

RESOLUTION OF THE
BUDGET AND FINANCE COMMITTEE
OF THE NAVAJO NATION COUNCIL

23RD NAVAJO NATION COUNCIL - Fourth Year, 2018

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE; AMENDING THE NAVAJO
NATION OFFICE OF THE CONTROLLER'S CREDIT SERVICES DEPARTMENT
HOME LOAN PROGRAM OPERATING POLICIES AND GUIDELINES

BE IT ENACTED:

SECTION ONE. AUTHORITY

The Budget and Finance Committee of the Navajo Nation Council has oversight of the Navajo Nation Office of the Controller. The Credit Services Department is a department in the Office of the Controller. 2 N.N.C. § 301(B) (13).

SECTION TWO. FINDINGS

- A. The Budget and Finance Committee previously approved Home Loan Program Operating Policies and Guidelines (Guidelines) for the Credit Services Department by resolution BFAP-11-08.
- B. The Credit Services Department has proposed amendments to the Policies and Guidelines.

SECTION THREE. APPROVAL

The Budget and Finance Committee of the Navajo Nation Council approves the amendments to the Credit Services Department Home Loan Program Operating Policies and Guidelines, attached as **Exhibit A**.

CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Naatsis'aan, Navajo Nation (Utah), at which a quorum was present and that the same was passed by a vote of 3 in favor and 0 opposed, this 11th day of December 2018.



Seth Damon, Chairperson
Budget and Finance Committee

Motion: Honorable Jimmy Yellowhair
Second: Honorable Tuchoney Slim, Jr.

**NAVAJO HOME LOAN PROGRAM
OPERATING POLICIES AND GUIDELINES**

T A B L E O F C O N T E N T S

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SECTION 1 – AUTHORITY; ESTABLISHMENT

- A. The Credit Services Department ("Department") was established within the Office of the Controller, Division of Finance of the Navajo Nation Government, pursuant to Resolutions CF-13-85, ACD-234-85, and ~~budget Resolution~~ ACF-21-88.
- B. The Budget and Finance Committee ("Committee") of the Navajo Nation Council is the oversight Committee for the Department and Program, and operates according to 2 N.N.C. §371 as amended. These Operating Policies and Guidelines are adopted pursuant to authority delegated the Committee by 2 N.N.C. §300 ~~74(B)(121)~~ (2012 Title 2 Amendments), ~~as amended~~ and 2 N.N.C. §164(A), as amended by C0-45-12 AU-48-03.

SECTION 2 - PURPOSE

The purpose of the Home Loan Program ("Program") is to:

- A1. Provide home loans to qualified Navajo individuals who demonstrate credit worthiness with the ability to repay the loan in accordance ~~to~~ with the loan terms. Financing will be for the following type of home loans:
- 1.a) New Home Construction ~~b) By Licensed Builder~~
 - ~~b) New Home Construction By Owner Built or Non-Licensed Builder~~
 - 2.e) Home Improvement
 - 3.d) Purchase of an Existing Site Built Home from the Navajo Nation
 - 4.e) Purchase of a New Manufactured Home from Licensed Dealer
 - 5.f) Refinancing of an Existing Manufactured Home
 - 6. Purchase of a Used Manufactured Home from Licensed Dealer or the Navajo Nation
- B2. ~~Be self-supporting and~~ Ensure that all loans are made in compliance with these Operating Policies and Guidelines, the Department's Plan of Operation, and all applicable Navajo Nation laws, regulations, and policies.
- C3. Protect the Navajo Nation's assets, and maintain ~~accountability for the assets and property within the Department and Program~~ accountability to the Nation.
- D4. Secure and collect funds and assets due and owing to the Navajo Nation.
- E. Be self-supporting.

SECTION 3 - POLICY

It is the Policy of the Department that:

- A. The Program shall be administered in accordance with these Operating Policies and Guidelines and with all applicable Navajo Nation laws, regulations, policies, and the Department's Plan of Operation.

- B. The Program shall consider the housing needs of qualified Applicant(s), with preference to first time homeowner(s), with funds to be utilized for Applicant's primary residence, and Construction or improvement of all structures shall adhere to all applicable state building and housing codes and regulations and Navajo Nation laws and regulations.
- C. The Department shall consider the Applicant's creditworthiness and credit risk, employment, and past loan repayment history of Applicant(s) in making credit decisions about to qualified Applicant(s) whether to approve a loan application.
- D. The Department will extend loans to qualified Applicant(s) in accordance to Section 5(A-D); Loan Application Requirements.
- E. All Borrower(s) shall be limited to no more than one outstanding open home loan from the Program. An Applicant shall be eligible to apply for a new home loan only after repayment in full of any previous home loan from the Program.
- F. The Department ~~will~~ shall service and maintain loan accounts to protect the assets of the Navajo Nation by promptly identifying delinquencies and initiating collection efforts.
- G. The Department shall accept applications from married and unmarried Co-Applicants. Co-Borrowers are not required to be married. However, if an Applicant is married, both spouses must sign the loan documents as Co-Borrowers. Married Co-Borrowers shall be held jointly and individually responsible for their debts under to the Nation the Program. Such responsibility is not diminished or extinguished by the death of the Co-Borrower nor by a divorce, unless the divorce decree specifically assigns the legal responsibility for the home loan to one spouse. The Navajo Nation expects loan agreements to be honored, and for repayments to be made accordingly.
- H. All loans from the Program shall be fully secured and guaranteed ~~perfected~~. In no instance shall the value of the collateral pledged be in an amount less than the loan amount.
- I. The minimum loan from the Program shall be two thousand ~~five hundred~~ dollars (\$2,0500.00) and the maximum loan shall be two hundred thousand dollars (\$200,000.00).
- J. ~~No~~ A Borrower's total indebtedness to the Navajo Nation shall not exceed two hundred thousand dollars (\$200,000.00) from all sources within the Navajo Nation Government, whether he or she is the primary Borrower or the Co-Signer for another Borrower.
- K. All home loans shall be repaid by payroll deduction if the Borrower is employed by the Nation or by allotments from other employers if this repayment method is available.
- L. Each Borrower's loan history shall be reported monthly to a Credit Reporting Agency, including, but not limited to: d~~Delinquency~~, b~~Bankruptcy~~, c~~Charge-o~~ffs, w~~Write-o~~ffs, f~~Foreclosures~~, and repossessions.

- ML. All loan applications and other financial documents and records pertaining to the Applicant's loan application or Borrower's loan shall be subject to the Navajo Nation Privacy and Access to Information Act, except as disclosed on the loan application and/or consented to by the Borrower(s) in writing.
- NM. No application shall be recommended for approval by the Department or designee until it is determined that the Applicant(s) is cleared and eligible under the Navajo Business and Procurement Act, 12 N.N.C. § 1501 *et seq.*
- ON. ~~To~~ The Program shall provide prospective homeowners with Home Buyer's' Education ~~or~~ and Counseling in all aspects of home ownership, including financial responsibility.
- PO. The Applicant's home or homesite for which loan proceeds are to be used, must be located within the territorial jurisdiction of the Navajo Nation, as defined in ~~Title Seven of the Navajo Nation Code, Section 7~~ N.N.C. § 254, as "all land within the exterior boundaries of the Navajo Indian Reservation or of the Eastern Navajo Agency, all land within the limits of dependent Navajo Indian communities, all Navajo Indian allotments, all land owned in fee by the Navajo Nation, and all other land held in trust for, owned in fee by, or leased by the United States to the Navajo Nation or any Band of Navajo Indians." ~~all land within the exterior boundaries of the Navajo Indian Reservation or of the Eastern Navajo Agency, all land within the limits of dependent Navajo Indian communities, all Navajo Indian allotments, and all other land held in trust for the Navajo Nation, or leased by the United States or owned in fee by the Navajo Nation.~~
- QP. Upon receipt of written notice ~~and a copy~~ of orders calling a Borrower to active military service, the interest rate for the Borrower's loan shall be reduced to five percent (05%) for the length of the active military service. Upon the ~~completion~~ cessation of active military service, the interest rate shall resume at the regular rate ~~that at which~~ the loan was made, ~~at~~ should there be a balance remaining on the loan account. The Borrower must provide a military order to make these changes.
- R. Loans from the Program shall be repaid by payroll deduction or allotments from respective employers. If this repayment method is not available, repayment must be guaranteed by a Qualified Co-Signer who is eligible for payroll deduction.

