

TOHONO O'ODHAM KI:KI ASSOCIATION

UNRESTRICTED INCOME HOMEOWNERSHIP & LOAN PROGRAM POLICIES & PROCEDURES



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I. Program Overview and Purpose

Historically, TOKA has been limited to provide housing assistance under the Native American Housing Assistance and Self-Determination Act of 1996 ("NAHASDA") to Tohono O'odham Nation "low-income" families through homeownership and rental programs utilizing the Nation's NAHASDA funds for the construction and development of such housing programs. NAHASDA defines low-income families as those with incomes below 80% of HUD's United States Median Income limits ("USMI").

The TOKA Unrestricted Income Homeownership and Loan Program (the "UIP") has been developed to assist **all** Tohono O'odham Nation members in achieving homeownership within the Nation regardless of income level. By utilizing TOKA's unrestricted non-NAHASDA housing funds, both over income program participants who make between 80% - 120% of the USMI per year, as well as eligible low-income program participants (those who make less than 80% of the USMI), may receive (i) financing through TOKA for the purchase of a TOKA constructed home; and/or (ii) down payment and closing cost assistance towards the purchase of a TOKA-constructed home within the Nation. The UIP provides for a "soft", forgivable loan for down payment and closing cost assistance upon faithful completion of UIP program requirements after a period between five (5) and twenty (20) years depending on the assistance amount.

The TOKA UIP is modeled after a successful government public housing program and combines a "for profit" business model with TOKA in the roles of builder, developer and Mortgage lender of homes that will provide TOKA with a steady flow of income/profit that it has committed to use in order to continue and be able to provide housing opportunities for tribal members and to help offset shortfall in tribal housing funds that the Nation will experience in the face of looming and significant reductions in NAHASDA Indian Housing Block Grant funds.

The goal of the UIP is to (i) provide any family desiring to own a home and live on the Nation with the opportunity and ability to qualify for a loan, whether or not they are over or under the federally-mandated income limits by utilizing down payment assistance from TOKA; (ii) benefit the Nation and TOKA through the creation and use of a source of income and pool of funds that can be leveraged to provide more homeownership opportunities within the Nation with less federal regulatory restrictions for the Nation's families; and (iii) provide the Nation and TOKA with more independence from and less dependence on the ever- diminishing federal housing block grant funds received by the Nation under NAHASDA.

How the UIP Works

The UIP is meant to provide homeownership opportunities regardless of income level by providing (1) financing and (2) down payment and closing cost assistance for the purchase of a TOKA-constructed home in the form of "soft", forgivable loan.

The types and maximum amounts of UIP assistance is set forth in the table below.

Program Options	Assistance	Household Income Limits	Payment to Income Ratio	Required Homebuyer Down Payment
<u>Over Income Family</u>				
Option 1: Section 184 or Other Third Party Purchase Loan	Down payment and/or closing cost forgivable loan (up to \$10,000) secured by 2nd lien on home	Above 80% - Up To 120% USMI	30% / 41%	Minimum \$1,000
Option 2: TOKA Purchase Loan	(1) Purchase loan in an amount up to 97.75% of the appraised value of the home amortized over 30 years secured by a 1st lien on home (2) Down payment and/or closing cost forgivable loan (up to \$10,000) secured by 2nd lien on home	Above 80% - Up to 120% USMI	34%/45%	Minimum \$1,000
<u>Low Income NAHASDA Eligible Family</u>				
Option 1: Section 184 Lender or Other Third Party Purchase Loan Secured by 1st Lien on Home	(1) Purchase subsidy loan up to \$50,000 amortized over 30 years (forgivable loan secured by 2nd lien on home) (2) Down payment and/or closing cost loan up to \$10,000 (forgivable loan secured by 3rd lien on home)	At or below 80% USMI	Purpose: to subsidize payment amount between 30% - 45%	Minimum \$1,000
Option 2: TOKA Purchase Loan	(1) Purchase loan in the amount of the appraised value of the home amortized payments over 30 years secured by a 1st lien on home (2) Purchase subsidy loan up to \$50,000 amortized over 20 years (forgivable loan secured by 2nd lien on home)	At or below 80% USMI	In a principal amount not to exceed NAHASDA 30% payment/income limit TOKA subsidy of payment amount between 30% - 45%	Minimum \$1,000

	(3) Down payment and/or closing cost forgivable loan (up to \$10,000) secured by 3rd lien on home			
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The "Underwriting" section of this UIP establishes uniform standards and criteria for approval of UIP loans. The TOKA’s final underwriting decision for any loan is to be based on an overall evaluation of risks identified, documented and associated in an applicant’s loan file. Reviewing the “three Cs” of credit worthiness,- capacity, credit and cash – each UIP file will be analyzed fully to assert an overall evaluation and rating of borrower Mortgage readiness. Borrower readiness is enhanced and assessed through financial literacy, homebuyer and homeownership counseling/education, preparation of budgets and savings plans tailored to individual program needs and individual clients’ needs.

As shown in the chart above, under the UIP, TOKA, as lender, may finance all or a portion of the down payment and/or closing costs required by a lender for the purchase of a TOKA-constructed home through a loan secured by a 2nd or third lien on the home and residential property in an amount up to \$10,000 for over income participants. This loan is intended to be forgiven in equal increments each year over the course of the initial 5-year period that the homebuyer occupies the home as its principal residence and is otherwise in full compliance with applicable UIP requirements.

Additionally, low-income UIP-eligible families shall be eligible to receive UIP assistance in the form of a subsidy loan up to the amount of \$50,000 to ensure that the NAHASDA limit of not more than a 30% housing payment/income ratio is not exceeded. The TOKA subsidy loan to low-income UIP-eligible families also is intended to be a 2nd or third lien forgiven in equal increments each year over the course of the initial 20-year period, depending on the subsidy amount, that the homebuyer occupies the home as its principal residence and is otherwise in full compliance with applicable UIP requirements. All UIP loans shall be repayable upon sale of the home to any NAHASDA non-qualifying, ineligible buyer based upon the un-forgiven balance of each such loan.

All UIP loans are provided to encourage home ownership to both over income and low-income buyers who do not otherwise qualify for third party financing for the purchase of a TOKA-constructed home within the Nation due to more stringent qualifying criteria and to ensure payments are affordable, in compliance with NAHASDA payment/income limits and to overcome the obstacle of not having a large down payment for the purchase of a home.

Need for Assistance to Non-Low Income Families

An estimated 800+ non-low income Tohono O’odham families have returned to the Nation to work and serve in different professional fields throughout the Nation. All communities, large or small, depend on the economic development and provision of housing for either low, moderate or over-income families. By creating economic diversity

in housing opportunities within the Nation by providing housing for families of all income levels, not only does this create more and stronger communities within the Nation and its Districts, but it also leads to the sustainability and promotion of the Nation's and its members' culture through the contributions that all families make within their communities, regardless of income levels. The goal of this program is to ensure that all families regardless of income levels, have an opportunity to live and work on the Tohono O'odham Nation.

TOKA Identified Areas for First Phase of the UIP

TOKA will continue to work with potential program-eligible homeowners and all of the Nation's Districts to confirm the availability of District land, infrastructure and feasibility through the passage of a District Resolution. The construction of the initial phase of UIP homes will be provided on a first come, first serve basis. Additionally, the exact number and location of the initial phase of UIP homes constructed by TOKA will depend and be based upon the availability of District land and the amount of UIP funds provided by the Nation.

