Schedule. The Purchase Price Schedule shall (1) show the monthly amortization of the Initial Purchase Price over a 25-year period, (2) state the monthly required payment, and (3) state that the amortization shall commence with the first day of the month following the Date of Occupancy. The schedule shall be computed on the basis of a rate of interest as determined by the Housing Committee.
- 7.3 Initial Purchase Price and Purchase Price Schedule for Subsequent Homebuyer:
- a) The Initial Purchase Price for a subsequent homebuyer shall be the lower of the current appraised value as determined by the TDHE.
- b) Purchase Price Schedule:
- The purchase price as determined by 7.3(a) amortized over a 25 year period. The schedule shall be computed on the basis of a rate of interest as determined by the Housing Committee.

7.4 Conveyance of Home:

- a) Amounts to be Paid: Except as provided in Section 7.5(c), the price shall be the amount shown on the Purchase Price Schedule for the month in which the settlement date falls.
- b) Settlement Costs: Settlement Costs are the costs incidental to acquiring ownership, including, e.g., the cost and fees for credit report, field survey, title examination, title insurance, inspections, attorneys other than the TDHE's attorney, closing, recording, transfer taxes, financing fees and mortgage loan discounts. Settlement Costs shall be paid by the Homebuyer, who may use any Reserves or Accounts available for this purpose in accordance with Section 7.4(c).
- c) Disposition of Homebuyer Reserves and Accounts: When the Homebuyer purchases the Home the net credit balances in the Homebuyer's Reserves and Accounts under Article VI shall be applied in the following order:
 - 1) If the TDHE finances purchase of the Home in accordance with Article VIII, the MEPA shall be charged, to the extent of the net credit balances of these accounts, first, for the initial payment for fire and extended coverage insurance on the Home after conveyance, and, second, for establishment of the Homebuyer's Maintenance Reserve. Any further amounts necessary for these purposes shall then be charged.
 - 2) For application to Settlement Cost if the Homebuyer so directs;
 - 3) To payment of the purchase price; and
- d) Settlement: The settlement date shall be mutually agreed upon by the parties. On the settlement date the Homebuyer shall receive the documents necessary to convey to the Homebuyer the TDHE's right, title and interest in the Home, subject to any applicable restrictions or covenants as expressed in such documents. The required documents shall be approved by the attorneys representing the TDHE, Tribal Council, and by the Homebuyer or his/her Attorney.

7.5 Obligation to Purchase:

- a) The Homebuyer may purchase the Home when the TDHE determines that:
 - 1) The net credit balance of the Homebuyer's Reserves and Accounts under Article VI is at least equal to the sum of:
 - I) the TDHE's estimate, of a reasonable amount necessary for Settlement Costs,
 - II) the TDHE's estimate of the amount sufficient to cover the initial payment for fire and extended coverage insurance carried on the Home after conveyance, and
 - III) \$1,500.00 for the Homebuyer's Maintenance Reserve; and
 - 2) The Homebuyer's income has reached the level, and is likely to continue at such level, at which 25 percent of monthly

Family Income is at least equal to the sum of the monthly debt service amount shown on the Homebuyer's Purchase Price Schedule, and the TDHE's estimates, approved by HUD, of the following monthly payments and allowances:

- I) payment for fire and extended coverage insurance;
 - II) payment for taxes and special assessments, if any;
 - III) the TDHE mortgage servicing charge;
 - IV) amount necessary for maintenance of the Home; and
 - V) amount necessary for utilities for the Home.
- b) The TDHE shall at the time of each examination or reexamination of the family's earnings and other income, determine among other things whether the Homebuyer may purchase the Home in accordance with Section 7.5(a). If the TDHE determines that the Homebuyer may purchase the Home, it shall notify him/her in writing and shall state that it will make available to the Homebuyer TDHE Homeownership Financing in accordance with Article VIII.
- c) After the TDHE has given notice in accordance with Section 7.5(b) that the Homebuyer may purchase his/her Home, and until the Homebuyer purchases his/her Home, he/she shall have all the rights of a Homebuyer (including the right to continue accumulating credits in the MEPA Account) and shall be subject to all the obligations of this Agreement (including the obligation to make monthly payments based on income). However, during this period there shall be no reduction in the purchase price pursuant to the Purchase Price Schedule, and the purchase price at the time the Homebuyer purchases his/her Home shall be the amount shown on the Purchase Price Schedule for the month the TDHE gave the notice in accordance with Section 7.5(b).

