

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: 0189-26

SPONSOR: Vince R. James

TITLE: An Action Relating to an Emergency for the Navajo Nation Council; Adopting Revised Homeowner Assistance Fund Policies Conformed to Federal Requirements; Directing Re-Evaluation of Previously Submitted Applications; Directing Obligation of Funds Before the Federal Deadline; and Establishing Oversight, Reporting, and Enforcement Requirements for the Navajo Nation Division for Children and Family Services, The Office of the Controller, The Office of Personnel Management, and the Fund's Third-Party Administrators

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0189-26

DATE: August 6, 2026

AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; ADOPTING REVISED HOMEOWNER ASSISTANCE FUND POLICIES CONFORMED TO FEDERAL REQUIREMENTS; DIRECTING RE-EVALUATION OF PREVIOUSLY SUBMITTED APPLICATIONS; DIRECTING OLBIGATION OF FUNDS BEFORE THE FEDERAL DEADLINE; AND ESTABLISHING OVERSIGHT, REPORTING, AND ENFORCEMENT REQUIREMENTS FOR THE NAVAJO NATION DIVISION FOR CHILDREN AND FAMILY SERVICES, THE OFFICE OF THE CONTROLLER, THE OFFICE OF PERSONNEL MANAGEMENT, AND THE FUND'S THIRD-PARTY ADMINISTRATORS

PURPOSE: This legislation, if approved, would revise the Navajo Nation Homeowner Assistance Fund program policies to conform Navajo Nation eligibility, documentation, and assistance requirements to the federal Homeowner Assistance Fund requirements, void any policy or restriction more restrictive than the federal requirements.

FINAL AUTHORITY: Navajo Nation Council

VOTE REQUIRED: Simple Majority

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

PROPOSED NAVAJO NATION COUNCIL RESOLUTION
25th NAVAJO NATION COUNCIL—Fourth Year, 2026

Introduced By:

Primary Sponsor

Tracking No. 0189-26



AN ACTION

**RELATING TO AN EMERGENCY FOR THE NAVAJO NATION
COUNCIL; ADOPTING REVISED HOMEOWNER ASSISTANCE FUND
POLICIES CONFORMED TO FEDERAL REQUIREMENTS;
DIRECTING RE-EVALUATION OF PREVIOUSLY SUBMITTED
APPLICATIONS; DIRECTING OLBIGATION OF FUNDS BEFORE THE
FEDERAL DEADLINE; AND ESTABLISHING OVERSIGHT,
REPORTING, AND ENFORCEMENT REQUIREMENTS FOR THE
NAVAJO NATION DIVISION FOR CHILDREN AND FAMILY
SERVICES, THE OFFICE OF THE CONTROLLER, THE OFFICE OF
PERSONNEL MANAGEMENT, AND THE FUND'S THIRD-PARTY
ADMINISTRATORS**

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Navajo Nation Council is the governing body of the Navajo Nation and may consider legislation regarding an emergency matter. 2 N.N.C. §§ 102(A) and 164(A)(16).

- 1 B. “[M]atters constituting an emergency shall be limited to the cessation of law
2 enforcement services, and disaster relief services, fire protection services or other
3 direct services requires as an entitlement under Navajo Nation or Federal law, or
4 which directly threaten the sovereignty of the Navajo Nation. Such an emergency
5 matter must arise due to the pressing public need for such resolution(s) and must be a
6 matter requiring final action by the Council. 2 N.N.C. § (164)(A)(16).
- 7 C. The Homeowner Assistance Fund was established under Section 3206 of the
8 American Rescue Plan Act of 2021, codified at 15 U.S.C. § 9058d, and is governed
9 by the U.S. Department of the Treasury's Homeowner Assistance Fund Guidance
10 (June 12, 2023) and the Nation's HAF Financial Assistance Agreement with the
11 Treasury Department.
- 12 D. The Navajo Nation was allocated \$55,420,097.00 in HAF funds, and the Treasury
13 approved the Navajo Nation HAF Plan (HAFP-0369), administered by Navajo
14 Division for Children and Family Services, previously known as the Division of
15 Social Services. As of June 30, 2026, audit findings reveal that \$28,750,643.38
16 remain unexpended of these HAF funds allocated to the Navajo Nation, which is
17 more than 50% of the original allocation.
- 18 E. The federal fund-utilization deadline for the Navajo Nation's HAF award is
19 September 30, 2026, after which the Nation is prohibited from using HAF award
20 funds, and unobligated and unexpended funds must be returned to the United States
21 Treasury.
- 22 F. The Navajo Nation therefore finds that this Action is an emergency matter affecting
23 critical government services for the Navajo People and the sovereignty of the Navajo
24 Nation, and this Action must be approved without delay to meet an urgent and
25 pressing public need.