UIP Home Prices and Estimates on Program Revenues

TOKA anticipates that UIP home prices will range between \$200,000- \$275,000, depending on a variety of factors including, but not limited to cost affordability by program participants, proximity of utilities, infrastructure, size of home, features, etc. TOKA will generate, use and revolve UIP revenues for future UIP projects and loans through a UIP developer fee (that traditionally would be charged by and paid to a third party housing project developer) for each home that is constructed and sold to a homebuyer. The following example of UIP developer fee revenue estimated by TOKA is based upon a 20% TOKA developer fee on a \$250,000 home:

	Revenue Example	
Price	\$250,000.00	
Dev. Fee	20%	
Revenue/Home	\$50,000.00	
	Over-all Return on Investment with Average Home Price of \$250,000.00	
Revenue/Home	\$50,000.00	
Number of UIP Phase 1 Homes	35	<i>*Constructed and sold over a 4 year period and financed with Section 184</i>

Loans

Total Program Revenue	\$1,750,000.00
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Home Interior and Energy Efficient Features

Using today's higher building quality and by including energy efficiency features, TOKA shall build comparable quality homes to current newly constructed homes in the Tucson Area. TOKA would like to introduce and incorporate Solar Systems in UIP homes, if financially feasible.

Evaluation Criteria and Documentation

Using objective eligibility criteria, TOKA shall determine if the over-income family meets the eligibility criteria detailed in this policy. The criteria establishes those who are eligible for the UIP based on whether 1) an over income family/homebuyer is in fact, over-income based on an income analysis; 2) the new home is to be the homebuyers' primary residence; 3) the homebuyer will live in the home for a minimum of five (5) years; and 4) a program applicant is a low income homebuyer, who qualifies for and is eligible to receive (i) NAHASDA assistance, as documented by TOKA in accordance with applicable NAHASDA guidelines; and (ii) a TOKA UIP loan. 5) every family/homebuyer attends homebuyer education and obtains a homebuyer education certificate by a HUD approved agency or online program.

Limitation on UIP Assistance to Over- and Low-Income Families.

The amount of assistance for over income families shall not exceed the level of assistance provided to low income or over income essential families such as members of law enforcement.

Waivers and Amendments to Policy

1. Waivers of UIP policies and procedures may be allowed when justified by mitigating circumstances but they are to be clearly identified, documented and

final determination of any waivers shall be provided and approved in the TOKA review and approval process.

2. The UIP policies and procedures should be flexible enough to enable funding of home loans to be responsive to market demands and the needs of the Tohono O'odham Nation and are designed to be amended from time to time with the approval of the TOKA Board.

Administration

The UIP policies, procedures, forms and appendices will be amended from time to time to reflect necessary changes as identified by TOKA to benefit the overall practices and effectiveness of the program.

II. Definitions

- 1) "Amortization" means the paying off of a debt with a fixed repayment schedule in equal regular installments over a period of time calculated to pay off the debt at the end of a fixed period, including any accrued and unpaid interest on the outstanding balance.
- 2) "Amortized Loan" means a loan to be repaid, by a series of regular payment installments and payment of principal and interest, which are equal or nearly equal, without any balloon payment prior to maturity.
- 3) "Annual Percentage Rate" or "APR" means the annual interest rate that is charged for and earned by TOKA for a loan, expressed as a single percentage number that represents the actual yearly cost of funds borrowed (including any fees or additional costs associated with the transaction) over the term of the loan..
- 4) "Appraised Value" means the dollar value determined by and assigned to a single-family residence by an appraiser approved by the TOKA.
- 5) "Association" means the Tohono O'odham Ki:Ki Association.
- 6) "Beneficiary" means the lender on the note secured by a deed of trust for real property on Fee Simple land.
- 7) "Beneficiary" means the lender on a promissory note secured by a deed of trust on a leasehold interest on Trust or allotted land within the Nation.

- 8) "Borrower" means an eligible person as specified in an executed loan approval and loan documents, prepared by the TOKA Loan Committee, who will be primarily responsible for the repayment of a TOKA loan.
- 9) "Bureau of Indian Affairs" or "BIA" means the primary federal agency charged with carrying out the United States' trust responsibility to American Indians and Alaska Native people and maintaining the federal government-to-government relationship with federally recognized Indian tribes.
- 10) "Close of Escrow" means when the sale of a home is final and the purchase funds have been transferred to and received by the seller and ownership of the home is transferred to the buyer.
- 11) "Closing Costs" means the costs that the buyer must pay at the Close of Escrow for the completion of the Mortgage process for the purchase of a home. There are closing costs involved ranging from recording fees, escrow impound, origination fees, title fees and other costs associated with the Mortgage closing.
- 12) "Community Property" means property acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either.
- 13) "Constitution" means the Constitution of the Tohono O'odham Nation adopted by the qualified voters of the Tohono O'odham Nation and approved by the Secretary of Interior on March 6, 1986, pursuant to Sec. 16 of the act of June 18, 1934 (48 stat. 984, 25 U.S.C. Sec. 476).
- 14) "Co-Borrower" means any individual who will assume responsibility on the loan, take a title interest in the property and intends to occupy the property as their primary residence.
- 15) "Co-Signer" means any individual who will assume responsibility on the loan, but who will not take an interest in title and ownership of the property. A Co-Signer may or may not be an occupant or resident of the property.
- 16) "Curtailed" means an additional payment made to reduce the principal balance of a loan.
- 17) "Date of Recordation" means the date on which a Deed of Trust is officially entered on the books of the county recorder in the county in which the property is located, the Tohono O'odham Nation Realty Office (or such other tribal governmental entity, office or department as designated under the laws of the Nation) and the BIA.
- 18) "Deed of Trust" means a security instrument, used in place of a Mortgage, conveying title in trust to a third party covering a particular piece of property to secure the payment of a loan, as evidenced by a promissory note.

- 19) "Default" means the failure to fulfill a duty or promise as specified in the Promissory Note and/or Deed of Trust.
- 20) "Deferred Payment Loan" means a loan which allows the borrower to defer all the monthly principal and interest payments until the maturity date of the promissory note, at which time, all of the outstanding principal loan balance and all accrued interest is due and payable or paid in such other amounts and at such times as determined and approved by TOKA.
- 21) "Director" means a member of the TOKA Board of Directors appointed pursuant to a duly enacted resolution of the TOKA Board.
- 22) "Down Payment" means the amount of the purchase price for a home that the buyer is paying at the Close of Escrow as required by a lender in order to qualify for the loan.
- 23) "Equity" means the difference between the fair market value of a property, at any given time, and the current amount of indebtedness under a loan secured by a Deed of Trust on the property.
- 24) "Escrow" means the deposit of funds, a deed or other instruments with a third party by one party for the delivery to another party upon completion of a sale and purchase of a home in which the third party, acting as the agent for the buyer and the seller, carries out the instructions of both parties and assumes the responsibilities for the handling of all the documents and the disbursement of funds at settlement or the Close of Escrow.
- 25) "Evidence of Insurance" means the written documentation from a hazard insurance company approved by the Lender that a homeowners' insurance policy is in existence on and in effect for a property. Typically, this is NOT an insurance policy, but a commitment from the insurance company to provide a policy or confirm insurance coverage for a specific property at a specific time and for a specified premium amount.
- 26) "Final Settlement Statement" means a closing statement, also called a HUD1 or settlement sheet, is a legal form the closing or settlement agent uses to itemize all of the costs the buyer and the seller will have to pay at closing to complete a real estate transaction. The total cost should be similar to the amount in the good faith estimate (GFE) provided by lender or TOKA.
- 27) "Fixed Rate Mortgage" means a Mortgage where the interest rate and the term of the loan is set for and does not fluctuate during the term of the loan.
- 28) "Good Faith Estimate" means an estimate given by a TOKA Loan Officer of the Closing Costs for a TOKA UIP loan. It is not an exact amount, however, it is a

way for TOKA to inform homebuyers of what is needed from them at the Close of Escrow.

