

**Duck Valley Housing Authority
Policies and Procedures**

Monthly Equity Payment Account (MEPA)

Contents

I. Background Information 2

II. Administration 2

III. Authorized Uses 2

IV. Restrictions On Use 3

V. How To Apply..... 4

VI. Conditions of Approval..... 5

VII. Release of Funds..... 5

VIII. Completion of the Work..... 6

IX. Using MEPA for the cost of Required Maintenance 6

X. Miscellaneous Provisions..... 7

This policy will govern the use of Monthly Equity Payment Account (MEPA) funds. The Duck Valley Housing Authority adopts this policy to inform Homebuyers and DVHA staff of the requirements and procedures for using MEPA funds. It is the intent of MEPA usage to provide home improvements in an effective, practical, and environmental method (non-luxury).

I. Background Information

Although MEPA funds are accounted for as a credit for payments made by Mutual Help Homebuyers in the amount that the payment exceeds the administrative charge, MEPA funds are the property of the Duck Valley Housing Authority. The funds reflect each Homebuyer's equity in the house. When the MEPA funds equal the unpaid balance owed on the house, the house will be conveyed to the Homebuyer and the Duck Valley Housing Authority will retain the funds in the MEPA account as proceeds of sale.

II. Administration

- A. DVHA shall maintain a separate MEPA account for each Homebuyer.
- B. Each MEPA account must maintain a positive balance at all times prior to use of funds. Homebuyers are not allowed to borrow against future MEPA payments.
- C. DVHA is under no obligation to provide the Homebuyer with any of the cost of home maintenance, house payments, utility bills, or betterments and additions. However, DVHA made a policy decision to permit Homebuyers to use funds in their MEPA accounts for approved purposes.
- D. The Executive Director is authorized to approve all MEPA requests.

III. Authorized Uses

Homebuyers may apply to use MEPA funds for the following purposes only:

- A. To add betterments or additions to the Mutual Help home.
- B. To remodel a unit to make it suitable for handicapped occupancy (for example, bathrooms, doorways, entrance ramps, etc.)
- C. To perform required maintenance or to make required repairs.
- D. To pay for materials and labor costs for authorized home improvement projects.
- E. To make any structural change to the house authorized by the Executive Director.

- F. To pay for necessary work or items to maintain the quality of the home and to preserve both the Homebuyer's and DVHA's investment in the home.
- G. In cases of extreme hardship, only the executive director may approve the use of MEPA funds to pay the minimum monthly house payment. The executive director may approve this use of MEPA funds one time per year and only upon a showing that the Homebuyer has no other assets to rely on. If it is determined that the Homebuyer cannot meet his Mutual Help Homeownership obligations, DVHA shall recommend transfer to the rental program.

IV. Restrictions on Use

- A. A Homebuyer must be in compliance with all of the terms of his Mutual Help and Occupancy Agreement at the time that the application for use is submitted.
- B. No application will be approved if the proposed use exceeds the amount in the Homebuyer's MEPA account. The Board of Commissioners shall have the authority to waive this requirement in an emergency.
- C. MEPA funds may not be used for luxury items. A luxury item shall be anything that is out of the ordinary and is not generally considered necessary to the normal functioning of a home in this community.
- D. A Homebuyer's MEPA funds may only be used for costs or improvements for the Homebuyer's own Mutual Help unit. An application to use the Homebuyer's MEPA funds for work on another person's unit is not permitted.
- E. A Homebuyer must complete all of the work for which he has received MEPA funds before he will be eligible to apply to use MEPA funds again.
- F. MEPA funds cannot be given directly to the Homebuyer, but will be released to pay vendors, material suppliers, contractors and laborers upon receipt of appropriate invoices.
- G. MEPA funds are not available to purchase furnishings, decorative exterior shutters, and other decorating items. Nor may MEPA funds be used to purchase firewood.
- H. MEPA funds shall not be used to pay utility charges/bills.

