

HOUSING BOARD
APPROVED VERSION 3

MOTION - REINE
AND - PARLA

8/27/2021

YEA - 4
NAY - 0

MILLE LACS BAND OF OJIBWE RENT-TO-OWN PROGRAM

These policies and procedures were approved by the Housing Board on _____, 2021 and ratified by the Mille Lacs Band Assembly on _____, 2021 as evidenced by Resolution No. _____.

I. Policy Statement

The Mille Lacs Band of Ojibwe ("MLBO" or "Band") recognizes that not all Band members may qualify for the Mille Lacs Band Home Loan Program. To overcome this obstacle and further support families in need of affordable housing, the Band establishes this Rent-to-Own Program ("Program") to provide enrolled tribal members the opportunity to purchase their rental homes from the Band. This Program is intended for Band members who are truly committed to home ownership and its responsibilities and also who meet the Program eligibility criteria.

II. General Information

- A. The Rent-to-Own Program only applies to housing units owned by the MLBO Housing Department and located on MLBO trust lands or restricted fee land.
- B. Band members that meet minimum income criteria, and all other MLBO eligibility requirements, are eligible for this Program.
- C. This Rent-to-Own Program offers eligible applicants an opportunity for homeownership, whereby 100% of all monthly rent payments made by a Program participant will be applied to the purchase price of the unit. Home ownership will automatically occur if the renter/homebuyer makes timely and full monthly payments to the MLBO over a period of twenty (20) years and complies with the terms of the Rent-to-Own Agreement and all Band policies.
- D. The Rent-to-Own Program does not apply to any MLBO unit purchased or renovated with federal funds from the United States Department of Housing and Urban Development.

III. Eligibility Requirements

The eligibility criteria for participation in the MLBO Rent-to-Own Program shall be the same as those described in the MLBO Rental Admission Policy to include a demonstrated minimum annual adjusted gross income to pay the required rent and other expenses required of home

ownership. All applicants for the Rent-to-Own Program must be in good standing with the Housing Department for a period of two (2) years and must have a zero balance owed to the Housing Department prior to applying to participate in the Rent-to-Own Program.

IV. Application Process

- A. Applicants must complete all MLBO sponsored or approved financial management and/or homebuyer education classes or programs.
- B. Once the applicant meets all of the Program eligibility criteria and is approved for participation in the Program, the applicant and the MLBO will enter into a Rent-to-Own Agreement.
- C. The MLBO Housing Department is the owner/seller, and the renter/homebuyer pays off the purchase price of the rental unit through timely and full monthly rental payments to the MLBO Housing Department over a period of twenty (20) years. Upon the earlier of (a) renter / homebuyer's completion of making timely and full monthly rent payments to the Housing Department for twenty (20) years or (b) renter/homebuyer's full payment of the unit's purchase price, the MLBO Housing Department will transfer ownership of the unit (but not underlying land) to the renter/homebuyer pursuant to the terms of the Rent-to-Own Agreement. The Housing Department shall document the transfer of ownership of the unit by issuing a bill of sale to the renter/homebuyer.
- D. The "Purchase Price" of the unit shall be determined by a certified residential real property appraiser licensed by the Minnesota Department of Commerce. The renter/homebuyer and Housing Department shall agree upon the selected residential real property appraiser. However, it shall be the renter/homebuyer's sole responsibility to order and pay for the appraisal as part of his/her application process.
- E. The Housing Department may take into consideration the renter/homebuyer's payment history and length of time as a renter when negotiating the terms and conditions of the Rent-to-Own Agreement.
- F. The Housing Board shall review and approve (by majority vote) the terms and conditions of all Rent-to-Own Agreements prior to it becoming effective.

V. Restrictions

- A. Until such time as the renter/homebuyer owns the unit, the Housing Department will retain ownership of the unit, and the renter/homebuyer is only a renter without any equity in the unit.
- B. Individuals participating in this Program will not be simultaneously eligible for the MLBO Home Loan Program. However, after the renter/homebuyer purchases the unit from the Housing Department, the owner of the unit may apply for an MLBO Home

Renovation Loan. Individuals not currently participating in the Program may be eligible for the MLBO Home Loan Program.

- C. The renter/homebuyer may designate a "Successor" who would assume the status of renter/homebuyer after his/her death, but only if the Successor meets all Program eligibility requirements and assumes all restrictions as set forth in the Agreement and all applicable MLBO policies (to include the Admission, Occupancy, and Drug Policies).
- D. With the Housing Department's written approval, the renter/homebuyer may also assign his/her interest in the unit prior to death (whereby the credits paid towards the Purchase Price of the unit and years of compliance with Band policies) shall be credited against the 20-year term of the assigned Band member. The assigned Band member must meet all Program eligibility requirements and assume all restrictions as set forth in the Agreement and all applicable MLBO policies (to include the Admission, Occupancy, and Drug Policies).