- 29) "Hazard Insurance" means a contract where an insurance company, for a premium paid by the homebuyer, undertakes to compensate the insured homebuyer for loss on or to a specific property due to certain hazards covered by the insurance policy.
- 30) "Home Improvement" means repairs and/or additions made by the homebuyer at his/her sole cost and expense to better the status of, renovate or repair the permanent structure of the primary residence.
- 31) "Homeowners Association" if applicable, means an organization of homeowners residing within a particular development whose major purpose is to maintain and provide community facilities and services for the common enjoyment of the residents as provided for in certain Covenants, Conditions and Restrictions that apply to all residents in a platted subdivision.
- 32) "Homeowner's Insurance Policy" means an insurance policy available to owners of private dwellings that covers the dwelling and contents in the case of fire, wind damage, theft, and, personal liability. The typical policy does not include flood or earthquake coverage.
- 33) "Homesite Lease (HSL)" means a written document evidencing the terms and conditions for the lease of Tohono O'odham Nation trust land for residential purposes, as approved by the Nation and the BIA.
- 34) "HUD-1 Closing Statement/Estimated Settlement Statement" means a financial disclosure statement giving an accounting of all funds received and disbursed prior to the Close of Escrow.
- 35) "Impound" means, that portion of the homebuyer's monthly Mortgage payment that is paid by the homebuyer and held by the lender or an Escrow agent loan servicing company to pay for property taxes or hazard insurance premiums as they become due.
- 36) "Inspection Reports" means reports ordered by a potential borrower or homebuyer from a third party inspector to assess the quality and condition of a home. Typically, this includes a Termite Report and a "whole house" inspection.
- 37) "Interest" means consideration in the form of money paid for the use of money, usually expressed as an annual percentage. Also may refer to a right, share or title of an owner of a home and/or other property.

- 38) "Legislative Council" means the Tohono O'odham Legislative Council, in which the legislative powers of the Nation are vested pursuant to articles IV, V, and VI of the Constitution.
- 39) "Lender's Escrow Instructions" means the written instructions produced by the TOKAs and agreed to by a homebuyer for an Escrow or title company detailing the documentation and procedures required before a loan is funded and other matters related to the Close of Escrow.
- 40) "Lessee" means an individual(s) who is/are the lessee(s) under an executed Homesite Lease approved by the Tohono O'odham Nation and BIA.
- 41) "Lessor" means the Tohono O'odham Nation or its duly authorized designee, as lessor under an executed Homesite Lease approved by the Tohono O'odham Nation and BIA.
- 42) "Loan Committee" or "TLC" means the TOKA committee that analyzes and subsequently has the sole and final legal authority to approve or reject any UIP loan application processed by a TOKA UIP Loan Officer.
- 43) "Loan-to-Value Ratio" or "LTV" means the ratio of the principal balance of a Mortgage loan to the value of the securing property, as determined by the purchase price or Appraised Value, whichever is less.
- 44) "Loan Commitment" means a UIP loan commitment letter (also known as "loan approval") issued by the TOKA's or the TLC that commits TOKA to the funding of a UIP loan for a specific borrower/homebuyer. A loan commitment letter will only be issued after the TLC's satisfactory review and approval of all property documentation (i.e. purchase contract, property appraisal, inspections, etc.) and will state the approved loan amount, initial interest rate and loan term. The letter will also require that certain conditions be met prior to loan funding and the Close of Escrow. The initial interest rate specified would be the TOKA Loan rate in effect at the time a loan commitment is issued. A loan commitment expires within 60 days of the date issued.
- 45) "Loan Denial Letter" means a letter from TOKA or the TLC denying a UIP loan to a specific individual. The reasons for denial may include credit history, lack of verifiable liquid assets, inadequate income, etc., as determined by TOKA or the TLC.

- 46) "Loan Officer" means the TOKA representative that assists a UIP borrower/applicant in applying for and acquiring a UIP loan.
- 47) "Loan Processor" means the TOKA representative that assigned to a UIP loan application and ensures the timely and accurate review and packaging of all UIP loans originated by a Loan Officer. Responsibilities include: gathering all requested and required loan application information and taking each loan file from pre-approval to closing, inputting proper loan information into the TOKA UIP loan system for processing and is responsible for ensuring that all loan documentation is complete, accurate, verified and complies with UIP requirements, including these policies and procedure.
- 48) "Loan Underwriting" means the process and analysis used by the TLC to determine if the risk of offering a UIP Mortgage loan to a particular borrower under certain parameters or risk factors is acceptable.
- 49) "Mortgage" means a debt instrument (either referred to as a mortgage agreement or a Deed of Trust), secured by the collateral of specified real estate property, that the borrower is obliged to pay back with a predetermined set of payments. Mortgages are used to make real estate purchases without paying the entire value of the purchase up front. Over a period of many years, the borrower repays the loan, plus interest, until he/she eventually owns the property free and clear of the lien created by a mortgage. Mortgages are also known as "liens against property" or "claims on property." If the borrower stops paying the mortgage, the lender can foreclose.
- 50) "Mortgagee" means a lender or creditor who holds a mortgage.
- 51) "Mortgagor" means a borrower who is obligated to pay on a mortgage.
- 52) "NAHASDA" means the Native American Housing Assistance and Self-Determination act of 1996, 25 U.S.C. SEC 4101 et seq., P.L. 104-330, 110 Stat. 4016, as amended from time to time.
- 53) "Nation" means the: Tohono O'odham Nation, a federally recognized Indian Tribe, organized under its Constitution.
- 54) "Net Income" means the monthly revenue of a borrower after deducting any Federal and/or State payroll taxes, and other allowable expenses.
- 55) "Notice of Completion" means a document, typically from a from a third party contractor, stating that required repairs have been completed on a home or property. In the context of a termite company, this document is sometimes called a "clear" termite report..

- 56) "Origination Fee" means the fees charged and required by a lender when applying for a homebuyer loan. These fees may include an application fee, appraisal fee, fees for all the follow-up work and other costs associated with the application and of the loan.
- 57) "Participant" means the eligible applicant(s) and primary borrower(s) of a UIP loan.
- 58) "Pre-approval" means the process of applying for and receiving a UIP Certificate of Pre-Approval issued by TOKA's UIP Loan Officer that states that a borrower's credit, assets and income have been verified and the applicant qualifies for a UIP loan at a specified amount and interest rate, subject to final approval by the TLC. At the time of Pre-approval, the specified initial interest rate is not "locked-in" or guaranteed and is therefore subject to change prior to the issuance of a Loan Commitment Letter. The actual interest rate of a UIP loan will be the interest rate in effect at the time a Loan Commitment Letter is issued.
- 59) "Preliminary Disclosures" is a generic term referring to a group of UIP disclosure forms are required to be sent to a loan applicant. The forms include Truth-in-Lending, Estimate of Settlement Charges and any other forms created by TOKA related to the disclosure of material information related to the applicant's loan.
- 60) "Preliminary Title Report" a title search by a title company or a BIA Title Status Report, as defined herein, that is obtained prior to the issuance of a title binder or title commitment to insure the borrower's interest in a home and/or property and the lien priority of a lender's Mortgage or Deed of Trust, as required for the processing and approval of a UIP+ loan.
- 61) "Primary Residence" means a dwelling where a UIP eligible applicant(s) actually lives and is considered as the legal residence of such applicant(s).
- 62) "Principal" means the amount of debt or outstanding balance, exclusive of interest, remaining on a loan.
- 63) "Probate" means the legal process of collecting a decedent's assets, liquidating liabilities, paying necessary taxes, and distributing property to heirs. The executor or administrator of the estate, as appointed by a court, carries out these activities and responsibilities.
- 64) "Processing" means the preparation of a UIP loan application and supporting documents and the review and consideration of such application and documents for consideration by TOKA.