SECTION 4 - SCOPE

These Operating Policies and Guidelines govern all home loan transactions under the authority of the Department.

SECTION 5 - LOAN APPLICATION REQUIREMENTS

A. Eligibility Determination

1. Applicant(s) must be enrolled members of the Navajo Nation.

2. Married Applicant(s), including spouses in common-law marriages, shall apply jointly. One partner to the marriage must be an enrolled member of the Navajo Nation.
3. All Applicant(s), shall be the age of majority (18 years).
4. All Applicant(s) shall be ~~employed or the recipient of fixed income~~ subject to the following criteria:
 - a) Applicant(s) ~~shall~~ must provide documentation proving current full-time employment, and full-time employment ~~be permanently employed for the previous two years or more; or~~
 - b) ~~Applicant(s) shall be on a fixed income, i.e., Social Security, pension, or other fixed benefit, or payment, and provide supporting documentation of such income; or~~
 - be) Applicants considered who do not meet the criteria in section 5(A)(4)(a) and are seasonal and part-time employees, self-employed individuals, seniors or disabled individuals receiving a fixed income, or self-employed shall provide a two-year history of financial stability and shall secure a Qualified Co-Signer ~~for at least three years shall provide a three year history of financial stability.~~
5. The Applicant must either own fee simple land within the territorial jurisdiction of the Navajo Nation or must possess a valid Navajo Nation home site lease in his or her own name. The loan shall be issued only in relation to such property. The Co-Applicant, if any, is not required to be named on the deed or the home site lease.

B. Application Process

1. Loan requests shall be made on the Home Loan Application and completed in accordance with the Application Requirement Checklist. Additional information to support the evaluation of any loan application may be required.
2. The Department shall ~~will~~ not accept incomplete applications. If an application is deemed incomplete, it will be returned to the Applicant(s). Completed applications will be referred to the Loan Officer for further evaluation.
3. The Loan Officer ~~Credit Manager~~, or designee, will ensure that the application is supported with all the required documentation as outlined on the Home Loan Application Requirement Checklist.
4. All monthly ~~yearly~~ household living expenses, including but not limited to food, utilities, transportation, insurance payments, and childcare, shall be included on the loan application and shall be accurate. All monthly financial debts, and obligations including but not limited to vehicle payments, credit cards, installment payments, finance companies, shall be disclosed on the Home Loan Application.

5. In order to avoid the appearance of undue influence and conflict of interest, loan applications from current and former appointed or elected officials, judges of the Navajo Nation, and Credit Services Department staff, shall include a notarized Ethical Certification form attesting that no special consideration will be requested, in accordance with the Navajo Ethics in Government Law.
6. Any false information or knowing concealment of material facts made with respect to the any Navajo Nation loan application shall be grounds for ineligibility ~~disqualification~~, and will prohibit the Applicant(s) from reapplying for one (1) year ~~six (6) months~~.

C. Evaluation Process

1. Eligibility conditions set forth in Section 5 of these Operating Policies and Guidelines shall be met before any loan is recommended for approval. The Loan Officer, with the concurrence of the Credit Manager, or designee shall have the authority to ~~qualify or~~ disqualify any application for good cause.
2. All loan applications shall be evaluated by the Loan Officer as follows:
 - a) Navajo Business and Procurement Act, 12 N.N.C. §_1501, clearance through the Department's Loan Ledger system; and ~~through~~ the Navajo Nation Accounts Receivable Section, the Purchase Card Section, and the Navajo Nation Veterans Administration.
 - b) Review and ~~analyze~~ evaluate the Applicant's Credit Report from a Credit Reporting Agency to determine the eligible loan amounts according to the Credit Scoring Guide Applicant's Credit Risk Score. For married Co-Applicant(s), the higher Credit Risk Score will determine the loan amount ~~be averaged to one score~~.
 - c) Eligible Applicant(s) shall be qualified for a loan using the following Credit Scoring Guide in conjunction with other eligibility criteria:

CREDIT SCORING GUIDE

Credit Risk Score (FICO)		Maximum Debt Ratio	Maximum Amount of Loan
Coral	(700 +)	6555%	\$200,000.00
Turquoise	(650 – 699)	6050%	\$150,000.00
Silver	(600 – 649)	5545%	\$135,000.00
Copper	(500 – 599)	5040%	\$ 80,000.00

- d) Compare the Applicant's ~~(s)~~ yearly monthly financial debts, ~~and obligations, household living expenses, and the estimated monthly home loan payments, to monthly yearly~~ household net income ~~(excluding household living expenses)~~ to compute the debt-to-income ratio. The Applicant(s)'s debt-to-income ratio shall not exceed ~~the percentages identified in~~ sixty-five percent (65%). If there are Co-Applicants, the

Program shall use the lower of the two debt-to-income ratios. The credit scoring guide provides the maximum loan amount that an Applicant is eligible for based on the Applicant's debt-to-income ratio, including the estimated monthly home loan payments.

- e) Provide loan recommendation with a written loan summary to the Credit Manager, or designee, if the Applicant(s) are is deemed eligible.

- f) Applicant(s) who apply for short-term home improvement loans between two thousand five hundred dollars (\$2,0500.00) ~~to and seven ten~~ thousand dollars (\$710,000.00) ~~may, in lieu of a mortgage, shall~~ pledge payroll deductions through their respective employer, if available applicable, or obtain a Qualified Co-Signer that meets the eligibility criteria as set forth in these guidelines, ~~or pledge personal property as collateral. A leasehold mortgage, deed of trust, or lien shall not be required for home improvement loans.~~

3. If the Applicant(s) is disqualified, the Department shall notify the Applicant(s) in writing and the notice shall state include the specific reasons for disqualification. With the exception of Section 5(B)(6), Loan Application Requirements, disqualification does not prohibit the Applicant(s) from reapplying for a subsequent loan.

D. Administrative Review Process

1. The Credit Manager, or ~~authorized~~ designee, shall submit the approved written summary sheet through the Navajo Nation's Administrative Review Process for concurrence by the Controller, or designee.
- ~~2. If a reviewer listed in Section D (1) above does not concur that an application should be approved, the reviewer shall set forth the specific reasons for their non-concurrence in writing.~~
3. No loan application shall be considered approved until the Credit Manager and Controller all reviewers listed in Section D (1) above concur. If a reviewer does not concur, he or she shall state the specific reasons for non-concurrence.

SECTION 6 – TYPE OF LOANS

A. **New Home Construction ~~b~~By Licensed Builder:**

1. Borrower shall submit written documentation to the Program to prove that the Builder is licensed, bonded, and insured in the state in which the construction of Borrower's home will occur.
2. For a New Home Construction ~~built~~ by a Licensed Builder, the Program shall finance no more than ninety-five percent (95%) of the total construction cost, which shall not exceed two hundred thousand dollars (\$200,000.00).

~~1-3.~~ The percentage of the total construction cost of the home not financed by the Program shall be paid by the Borrower(s) to the Department to be included in progress payments of loan funds.

~~1-4.~~ The Program shall withhold ten percent (10%) of the loan proceeds until the Loan Officer receives and is satisfied with a report by an independent and licensed home inspector. The Borrower shall pay the cost of the home inspection. If the inspection report indicates problems with the home construction, the Builder must correct the problems and the inspector must re-inspect the home and submit a new inspection report to the Program. The Program shall release the retained 10% after acceptance of the favorable inspection report.

5. The Borrower shall repay the loan through payroll deduction or allotment, if such repayment method is available through the employer.

6. If the loan is to a Borrower who owns fee land, the Program shall perform a title search and the fee land must be used to secure the loan. If the loan is to a Borrower with a Navajo Nation Homesite Lease, a leasehold mortgage shall be used to secure the loan.

~~3.~~ When financing the completion of a partially built home, the Borrower(s) may substitute the construction cost of the already completed construction for the percentage of the total construction cost not financed by the Program.

~~B. New Home Construction By Owner-Built or Non-Licensed Builder:~~

~~1.~~ For a new home construction, or completion by the Borrower(s), or a Non-Licensed Builder, the Program shall finance no more than ninety five percent (95%) of the total construction cost which shall not exceed eighty five thousand dollars (\$85,000.00).