ARTICLE VIII TDHE HOMEOWNERSHIP FINANCING

8.1 Eligibility: The Homebuyer shall be eligible for TDHE Homeownership Financing when the TDHE determines that:

- a) He/she can pay: (I) the amount necessary for Settlement Costs, (ii) the initial payment for fire and extended coverage insurance carried on the Home after conveyance, and (iii) \$1,500.00 for the Homeowner's Maintenance Reserve (these amounts may be paid by application of balances in the Homebuyer's Reserves or Accounts, or from other Homebuyer sources); and
- b) The Homebuyer's income meets the standards stated in Section 7.5(a)(2).

8.2 Promissory Note, Mortgage, and Mortgage Amortization Schedule:

- a) When the TDHE Homeownership Financing is utilized the Homebuyer shall execute and deliver a Promissory Note and Mortgage. The principal amount of the Promissory Note shall be equal to the unpaid balance of the purchase price of the Home as determined in accordance with Article VII.

- b) The TDHE shall furnish the Homebuyer a Mortgage Amortization Schedule based on the amount of the Promissory Note. This schedule shall be attached to and made a part of the Promissory Note or Mortgage. The Mortgage Amortization Schedule shall provide for monthly reduction in, and complete amortization of the principal amount of the Promissory Note, and shall show the level monthly debt service amount needed to complete the amortization. The amortization period shall commence on the first day of the month following the date of settlement and shall end on the first day of the month following the date of settlement and shall end on the first day after the end of the period covered by the Homebuyer's Purchase Price Schedule. The rate of interest shall be the FHA maximum interest rate for home mortgages in effect at the time of settlement.
- c) The provisions set forth as Appendix I to this Agreement shall be contained in the Promissory Note and/or the Mortgage. The Mortgage shall be a first lien on the right, title and interest conveyed to the Homebuyer by the TDHE. The Mortgage shall be in form approved by HUD, shall be recorded by the TDHE, and shall secure performance of all the terms and conditions of the Promissory Note.
- 8.3 Insurance: Fire and extended coverage insurance in an amount and on terms acceptable to HUD shall be obtained by the TDHE prior to settlement and shall be maintained until termination of the obligation under the Mortgage. The Homeowner shall make payments to the TDHE to cover the cost of insurance.
- 8.4 Maintenance Reserve: The TDHE shall establish a Maintenance Reserve of \$1,500.00 for each Homeowner, which shall be maintained and used in accordance with the provisions of Appendix I to this Agreement.

ARTICLE IX TERMINATION OF AGREEMENT

- 9.1 Termination Upon Breach: In the event the Homebuyer fails to comply with any of his/her obligations under this Agreement, the TDHE may terminate this Agreement. Misrepresentation or withholding of material information in applying for admission or in connection with any subsequent reexamination of income and family composition constitutes a breach of the Homebuyer's obligations under this Agreement. "Termination" as used in this Agreement does not include acquisition of ownership by the Homebuyer.
- 9.2 Notice of Termination of Agreement by TDHE; Right of Homebuyer to Respond: Termination of this Agreement by the TDHE for any reason shall be by written Notice of Termination. Such notice shall state a) the reason for termination; b) that the Homebuyer may respond to the TDHE in writing or in person within a specified reasonable period of time regarding the reason for termination; c) that in such response he may be represented or accompanied by a person of his/her choice, including a representative of the tribal government; d) that the TDHE will advise the tribal government concerning the termination; e) that if, within 30 days after the date of receipt of the Notice of Termination, the Homebuyer presents to the TDHE evidence or assurances satisfactory to the TDHE that he/she will cure the breach and continue to carry out his/her MHO obligations, the TDHE may rescind or extend the Notice of Termination; and f) that unless there is such a rescission or extension, the lease term and this Agreement shall terminate on the 30th day after

the date of receipt of the Notice of Termination. The TDHE may, with HUD approval, modify the provisions of the Notice of Termination relating to the procedures for presentation and consideration of the Homebuyer's response. In all cases the TDHE's procedures for termination of this Agreement shall afford a fair and reasonable opportunity to have the Homebuyer's response heard and considered by the TDHE. Such procedures shall comply with the Indian Civil Rights Act.

9.3 Termination of Agreement by Homebuyer: The Homebuyer may terminate this Agreement by giving the TDHE written notice, and the lease term and this Agreement shall terminate on the 30th day after the date of receipt of such notice. If the Homebuyer vacates the Home without notice to the TDHE the Homebuyer shall remain subject to the obligations of this Agreement including the obligation to make monthly payments until the TDHE terminates the Agreement in writing. Notice of the termination shall be communicated by the TDHE to the Homebuyer to the extent feasible and the termination shall be effective on the date stated on the notice.