- 65) "Refinancing" means the process of paying off an existing loan with the proceeds of a new loan.
- 66) "Right of First Refusal" means a contractual right, but not the obligation, of an entity that is given the opportunity to enter into a business transaction with a person before anyone else can. If the entity with the right of first refusal declines to enter into the transaction, the owner of the asset is free to enter into a transaction with another interested party.
- 67) "Rights of Rescission" means a contractual right to cancel a contract and restore the parties to the same position they held before the contract was entered into. For a Refinancing, a borrower has three (3) working days from the signing of the loan documents to cancel the loan without penalties. The right to rescind does not apply to purchase transactions or purchase money loan transactions.
- 68) "Servicing" means the collection and application by the lender or a loan servicing agent of payments and the management of operational procedures related to a loan.
- 69) "Tenants-in-Common" means the joint ownership by two or more persons giving each tenant an interest and rights in a property. These interests need not be equal in quantity or duration and each owner has the right to leave his or her share of the property to any beneficiary upon the owner's death. Additionally, each owner in a tenancy-in-common has the right to use the property even if the physical size of the owners' interests is different.
- 70) "Title" means the evidence of the right to or ownership of property.
- 71) "Title Insurance" means a policy or policies of insurance, usually issued by a third party Title Insurance company to both the borrower and lender, which insures a homebuyer and the lender against errors in the Preliminary Title Report and also insures the borrower's interest in a home and/or property and the lien priority of a lender's Mortgage or Deed of Trust. The cost of the owner's Title Insurance policy is usually a percentage of the sales price for the property and the lender's Title Insurance policy is a percentage of the loan amount.
- 72) "Title Status Report" or "TSR") means a written report obtained from the Realty Office of the Bureau of Indian Affairs (or the Tribal Realty Office for self-determined tribes) that provides a description of the parcel of land, the identities of the owner(s) of the land and it reflects any encumbrances or other matters of record recorded against and/or related to the parcel of land.
- 73) "Tribal Employment Rights Ordinance" or "TERO Ordinance" means the Tribal Employment Rights Organization, Ord. No. 01-85, enacted by the Nation's legislative authority.

74) "Trustee" means the third party designated, appointed and to whom legal title to a property is conveyed by the borrower under a Deed of Trust for the benefit of another, typically a lender, for the purpose of securing performance of obligations and/or the repayment of indebtedness.

75) "USMI" means the United States Medium Income.

76) "Will" or "Testament": is a legal declaration by which a person, the testator, names one or more persons to manage his or her estate and provides for the distribution of his or her property at death.

III. PROGRAM GUIDELINES

I. Guidelines

- 1) Pursuant with Article VI of the Constitution of the Tohono O’odham Nation ordinance to establish a separate Tribal entity, known as the Tohono O’odham Ki:Ki Association, the TOKA means to fulfill its primary purpose to provide well-constructed and affordable homes for all tribal Tohono O’odham members. With the responsibility to provide housing, the Tohono O’odham Nation Council authorized the TOKA to adopt policies and procedures to govern the operations and business affairs of the Association.
- 2) The TOKA shall make funding assistance available to eligible enrolled Tohono O’odham individuals and families who seek to purchase a home from TOKA as their primary residence within the Nation, or such other geographic designation. Such assistance shall be used for down payment and closing cost if no other source of funds are available. This includes borrower’s funds in excess of three (3) months reserve of Principle, Interest, Taxes, and Insurance (PITI). The assistance shall be in the form of a forgivable subordinate Mortgage award and/or a deferred award, which will be due upon sale as, outlined below.
- 3) Eligibility Requirements
 - a. The Applicant must be an Enrolled Tohono O’odham tribal member. This person may apply for assistance under their name or for their family
 - b. Applicants can be a **first time homebuyer, as well as, returning tenants**. A first time homebuyer is someone that has not owned a home in the last three tax years.
 - c. The homes built by TOKA must be with in the Reservation boundaries of the Nation **ONLY on land leased by TOKA from the Nation.**

- d. Down payment assistance of up to 50% of the required down payment may be provided to Enrolled Tohono O'odham tribal members to finance home purchases off the Reservation.
- e. The buyer is credit worthy and able to obtain a Mortgage through the Section 184 Loan Program or the TOKA Loan Program on the TOKA Master Lease or Homesite Lease to be conveyed at closing as an Assignment of the conveyed parcel of the Master Lease or Transfer of the Homesite Lease.
- f. Contribute a minimum of one thousand dollars (\$1,000) of personal funds as the family's investment in the property.

IV. COMPLIANCE WITH TOKA POLICIES

Section 1. Compliance With TOKA Policies

- 1) All down payment and closing cost assistance is subject to the policies, procedures and guidelines for the TOKA Loan Policy now in effect or subsequently adopted and approved by the TOKA Board. The TOKA may modify and supplement these guidelines in general or on a case-by-case basis, consistent with NAHASDA guidelines and regulations, and to protect the Tohono O'odham Nation. Any exceptions to the application of these guidelines shall be fully documented, including an approved statement of reasons as to why an exception is being made.
- 2) No NAHASDA assistance shall be committed, obligated or expended until and unless all applicable Environmental Reviews have been completed, and if required, an approval letter pertaining to the Environmental Review Record has been received from the appropriate entity.
- 3) Down payment and closing cost shall include, but are not limited, to the following: a portion of the total home sale or construction price, and costs including loan origination fees, appraisal costs, title insurance, required reserves for insurance, prepaid interest, and such other costs associated with the construction or purchase of the home as may be approved by the TOKA Loan Committee.

- 4) The loan policy pertains to TOKA's Mortgage lending, closed by and in the name of TOKA and which impacts TOKA's financial condition. This policy is meant to provide guidelines and standards. Waivers of policy provisions may be allowed when justified by mitigating circumstances, but are to be clearly identified and documented in the loan review and approval process.
- 5) These policies and procedures should be flexible enough to enable the loan programs to be responsive to housing market demands and are designed to be amended from time to time with approval from the TOKA Board, as may be required. The TOKA Executive Director may waive or amend technical deficiencies or inconsistencies between documents without board approval.
- 6) In any conflict of interest the TOKA will follow their approved conflict of interest and confidentiality policies in implementing this process.
- 7) In separation of duties the TOKA will ensure sound financial risk management and control procedures are to be applied to the process for accepting, approving, originating and booking loan requests from prospective borrowers.

V. **PREPARING FOR HOMEOWNERSHIP**

Section 1.

Preparing for Homeownership

In preparation for homeownership, homebuyer education, financial literacy, debt management and credit repair are the main services that would be available through HUD approved counseling agencies in Tucson. HUD certification is awarded to nonprofits with proven experience, capacity and ability to work with other community resources. From the one-on-one meetings to group settings each approved agency provides the services the TOKA would refer families to.

Alternatively the TOKA could contract HUD certified consultants and or agencies to provide the needed training, education and counseling services on the Reservation based on tribal member demand. The great benefit of providing such services are an integral part of the Homeownership Program and homeowner success.

1. List of types of services that may be provided by HUD approved agencies:
 - a) Homebuyer education and counseling
 - b) Money management. Budgeting and debt counseling
 - c) Mortgage default/foreclosure counseling
 - d) Intervene on behalf of client with housing industry professionals

- e) Prequalify buyers for a loan
- f) Provide down payment assistance, monetary and emergency assistance and subsidies to qualified clients
- g) Reverse Mortgages (A.R.C & O.P.C.F)
- h) Assistance with predatory lending

2. List of HUD approved counseling agencies (See Appendix A) in Tucson or Pima County:

- a) Administration Resources And Choices
520-327-8250
- b) Chicanos Por La Causa
520-882-0018
- c) Consumer Credit Counseling Services: A Division Of MMI
800-308-2227
- d) Family Housing Resources
520-318-0993
- e) Old Pueblo Community Foundation
520-546-0122
- f) Pio Decimo Center
520-624-0551 Ext 109
- g) The Primavera Foundation
520-882-5383
- h) TMM Family Services
520-322-9557
- i) Tucson Urban League
520-791-8522 Ext 262

Section 2.