~~2.~~ The percentage of the total construction cost of the home not financed by the Program shall be paid by the Borrower(s) to the Department to be included in draws of loan funds to the Builder.

~~3.~~ When financing the completion of a partially built home, the Borrower(s) may substitute the construction cost of the already completed construction for the percentage of the total construction cost not financed by the Program.

C. Home Improvement:

1. For the home improvement of an existing interior/exterior home and infrastructure, the Program shall finance one-hundred percent (100%) of the total construction project cost. Home Improvement loans shall not exceed ten ~~forty~~ thousand dollars (\$140,000.00).

2. The Borrower shall repay the loan through payroll deduction or allotment by the employer if such repayment method is available through the employer. If it is not available, a Qualified Co-Signer shall be required.

D. Purchase of an Existing Site Built Home from the Navajo Nation:

The Program shall issue loans on existing site built homes only if the home is being sold by the Navajo Nation. All applications for the purchase of an existing site-built home must be accompanied by an appraisal report prepared by a licensed appraiser, at Borrower's expense. The original Seller's proposal shall be attached to the loan application. A manufactured home set on a foundation, of any type, does not place it in the category of a site built home.

1. For the purchase of an existing site built home sold by the Navajo Nation, the Program shall finance ~~no more than~~ up to the lessor of ninety-five percent (95%) of the total purchase price or ninety percent (90%) of the appraised value. An Existing Site Built Home loan shall not exceed two hundred thousand dollars (\$200,000.00).
2. The percentage of the total purchase price of the home not financed by the Program shall be paid by the Borrower(s) to the Department to be included with loan funds made payable to the Navajo Nation as the Seller.
3. The Borrower shall repay the loan through payroll deduction or allotment, if such repayment method is available through the employer. The total purchase price of the home and/or property shall not exceed the appraised value by more than five percent (5%) to qualify for the allowable financing from the Program.
4. If the loan is for an existing site built home on fee land, the Program shall perform a title search and the fee land must be used to secure the loan. If the loan is to a Borrower with a Navajo Nation Homesite Lease, a leasehold mortgage shall be used to secure the loan.

E. Purchase of a New Manufactured Home:

All applications for loans wherein the funds will be used for the purchase of a new manufactured home must be accompanied by a standard Form 500, Buyer's Commitment to Order, from a state licensed manufactured home dealer.

1. For the purchase of a New Manufactured Home, the Program shall finance no more than ninety-five percent (95%) of the total purchase with optional ~~including the site preparation, foundation and~~ utility costs. A New Manufactured Home loan shall not exceed one hundred thousand dollars (\$100,000.00) using the eligible amounts identified in the Credit Scoring Guide in Section 5 (C); Loan Application Requirements with loan terms as determined by Section 6 (G); and Loan Term Schedule.
2. The percentage of the total cost of the home not financed by the Program shall be paid by the Borrower(s) to the Department to be included with loan funds made payable to the ~~Borrower(s)~~, Dealer and/or vendor(s).
3. The Borrower shall repay the loan through payroll deduction or allotment, if such repayment method is available through the employer.

If the loan is to a Borrower who owns fee land, the Program shall perform a title search and the fee land must be used to secure the loan. If the loan is to a Borrower with a Navajo Nation Homesite Lease, a leasehold mortgage shall be used to secure the loan.

4.

CREDIT SCORING GUIDE

Credit Risk Score (FICO)	Maximum Debt Ratio	Maximum Amount of Loan
(700 +)	55%	\$100,000.00
(650 – 699)	50%	\$80,000.00
(600 – 649)	45%	\$65,000.00
(500 – 599)	40%	\$ 50,000.00

F. Purchase or Refinancing of an Existing Manufactured Home:

1. For the refinancing of an existing manufactured home loan, the Program shall finance ~~no more than~~ up to the lesser of ninety-five percent (95%) of the remaining loan balance or ninety percent (90%) of the appraised value of the manufactured home as determined by an independent licensed appraiser based on the age, specifications, and condition of the home, consistent with the current Manufactured Housing Appraisal Guide.
2. The Department shall consider factors, such as a loan settlement with current lender, down payment, collateral, appraisal, and payment history to make a credit decision for refinancing of a loan. The following documents must be provided for the purchase or refinancing of an Existing Manufactured Home or an Existing Mortgage:

Manufactured Home:

- a) Thirty (30) day payoff statement from the respective lender or finance company, ~~and~~ The home must be in a habitable condition and owned by the Applicant(s).
- b) Original sales contract made with the current lender or finance company indicating the cost of home, make, model, year, annual percentage rate (APR) and furnishings associated with the sale of the home.
- c) ~~Upon determination of eligibility, the home must be physically inspected by the Loan Officer, or designee and will be valued according to the current Manufactured Housing Appraisal Guide. An appraisal report on the property by an independent Licensed Appraiser stating the value of the property. The Applicant(s) shall pay the cost of the appraisal.~~
- d) ~~If the appraised value of the home is less than the remaining balance, the Applicant(s) may be responsible for paying the difference of the balance. The Department may consider a down payment, settlement, collateral or leasehold mortgage of the property to make up for the difference of the remaining balance.~~

- e) ~~If the appraised value of the home is more than the payoff amount, the Department shall only finance the remaining balance of the loan.~~
 - d) The Credit Manager, or designee must concur with the recommendations made by the Loan Officer, including the inspection, appraisal, collateral security, and down payment for refinancing of the loan.
3. The Borrower shall repay the loan through payroll deduction or allotment, if such repayment method is available through the employer.
4. If the loan is to a Borrower who owns fee land, the Program shall perform a title search, and a mortgage or deed of trust on the home and fee land must be used to secure the loan. If the loan is to a Borrower with a Navajo Nation Homesite Lease, a leasehold mortgage shall be used to secure the loan.

5.

CREDIT SCORING GUIDE

<u>Credit Risk Score</u> <u>(FICO)</u>	<u>Maximum Debt</u> <u>Ratio</u>	<u>Maximum Amount of</u> <u>Loan</u>
<u>(700 +)</u>	<u>55%</u>	<u>\$100,000.00</u>
<u>(650 – 699)</u>	<u>50%</u>	<u>\$80,000.00</u>
<u>(600 – 649)</u>	<u>45%</u>	<u>\$65,000.00</u>
<u>(500 – 599)</u>	<u>40%</u>	<u>\$50,000.00</u>

Existing Mortgage:

- a) ~~Title search or title status report on the mortgaged property to determine the land status, mortgagee and whether the property can be mortgaged by the Navajo Nation.~~
- b) ~~Thirty (30) days payoff statement of home from the respective lender or finance company and must be legally owned by the Applicant(s).~~
- c) ~~Original mortgage contract with current lender or finance company indicating the cost of home, annual percentage rate (APR), collateral and all other options associated with the financing of the mortgage.~~
- d) ~~An appraisal report on the property by an independent Licensed Appraiser stating the value of the property and the cost must be borne by the Applicant(s).~~
- e) ~~The Credit Manager must concur with the recommendations from the Loan Officer, including the appraisal, collateral and down payment for refinancing of mortgage.~~

G. Loan Terms-Maturity Date

The following loan term schedule shall be used in conjunction with the Loan Officer's evaluation and recommendations:

LOAN TERM -MATURITY DATE SCHEDULE

Amount of Loan			Maximum Loan Terms		
\$ 100,000	-	or More	360	months	(30 yrs)
\$ 80,000	-	\$ 99,999	300	months	(25 yrs)
\$ 60,000	-	\$ 79,999	240	months	(20 yrs)
\$ 40,000	-	\$ 59,999	180	months	(15 yrs)
\$ 25,000	-	\$ 39,999	120	months	(10 yrs)
\$ 10,000	-	\$ 24,999	60	months	(5 yrs)
\$ 5,000	-	\$ 9,999	36	months	(3 yrs)
\$ 4,999	-	or Less	24	months	(2 yrs)

SECTION 7 – STANDARD CONSTRUCTION REQUIREMENTS

The following construction project requirements shall be applicable for the purpose of protecting the Department's security interest. ~~The financed construction projects shall conform to the Addendum for New Home Construction by Licensed Builder, New Home Construction by Owner-Built or Non-Licensed Builder (Exhibit "B"), which is incorporated herein.~~

- A. ~~All Owner-Built Builder, Licensed Builders and Non-Licensed Builder~~ shall formally agree in writing that the laws of the Navajo Nation apply to all aspects of construction projects and that any dispute involving the Builder(s), and/or Borrower(s), and/or the Department, and/or the Navajo Nation, will be resolved exclusively in the Navajo Nation Courts.
- B. New Home Construction ~~by~~ Licensed Builder
 1. Shall be built in accordance with the latest edition of the International Residential Code, International Mechanical Code, International Plumbing Code, National Electrical Code, Life Safety Code, applicable state building and housing codes and regulations, and Navajo Nation laws, Codes and Ordinances regulations.
 2. ~~Shall require pre-construction meeting with the Borrower(s), Builder(s), Sub-Contractor(s) and the Department to discuss the contractual terms, conditions, other supporting documents and construction requirements in general.~~ Borrower shall provide the Program with the building plans, and all additional documentation regarding the construction requirements.
 3. Shall require an executed form of a comprehensive construction contract between the Borrower(s) and the state Licensed Builder specifying the terms of construction, scope of work, ~~detailed progress payments,~~ description of material and specifications.