26 27 **SECTION TWO. FINDINGS**

- 28 A. The Homeowner Assistance Fund was established to mitigate financial hardships
29 associated with the coronavirus pandemic by preventing homeowner mortgage
30

1 delinquencies, defaults, foreclosures, loss of utilities or home energy services, and
2 displacement of homeowners experiencing financial hardship after January 21, 2020.

3 B. Under Treasury Guidance, a homeowner is eligible for HAF assistance if the
4 homeowner (1) experienced a financial hardship after January 21, 2020, including a
5 hardship that began before that date but continued after it; (2) has income equal to or
6 less than the greater of 150% of the area median income or 100% of the median
7 income for the United States; and (3) seeks assistance related to the homeowner's
8 primary residence.

9 C. Treasury Guidance expressly *discourages* HAF participants from imposing additional
10 eligibility criteria such as foreclosure status, credit score, bankruptcy status, the
11 existence of liens on the property, or previous cash-out refinances, and requires any
12 participant that adds eligibility criteria beyond the federal floor to explain with
13 specificity how those criteria further the objectives of the HAF and help the program
14 reach eligible homeowners.

15 D. Treasury Guidance requires that not less than 60% of the Nation's HAF funds be used
16 to assist homeowners with incomes at or below the greater of 150% of the area
17 median income or 100% of the United States median income, and that remaining
18 funds be prioritized for socially disadvantaged individuals.

19 E. Native Community Capital ("NCC") and Red Feather Development Group ("RFDG")
20 are contracted vendors administering portions of the Navajo Nation's HAF program
21 on behalf of the Navajo Nation, including mortgage-related assistance and home-
22 repair assistance, and to date expenditures have been low, such that there has been
23 little to no progress toward disbursing the Nation's HAF allocation to eligible
24 homeowners before the federal deadline, placing the unexpended balance at risk of
25 recapture by the Treasury.

26 F. Certain policies, eligibility criteria, and program restrictions currently applied to the
27 original Navajo Nation HAF program, attached as **Exhibit A**, are more restrictive
28 than the federal requirements, were not approved by the Navajo Nation Council, and
29 operate as unnecessary barriers to participation by eligible homeowners, thereby
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1 slowing expenditure and jeopardizing the Nation's ability to fully utilize its allocation.
2 Such restrictions include, but are not limited to, the following:

- 3 1. per-element assistance sub-caps (for example, the \$20,000 mortgage payment,
4 \$15,000 reinstatement, \$3,000 utilities, \$1,000 internet, \$1,000 insurance, and
5 \$1,000 homeowner's association caps), where the federal guidance imposes no
6 maximum per qualified-expense category;
- 7 2. the 24-month durational limit on mortgage payment assistance, where the
8 federal guidance imposes no such limit;
- 9 3. the administration of assistance on a first-come, first-served basis, which is in
10 tension with the federal requirement to prioritize homeowners at or below
11 100% of the applicable median income and socially disadvantaged
12 individuals;
- 13 4. the election not to permit income eligibility to be established through a written
14 attestation together with a reasonable fact-specific proxy, notwithstanding that
15 the federal guidance expressly permits that method; and
- 16 5. documentation requirements exceeding the federal minimum necessary to
17 establish income eligibility and financial hardship.