Homebuyer Education and Financial Literacy

Understanding the details in buying a home is the first step towards homeownership each individual can learn through homebuyer education and financial literacy. The TOKA will provide each tribal member a free copy of their Credit Report to identify any credit issues and be able to direct them based on a brief credit and income analysis to the appropriate next step. In the event the tribal member or family needs assistance with debt management and credit counseling the TOKA will refer them to one of the HUD approved agencies for assistance. The tribal member or family will receive the necessary help in coming up with a strategy to repair credit and raise credit score to become Mortgage ready. Should the TOKA establish that the tribal member is Mortgage ready through the initial credit and income analysis the next recommended step would be for the individual or family to continue to the homeownership process.

All homebuyer who receive DP/CCA funds or TOKA home loan will be required to complete homebuyer education training and obtain a certificate. The certificate must be obtained from one of the HUD approved agencies below or HUD approved online agency

that provides homebuyer education certificates. This will be a document that must be filed in each DP/CCA or TOKA loan file.

Section 3.
Debt Management & Credit Counseling

Preparing for homeownership will for many tribal members or families include having to learn how to manage debt, as well as, go through credit counseling in many instances. These will be necessary tools that can teach a family how to budget in order to better manage debt, but also from continuing poor debt management habits. Tribal members or families can also accomplish this goal by creating debt management plans to get out of medical and credit card debt by waiving fees, lowering interest rates, and bringing accounts current.

The role of TOKA staff or contracted homebuyer counselors providing such services through the Unrestricted Homeownership Program is vital and one where the highest level of trust, confidence and confidentiality will be mandatory.

Section 4.
Homeownership Process

Mortgage Ready Homebuyer(s)

The home purchase process is the next step for Families who are ready to exercise the option in the Lease Purchase agreement from the TOKA Homeownership Bridge Program or who are able to go directly into the homeownership process.

TOKA Homeownership Process for Mortgage Ready Buyers
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Purpose	Assist interested Tohono O’odham tribal members have an opportunity to achieve homeownership within the Nation
Eligible Property	The eligible properties must have a homesite lease for the following: <ul style="list-style-type: none"> • TOKA cluster homes • TOKA Subdivision • Scattered Homesites
Eligible Participant	Eligible Applicants includes only the following: Enrolled members of the Tohono O’odham Nation

<p>Eligible Borrower</p>	<p>Eligible borrowers are all Applicants who qualify for a Mortgage who meet the loan criteria, such as acceptable credit scores, sufficient income and other conditions specific to the financing programs. <i>Detailed criteria found in Section 4 Loan Underwriting</i></p>
<p>Process for Fee Simple Land Transaction</p>	<ol style="list-style-type: none"> 1. Buyer turns in Client Intake, application fee of \$35 for individuals/\$50 for couples, and documents. 2. TOKA consultant assembles file to determine if Buyer meets Grant Fund Eligibility. 3. TOKA consultant sends to TOKA Director/Assistant Director or delegated TOKA staff for approval of Grant Funds/Down Payment Assistance Program. 4. TOKA staff or consultant sends award letter based on approved funds to homebuyer. 5. TOKA consultant assembles package and sends to Section 184 Lender or TOKA Loan Committee for Loan Pre-approval (Depending on Buyer's Choice and lending needs) 6. Buyer Obtains preapproval from lender or TOKA. 7. Buyer selects home based on affordability. 8. Buyer and TOKA sign Purchase Agreement. 9. Buyer to attend Homebuyer Education Class.

	<ol style="list-style-type: none"> 10. Buyer can hire a home inspector to inspect home upon construction completion. 11. Appraisal is ordered by Section 184 Lender or TOKA, if required. 12. Loan Packages are submitted to Underwriter by Section 184 Lender or TOKA Underwriter for Final Approval. 13. Loan documents are created by Section 184 Lender or TOKA Underwriter. 14. Loan documents are sent to Title. 15. Title creates Estimated Settlement Statement for review and lender approval. 16. Title schedules a signing time for homebuyer to sign all required loan documents. 17. Buyer signs loan documents. 18. Lender funds loan. 19. Title records loan with the corresponding County. 20. Buyer receives keys after title company records sale with the County
<p>Process for Trust Land Transaction</p>	<ol style="list-style-type: none"> 1. Buyer turns in Client Intake, application fee of \$35 for individuals/\$50 for couples, and documents. 2. TOKA consultant assembles file to determine if Buyer meets Grant Fund Eligibility. 3. TOKA and TO Realty Office create a

	<p>sublease for future homeowner in a Master Lease.</p> <ol style="list-style-type: none">4. If a Master Lease does not exist TOKA, Section 184 Lender or future homeowner contacts BIA to obtain certified TSR to verify interest in land, legal description, and existing encumbrances5. BIA Realty Officer provides approved lease and commitment for Mortgage/deed of trust approval.6. Lender reviews executed lease by Tribe, BIA, and borrower for program compliance.7. TOKA consultant reviews previously assembled file to determine if Buyer still meets Grant Fund Eligibility.8. TOKA consultant sends to TOKA Director/Assistant Director or delegated TOKA staff for approval of Grant Funds/Down Payment Assistance Program.9. TOKA staff or consultant sends award letter based on approved funds to homebuyer.10. TOKA consultant assembles package and sends to Section 184 Lender or TOKA Loan Committee for Loan Pre-approval (Depending on Buyer's Choice and lending needs).11. Buyer Obtains preapproval from lender or TOKA.12. Buyer selects home based on affordability.
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	<ol style="list-style-type: none">13. Buyer and TOKA sign Purchase Agreement.14. Buyer to attend Homebuyer Education Class.15. Buyer can hire a home inspector to inspect home upon construction completion.16. Appraisal is ordered by Section 184 Lender or TOKA, if required.17. Loan Packages are submitted to Underwriter by Section 184 Lender or TOKA Underwriter for Final Approval.18. Loan documents are created by Section 184 Lender or TOKA Underwriter.19. Loan documents are sent to Title.20. Title creates Estimated Settlement Statement for review and lender approval.21. Title schedules a signing time for homebuyer to sign all required loan documents.22. Buyer signs loan documents.23. Lender funds loan.24. Buyer receives keys.25. TOKA or Section 184 Lender files loan documents with BIA and County/Tribal Recording Clerk as required.26. BIA issues the final TSR and/or BIA endorsement and certificate of approval to lender with recorded Mortgage and lease.
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Process for Allotted Land Transaction	<ol style="list-style-type: none">1. Buyer turns in Client Intake, application fee of \$35 for individuals/\$50 for couples, and documents.2. TOKA consultant assembles file to determine if Buyer meets Grant Fund Eligibility.3. TOKA, Section 184 Lender or future homeowner contacts BIA to obtain certified TSR to verify interest in land, legal description, and existing encumbrances4. Lender reviews executed lease by Tribe, BIA, and borrower for program compliance.5. TOKA consultant reviews previously assembled file to determine if Buyer still meets Grant Fund Eligibility.6. TOKA consultant sends to TOKA Director/Assistant Director or delegated TOKA staff for approval of Grant Funds/Down Payment Assistance Program.7. TOKA staff or consultant sends award letter based on approved funds to homebuyer.8. TOKA consultant assembles package and sends to Section 184 Lender or TOKA Loan Committee for Loan Pre-approval (Depending on Buyer's Choice and lending needs).9. Buyer Obtains preapproval from lender or TOKA.