4. May include the cost of establishing utility service (electricity, water, and sewer) to the home, if those utilities are part of the submitted design plans. Self-contained utility systems (alternative electrical systems, cistern water system, septic systems, etc.) will be acceptable.
5. ~~Shall be 100% complete within 180 days (6 months) after issuance of the Notice To Proceed (Exhibit "B" — Form A) to the Licensed Builder. Upon showing of good cause by the Borrower(s) or Builder, the Credit Manager may grant extension of the time limit only, but no change orders for cost increase.~~
6. ~~The Builder shall schedule an orientation with the Homeowner(s) to advise on interior, exterior maintenance, appliance operation and provide owners manuals. The Builder and the Homeowner(s) shall sign off on the Maintenance Orientation Checklist, (Exhibit "B" — Form D) and submit to the Department.~~
7. ~~Ten percent (10%) retainage shall be withheld until the Independent Certified Inspector accepts and submits a final inspection report to the Department.~~
8. ~~The warranty period shall begin immediately upon issuance of the Certificate of Occupancy (Exhibit "B" — Form C) and remain in effect for one (1) year.~~

~~C. New Home Construction By Owner-Built or Non-Licensed Builder~~

1. ~~The Borrower(s) are required to submit the Owner(s) or Non-Licensed Builder's credentials or proof of construction experience, including the Sub-Contractor's state license(s) and bonding certification.~~
2. ~~The Department shall verify the Non-Licensed Builder's license through the Navajo Nation Business Regulatory Department.~~
3. ~~The Department shall verify the sub-contractor license(s) and bonding certification through the respective State Construction Industries Division.~~
4. ~~The Department shall require an executed form of a Comprehensive Construction Agreement between the Homeowner(s), Owner-Built Builder, Non-Licensed Builder, and/or sub-contractor(s).~~
5. ~~The Owner-Built Builder or the Non-Licensed Builder shall submit an agreed-upon written detailed scope of work, material specifications, construction work schedule and progress schedule signed by all parties, including the Sub-Contractors.~~
6. ~~The Department's acceptance of credentials or proof of construction experience, etc., is in no way a warranty or assumption of responsibility for the construction contract, work performance, or personal injury liability.~~

- ~~7. Construction shall be 100% complete within 180 days (6 months) after issuance of the Notice To Proceed (Exhibit "B" — Form A) to the Owner-Built Builder or Non-Licensed Builder. Upon showing of good cause by the Borrower(s) or Builder, the Credit Manager may grant extension of the time limit only, but no change orders for cost increase.~~
- ~~8. Three percent (3%) retainage shall be withheld until the Independent Certified Inspector accepts and submits the final inspection report to the Department.~~
- ~~9. Borrowers financing more than seven thousand dollars (\$7,000.00) for New Home Construction to be built by Owner or Non-Licensed Builder shall be required to obtain Builder's Risk Insurance.~~
- ~~10. The Non-Licensed Builder shall provide a one (1) year warranty on all construction work performed.~~

CD. Home Improvement

- ~~1. The Department may waive the Licensed or Non-Licensed Builder requirements for Borrower(s) financing a Home Improvement loan between the amount of two thousand five hundred dollars (\$2,0500.00) and ten seven thousand dollars (\$107,000.00).~~
- ~~2. The Borrower(s) are required to submit the Builder's credentials or proof of construction experience, including the Sub-Contractor's state license and bonding certification.~~
- ~~3. The Department shall verify the Licensed or Non-Licensed Builder's license through the Navajo Nation Business Regulatory Department or the respective State Construction Industries Division.~~
- ~~4. The Department shall require an executed form of a Comprehensive Construction Agreement between the Homeowner(s), Builder(s), and/or Sub-Contractor(s).~~
- ~~5. The Borrower(s) and Builder shall submit an agreed-upon written detailed scope of work, material specifications, construction work schedule and progress schedule signed by all parties, including the sub-contractors.~~
- ~~6. The Department's acceptance of the Builder's credentials or proof of construction experience, is not a guarantee or assumption of responsibility for the construction contract performance or personal injury liability.~~
- ~~7. Borrowers financing more than seven thousand dollars (\$7,000.00) for Home Improvement, or completion, shall be required to obtain Builder's Risk Insurance.~~

DE. New Manufactured Homes

The following Manufactured Home requirements shall be applicable: ~~for the purpose of protecting the Department's security interest. The financed home shall conform to the Addendum for New Manufactured Home (Exhibit "C"), which is incorporated herein.~~

1. ~~The New Manufactured Home shall conform to the Department of Housing and Urban Development (HUD) national building code and in conformance with the Federal Manufactured Home Construction Act, Manufactured Home Installation and Navajo Nation Manufactured Housing Act.~~ LICENSURE AND BOND:
Copies of license(s) for the Dealer, Installer, and Salesperson shall be required. Certificates to prove the existence of a Consumer Protection Bond for manufactured home Dealer in the amount of at least \$50,000.00 and a Consumer Protection Bond for the manufactured home Installer in the amount of at least \$10,000.00 shall be required. All licensure and Bonding must be current.
2. ~~The Borrower(s) shall provide the Department with evidence of the State License(s) for the Manufactured Home Dealer, Installer and Salesperson.~~ ORIGINAL PURCHASE AGREEMENT FORM 500(See Sample: FORM "1-A):
The Dealer must provide a signed Purchase Agreement clearly stating the cost, options, make, model, year, and size of the manufactured home. This agreement must also state the disposition of axels, wheels, and hitches. When applicable, the value of trade-in must be disclosed.
3. The New Manufactured Home shall be installed by a State Licensed Installer in accordance with the installation manual and copy of the manual must be furnished to the Borrower(s).
4. Loan funds shall not be disbursed to the Manufactured Home Dealer until the home is inspected by the ~~Department and the Dealer's assigned inspector~~ to verify proper installation and set-up.
5. Upon the Department's acceptance of the inspection and ~~submittal of signed Homeowner Walk Through Inspection Checklist (Exhibit "C" Form 2),~~ the Department shall release the payment in full to the Dealer. ~~Notwithstanding the above, T~~he Department does not provide a warranty or assume responsibility for the installation and set-up.