18 G. In addition, the March 29, 2024 letter from the Navajo Nation President, attached as
19 **Exhibit B**, to Native Community Capital ("the March 2024 Modification Letter")
20 imposed eligibility conditions for the Mortgage Principal Reduction Assistance
21 program and other program elements that exceed federal standards and exclude large
22 numbers of Navajo homeowners who experienced temporary COVID-related
23 disruptions, and that fail to account for elderly Navajo members living on a fixed
24 income. Treasury does not require any of the following, none of which was approved
25 by the Navajo Nation Council:

- 26 1. a permanent reduction in household income;
- 27 2. a 20% income-reduction threshold;
- 28 3. a 12-month duration of income reduction;
- 29 4. proof of retirement;
- 30 5. senior-citizen-based benefit tiers; or

1 6. quarterly income reverification.

2 H. The requirement that an applicant have a qualifying connection to the Navajo Nation,
3 as set forth in the new Policy, attached as **Exhibit C**, is a sovereign eligibility
4 condition of the Nation and is not a restriction affected by the conformance
5 provisions of this resolution.

6 I. The Navajo Nation HAF Plan itself acknowledges the need for flexibility, providing
7 that the HAF plan is a living plan that will be adjusted as needed to support the
8 evolving needs of enrolled tribal members, and, under Treasury Guidance, tribal
9 governments may amend their HAF plans to improve access, remove barriers, and
10 ensure full obligation and expenditure of federal awards.

11 J. It is in the best interest of the Navajo Nation and its people to remove every Navajo
12 Nation-imposed requirement that is more restrictive than the federal requirements, to
13 re-evaluate previously submitted applications under the least-restrictive standard, and
14 to direct the immediate obligation of HAF funds so that the maximum number of
15 Navajo homeowners are assisted before the September 30, 2026 deadline.

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17 **SECTION THREE. ADOPTION OF THE NAVAJO NATION HOMEOWNER**
18 **ASSISTANCE FUND POLICY**

19 A. The Navajo Nation Council hereby adopts the Navajo Nation Homeowner Assistance
20 Fund Policy, attached to and incorporated into this resolution as **Exhibit C** (the
21 “Policy”), as the official HAF policy of the Navajo Nation, effective immediately.
22 The Policy supersedes and rescinds all previous HAF policies and shall govern the
23 determination of eligibility of homeowners for financial assistance and
24 homeownership-related services under the HAF program.

25 B. The amendments adopted in this HAF Policy relate solely to the internal
26 administration, processing and operational management of the Navajo HAF grant.
27 These amendments do not alter the Treasury-approved budget categories, do not
28 create any new program categories, and do not terminate any existing program
29 categories.

- 1 C. The administrative changes adopted herein, including updates to internal procedures,
2 documentation requirements, workflow processes, and program management
3 practices, fall within the category of non-budgetary program adjustments, which
4 Treasury expressly allows without formal amendment. Treasury guidance further
5 states that modifications to individual term sheets require only email notification, not
6 formal approval.
- 7 D. Nothing in this resolution voids, reduces, or requires repayment of any HAF
8 assistance already disbursed to or approved for a homeowner, or otherwise impairs
9 any benefit already provided under the Navajo Homeowner Assistance Fund. This
10 resolution applies prospectively to pending and future applications and to the re-
11 evaluation directed in Section Four.

12
13 **SECTION FOUR. RE-EVALUATION OF PREVIOUSLY SUBMITTED**
14 **APPLICATIONS**

- 15 A. All HAF applications previously submitted to the Navajo Nation, whether denied,
16 deferred, partially approved, or pending, shall be re-evaluated for approval under the
17 least-restrictive standard adopted in Section Three.
- 18 B. Re-evaluation shall proceed in the order in which applications were originally
19 submitted, beginning with the earliest-submitted applications first.
- 20 C. Applicants whose applications were previously denied or reduced under a policy
21 voided by this resolution shall be notified of the re-evaluation and afforded a
22 reasonable opportunity to supplement their applications, without requiring
23 resubmission of documentation already on file.
- 24 D. Nothing in this Section relieves NDCFS and/or third-party administrators of the
25 obligation to ensure that not less than 60% of the Nation's HAF funds assist
26 homeowners at or below 150% of area median income or 100% of the United States
27 median income whichever is greater, and to prioritize socially disadvantaged
28 individuals as required by Treasury Guidance.
- 29
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1 **SECTION FIVE. IMMEDIATE EFFECT AND DIRECTION TO OBLIGATE**
2 **FUNDS BEFORE THE FEDERAL DEADLINE**