	<ol style="list-style-type: none">10. Buyer selects home based on affordability.11. Buyer and TOKA sign Purchase Agreement.12. Buyer to attend Homebuyer Education Class.13. Buyer can hire a home inspector to inspect home upon construction completion.14. Appraisal is ordered by Section 184 Lender or TOKA, if required.15. Loan Packages are submitted to Underwriter by Section 184 Lender or TOKA Underwriter for Final Approval.16. Loan documents are created by Section 184 Lender or TOKA Underwriter.17. Loan documents are sent to Title.18. Title creates Estimated Settlement Statement for review and lender approval.19. Title schedules a signing time for homebuyer to sign all required loan documents.20. Buyer signs loan documents.21. Lender funds loan.22. Buyer receives keys.23. TOKA or Section 184 Lender files loan documents with BIA and County/Tribal Recording Clerk as required.24. BIA issues the final TSR and/or BIA endorsement and certificate of approval
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	to lender with recorded Mortgage and lease.
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Section 5. Homesite Lease Process

The UIP initiative in providing a housing program and loan policy to all Tohono O’odham tribal members greatly depends on an equally developed Homesite Lease Process. TOKA like all tribes is dependent on the Bureau of Indian Affairs (BIA) to process title requests. Although some improvements have occurred, processing time for securing a certified title status report for projects on tribal lands is still measured in years, compared to just days for a title report on fee-simple lands. The 112th Congress of the United States addressed the complicated issue of how long it takes to establish clear title and therefore secure site control of property on tribal trust lands. The conclusion was the Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act of 2012 in both chambers passing by unanimous consent. The HEARTH Act provides for tribes to develop regulations to govern leasing activities on tribal lands, thereby transitioning away from BIA control of land management. Once leasing regulations from a tribe are approved by the Secretary of the Interior, no further federal approval will be required for Homesite Leases. Although this is a step in the right direction, it is at best an overdue technical fix to the Indian Long-Term Leasing Act of 1955.

The program and policy contained in this document focus on addressing TOKA’s responsibilities in providing housing development, guidance on homeownership, and loans. Nonetheless, given the prominence of land status in Mortgage lending transactions, it is critical for TOKA staff to have a fundamental understanding of the land leasing process and related actions such as lease and collateral assignments and conveyances. TOKA’s (Land Title Office), Tohono O’odham Realty Office and BIA Real Estate Services all play important roles in leasing and all related activities. TOKA staff who will assist homebuyers in the process of obtaining homeownership will take a proactive approach to learning about and working effectively with their counterparts providing land leasing and related services in order to provide Tohono O’odham tribal members the highest level of customer service.

In accordance with the proposed Residential Land Lease Law and subject to final approval by the Legislative Council and Secretary Tohono O’odham tribal members or eligible tribal participants may apply for a Residential Land Lease with the Tohono O’odham Realty Office. The Tohono O’odham Realty Office HSL Process including the required documentation and steps would be the applicable process to follow.

A finalized HSL authorizes a lessee to encumber the leasehold interest of a HSL for building improvements. The leasehold interest can be mortgaged as security for finance

or payment of debt. The lessee may transfer all or part of the leasehold interest to the Mortgagee (Lender) with the understanding that the Mortgagee will transfer the leasehold interest back to the Mortgagor (Borrower)/lessee when the Mortgage has been paid in full.

The Mortgage document must be recorded with the Bureau of Indian Affairs Land Title Records Office and if applicable the Recorder's Office of the county in which the real estate is located. The Tohono O'odham Realty Office will receive copies of the Mortgage document from the Bureau of Indian Affairs Real Property Office.

In the event the Mortgagor defaults on the Mortgage, the Mortgagee has the authority to foreclose the lien through the Tohono O'odham Nation Courts. The Mortgagee would offer the right of first refusal to the Tohono O'odham Nation to purchase the property, but if not purchased by the Nation the leasehold interest would be offered for sale to any Mortgage qualified Tohono O'odham tribal member. The Mortgagee may have the right to possess any improvements on the leased premises and rents from the mortgaged property upon default of the Mortgagor.

In addition to processing and securing title requests for land on the Tohono O'odham Nation, the decision of where to build housing across over 4,460 square miles of the second largest Indian reservation in the United States becomes a challenge. Identifying a location to build housing would be relatively easy, however, there are a number of issues that complicate the process. Despite the presence of the Tohono O'odham Nation Tribal Utility that provides electricity, the lack of physical infrastructure available to carry that power to local Tohono O'odham communities is limited. The construction cost to extend power, as well as, water and wastewater services to remote Tohono O'odham communities is prohibitive. In addition, securing the authority of Districts that have the leasing and governance rights to the land that would need to grant service easements requires complex coordination and extensive negotiation.

Enrolled members of the Tohono O'odham Nation may request a HSL on which to build a home, but only those homesites closest to existing infrastructure can expect to live with modern amenities such as electricity and indoor plumbing. For these reasons TOKA prefers to build homes in clusters where it may be financially and efficiently achieved. The TOKA, however, recognizes the desire of Tohono O'odham families to preserve traditional living patterns that call for scattered site housing.

Consideration must be given to the land status concerning the time involved to complete the loan process. The chart below outlines the different steps taken under the different land status possibilities.

MORTGAGE LENDING PROCESS BASED ON LAND STATUS		
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Fee Simple	Tribal Trust	Allotted
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<p>No restriction against alienation or encumbrance; land serves as collateral</p>	<p>Restrictions against alienation or encumbrance; leasehold interest in land serves as collateral</p>	<p>Individual Trust: Restrictions against alienation or encumbrances; allottee must document interest in land to serve as collateral</p>
<p>Fee Simple Mortgage Approval:</p>	<p>Leasehold Mortgage Approval on Tribal Trust Land:</p>	<p>Trust Mortgage Approval on Allotted Individual Trust Land:</p>
<p>Lender:</p> <ul style="list-style-type: none"> • Prepares credit package • Orders Title Insurance Company • Orders appraisals • Pre-approves borrowers • Submits underwriting package to HUD • Receives HUD commitment • Closes loan 	<ul style="list-style-type: none"> • Lender/Borrower contacts BIA to obtain certified TSR to verify interest in land, legal description, and existing encumbrances • BIA Realty Officer provides approved lease and commitment for Mortgage/deed of trust approval 	<ul style="list-style-type: none"> • Lender/Borrower contacts BIA to obtain a certified TSR to verify applicant's interest in land, legal description, and existing encumbrances.
<p>Lender files loan documents with County Recording Clerk.</p>	<p>Lender:</p> <ul style="list-style-type: none"> • Reviews executed lease by Tribe, BIA, and borrower for program compliance • Prepares credit package • Orders appraisal • Pre-approves borrower • Submits underwriting package to HUD for approval • Receives HUD commitment • Closes loan 	<p>Lender:</p> <ul style="list-style-type: none"> • Prepares credit package • Orders Appraisals • Pre-approves borrower • Submits Mortgage documents to HUD and BIA for approval • BIA Credit Officer and/or Realty Officer approves credit package <p>Lender:</p> <ul style="list-style-type: none"> • Receives HUD/BIA commitment • Closes loan
	<p>Lender files loan documents with BIA and County/Tribal Recording Clerk as required.</p>	<p>Lender files loan documents with BIA and County/Tribal Recording Clerk as required.</p>

	BIA issues the final TSR and/or BIA endorsement and certificate of approval to lender with recorded Mortgage and lease.	BIA issues the final TSR and/or BIA endorsement ad certificate of approval to lender with recorded Mortgage.
Time frame: 30-90 days to close	Time frame: Unknown could be years	Time frame: Unknown could be years

VI. DIRECT SALES

Section 1.

