



# Kodiak Island Housing Authority

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## ***Q & A REGARDING THE MUTUAL HELP PROGRAM***

### ***Who is KIHA?***

Kodiak Island Housing Authority, or KI HA, was originally formed under Kodiak Area Native Association, or KANA, as a Housing Authority. A Housing Authority is an organization created by State Legislation, run by a Board of Commissioners who is appointed by a non-profit corporation in the area. The Kodiak Area Native Association appoints the KI HA Board of Commissioners.

### ***What is the Mutual Help Homeownership Program?***

- Funded by KI HA through use of Housing & Urban Development, or HUD, Indian Housing Block Grant funds
- Rent-to-Own homeownership program for families of low income
- HUD funding requires preference be given to Native American families

### ***Who can qualify to enter the Mutual Help Program?***

- Homebuyers are Native American, or if non Native American, are deemed essential to the well-being of the village
- Homebuyer must be considered low income at time of application and admittance to program. A small portion of the applicants under the Mutual Help program can have income that ranges between low income and the Median income as determined by HUD
- Homebuyer must be willing to accept full responsibility for all utility costs and maintenance and agree to maintain the home in good condition
- Homebuyer must agree to occupy the home as their primary residence

### ***How is the purchase price determined?***

- KI HA establishes the contract or purchase price by using a Marshall Swift calculation that estimates the cost to rebuild the home based on its present features and condition. Marshall Swift calculation is not a determination of market value or a market analysis

### ***How are Mutual Help account payments determined?***

- Mutual Help payments are generally based on 15% of the gross income, less certain allowances, and subject to a minimum Administrative payment as determined by KI HA. Currently the minimum Administrative Payment is \$200.
- Payments are due on the first of each month. A late fee is assessed on the 16<sup>th</sup> of each month
- An annual Recertification and Inspection is conducted to review the household composition and income and to determine if the Homebuyer is properly maintaining the home

### ***Other features and conditions of the Mutual Help Program:***

- Homebuyer agrees to sign a Mutual Help and Occupancy Agreement, which is a 25-year (300 month) contract. If homebuyer fulfills the Agreement, ownership of the home and land are transferred or conveyed to the homebuyer at the end of the 25 years provided the account is paid in full, or when the homebuyer has paid off the account if paid off prior to 25 years.
- Homebuyer can sell the home at any time but must have paid off the KI HA Mutual Help account, or agree to payoff KI HA as part of the process of the sale. Until the account is paid in full KI HA retains legal ownership of the home and must consent to the sale.
- Periodically KI HA receives funds for Modernization work on its housing stock. A Mutual Help homebuyer ***in good standing*** may be eligible for such work to be performed on their home at no cost to the homebuyer. Modernization work has at times included new roof, new siding, new windows, etc.; scope of work varies from project to project and year to year.
- Mutual Help Occupancy Agreement can be terminated if the homebuyer fails to meet the obligations of the Agreement.
- If homebuyer's monthly payment is greater than the minimum Admin. payment, the difference is credited to a Monthly Equity Payment Account, or MEPA. Additionally, each month that the homebuyer maintains the Mutual Help and Occupancy Agreement the account balance is reduced by 1/300 of the original principal account balance. If the homebuyer decides to relinquish their home rather than payoff the account their equity is returned, less any expenses to bring the home to a condition suitable for the next homebuyer.