VI. Program guidelines

A. The following criteria govern the Program:

- (1) Band member participants shall be selected based upon his/her demonstrated ability to make timely and full rent payments over a two (2) year period as a renter and follow all MLBO policies (the Admission, Occupancy and Drug Policies) prior to entering the Program.
- (2) The MLBO shall require the renter/homebuyer to participate in and complete "Homebuyer Education" classes.
- (3) The renter/homebuyer will be required to enter into a Rent-to-Own Agreement with the Housing Department. The terms of the Agreement will include:
 - a. The amount of rent and payment due date each month.
 - b. The Purchase Price of the unit.
 - c. An agreement to follow the all MLBO policies (to include the Admission, Occupancy, and Drug Policies).
 - d. An agreement to comply with all Program requirements.
 - e. An agreement authorizing the Band to deduct rental payments from the participant's payroll or per capita payments. The participant may also pay rental payments using direct deposit or any other payment method.

(4). Participants may accelerate the purchase of their unit by making additional rent payments early.

(5) The Housing Department shall immediately terminate a Rent-to-Own Agreement with any renter/homebuyer upon the occurrence of any single event that justifies “Immediate Termination” pursuant to Section III – C of the Occupancy Policy.

For all other cases not involving Section III – C of the Occupancy Policy, the Housing Department shall utilize a Three (3) Strikes Rule when terminating the Rent-to-Own Agreement. A strike against the renter/homebuyer will occur when the renter/homebuyer fails to follow the terms of the Rent-to-Own Agreement and/or MLBO Admission, Occupancy, or Drug Policies. The accumulation of three (3) strikes must occur within one (1) year to justify the termination of the Agreement. Strike one (1) will require the renter /homebuyer to re-attend and complete the MLBO sponsored or approved financial management and/or homebuyer education class or program. Strike two (2) will result in a penalty equal to 10% of the renter/homebuyer’s monthly rent payment that shall be due and payable immediately to the Housing Department. If within the same year, strike three (3) will result in the immediate termination of the Rent-to-Own Agreement.

If the Rent-to-Own Agreement is terminated for any reason, any and all credits accumulated by the renter/homebuyer applicable towards the Purchase Price of the unit is forfeited. The renter/homebuyer may continue to occupy their unit as a “renter” if he/she executes a new lease agreement with the Housing Department. After five (5) years from the termination date of the Rent-to-Own Agreement and after full payment of all amounts owed to the Housing Department, the renter/homebuyer may re-apply for participation back into the Program.

Appendix A

RENT-TO-OWN AGREEMENT

This Rent-to-Own Agreement (the “Agreement”) form shall be used for the MLBO Rent-to-Own Program.

Contents

- Article I Parties; Definitions; Purchase Price
- Article II Renter/Homebuyer Payments
- Article III Change in Income
- Article IV Commencement of Occupancy
- Article V Inspections

Article VI Maintenance, Utilities, and Use of Unit

Article VII Termination of Agreement

Article VIII Designation of Succession (Optional)

Article IX Miscellaneous

**ARTICLE I
Parties & Definitions**

1.1. Parties.

a. This Rent-to-Own Agreement is entered into by and between the MLBO Housing Department ("MLBO" or "Housing Department") and the renter/homebuyer whose signature(s) appear below.

b. Under this Agreement, the MLBO gives the renter/homebuyer an opportunity to obtain ownership of his/her rental unit in return for fulfilling the following renter/homebuyer obligations:

1. Making full monthly rent payments on time.
2. Authorizing and maintaining direct rent payments via either payroll or per capita deduction, or direct deposit. If the renter/homebuyer is unable to make direct rent payments by payroll deduction, per capita deduction, or by direct deposit, the renter/homebuyer may also make rent payments by delivering cash or check to the Housing Department.
3. Maintaining the unit and premises in a safe and sanitary condition as per the MLBO Occupancy Policy.
4. Completing an approved financial management and/or homebuyer education class.
5. Satisfying all other Program requirements and complying with all MLBO policies and procedures.

The terms and conditions of this Agreement are as follows:

MLBO Housing Department Representative: Daniel Boyd, Director of Housing

Renter/homebuyer: _____

Renter/homebuyer's Spouse (if applicable): _____

Unit Address: _____

Move in Date: _____

1.2. Definitions. Unless otherwise stated, the terms used in the Agreement shall have the same meaning as in the MLBO Admission, Occupancy, and Drug Policies.