General Information

TOKA staff and contracted real estate Arizona licensed broker employed by the Director and Board will complete the tasks outlined below.

Conflict of Interest: TOKA will follow the approved conflict of interest and confidentiality policies in implementing this process.

Real Estate Broker Qualifications:

The contracted real estate brokerage must have experience with real estates transactions on Trust Land along with NAHASDA regulations in order to provide legal representation for the sale of TOKA constructed homes. The broker services will include legal representation, marketing, sales, showing constructed homes or plans, prepare the Purchase Agreement for signature by the homebuyer and Director. Broker shall coordinate with TOKA on schedule, sales goals and levels of additional assistance that may be required. The real estate broker shall report sales and other support activities to TOKA staff on a weekly basis.

Conflict of Interest: No member of the real estate brokerage may recommend or participate in the underwriting, approval or collections of any loan to a related party or any other area of potential conflict. “Related party” includes, among others, any family member or relative, personal or business associate or organization with whom the staff has a prior relationship that might alter the outcome of decisions in which staff are involved. A disclosure statement will be required by the real estate brokerage if a conflict of interest arises.

The real estate broker and contracted real estate agents acknowledge that all information collected from or on behalf of the Applicant is private and confidential and should not be disclosed to anyone who is not a member of the TOKA staff, Board of Directors or approved consultants. Information may be used only for the purpose of performing responsibilities outlined in this process.

Section 1. A. General Information	
Purpose	Assist interested Tohono O’odham tribal members have an opportunity to achieve homeownership with new or existing Tohono O’odham housing units.
Eligible Property	The eligible property consists of all homes developed or renovated by TOKA on the Tohono O’odham Nation.
Eligible Applicants	Eligible Applicants includes only the following: a) Enrolled members of the Tohono O’odham Nation
Eligible Participant	<ul style="list-style-type: none"> • Eligible Participants may be NAHASDA eligible or ineligible. However, all Applicants must qualify for a mortgage using lenders’ criteria, such as acceptable credit scores, sufficient income and other conditions specific to the financing programs. • Applicants that are not deemed NAHASDA eligible may be eligible participants if they are able to finance the cost of the home entirely or with DP/CCA from TOKA. TOKA may, at their discretion, provide non-NAHASDA assistance to NAHASDA ineligible Participants not to exceed \$10,000 for Section 184 Loan borrowers or up to \$7,000 for TOKA Loan borrowers.
Types of Financing	<p>1st Mortgages required through Section 184, TOKA Loan Program or any other loan program that could become available to Tohono O’odham tribal members.</p> <ul style="list-style-type: none"> • <u>Lien Positions:</u> First Mortgage from Section 184 Loan or TOKA Loan will be in first position.
Homebuyer Assistance Programs	<p>TOKA 2nd Silent Mortgage financing for owner-occupied, primary residences with mandatory homeowner education and financial education to expand Tribal Members' financial literacy and home ownership skills.</p> <p>TOKA 3rd Silent Mortgage financing also for owner-occupied, primary residences with mandatory homeowner education and financial education to expand Tribal Members' financial literacy and home ownership skills.</p> <p>Funds to be used for buyer closing costs.</p> <ul style="list-style-type: none"> • <u>Forgivable TOKA Second Mortgage for NAHASDA Eligible Applicants.</u> TOKA will provide a percentage of the sales price in a second mortgage for those applicants in order to achieve affordability.

	<p>The 2nd mortgage is the difference between what an applicant can afford and a bank is willing to lend and the purchase price at the time of sale. Low-income families shall be further assisted with an additional amount needed to achieve a 30% housing payment ratio.</p> <ul style="list-style-type: none"> • <u>TOKA NAHASDA funded 2nd mortgages</u> are forgiven in equal increments every year of the course of a 20-year affordability period, beginning in year six (6). They are repayable upon sale to NAHASDA ineligible buyers and based upon amount forgiven during the course of ownership by the NAHASDA eligible owners. • <u>Lien Positions</u>: TOKA 2nd and 3rd Mortgage for NAHASDA eligible or not eligible applicants will be in second position.
Funding Impact on TOKA's Financial Condition	TOKA will provide all of the development funding for homes through unrestricted tribal funds. TOKA will determine an expected rate of return, with an expected repayment of funds. TOKA will analyze the costs of defaults and housing management annually.
Disclosures	As a mortgage lender, TOKA shall apply the provisions of the Real Estate Settlement Procedures Act (RESPA) of 1974, found at 12 U.S.C. Section 2601, and its implementing regulations. In addition, TOKA will comply with the safety and code Regulations.
Record Retention	TOKA will maintain client files for inactive applicants (applicants who have withdrawn, been denied, or fail to follow-up, and homebuyers), for three years from the date the file is determined to be inactive or longer depending on the requirements of TOKA's funding sources.
Section 1. B. Structure	
Purchase Price	Based on the cost for each unit, based on size (construction plus administrative) and confirmed by homebuyer's Appraisal. In the event the appraised value at the time of sale is less the estimated purchase price, TOKA will sell the home at the appraised value at the time of sale. In the event the home appraises for more then the purchase price at the time of sale, TOKA will sell the home for the originally stated purchase price. IF the value appraises for less than the purchase price TOKA would honor the Appraisal report lowering the purchase price.
Earnest Funds	\$1,000.00
Ownership Rights	Fee Simple upon closing of required first and second mortgage loans as listed in the Agreement. At that time, Ownership in Fee Simple, recorded with the corresponding County in Arizona conveying title and include title insurance. Trust Land transactions utilizing HSL will be recorded with the Land Title Records Office of the Bureau of Indian Affairs and convey clear title to HSL.
Financial and Home Maintenance Education	Each Participant shall complete the recommended Financial Education Class and, if applicable, a Counseling Plan. TOKA and the Participant will execute the Counseling Plan. The Counseling Plan includes Credit and Home Owner Counseling and preparation and monitoring of a Household Budget and Savings Plan, as well as TOKA provided Home Maintenance

	Training.
Property Management	TOKA will provide maintenance for the common areas for all new development of cluster homes until all units are sold. TOKA will not be responsible for providing or maintaining site amenities or utilities (street lighting, playgrounds, etc....

Section 2.

Sales Agent, TOKA Staff - Roles & Responsibilities

Responsibilities:

- Intake Applicants
- TOKA will review and approve or reject Applicant Packages within 5 days of the application package being submitted by homeowner applicants by utilizing the devised/Approved program forms for 1st Mortgage (if applicable), 2nd Mortgage and other restriction or binding commitment agreements.
- Qualify Applicants TOKA down payment underwriting criteria, including NAHASDA
- Utilize the set and approved applicant eligibility and financing terms for 2nd mortgage set forth within the TOKA UIP.
- Conduct preliminary mortgage pre-qualification of Applicants
- Prepare the Applicant package and submit it to TOKA's Director with preliminary recommendations for approval of Applicants to TOKA
- Director signs approval to purchase and Down Payment Assistance letter
- Refer applicants that meet the criteria to first mortgage lenders; work with lenders during their qualification process to monitor NAHASDA assistance levels and eligibility
- Provide mandatory homebuyer financial education and, if required, financial counseling to homebuyers
- Maintain common areas of future projects until a homeowner/resident association is established (if applicable).
- Manage grievances/appeals from Applicants
- Manage and maintain constructed or rehabilitated homes
- Director and other necessary TOKA staff to meet with the Process Manager/ Consultants/real estate broker once per week via conference call or person (when applicable)
- TOKA Finance Director to allocate and approve a marketing budget
- Director to sign all necessary Purchase Agreements, Mortgage Documents, etc..
- TOKA finance department wires approved DP/CC to Title two days prior to closing

- Provide home maintenance training to occupants
- Broker shall provide legal representation
- Broker shall market homes for sale
- Broker shall sell TOKA constructed or rehabilitated homes
- Broker shall show constructed homes or plans to interested Tohono O’odham tribal members
- Broker shall prepare the Purchase Agreement for signature by the homebuyer and Director
- Broker shall coordinate with TOKA on schedule
- Broker shall set sales goals
- Broker shall report sales and other support activities to TOKA staff on a weekly basis (when applicable)

Section 3.