F. ~~Inspection Requirements~~

1. ~~All construction projects shall have quality control requirements to safeguard life, health, property, and public welfare. Any noted deficiencies or non-compliance as a result of an inspection shall be corrected prior to re-inspection, approval of progress payment and continuance of construction activity.~~
2. ~~It is the responsibility of the Borrower(s) to employ the Independent Certified Inspector and submit inspector's certification to the Department. The cost of the inspections shall be borne by the Borrower(s) pursuant to the written agreement between them.~~

- ~~3. It is the responsibility of the Borrower(s) and/or Builder to provide at least 48 hour notification to the Department of the scheduled inspection. The Inspector shall submit an Inspection Report within (24) hours.~~
- ~~4. It is the responsibility of the Borrower(s) to submit the acceptable Inspection Report (Exhibit "B" Form B) to the Department prior to disbursement of loan funds and proceed with the next phase of the construction project.~~
- ~~5. The Department does not guarantee or assume responsibility for the home construction project through the issuance of a Certificate of Occupancy (Exhibit "B" Form C) and construction contract performance.~~
- ~~6. The Department will not proceed with the final inspection unless the required pre-requisites are submitted: Warranty For New Home Construction (Exhibit "B" Form E) and the Electrical Affidavit upon acceptance by the local utility company.~~
- ~~7. The Independent Certified Inspector shall issue a stop order when the construction project is not in compliance. In case of conflict between any applicable code, law ordinances, rules, regulations and/or referenced specification documents, the most restrictive requirements will be adhered to, provided such conformance is lawful.~~

SECTION 8 - TYPE OF GUARANTEES

- A1. A first lien on the new or pre-owned Manufactured Home title. Upon closing of the sale of the Manufactured Home to Borrower(s), the Dealer shall direct the state Department of Motor Vehicles to generate a certificate of title naming the Navajo Nation as the first lienholder and the Dealer shall deliver the original certificate of title to the Department.
- B2. Deed of Trust or Realty Mortgage on a Borrower's fee simple land or private land.
- C3. Leasehold Mortgage on finalized Borrower's Homesite Lease or Residential Lease.
- D4. Qualified Co-signer. Under certain circumstances, a person who is employed with the Navajo Nation or it's entities for at least two years and who demonstrates the ability to repay shall be required to execute loan documents assuming all of the responsibilities and obligations of the loan by executing a payroll deduction form. A Qualified Co-Signer may be required in addition to other types of guarantees and is not considered security for a loan. All loans must be secured, except for home improvement loans.
- ~~5. Personal Property. Property shall include automobiles, and trucks, that have a certificate of title, free and clear of any existing liens. No other types of personal property shall be accepted as collateral.~~
 - ~~a) The property shall be owned by the Borrower(s), in good operable condition and valued according to the current Blue Book Fair Market Value. Vehicle models dating back five (05) years or less shall be taken as collateral.~~

- b) ~~Upon determination of eligibility, the property must be physically inspected by the Department and applicable lien documents shall be executed showing the Navajo Nation as the first lien holder.~~

SECTION 9 – INSURANCE REQUIREMENTS

- ~~A1.~~ For the duration of new home construction, Licensed Builder's Risk shall be required to carry comprehensive liability ~~insurance shall be required for all new Home Construction, to be built by Owner or Non-Licensed Builder New Home and Home Improvement in excess of seven thousand dollars (\$7,000.00).~~
- ~~B2.~~ New Home Construction Site-Built and Manufactured Homes shall have comprehensive property insurance policy kept in effect for the duration of the loan with a loss payee clause that is payable to the Navajo Nation. One year of prepaid insurance is required in advance to be held in escrow and written notices of lapse in insurance coverage shall be provided to the Borrower(s). The Promissory Note shall include Borrower's obligation to maintain a comprehensive home owner's insurance policy naming the Navajo Nation as an additional insured party. Failure to maintain such a policy for the duration of the loan until paid in full shall be considered an event of default.
- ~~3.~~ ~~Vehicles pledged as collateral shall have full coverage insurance policy, and kept in effect for the duration of the loan period, covering liability, comprehensive and collision with a loss payee clause to the Navajo Nation. Written notices by certified mail of lapse in insurance coverage shall be provided to the Borrower(s).~~
- ~~4.~~ ~~Mortgage Life Insurance policy shall be required in an amount not less than the outstanding principal balance of the loan and shall be kept in effect for the duration of the loan period. One year prepaid insurance is required in advance and written notices by certified mail of lapse in insurance coverage shall be provided to the Borrower(s).~~
- ~~5C.~~ ~~In an event that If the comprehensive property insurance and/or mortgage life insurance policy is not in effect or lapses, and such lapse is not cured within ten (10) working days after receipt of certified written notice by the Department, the Department shall intervene and purchase insurance coverage by resorting to through an independent contracted Insurance Company and naming the Navajo Nation as the additional insured party.~~
- ~~6D.~~ The payment made by the Department to reinstate any insurance coverage of an existing insurance policy shall be set up in the Borrower's escrow ~~impound~~ account. The Department shall notify the Borrower(s) of such action in writing.
- ~~7E.~~ The ~~payment by the Department to reinstate any~~ shall add the cost of insurance coverage shall be added to the monthly mortgage loan payments to satisfy the lapsed premium. The additional monthly payment toward insurance shall not increase the loan principal and the Department shall not be required to re-amortize the loan.

F. If the Department and Borrower(s) execute an Amended Promissory Note, any amounts paid by the Department for insurance premiums on behalf of Borrower(s) that the Borrower(s) has failed to repay prior to execution shall be included in the principal balance in the Amended Promissory Note.

SECTION 10 – LOAN CLOSING PROCESS AND DOCUMENTATION

- A. The loan closing shall take place at the Department within ten (10) working days after approval or the loan commitment shall be cancelled. If cancelled, tThe Borrower(s) may reapply thereafter. The Credit Manager or designee shall concur that all appropriate loan documents have been executed before any disbursements. The following completed documents will be provided and/or executed during the loan closing:
1. A Promissory Note and the Truth in Lending Disclosure Statement shall be signed by the Borrower(s), and Co-sSigner, as is appropriate.
 2. A copy of the Loan Ledger ~~along with the amortized repayment schedule calculated on a monthly basis~~ shall be provided to the Borrower(s) and Co-Signer.
 3. A Leasehold Mortgage ~~or Realty Mortgage;~~ and Form 3070 200RL is required when a Homesite Lease, ~~Residential Lease or Real Property~~ is used as collateral to secure the loan. A Deed of Trust or a Mortgage is required when Borrower's fee land is used to secure the loan.
 4. The Borrower(s) must ~~shall~~ sign an Escrow Impound Disclosure Statement form when an escrow impound account has been set up for ~~property taxes;~~ the comprehensive homeowner's insurance, ~~and/or mortgage life insurance, as agreed to by the Borrower(s).~~
 5. Application for State Motor Vehicle Title Registration, and/or Power of Attorney Form, when a ~~Vehicle or~~ Manufactured Home is used as collateral security.
 6. Payroll Deduction Form when Borrower(s) or Co-sSigner(s) have agreed to automatic payroll deduction.

SECTION 11 – FEES

- A. Borrower(s) shall pay a loan closing fee according to the schedule below at the time of the loan closing. Such fees shall be accounted for separately, and utilized for the Department's administrative expenses.

LOAN CLOSING FEE SCHEDULE

Maximum Amount of Loan	Fees
------------------------	------

\$150,000	-	\$200,000	\$225.00 200.00
\$125,000	-	\$149,999	\$200.00 175.00
\$100,000	-	\$124,999	\$175.00 150.00
\$ 7,000	-	\$ 99,999	\$150.00 125.00
\$ 2,0500	-	\$ 6,999	\$ 100.00 75.00

- ~~B. Borrower(s) shall be responsible for the payment of filing fees associated with the placement of liens for personal property pledged as collateral to perfect the loan.~~
- B.G. Borrower(s) shall pay a fee of ten percent (10%) of monthly payment amount for any payment deferred.
- C.D. Borrower(s) shall pay the fees associated with Court costs and Private Process Server reasonable attorney's fees and cost, if the account is referred for legal or judicial action process.
- D.E. The Department shall charge a fee at the standard industry rate, if the bank returns a check for non-sufficient funds.