Agreement. The Rent-to-Own Agreement between the Housing Department and a renter/homebuyer.

Home or Unit. The dwelling unit or structure, excluding the underlying land, covered by this Agreement.

Renter/Homebuyer. The renter/homebuyer who enters the Agreement to obtain ownership of his/her unit through the Rent-to-Own Program.

Purchase Price. The Purchase Price for the unit as determined by a certified residential real property appraiser who holds a license with the Minnesota Department of Commerce. The Purchase Price for the unit is \$ _____.

ARTICLE II Renter/Homebuyer Payments

2.1. Establishment of Payment.

- A. Renter/Homebuyer shall make a monthly rent payment in the amount of \$_____ to the Housing Department due on the first day of the month. The monthly rent payment shall be considered "late" if the full rent payment is not received by the Housing Department by the eighth (8th) day of the month. A rent payment is "paid" upon the Housing Department's receipt of the rent payment.
- B. The entire monthly rent payment shall be applied against the renter/homebuyer's unit Purchase Price.

ARTICLE III Change in Income

- 3.1. Changes in a renter/homebuyer's adjusted gross income after the Agreement is executed and after occupancy of the unit, shall not affect the renter/homebuyer's eligibility in this Program.

ARTICLE IV Commencement of Occupancy

- 4.1. Agreement Term.** The term of this Agreement shall commence on the first day of the calendar month following the signing of this Agreement and shall expire when the renter/homebuyer purchases the unit from the Housing Department, the Agreement is terminated, or as otherwise provided by the terms and conditions of this Agreement or Band policy.

ARTICLE V Inspections

5.1. Inspection before Move-In.

- A. To establish a record of the condition of the unit, the renter/homebuyer and the Housing Department shall conduct a joint inspection of the unit on the day the renter/homebuyer moves into the unit and takes occupancy.
- B. The record of this inspection shall be signed and dated by the renter/homebuyer and the Housing Department.
- C. The Housing Department shall give the renter/homebuyer a signed copy of the inspection report and a full written description of all renter/homebuyers' responsibilities.
- D. The renter/homebuyer agrees to purchase the unit on an "as-is" basis, with no representations or warranties.

- 5.2. Ongoing Inspections.** The Housing Department shall perform inspections of the unit in accordance with the MLBO Occupancy Policy throughout the term of the Agreement.

- 5.3. Inspection Upon Termination of Agreement.** If this Agreement is terminated for any reason after commencement of occupancy, the Housing Department shall inspect the unit, after notifying the renter/homebuyer of the time for the inspection, and shall give the renter/homebuyer a written statement of the cost of any maintenance work required to put the unit in satisfactory condition. Renter/homebuyer shall be responsible to pay the Housing Department for any and all repairs and maintenance costs in excess of normal wear and tear.

ARTICLE VI Maintenance, Utilities, and Use of the Unit

- 6.1. MLBO Policies.** The terms and conditions of the MLBO's Admission, Occupancy, and Drug Policy shall apply to the parties to this Agreement and are intended to assure the full performance of the maintenance responsibilities of the renter/homebuyer with respect to the unit. A copy of these written policies shall be provided to the renter/homebuyer upon execution of this Agreement.

- 6.2. MLBO Maintenance Responsibilities.** The Housing Department shall enforce those provisions of this Agreement under which the renter/homebuyer is responsible for the maintenance of the unit. Failure of a renter/homebuyer to meet the obligations to maintain the unit in accordance with the Agreement and all MLBO policies may result in the termination of this Agreement.
- 6.3. Maintenance Inspections.** The Housing Department shall conduct a complete interior and exterior maintenance inspection of the unit on an annual basis. The Housing Department shall also take appropriate action, as necessary, to remedy conditions identified by the inspection report, including steps to assure performance of the renter/homebuyer's obligations under this Agreement.
- 6.4. Renter/Homebuyer's Maintenance Responsibilities.**
- A. The renter/homebuyer shall be responsible for maintenance of the unit necessary to keep the unit in a safe and sanitary condition, including removal of trash, debris, maintenance of yard and walkways, and all repairs (including necessary repairs resulting from the intentional or negligent acts of the renter/homebuyer, family or guests as per the MLBO Occupancy Policy).
- B. The renter/homebuyer's failure to perform the maintenance obligations constitutes a breach of this Agreement and grounds for termination pursuant to the Three Strikes Rule. If the Housing Department determines that the condition of the unit creates a hazard to the life, health or safety of the unit's occupants, or if there is a risk of damage to the unit if the condition is not corrected, the corrective work shall be performed promptly by the Housing Department, and the renter/homebuyer shall be charged for the costs of repairs and maintenance in excess of normal wear and tear.
- 6.5. Renter/homebuyer's Responsibility for Utilities.** The renter/homebuyer is responsible for the cost of furnishing and maintaining utilities for the unit. The Housing Department shall have no obligation to pay for the renter/homebuyer's utilities. The failure of the renter/homebuyer to furnish and maintain utilities at the unit shall be grounds for termination of this Agreement.
- 6.6. Obligations with Respect to Unit and Other Persons and Property.** The renter/homebuyer shall agree to abide by all provisions of this Agreement and the MLBO policies and procedures, concerning occupancy, maintenance and use of the unit by family members and guests. The renter/homebuyer shall obtain permission from the Housing Department for all occupants living in the unit for longer than seven (7) days. Unauthorized occupants living in the unit, without the Housing Department's prior written permission, may be grounds for termination of this Agreement.
- 6.7. Structural Changes.** Renter/Homebuyer shall not make structural changes to the unit unless the renter/homebuyer obtains prior written permission from the Housing Department before making any structural changes. A structural change includes, but is