9.4 Disposition of Funds upon Termination of the Agreement:

If this Agreement is terminated by the Homebuyer or the TDHE the balances in the Homebuyer's Reserves and Accounts shall be disposed of as follows:

- a) The MEPA shall be charged with:
 - 1) Any maintenance costs incurred by the TDHE to put the Home in satisfactory condition for the next occupant;
 - 2) Any amounts the Homebuyer owes the TDHE including Required Monthly Payments; and
 - 3) The Required Monthly Payment for the period the Home is vacant not to exceed 30 days from the date of receipt of the Notice of Termination, or if the Homebuyer vacates the Home without notice to the TDHE, for the period ending with the effective date of termination by the TDHE.
- b) If after making the charges in accordance with Section 9.4(a) there is a debit balance in the MEPA, the TDHE shall charge that debit balance to the Refundable MH Reserve, to the extent of the credit balances in such Reserves and Account. If the debit balance in the MEPA exceeds the sum of the credit balances the Homebuyer shall be required to pay to the TDHE the amount of such excess.
- d) Any credit balance remaining in the Refundable MH Reserve after making the charges described in Section 9.4(b) shall be refunded to the Homebuyer.

9.4 Settlement Upon Termination:

- a) Time for Settlement: Settlement with the Homebuyer following a termination shall be made as promptly as possible after all charges provided in Section 9.4 have been determined and the TDHE has given the Homebuyer a statement of such charges. The Homebuyer may obtain a settlement before the actual cost of any maintenance required to put the Home in satisfactory condition for the next occupant has been determined if the Homebuyer is willing

to accept the TDHE's estimate of the amount of such cost. In such case, the amounts to be charged for such maintenance shall be based on the TDHE's estimate of the cost thereof.

- b) Disposition of Personal Property: Upon termination, the TDHE may dispose of in any lawful manner deemed suitable by the TDHE any item of personal property abandoned by the Homebuyer in the Home. The TDHE will notify the Homebuyer of the right to retrieve abandoned property within 14 days. Proceeds, if any, after such disposition, may be applied to the payment of amounts owed by the Homebuyer to the TDHE.

**ARTICLE X
SUCCESSION UPON DEATH; MENTAL INCAPACITY OR ABANDONMENT**

10.1 Definition of "Event": "Event" means the death of, or mental incapacity of, or abandonment of the Home by all of the persons who have executed this Agreement as Homebuyers.

10.2 Designation of Successor by Homebuyer:

- a) The Homebuyer may designate as a successor only a person who, at the time of the designation, is a member of the Homebuyer's family and is an authorized occupant of the Home in accordance with this Agreement, or if the designation is made before completion of the Home, is a member of the Homebuyer's family and is scheduled to be an occupant when the Home is completed. The Homebuyer may, at any time, change the designation by written notice to the TDHE, and designate another successor who meets the qualifications of this section. The designated successor shall be entitled to succeed only if, at the time of the Event, he/she meets the conditions stated in Section 10.3.
- b) The designated successor as of the date of execution of this Agreement is:

First Name	Initial	Last Name
Street and Number		
City	State	
Relationship		

10.3 Succession by Person Designated by Homebuyer: Upon occurrence of an Event, the person designated as the successor in Section 10.2(b) shall succeed to the Homebuyer's rights and responsibilities under this Agreement if this designated successor meets the following conditions:

- a) At the time of the Event, 1) the successor is a member of the Homebuyer's family who is entitled to live in the Home pursuant to a schedule appended to this Agreement, or pursuant to the TDHE's written approval, and 2) in the case of an Event occurring after commencement of occupancy by the Homebuyer, the successor is living in the Home;