- 3 A. The policies adopted in this resolution take effect immediately upon its approval and
4 replace and rescind any prior HAF policy.
- 5 B. NDCFS, and NCC and RFDG as third-party administrators, are directed to obligate
6 and expend the Navajo Nation's HAF allocation on qualified expenses for eligible
7 homeowners as expeditiously as practicable, and in all events consistent with the
8 federal fund-utilization deadline of September 30, 2026, so that no portion of the
9 allocation is subject to recapture by the United States Treasury for being unobligated
10 or unexpended.
- 11 C. NDCFS is authorized and directed to submit to the U.S. Department of the Treasury
12 any HAF Plan amendment, term-sheet revision, or reallocation request necessary to
13 implement this resolution and to secure any required Treasury approval, if necessary,
14 and to take such further actions as are reasonably necessary to give effect to this
15 resolution.

16
17 **SECTION SIX. DIRECTIVES**

- 18 A. Pursuant to 2 N.N.C. § 401(C)(2), which vests Health, Education, and Human
19 Services Committee (HEHSC) with oversight authority to oversee all social service
20 related activities of the Navajo Nation relating to the delivery of social services,
21 NDCFS shall provide the following documents or information to HEHSC and the
22 Naabik'iyáti' Committee within fifteen (15) days:
- 23 1. all Navajo tribal information on the HAF program since January 2024;
 - 24 2. all amendments to the HAF Plan approved by U.S. Treasury since November
25 2022;
 - 26 3. all HAF-related policies and documentation of their adoption;
 - 27 4. whether any HAF-related plans or policies were approved by the Navajo
28 Nation Council;
 - 29 5. all HAF quarterly reports submitted to Treasury;
 - 30

6. any HAF-related financial statements showing amounts expended and obligated;
7. resolutions authorizing transfer of HAF funds to NDCFS;
8. RFPs for solicitation of HAF management services;
9. authorizations to enter into contracts with vendors for delivery of HAF services;
10. copies of contracts with Native Community Capital and Red Feather Development Group for provision of HAF-related services; and
11. copies of any change orders to contracts with Native Community Capital and Red Feather Development Group.

NDCFS shall also:

1. update all program documents within five (5) days to reflect the Council's adoption of the Treasury-aligned and Navajo-specific eligibility standards set forth in Section Three;
2. conduct expedited outreach to Chapters, border towns, and off-reservation members; and
3. report to HEHSC on expenditure progress on a bi-weekly basis until the award is fully expended or closed out.

B. Pursuant to 2 N.N.C. §§ 300(4) and 310(3), and 12 N.N.C. § 203(B), which requires the Controller to report to the Navajo Nation Council and its committees concerning the financial condition of the Navajo Nation and the propriety of financial transactions and compliance with Council or committee directives, the Office of the Controller shall, within fifteen (15) days:

1. provide a statement describing how HAF payments are processed, including whether the Nation's finance office or Controller had input or approval authority;
2. provide all payment records to vendors administering HAF funds, including Native Community Capital and Red Feather Development Group;
3. if vendors processed and made HAF-related payments to homeowners or suppliers, provide reports from such vendors;

4. if HAF-related payments were paid directly by the Nation, provide documentation of such payments;
5. provide HAF-related financial statements showing total HAF expenditures, obligations, and remaining balances; and
6. report bi-weekly to HEHSC and BFC on HAF payment processing, vendor payments, and expenditure status.