not limited to, removing or adding walls, adding or removing a deck, door or installed cabinets, any work to the electrical, plumbing, heating/cooling or any other system installed in the unit, or any other work or repair related to the structure of the unit.

- 6.8 **Criminal Activity.** The Renter/Homebuyer, members of the household, and visitors must remain law abiding and shall not engage in any criminal activity. In accordance with the MLBO Occupancy Policy and Drug Policy, criminal activity may be grounds for termination of this Agreement.

ARTICLE VII Termination of Agreement

- 7.1. **Termination Upon Breach.** In the event the renter/homebuyer fails to comply with any of the obligations under this Agreement and/or the MLBO policies, the MLBO may terminate this Agreement.

A. Misrepresentation or withholding material information regarding the renter/homebuyer's background when applying to participate in this Program constitutes a material breach of this Agreement.

B. Termination of this Agreement voids any interest the renter/homebuyer may have had in the unit.

C. All payments made pursuant to this Agreement prior to termination shall be considered rent with no equitable interest or claim in such payments by the renter/homebuyer. Upon termination of the Agreement, the renter/homebuyer shall have no continuing interest or claim in the acquisition of ownership of the unit.

- 7.2. **Notice of Termination of Agreement.** In the event the Housing Department decides to terminate this Agreement, the Housing Department shall provide the renter/homebuyer with written notice of termination.

A. **Notice.** This Notice:

- (1) must specify the violation, effective termination date, and, if applicable, the due date by which all corrective action must be completed; and
- (2) shall advise the renter/homebuyer as to whether the Agreement was immediately terminated pursuant to Section III-C of the Occupancy Policy or terminated according to the Three Strikes Rule; and
- (3) advise the renter/homebuyer of his/her right to appeal the Housing Department's decision to terminate this Agreement to the Housing Board.

- 7.3. Termination of Agreement by Renter/Homebuyer.** The renter/homebuyer may terminate this Agreement by giving the Housing Department written notice of termination.
- A.** If the renter/homebuyer vacates the home without giving written notice to the Housing Department, the renter/homebuyer shall remain subject to the obligations of this Agreement including the obligation to make monthly rent payments, until the Housing Department terminates the Agreement in writing.
 - B.** Notice of the termination shall be communicated to the Housing Department in writing.
- 7.4. Charges to Renter/Homebuyer Upon Termination of the Agreement.** If this Agreement is terminated, the renter/homebuyer shall be charged for the repair of any damages to the unit in excess of normal wear and tear and for unpaid rent and work orders. The Housing Department shall also be entitled to collect all amounts due and its cost of collection, to include reasonable attorney's fees, from the renter/homebuyer.
- 7.5. Settlement Upon Termination.**
- A. Time for Settlement.** Settlement with the renter/homebuyer following the termination of the Agreement shall be made as promptly as possible and after all charges have been determined. The Housing Department shall give the renter/homebuyer a statement of all amounts owed.
 - B. Disposition of Personal Property.** Upon termination, the Housing Department may dispose of any item of personal property abandoned by the renter/homebuyer in the unit, in any lawful manner deemed suitable by the Housing Department.
- 7.6. Subsequent Use of Unit.** After termination of a renter/homebuyer's interest in the unit, the unit remains the property of the Housing Department. The Housing Department, in its discretion, may select a new renter/homebuyer for the unit and enter into a new lease and/or Rent-to-Own Agreement.
- 7.7 Appeal of Housing Department's Notice of Termination.** Upon receipt of the Housing Department's Notice of Termination of Agreement, the renter/homebuyer shall have ten (10) working days to file a written appeal to the Housing Board requesting a formal hearing. The Housing Board shall review of the Housing Department's decision to terminate the renter/homebuyer's Agreement and decide to either uphold or reverse the Housing Department's Notice of Termination in accordance with the terms and conditions of the Agreement, Band law, and the Housing Department's policies. If the renter/homebuyer or Housing Department believes that the decision of the Housing Board violates Band law or the Housing Department's policies, either party may proceed to the Court of Central Jurisdiction to review the Housing Board's decision.