SECTION 12 – DISBURSEMENTS

All disbursements of loan funds shall be made in the form of a check as follows:

- A. Home Improvement ~~Loans less than seven thousand dollars (\$7,000.00)~~ shall be made payable disbursed to the Borrower(s) and/or third party vendor(s).
- ~~B. Loans over seven thousand dollars (\$7,000.00) shall be made payable jointly to the Borrower(s) and the third party vendor(s) (Builder, material supplier, etc.).~~
- B.G. Loans for New Home Construction by a Licensed Builder shall be paid to the ~~Borrower(s) and Builder~~, provided that ten percent (10%) of loan proceeds shall be withheld until the Program receives and approves a satisfactory home inspection report by an independent licensed home inspector according to the progress schedule.
- C.D. Loans for New Manufactured Homes shall be ~~paid~~ disbursed to the licensed Manufactured Home dealer after delivery and set up installation, and after the Program accepts the upon submission of the walk through inspection document signed by Homeowner Borrower(s) and licensed inspector Walk Through Inspection Checklist (Exhibit "C" – Form 2) to the Department.
- ~~E. Construction projects for Home Improvement, Owner Built or Non-Licensed Builder shall be paid to the Borrower(s) and/or vendors/suppliers according to progress schedule upon submission of acceptable inspection documents to the Department.~~

SECTION 13 - REPAYMENTS AND ACCOUNTING

- A. Repayments

1. If the Borrower's employer allows for payroll deduction or allotment, the Borrower(s), or Co-Signer in the event of Borrower's default, shall be required to repay the loan through payroll deductions by the Navajo Nation or payroll allotments by Navajo Nation entities and other participating employers. If this method of repayment is unavailable through the employer, then the Borrower(s), or Co-Signer in the event of Borrower's default, shall be required to repay the loan through cashier's or personal check, debit or credit card payment, money order, or cash payments.
2. Loan payments are due on the date specified in the Promissory Note. Whether repayment is made through payroll deduction or other means, it is the Borrower's responsibility to ensure that the payment is received at the payment address specified below in Section 13 (A) (2); Repayments and Accounting, on or before the due date.
 - a) Payments mailed or delivered to the Department will be forwarded on the day received to the Cashier's' Office Section within the Office of the Controller Financial Services Department. Cash payments can be made to the Cashier's Section or to the Department. Debit and credit card transactions must be made with the Cashiers' Section.
 - b) Payments received by the Department or by the Cashier's' Office Section within the Office of the Controller Financial Services Department after 2:00 p.m. will be posted on the following business day.
23. Loan Mailed payments shall be made in the form of money order, cashier's check, or personal checks shall be mailed to the following address:

Navajo Nation Credit Services Department
P.O. Box 2405
Window Rock, Navajo Nation (Arizona) 86515

*****Do not mail cash payments*****
Cash payments must be made in person at the Cashier's' Section Office or the Department.
3. ~~Payroll Deductions through the Navajo Nation or its entities.~~
4. All Repayment of loans funds, through payroll deductions shall start within thirty (30) days of the next pay period ending after the disbursement of loan proceeds and shall continue until the loan is repaid in full.
5. ~~Monthly repayments shall start within thirty (30) days of the disbursement of loan proceeds and continue until the loan is repaid in full.~~
65. The liens on collateral pledged as security or other security documents shall be released to the Borrower(s) as soon as possible and no later than thirty (30) calendar days after the loan has been paid in full.

B. Deferred Payment Procedures

Deferment of a monthly loan payment may be considered and is subject to the approval of the Credit Manager, or designee the stipulations are as follows:

1. Request for a Deferment must be submitted in writing to the Department within three ~~five~~ working days of the payment due date.
2. At the time of the request, the loan account must be current; no Deferred payment will be considered if loan account is in arrears, *****no exceptions*****.
3. Only one (1) monthly payment shall be Deferred at a time and the Borrower(s) must pay a fee of ten percent (10%) of the monthly payment amount.
4. Only two (2) Deferred payments shall be allowed per calendar year.
5. If a Deferred payment is granted, the Deferred monthly payment shall be extended to the end of the loan contract and must be adjusted accordingly on the Borrower(s)' account.

C. Accounting Procedure

1. The ~~Financial Credit Services Department of the Office of the Controller,~~ shall administer the records and book of accounts for the Programs consistent with the Office of the Controller's established Navajo Nation Accounting Practices.
2. Loan repayments shall be ~~posted~~ credited in the following order of priority to the respective loan accounts:
 - a) ~~Any outstanding Court and/or Private Process Server fees associated with judicial process, if any.~~ To Loan Fees;
 - b) ~~Late fees, if any.~~
 - c) ~~To Any non-sufficient fund fees at the standard industry rate for returned checks.~~
 - d) ~~Impound account, if any.~~ To Court Fees/Private Processing Fee apply to any outstanding Court and/or Private Processor Fees associated with Judicial Process.
 - e) ~~Accrued interest due and owing calculated from the date of the last payment, and To escrow account if any.~~
 - f) ~~The principal balance.~~ To Late Fees.
 - g) To accrued Interest due and owing calculated from the date of the last payment.

g) To the Principal balance.

3. A payment above the amortized schedule amount will be applied for the current due date and distributed in the priority as stated in Section 13(B)(2) and shall not constitute an advance payment for the following month, unless Borrower(s) ~~have~~ has made specific arrangements in writing with the Department.
4. ~~If a delinquent loan account is bearing an outstanding amount of accrued interest, the regular payment shall be divided equally on a 50/50 percentage basis to the accrued interest and the principal balance.~~

D. Monthly Reconciliation:

1. The system of cash posting shall be from the Navajo Nation Office of the Controller Cashiers' Section of Financial Services Department ~~(or its predecessor)~~, to the General Ledger of the Financial Management Information System (FMIS) ~~(or its predecessor)~~ to the Department's Credit Service's Loan Tracking System (Loan Ledger) ~~(or its predecessor)~~.
2. The Department shall reconcile all loan payments with the Navajo Nation Cashiers' Section's cash deposit account each month.
3. The Department shall report to the General Accounting Section of the Office of the Controller all loans ten (10) days past due.
4. The FMIS home loan object codes must agree with the home loan ledgers balances at the end of each month.

E. Reporting:

1. Month End Closeout Reports shall be timely prepared by the Department and submitted to the Navajo Nation Office of the Controller General Accounting Section ~~to distribute payments.~~
2. The Department shall present a ~~semi-annual~~ financial report to the Committee upon request ~~in October and April of each year.~~

SECTION 14 - INTEREST RATES

- A. The current interest rates for all home loans shall be determined according to the following Interest Rate Guide:

INTEREST RATE GUIDE

<u>Credit Risk Score</u>	<u>Interest Rate</u>
--------------------------	----------------------

Coral	(700 +)	WSJ Prime Rate
Turquoise	(650 – 700)	WSJ Prime Rate plus 0.5%
Silver	(600 – 649)	WSJ Prime Rate plus 1.0%
Copper	(500 – 599)	WSJ Prime Rate plus 2.0%

~~A. Interest Rates shall be reviewed and approved by the Committee upon the recommendation of the Department.~~

B1. Loans shall be charged simple interest at a fixed rate according to the above Interest Rate Guide and calculated on 365 calendar days. The interest rate shall be locked in on the date of closing and shall remain at that rate for the duration of the loan until paid in full, written-off, or discharged in bankruptcy. The Program shall base its interest rates for home loans on the Wall Street Journal (WSJ) Prime Rate on the date of closing.

~~2. The effective interest rate for Home Loans shall be calculated on 365 days.~~

~~B. The current Interest Rate for all Home Loans shall be determined according to the following Interest Rate Guide:~~

INTEREST RATE GUIDE

Credit Risk Score (FICO)	Interest Rate
Coral (700 +)	5.0%
Turquoise (650 – 700)	5.5%
Silver (600 – 649)	6.0%
Copper (500 – 599)	6.5%

SECTION 15 – MODIFICATIONS PAYMENT AGREEMENTS– AMENDED PROMISSORY NOTES

~~Requests for modifications of payment amounts and due dates shall be adequately justified in writing by the Borrower(s). All modifications shall require approval of the Credit Manager and reduction in monthly payment amount shall not exceed twenty percent (20%). No request for a modification shall be considered if the loan account is delinquent.~~

A. When Borrower is Not in Default on Promissory Note. A Borrower who is current on Promissory Note payments and has not otherwise defaulted on the Promissory Note may enter into an Amended Promissory Note if he or she provides adequate written justification and the Credit Manager or designee approves the Amended Promissory Note. The Amended Promissory Note

will amend the terms of the original Promissory Note and shall be in accordance with Subsection C, below.

B. When Borrower is in Default on Promissory Note. A Borrower who is delinquent on Promissory Note payments or has otherwise defaulted on the Promissory Note may enter into an Amended Promissory Note if he or she provides adequate written justification and the Credit Manager or designee approves the Amended Promissory Note. The Amended Promissory Note will amend the terms of the original Promissory Note and shall be in accordance with Subsection C, below.