C. Pursuant to 2 N.N.C. § 401(C)(6), which vests HEHSC with oversight authority for employment, labor, veterans' services, training, and vital statistics, and in light of the 2022 Final HAF Plan's provision that the Department of Personnel Management ("DPM") would process employment documents for HAF temporary staff, DPM shall:

1. within ten (10) days, report to the Council the number of applications for temporary HAF staff processed, if any;
2. within ten (10) days, report to the Council the total number of temporary HAF staff hires, if any;
3. report to the Council its involvement, if any, in the selection of Native Community Capital and Red Feather Development Group to administer the HAF funds on behalf of the Navajo Nation; and
4. report to the Council its involvement, if any, in the vetting or hiring of Native Community Capital or Red Feather Development Group employees for work under the HAF program.

SECTION SEVEN. JURISDICTION OVER AND DIRECTIVES TO THE FUND'S THIRD-PARTY ADMINISTRATORS

Pursuant to 2 N.N.C. § 701(2), (7), and (11), the Navajo Nation Council finds and declares as follows:

- A. The Native Community Capital and Red Feather Development Group are contracted vendors administering portions of the Navajo Nation's HAF program, including mortgage-related assistance and home-repair assistance. As vendors receiving and expending federal HAF funds on behalf of the Navajo Nation, both entities operate

1 under the authority of Navajo Nation laws, policies, and financial controls. The
2 Navajo Nation Council is the governing body responsible for oversight of federal
3 funds administered by the Navajo Nation and its divisions, programs, and contracted
4 vendors. Because NCC and RFDG administer federal HAF funds allocated to the
5 Navajo Nation, they are subject to the Council's jurisdiction for purposes of oversight,
6 reporting, accountability, and compliance with Navajo Nation law.

7 B. Declaration of Jurisdiction. The Navajo Nation Council hereby declares that Native
8 Community Capital and Red Feather Development Group, as vendors administering
9 federal HAF funds on behalf of the Navajo Nation, are subject to the jurisdiction and
10 oversight authority of the Navajo Nation Council, including but not limited to:

- 11 1. mandatory reporting requirements;
- 12 2. production of contracts, amendments, and change orders;
- 13 3. production of financial statements and expenditure reports;
- 14 4. appearance before Council committees when requested;
- 15 5. compliance with Navajo Nation procurement, financial management, and
16 audit requirements; and
- 17 6. cooperation with any Council-directed review, investigation, or audit of HAF
18 program administration.

19 C. Directives - Program Administration and Mandatory Reporting. Native Community
20 Capital and Red Feather Development Group shall:

- 21 1. continue processing pending applications pursuant to the policy approved in
22 this resolution;
- 23 2. immediately re-evaluate denied applications against the policy approved in
24 this resolution; and
- 25 3. each submit to the Navajo Nation Council, within thirty (30) days, the
26 following:
 - 27 a. all contracts and change orders between the Navajo Nation and the
28 vendor;
 - 29 b. a detailed activity report describing all services provided under the
30 HAF program; and

1 c. a financial report showing total HAF funds received, total funds
2 expended, the percentage and amount of funds allocated for
3 provision of administrative services, the number of Navajo
4 homeowners assisted, and the remaining balance of funds.

5 4. submit bi-weekly expenditure and activity reports thereafter until the HAF
6 program is fully expended or closed.

7 D. Enforcement. Failure by Native Community Capital or Red Feather Development
8 Group to comply with this Section may result in:

- 9 1. suspension of payments;
10 2. contract review or termination;
11 3. referral to the Office of the Controller, Office of the Attorney General, or
12 Ethics and Rules Office for further action;
13 4. possible referral to the United States Office of the Inspector General; and
14 5. any additional remedies available under Navajo Nation or other applicable
15 law.

16
17 **SECTION EIGHT. SAVING CLAUSE**

18 If any provision of this Action is determined invalid by the Supreme Court of the Navajo
19 Nation, or by a Navajo Nation District Court without appeal to the Navajo Nation
20 Supreme Court, the remainder of this Action shall remain the law of the Navajo Nation.

21
22 **SECTION NINE. EFFECTIVE DATE**

23 This Action shall become effective in accordance with 2 N.N.C. §§ 164(A)(17), 221(A),
24 (B), and 1005(C)(10)-(11).