**ARTICLE VIII
Designation of Succession (Optional)**

8.1. Designation of Successor by Renter/Homeowner.

- A. The renter/homebuyer may designate a successor who upon death would assume the status of the renter/homeowner, provided that the successor is a Band Member and meets the eligibility requirements for this Program.
- B. The designated successor shall assume the remaining responsibilities of this Agreement.
- C. The designated successor as of the date of this Agreement is:

Name: _____

Address & Unit Number: _____

City, State: _____

MLBO Member Enrollment Number: _____

Relationship: _____

Signature of Designated Successor

Date: _____

- D. The renter/homebuyer may change the designated successor upon written notice to the Housing Department so long as the newly named successor meets the eligibility criteria of the Program to include, but not limited to, those stated in the Band's Rental Admission Policy. The renter/homebuyer may change the designated successor multiple times as deemed necessary.
- E. If the designated successor does not meet the eligibility requirements of this Program at any time, that designated successor will be deemed ineligible. If no eligible designated successor is identified by the renter/homeowner prior to his/her death, this Rent-to-Own Agreement shall terminate upon the renter/homeowner's death.

8.2. Succession by Person Designated by Renter/Homebuyer.

The person designated as the successor shall assume the former renter/homebuyer's rights and responsibilities under this Agreement if the designated successor meets the following conditions: The successor is willing and able to perform the obligations of the renter/homeowner under this Agreement, the successor satisfies program eligibility

requirements; and the successor executes an assumption of the former renter/homebuyer's obligations under this Agreement. If a successor satisfies the described requirements, the successor may assume the renter/homebuyer's rights and responsibilities under this Agreement towards ownership of the unit.

ARTICLE IX Miscellaneous

- 9.1. Insurance Before Transfer of Ownership, Repair or Rebuilding.**
- A. Insurance.** The Housing Department shall carry hazard insurance upon the unit throughout the term of this Agreement.
 - B. Repair or Rebuilding.** In the event the unit is damaged or destroyed by fire or other casualty, Housing Department shall use the insurance proceeds to have the unit repaired or rebuilt unless there is good cause for not doing so.
 - C. Suspension of Payments.** In the event of termination of this Agreement because of damage or destruction of the unit, or if the unit must be vacated during the repair period, the Housing Department will use its best efforts to assist in relocating the renter/homebuyer. If the unit must be vacated during the repair period, the required monthly rent payments may be suspended during the vacancy period.
- 9.2. Notices.** Any notices by the Housing Department to the renter/homebuyer required under this Agreement or by law shall be (a) delivered in writing to the renter/homebuyer personally or to any adult member of the renter/homebuyer's family residing in the unit or (b) shall be sent by certified mail, return receipt requested, properly addressed, postage prepaid. Notice to the Housing Department shall be in writing, and either delivered to the Housing Department's front desk, or sent to the Housing Department by certified mail, return receipt requested and properly addressed, postage prepaid.
- 9.3. Severability.** If any one or more of the provisions of this Agreement are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.
- 9.4. No Waiver.** No delay in enforcing any right of the Housing Department under this Agreement shall be construed as a waiver of the right of the Housing Department to thereafter insist upon strict compliance with the terms of this Agreement.
- 9.5. Modification.** This Agreement may only be modified by a written agreement signed by both parties.
- 9.6. Venue.** This Agreement shall be construed in accordance with the laws of the Non-Removable Mille Lacs Band of Ojibwe and any dispute arising from the Agreement

shall be heard and adjudicated by the Mille Lacs Band of Ojibwe Court of Central Jurisdiction.

MILLE LACS BAND OF OJIBWE
HOUSING DEPARTMENT

BY: _____
ITS: _____

Date: _____

RENTER / HOMEBUYER

Date: _____

Date: _____

THE TERMS AND CONDITIONS OF THIS AGREEMENT HAS BEEN REVIEWED AND APPROVED BY THE MILLE LACS BAND OF OJIBWE'S HOUSING BOARD.

HOUSING BOARD PRESIDING OFFICER

Date: _____

VOTE RESULTS (YEA/NAY/SILENT)