C. An Amended Promissory Note may make the following changes to the original Promissory Note:

1. Monthly Due Date. An Amended Promissory Note may change day of the month on which Borrower agrees to make payments. However, if this is the only change the Borrower is making, an Amended Promissory Note is not required and this change may be made by written agreement.
2. Amount of Monthly Payment. An Amended Promissory Note is required in order to change the amount of the monthly payment. Reductions in the monthly payment amount shall not exceed twenty-five percent (25%). When reductions in the monthly payment amount require an extension of the term of the loan and maturity date, the Amended Promissory Note shall include changes to the term of the loan and maturity date, subject to the conditions in subsection (c) below.
3. Insurance Premium Payments. If Borrower's comprehensive homeowner's insurance lapsed and the Department intervened to pay the insurance premium on behalf of Borrower in accordance with Section 9, then going forward the premiums that the Department will pay on behalf of Borrower shall be added to the monthly payment on the Amended Promissory Note but shall not be amortized as loan principal.
4. Maturity Date and Loan Term. An Amended Promissory Note is required in order to change the loan term and maturity date. Any amendment of the maturity date shall be in accordance with the Loan Term Schedule provided in Section 6 – Subsection G: Loan Terms-Maturity Date. However, the Controller may extend the maturity date beyond the Loan Term Schedule in her sole discretion.
5. Principal Amount of Loan. If the Borrower is not delinquent on loan repayments, the principal amount of the Amended Promissory Note shall be in the amount of the then-outstanding balance on the original Promissory Note. If the Borrower is delinquent on loan repayments, the principal amount of the Amended Promissory Note shall be in the amount of the then-outstanding balance on the original Promissory Note plus any unpaid accrued interest and late fees. In addition, if Borrower's comprehensive homeowner's insurance lapsed and the Department paid the insurance premium on behalf of Borrower in accordance with Section 9, and the premiums remain unpaid by Borrower, then the premium paid by the Department shall also be added to the principal amount on the Amended Promissory Note.
6. Interest Rate. The interest rate on the Amended Promissory Note shall be in accordance with Interest Rate Guide provided in Section 14 – Interest Rates based on the Borrower's FICO score at the time the Amended Promissory Note is executed.

7. Consequences for Default. The Amended Promissory Note shall include terms disclosing consequences for Borrower's default including, but not limited to: acceleration of the loan; Borrower's consent to voluntary relinquishment and forfeiture of the property used to secure the loan; foreclosure, repossession, and sale of the property used to secure the loan; and continued collection actions to collect the unpaid loan balance.
- D. The Department shall prepare an updated Amortization Schedule based upon the terms of the Amended Promissory Note.
- E. The Department shall provide to Borrower an updated Truth-in-Lending Disclosure Statement when an Amended Promissory Note is executed.

SECTION 16 – COLLECTION PROCEDURES

- A. These amended Operating Policies and Guidelines shall apply to new and existing loan accounts.
- BA. Loan accounts that are in arrears or otherwise not in compliance with the loan agreements shall be forwarded to the Department's Collection Section to initiate Officers for collection efforts with the Borrower(s) in an attempt to bring the loan account current before resorting to legal action. The Department's Collection Officers are the liaisons between the Department and Borrower(s). The goal of the Collection Officers is to have the Borrower(s) repay their debt on a timely basis through the process of negotiation and cooperation without having to resort to legal proceedings. Collection efforts by the Department shall be in compliance with all applicable Navajo Nation, federal and state laws.
1. It is the responsibility of the Borrower(s) and Co-sSigner to keep the Department informed of their current address and, telephone numbers. Periodic contacts shall be made with the Borrower(s) and Co-Signer(s) either in person, by mail, or by telephone to the last known address and phone number. and any significant change in the household. The Department is not responsible for sending correspondence to other than the last address and telephone number provided by the Borrower(s).
 2. Collection efforts shall comply with Navajo Nation and other applicable laws. The Department shall document all collection activities. Throughout the formal collection process, efforts shall be conducted to contact the Borrower(s) and Cosigner to collect monies due and owing on the loan account.
 - a) The liability and responsibility of the Cosigner shall be enforced. The Department will notify the Cosigner at the same time and in the same manner that the Borrower(s) are notified to bring the loan account current within a reasonable time frame allowed by the Department.
 3. Periodic contacts shall be made with the Borrower(s) and Cosigner either in person, by mail to the last known address or telephone to demand payment(s) due and owing on the loan account.

4. ~~The Department shall document all collection efforts with Borrower(s) and Cosigner.~~
35. ~~If a loan payments is are not received by prior to the first (1st) twentieth (20) day following the due date, the Department shall contact the Borrower(s) and Co-sSigner in writing. Such written contacts shall continue on a periodic basis until the account is brought current by Borrower(s) or the Cosigner.~~
46. ~~If a loan payments is are not received by within the tenth (10th) calendar days following the due date, the loan account shall be charged subject to a late fee charge of thirty twenty-five dollars (\$3025.00) per for each month a payment is late or missed. A Late Fee shall accrue each month a payment is late.~~
57. ~~If the total amount of arrearages is not received prior to the payments are not received prior to sixty ninetieth (9060) days following the due date, and after the Department has sent out five (05) written notices to the Borrower(s), and/or Co-sSigner if any, the Nation Department may declare the loan in default and shall accelerate the debt pursuant to the Promissory Note. The Department may take other lawful collection actions, including but not limited to: reporting to a credit reporting bureau such as Transunion, Experian, or Equifax; referring the account to legal counsel and/or the Department of Justice; and taking judicial action.~~
68. ~~If the debt is accelerated, the Nation Department shall declare the loan in default, declare the entire amount due and owing, and demand immediate payment of the same. The Borrower(s) and Co-sSigner shall be notified in writing, by certified mail of this action. Once the debt is accelerated, the Department may place the account in non-accrual status for accounting purposes pending approval of a Charge-Off. If a Charge-Off is not approved, the interest and late fees shall be reinstated and shall continue to accrue.~~
79. ~~The Department with the assistance of legal counsel and/or the Departments of Justice, may file an action in shall pursue Small Claims court proceeding if a loan account has a balance of two thousand dollars (\$2,000.00) or less and the account has been accelerated.~~
810. ~~If the entire debt is above two thousand dollars \$2,000.00 and declared due and owing, as stated in Sub-Section (68), all relevant documents relating to the loan account shall be forwarded to the Navajo Nation Department's of Justice or independent legal counsel and/or the Department of Justice for further legal action as deemed appropriate.~~
- a) ~~The Borrower(s) and Co-sSigner may will be given opportunities to forestall further legal proceedings, by bringing the loan account current, or by executing a Such opportunities may include, but shall not be limited to, the opportunity to bring the loan account current in a specified time by entering into a new Ppayment Aagreement with the Department and the opportunity for voluntary relinquishment of the pledged property. It is the responsibility of the Borrower(s) and Co-sSigner to contact the Department to make such arrangements.~~

- b) If, after the debt has been accelerated, the Department accepts a partial payment from the Borrower(s) or Co-Signer, which is less than the entirety of the loan balance needed to cure the default, this shall not be construed as a waiver by the Department or the Nation of any rights. Nor shall it be necessary to serve additional notices to Borrower(s) or to reaccelerate the loan.
- ~~119.~~ Voluntary settlements of delinquent loan accounts, whereby, the Borrower(s) relinquishes the collateral pledged, will be subject to compliance with the Agreement for Voluntary Liquidation of Loan (see Exhibit "E"). It is the policy of the Department to encourage Borrowers to voluntarily surrender property used to secure a loan when the Borrowers are in default, are unable to cure the default, and wish to avoid further collection efforts and judicial actions against them such as foreclosure and repossession. Voluntarily surrender of the pledged property will be subject to the terms of the Promissory Note or Amended Promissory Note and a written agreement for the voluntary surrender of pledged property.
- ~~102.~~ If an account was charged-off or written-off, collected through judicial action or judgement, including, but not limited to bBankruptcy dDischarge, fForeclosure and/or, rRepossession, the Borrower(s) and/or Co-sSigner shall not be considered for another loan until a minimum of seven (7) years has lapsed.
- ~~113.~~ If the assets used to secure home loan are located within the territorial jurisdiction of the Navajo Nation, Fforeclosure of Realty and Leasehold Mortgages and repossession of assets used as security for the loan shall comply with all applicable Navajo Nation law, federal and state and other applicable laws. If the assets used to secure home loan are located outside the territorial jurisdiction of the Navajo Nation, foreclosure of Realty Mortgages and Deeds of Trust and repossession of assets used as security for the loan shall comply with all applicable state laws.
- a) This recourse of foreclosure and repossession is intended to recover and liquidate assets to satisfy loan obligation due and owing to the Navajo Nation.
- ba) If a deficiency remains on the loan account after the liquidation of the property, the Borrower(s) and Co-sSigner shall be liable for the deficiency amount under applicable laws.
- ~~14.~~ Repossession of property shall comply with applicable Navajo Nation, federal and state laws. This recourse is intended to recover and liquidate assets to satisfy loan obligations due and owing to the Navajo Nation.
- a) If a deficiency amount remains on the loan account after the liquidation of the property, the Borrower(s) and Cosigner may be liable for the deficiency amount under applicable laws.
- ~~125.~~ Bankruptcy (Chapter 7 or 13) cases shall be subject to the Federal Bankruptcy Laws and all other applicable laws to discharge an individual debt to the Navajo Nation. However, the

continued right to foreclose on the property is subject to all applicable laws in which the property is located.