Purchase Process

With Licensed Real Estate Broker

- 1) Write Purchase Agreement
 - a. Go Over Purchase With Buyer
 - b. Obtain Signature From Buyer
 - c. Obtain Signature From Director
- 2) Collect Earnest Money From Buyer/s
 - a. Obtain Check From Buyer
- 3) Open Escrow
 - a. Send Purchase Agreement And Earnest Money Deposit To Title
 - b. Send Purchase Agreement To Lender
- 4) Earnest Money Receipt
 - a. Obtain Earnest Money Receipt From Title
 - b. Send Copy Of Receipt To Buyer
 - c. Send Copy Of Receipt To TOKA Finance Department
- 5) Title Commitment
 - a. Obtain Title Report/Commitment From Title
 - b. Submit Copy Of Title Report/Commitment To TOKA Finance Department
- 6) Home Inspection
 - a. Schedule Home Inspection If Buyer Elects To Have One
 - b. Obtain A Copy Of Inspection Report
 - c. Write Buyer’s Repair List Request If Applicable
- 7) Buyer Inspection Report/Repair Request
 - a. Submit Repair Request If Applicable To TOKA Maintenance Department

- b. Submit Copy Of Repair Request If Applicable To TOKA Finance Department
- 8) Appraisal
 - a. Schedule A Time For Appraiser To Enter Units
 - b. Obtain A Copy Of Appraisal From Buyer's Lender
- 9) Repair Completion
 - a. Schedule Re-Inspection If Applicable
 - b. Obtain Signature From Buyer Upon Completion Of Repairs
- 10) Communicate With Lender And Title
 - a. Request Updates From Lender
 - b. Submit All HUD Building Documents To Lender
 - c. Obtain Verbal On Final Loan Approval From Lender
 - d. Obtain Information On When Loan Documents Will Be Drawn And Sent To Title
 - e. Coordinate With Title And Lender Regarding Loan Documents
- 11) Settlement Statement/ HUD 1
 - a. Obtain And Review HUD1
 - b. Submit HUD1 To TOKA Finance Department- to be signed by the Executive Director
- 12) Buyer Loan Document Signing
 - a. Coordinate With Title And Buyer Date And Time For Signing Loan Documents
- 13) Funding
 - a. Obtain Confirmation From Lender And Title Regarding Funding
- 14) Recording
 - a. Obtain Confirmation From Title Regarding Recordation
 - b. Notify Buyers Of Formal Recordation
 - c. Notify TOKA Of Formal Recordation
- 15) Giving Keys
 - a. Schedule A Time To Give Buyer Keys
 - b. Coordinate Closing Gifts With TOKA Staff

Section 4.

List of Exhibits

- 1. TOKA Purchase Contract
- 2. TOKA Land Use Restriction Agreement
- 3. TOKA Mortgages
- 4. TOKA Notes

VII. LOAN POLICY

Section 1. General Information

1) TOKA 1st Mortgage- Amortized

The will be in an amount up to 97.75% of the Appraised Value (Sales Price) of a TOKA constructed home. The loan will be a 30 year amortizing, interest bearing loan for those homebuyers that may not meet current HUD 184 Loan criteria that would meet TOKA's loan criteria if through loan process are good credit risk applicants.

- a)** Loan will have a fixed interest rate, be a point higher than current Index rate, be amortized over at least 30 years, have no balloon payments, no "pre-payment penalties", no Mortgage insurance, and be able to reduce borrower's monthly payments if necessary during a period of hardship. The interest rate is subject for review and adjustment by the TOKA Loan Committee.
- b)** Credit Requirements. Borrowers must meet the credit requirements for the first lien loan program outlined in Minimum Credit Standards.
- c)** Appraisal and Credit Report Fees. If law, banking regulations or its investors to obtain an appraisal or credit report on a Mortgage that can be processed without appraisal or credit report, requires the lender the fees may not be financed in the Mortgage, and may be paid by the applicant out-of-pocket. For TOKA financed homes appraisal requirements may be waived at TOKA discretion.
- d)** Prepaid Expenses. May include the per diem interest on the new loan to the end of the month, the hazard insurance premium, and real estate taxes needed to establish the new escrow account.
- e)** Home Insurance/Hazard Insurance – Will be Required
- f)** Life Insurance- Will be Encouraged, but not required
- g)** Will- Will be Encouraged, but not required
- h)** In the event a removal of Mortgagor is needed no cash back refinance may be used to acquire equity of a co-owner or spouse in the separation of domicile. A divorce decree, settlement agreement, or other bona fide equity agreement must be provided to the TOKA. The Mortgage must comply with all related and

applicable federal and tribal leasing requirements when there is a leasehold property; federal laws related to the ownership and conveyance of Trust property. State laws when the property is a fee simple.

- i) In the event borrower/s desires to refinance 1st loan TOKA will not subordinate if the borrower is refinancing for the purpose of liquidating equity in the home. Therefore, No Cash Back is allowed to go back to borrower/s in such an event. However, within Section-184 guidelines, the maximum tolerance for minor adjustments at closing is \$250; permitted to borrower(s). Furthermore the lender must determine that there is a net tangible benefit as a result of the streamline refinance transaction (with or without an appraisal). Net tangible benefit is defined as either:
 - 1) A reduction of at least 5% in the Mortgage payment (principal and interest)
 - 2) A reduction in the term of the Mortgage

- j) All Documents to be consistent with the amounts shown for the proposed loan amount and interest rate. In the event the amount of the proposed new loan is increased or there are any other material changes in pending transaction after the TOKA has approved the subordination and prior to settlement, the TOKA will need to re-analyze the subordination request.

TOKA- UIP 1ST MORTGAGE	1 st Mortgage financing for owner-occupied, primary residences with mandatory homeowner and financial education to expand Tribal Members' financial literacy and home ownership skills. May be used in conjunction with the TOKA 2 nd Mortgage and 3 rd Mortgage (if applicable).
Maximum Loan Limits	\$350,000 or maximum TOKA home price
Maximum Loanto value (LTV)	97.25%
Minimum Down Payment	2.25%
Type of Financing	Amortizing 30 Year Fixed 1 st Mortgage
Lien Positions	First position
Interest Rate	Market Rate plus sliding scale based on risk assessment.
Disclosures	As a Mortgage lender, the TOKA shall apply the provisions of the Real Estate Settlement Procedures Act (RESPA) of 1974, found at 12 U.S.C. Section 2601, and its implementing regulations. In addition, the TOKA will comply with the SAFE Regulations.

Conflict of Interest	Members of the Board of Commissioners and TOKA staff are eligible to apply to any of TOKA's programs consistent with the approved Code of Ethics Policy. Applicants will be required to meet all program and funding source guidelines.
Record Retention	TOKA will maintain client files for inactive applicants (applicants who have withdrawn, been denied, or have failed to follow-up); for three years from the date the file is determined to be inactive or longer depending on the requirements of TOKA's funding sources. TOKA will maintain successful transaction files that conclude with the closing of a home sale.
Minimum Credit Score	550
Loan Criteria and Documentation	Debt-to-income ratios: Maximum housing- 34% Maximum overall debt- 45%