V. How to Apply

- A. A Homebuyer must submit a written application for use of MEPA funds.
- B. The application must include a brief explanation of why the Homebuyer needs to use MEPA funds to accomplish the work or to make a required payment.
- C. The application shall describe the proposed work or use as completely as possible, including drawings if applicable.
- D. If the application is for construction work, the application must include at least two (2) itemized estimates or invoices for both labor and materials and any other required costs. These estimates shall be provided to the Homebuyer by a Contractor or Material Supplier. They must be attached to the application. (The Homebuyer may ask DVHA for a list of approved vendors from whom DVHA purchases materials or supplies. The Homebuyer may use the named vendors or may choose other vendors.) If the estimates appear to the executive director to be excessive, the executive director may either reject the application or require the applicant to negotiate a better price from the contractor or material supplier.
- E. If the proposed work is a betterment or addition to the unit and requires modification to the structure of the house, the Homebuyer must also attach a blueprint or drawing. The blueprint or drawing must show how the electrical, plumbing, and structural integrity of the house will be preserved. Such changes must not:
 1. impair the value of the home, the surrounding homes, or the project as a whole;
 2. affect the use of the home for residential purposes; or,
 3. violate tribal or other uniform building and construction codes.
- F. If the proposed request is for any structural change to be performed by a contractor, the Homebuyer is responsible to provide the following:
 1. An agreement between the Contractor and the Homebuyer
 2. If the Homebuyer proposes to do major construction work himself, he must provide a summary of his experience and ability to perform the work in accordance with uniform building codes.

VI. Conditions of Approval

- A. The application must be complete before it will be presented to the executive director for consideration.
- B. The Homebuyer must agree as part of the application to permit inspections of the work at the discretion of DVHA. At a minimum, one final inspection of the completed work will be required. Although DVHA shall not be responsible for the quality or correctness of the work, DVHA may be consulted as a technical advisor to assure that the work meets building code requirements. Inspection will be completed by a qualified inspector who must sign a certificate of approval for the work.
- B. Upon receipt of the Homebuyer's written application, DVHA's Finance Officer will verify that the Homebuyer has adequate MEPA funds reserved to cover the cost of the project.
- C. The application and all supporting documentation must be presented to the executive director who will review the application and will decide if the proposed use can be approved. The application and proposed use of MEPA funds must meet all of the requirements of this policy.
- D. The executive director will promptly notify the applicant of its decision on the application.

VII. Release of Funds

- A. Under no circumstances shall MEPA funds be paid in cash to the Homebuyer for approved requests.
- B. The Homebuyer must sign an agreement that acknowledges the following:
 - 1. That the Homebuyer will use the MEPA funds for the purposes set forth in his or her application;
 - 2. That he/she understands that in the event that the Mutual Help and Occupancy Agreement is terminated, that the Homebuyer will not be entitled to any compensation for the changes, improvements, or additions that he/she makes to the home;
 - 3. Those purchases made for the home from the MEPA account stay with the home if the Homebuyer moves out.

4. Payments may be made to the contractor in either a lump sum payment upon acceptance and inspection by the DVHA and the homebuyer; or, payment may be made by progress payments upon acceptance by the DVHA and the homebuyer. Progress payments are payments made based upon an agreed upon percentage of work completed. The percentage of work completed will be agreed upon prior to commencement of the work. All contractors shall provide the homebuyer and DVHA with a warranty covering 12 months for materials and workmanship.
5. The Homebuyer will receive a copy of this statement and the original shall be maintained by DHVA in the Homebuyer's file together with the application and all supporting documentation.

VIII. Completion of the Work

- A. The Homebuyer shall notify DHVA within seven (7) days of completion of the work so that DHVA can conduct a final inspection. Upon conducting an inspection DHVA Personnel will describe the project in a written report that shall be maintained in the Homebuyer's file.
- B. If the proposed is not completed within a reasonable time, DHVA may opt to complete the work and charge the Homebuyer's MEPA account with the costs of completion so that there are no partially completed work projects to impair the value of the home or the surrounding homes.
- C. All approved MEPA requests must be completed in a one (1) year time frame of approval.

IX. Using MEPA for the cost of Required Maintenance

- A. If a Homebuyer fails to perform maintenance required to keep the home in good repair, as determined by an annual inspection, DVHA may develop a plan for maintenance of the home. The Homebuyer may use MEPA funds to perform the maintenance required by the plan.
- B. If the Homebuyer fails to follow the plan, DVHA may perform the maintenance and shall charge the cost to the Homebuyer's MEPA account.
- C. If the condition of the house creates a hazard to life, safety, or health of the occupants or if there is a risk of damage to the property if the condition is not corrected, DVHA may arrange for emergency repairs and shall charge the costs to the Homebuyer's MEPA account.

X. Miscellaneous Provisions

- A. A Homebuyer may be required to provide proof of liability insurance to cover costs of potential injuries resulting from the work project.