- b) The successor is willing and able to pay the Administration Charge and to perform the obligations of the Homebuyer under this Agreement; and
 - c) The successor executes an assumption of the Homebuyer's obligations under this Agreement.
 - d) Successor is subject to approval by Tribal Council.
- 10.4 Designation of Successor by TDHE: If at the time of the Event there is no successor designated by the Homebuyer, or if any of the conditions of Section 10.3 are not met by the designated successor, the TDHE may designate as successor any family member who meets all of the conditions of Section 10.3.
- 10.5 Occupancy by Appointed Guardian: If at the time of the Event there is no qualified successor designated by the Homebuyer or by the TDHE in accordance with the foregoing provisions of this Article, and a minor child or children of the Homebuyer are living in the Home, the TDHE may, in order to protect their continued occupancy and opportunity for acquiring ownership of the Home, approve as occupant of the Home an appropriate adult who has been appointed legal guardian of the children with a duty to perform the obligations of this Agreement in their interest and behalf.
- 10.6 Succession and Occupancy on Restricted Indian Land: In the case of a Home on Indian land subject to restrictions on alienation under federal or state law (including federal trust or restricted land as defined in 24 CFR 805.218(a)(2) and land subject to trust or restriction under state law), a person who is prohibited by law succeeding to the TDHE's interest in such land may, nevertheless, continue in occupancy with all the rights, obligations and benefits of this Agreement, modified to conform to these restrictions on succession to the land.
- 10.7 Termination in Absence of Qualified Successor or Occupant: If there is no qualified successor in accordance with any of the foregoing provisions of this Article, the TDHE shall terminate this Agreement.

ARTICLE XI MISCELLANEOUS

- 11.1 Counseling Program: The Homebuyer agrees that he/she will participate in and cooperate fully in all official pre-occupancy and post-occupancy activities of the TDHE's counseling program. Failure, without good cause, to participate in the program shall constitute a breach of this Agreement.
- 11.2 Annual Statement to Homebuyer: The TDHE shall provide an annual statement to the Homebuyer which will set forth, at the end of the TDHE fiscal, the amount in the MEPA. The statement shall also set forth the remaining balance of the principal amount of the purchase price.

11.3 Insurance Prior to Transfer of Ownership; Repair or Rebuilding:

- a) Insurance: The TDHE shall carry all insurance prescribed by HUD including fire and extended coverage insurance upon the Home.
- b) Repair or Rebuilding: In the event the Home is damaged or destroyed by fire or other casualty the TDHE shall consult with the Homebuyer as to whether the Home shall be repaired or rebuilt. If the TDHE determines that the Home should not be repaired or rebuilt, but the Homebuyer disagrees, the matter shall be submitted to the Tribal Council for final determination. If the final determination is that the Home should not be repaired or rebuilt, the TDHE shall terminate this Agreement, and the Homebuyer's obligation to make Required Monthly Payments shall be deemed to have terminated as of the date of the damage or destruction. The Homebuyer shall in no event be entitled to any portion of the insurance proceeds upon such damage or destruction.
- c) Suspension of Payments: In the event of termination of this Agreement because of damage or destruction of the Home, or if the Home must be vacated during the repair period, the TDHE will use its best efforts to assist in relocating the Homebuyer.

11.4 Examination and Reexamination of Family Income: For purposes of determining the Required Monthly Payment amount, making adjustments in the amount, so determined, and determining whether the Homebuyer is required to purchase the Home in accordance with Section 7.5, the TDHE shall examine the Homebuyer family's earnings and other income prior to initial occupancy, and shall make periodic reexaminations thereafter at intervals prescribed by the TDHE in accordance with HUD rules and regulations. For each examination or reexamination, the Homebuyer shall furnish to the TDHE certification of his/her family's earnings and other income and family composition, including any information and evidence required by the TDHE.

11.5 Notices: Any notice by the TDHE to the Homebuyer required hereunder or by law shall be delivered in writing to the Homebuyer personally or to any adult member of his family residing in the Home, or shall be sent by first class mail, properly addressed, postage prepaid. Notice to the TDHE shall be in writing, and either delivered to an TDHE employee at the office of the TDHE or sent to the TDHE by first class mail, properly addressed, postage prepaid.

11.6 Grievance Procedures: All grievances or appeals arising under this Agreement shall be processed and resolved pursuant to the grievance procedures of the TDHE. Such procedures shall afford the Homebuyer a fair and reasonable opportunity to have his grievances heard and considered by the TDHE officials, and shall comply with Indian Civil Rights Act. A copy of the grievance procedures shall be prominently posted in the TDHE office and shall be furnished to the Homebuyer upon request.

11.7 Rights is Project Fails to Proceed: This Agreement is subject to revocation by the TDHE if the TDHE or HUD decides not to proceed with the development of the Project. In such event, any contribution made by the Homebuyer or tribe shall be returned.

(DELETE, REPLACE WITH RULES & REGULATIONS)

ARTICLE XII

CROSS REFERENCE TO DEFINED TERMS

ACC Section 1.1

Administration Charge Section 1.2

Agreement Section 1.1

Date of Occupancy Section 3.1

Event Section 10.1

Family Income Section 4.1(a)

Home Section 1.2

Homebuyer Section 1.2

Homeowner Section 1.2

HUD Section 1.2

TDHE Section 1.1

TDHE Homeownership Financing Section 1.2, Article VIII

Initial Purchase Price Section 7.2(a), 7.3(a)

Maintenance Credit Section 5.2©

Maintenance Reserve Section 8.4, Attachment I

MEPA Sections 1.2, 6.2(a)

MH Contribution Section 1.2

MHO Agreement Section 1.2

MH Program Section 1.2

Mortgage Section 8.2(c), Attachment I

Mortgage Amortization Schedule Section 8.2(b)

Notice of Termination Section 9.2

Project Section 1.2

Purchase Price Schedule Section 7.2(b), 7.3(b)

Refundable MH Reserve Section 7.2(b), 7.3(b)

Required Monthly Payment Section 4.1(a)

Settlement Costs Section 7.4(b)

Subsequent Homebuyer Section 7.3(a)

Termination Section 9.1

Nonrefundable MH Reserve Section 6.1

Utilities Section 4.1(b)

Utility Deduction Section 4.1(b)

Voluntary Equity Payments Account Section 6.2(b)

Work Order Section 5.2(b)(3)

FOOTNOTES FOR MUTUAL HELP AND OCCUPANCY AGREEMENT

- 1) Strike Section 2.1(a) if no homesite is to be contributed by or on behalf of the Homebuyer.
- 2) Strike Section 2.1(b) if no home sites are to be contributed to the Project.
- 3) Strike Section 2.2 if no work is to be contributed by or on behalf of the Homebuyer.
- 4) Strike Section 2.3 if no cash is to be contributed by or on behalf of the Homebuyer.
- 5) Strike Section 2.4 if no materials or equipment are to be contributed by or on behalf of the Homebuyer.

RULES AND REGULATIONS

IN ORDER TO KEEP THESE HOMES DESIRABLE, CLEAN AND ATTRACTIVE, WE REQUIRE ALL HOMEBUYERS TO FOLLOW THESE RULES AND REGULATIONS.

1. The lessee must live in the unit as his/her sole place of residence. All residents must be listed on the lease. Homebuyers agree not to:
 - a. Sublet the unit, or any part thereof;
 - b. Use the unit for unlawful purposes;
 - c. Make loud noises or disturb the rights or comfort of neighbors; or
 - d. Have pets or animals of any kind without prior written permission from KTHA.
2. Homebuyer agrees to be responsible for the actions or damages caused by all household members and visitors.
3. Payment is due on the first of each month.
4. Keys will be supplied upon occupancy. A \$5.00 deposit charge per key, will be deducted from the Homebuyers' MEPA account.
5. Homebuyer agrees to report to KTHA within 15 days any changes in family income or composition.
6. Homebuyer agrees to keep their unit clean and not litter, deface or damage any part of the unit or grounds. Personal property stored around your house must be maintained in a clean, orderly and safe manner. Hazardous materials may not be stored.
7. Homebuyer will notify KTHA promptly of any required repairs, or maintenance. No alterations of any kind are permitted without prior written consent of KTHA. (I.e. wallpaper, paint, fixtures, etc.)
8. Vehicles shall be parked in designated areas only. Illegally parked vehicles will be removed at the expense of the owner. No more than two vehicles may be maintained at each unit without prior written approval from KTHA.
9. Inoperable vehicles will not be parked over thirty days at which time they will be removed at the expense of the owner. Only minor repairs may be made on property. Homebuyer must obtain written approval from KTHA to park trailers, campers, boats or commercial vehicles.
10. There is a 10:00 PM curfew for minors under the age of 18. Youth may be out with a responsible adult or to go home from an event or friends house.
11. Additions to homes, such as, garages, fences, etc., are possible, but only by prior written approval from the Housing Committee.
12. Any additions made to homes, require the use of HUD approved Architectural Specifications.

13. The use of guns (including BB and air guns), slingshots, and bows and arrows are not allowed on KTHA housing sites.

MEPA USAGE POLICY

1. All withdrawal requests must be received in writing by the Karuk Tribe Housing Authority, seven (7) days in advance, except in cases of an emergency.
2. MEPA account must retain a minimum balance of \$500.00 at all times.
3. All withdrawals must have the approval from either the Executive Director or Operations Manager, with final approval of the Housing Committee.
4. Within the first ten (10) years of Homeownership, MEPA withdrawals below \$200.00 may only be used for:
 - a) Home Repairs;
 - b) Appliance Replacements; or
 - c) Home Improvements.

Revised This ___ Day of *March, 2000*.

Charlene Martin, Secretary