- a) In order to qualify for future loans with the Department, the Borrower(s) and Co-Signer, if any, may voluntarily continue payments on the loan account that was discharged by a Federal Bankruptcy Court.

136. In the event of death of a Borrower, the Co-Borrower, if any, shall remain legally responsible for repayment of the loan. If there is no Co-Borrower, the Co-Signer shall be legally responsible for repayment of the loan. If there is no Co-Borrower or Co-Signer, the Department shall contact the surviving spouse or the administrator of the deceased's estate to proceed with the probate in compliance with the Navajo Nation Rules of Probate Rules and Procedures.

~~17. In the event both of the Borrower and Co-Borrower are deceased, the Cosigner will be released from all financial obligations on the loan.~~

148. Any uncured payment arrearages of employees of the Navajo Nation or an entity of the Nation shall be pursued by the Department through all lawful means including offset, at the option of the Department, through judicial means or through the Navajo Business and Procurement Act, and/or Navajo Nation Personnel Policies Manual. Pursuant to 12 N.N.C. § 1507 of the Navajo Business and Procurement Act and Section XVI(B)(2) of the Navajo Nation Executive Branch Personnel Policies Manual, the Department may offset any amount owed to an individual by the amount the individual owes the Department. The Department shall send a Due Process Notice to the Borrower(s) or Co-Signor notifying the Borrower(s) or Co-Signor of the pending offset. The Nation, or an entity of the Nation, shall offset any payment to the Borrower(s) or Co-Signor by the amount due and owing on the loan, under the following circumstances: (a) termination of employment; (b) medical leave; (c) unpaid leave; (d) travel advance; (e) reemployment with the Nation or an entity of the Nation.

SECTION 17 – CHARGE-OFF PROCEDURES

A. For accounting purposes, the Department may temporarily place loan accounts in non-accrual status following acceleration of the loan and pending approval of a Charge-Off. If a Charge-Off is not approved, the account shall be taken out of non-accrual status and the interest and late fees that would have accrued while in non-accrual status shall be reinstated.

BA. Interest and Late Fees stop accruing on accounts after Charge-Off is approved. A Charge-Off on an account may be initiated by the Collection Officer when payment arrearage has not been eliminated and the loan has been previously accelerated pursuant to Policies Section 16 Collection Procedures. Interest and late fees shall stop on accounts that are one hundred eighty (180) calendar days in default for purposes of recognizing interest income and resolving the default on principal balance. All recommendations for Charge-Off shall require review and concurrences of the Credit Manager and the Controller of the Navajo Nation, with review for legal sufficiency by the Department of Justice.

- CB. When an account is recommended for a Charge-Off ~~by the Collection Officer~~, the Credit Manager or designee may consider ~~such factors as~~, including, but not limited to, a ~~new~~ repayment agreement, ~~repayment history~~, maturity date of loan agreement, employment status, current value of pledged property, interest paid, reason(s) for delinquency, and the Borrower(s) current financial circumstances.
- DC. ~~In order to~~ avoid the existence and ~~even~~ appearance of undue influence and conflict of interest, Borrower(s) that are current or former Department staff, ~~except clerical positions; current or former~~ ~~or~~ appointed or elected officials; or current or former judges of the Navajo Nation ~~and that are being considered for Charge-Off non-interest accrual~~ shall sign and notarize an Ethical Certification ~~F~~form. By signing the Ethics Certification Form, the Borrower(s) are attesting to that they have and will refrain from requesting any special consideration from any personnel/program of the Navajo Nation Government and shall have and will abide by the Navajo Ethics in Government law.
- ED. Charge-Off of an account does not preclude the Department from pursuing all available collection remedies against the pledged property and/or Borrower(s) and Co-Signer, including foreclosure and repossession.
- ~~E.~~ ~~All recommendations for Charge-Off shall be reviewed and approved by the Credit Manager with the concurrences of the Controller of the Navajo Nation and the Department of Justice prior to any adjustments on the Borrower(s) loan account.~~

SECTION 18 – WRITE-OFF PROCEDURES

- A. A Write-Off on a loan account ~~shall~~ may be initiated by the Collection Officer when a loan is determined uncollectible, and all collection efforts have been exhausted or when a settlement agreement between the Borrower(s) and the Department has been entered into to reduce the amount of the debt in order to collect at least part of the amount due and owing on the loan account.
- B. ~~In order to~~ avoid the existence and ~~even~~ appearance of undue influence and conflict of interest, Borrower(s) that are current or former Department staff, ~~except clerical positions; current or former~~ ~~or~~ appointed or elected officials; or current or former judges of the Navajo Nation, ~~that are being considered for Write-Off~~ shall sign and notarize an Ethical Certification ~~F~~form. By signing the Ethical Certification Form, the Borrower(s) are attesting that they have and will to refrain from requesting any special consideration from any personnel/program of the Navajo Nation Government and have and will shall abide by the Navajo Ethics in Government Law.
- C. Recommendation to Write-Off a loan, or a portion thereof, shall require review and concurrences by the Credit Manager, and the Controller of the Navajo Nation, and the Department of Justice ~~prior to approval by the Committee~~ shall review for legal sufficiency.

- D. ~~Any Write Off on a loan account, or a portion thereof, shall require final approval by the Committee. The amount approved for Write Off by the Committee, shall be removed from the books of the Navajo Nation. When evaluating whether an account is appropriate for full or partial Write-Off, the Department may consider factors including, but not limited to, disability, death, bankruptcy, a Payment Agreement, payment history, maturity date of loan agreement, employment status, current value of assets used as security, interest paid, reason for delinquency, or the Borrower's current financial circumstances.~~
- E. ~~When evaluating whether an account is appropriate for full or partial Write Off, the Department and Committee may consider factors such as, including but not limited to, disability, death, Bankruptcy, a new payment agreement, payment history, maturity date of loan agreement, employment status, current value of pledged property, interest paid, reason for delinquency, or the Borrower's financial circumstances. Upon approval of a Write-Off, the written off portion, shall be taken off the active books of the Navajo Nation.~~

SECTION 19 – AMENDMENTS

~~As recommended by the Department These Operating Policies and Guidelines may be amended periodically by the Department with final approval from time to time as deemed necessary by the Committee.~~

SECTION 20 – DEFINITIONS

Whenever the following terms are used herein, they shall have the meaning indicated:

- A. **“Acceleration”** - A process by which the Department, on behalf of the Navajo Nation, demands the entire outstanding balance ~~due and owing~~ on a defaulted loan to be immediately due and owing.
- B. **“Amortization Schedule”** - The schedule for the repayment of a personal loan showing the amount of each payment applied to interest, principal and the remaining balance.
- C. **“Appraisal”** - A written fair market value of a property provided by a licensed appraiser.
- D. **“Applicant(s)”** - The individual(s) who submits a completed loan application requesting to borrow money from the Program.
- E. **“Architectural Plans”** - Plans used in the construction of a home which generally includes foundation plan, floor plan, wall plan, roof plan, interior/exterior elevations, and cross sections; such plans may be sketch plans, preliminary plans, or final working drawings depending on the degree of completion.
- F. **“Arrearage”** – An amount due and owing on a loan account that is in default.
- G F. **“Bankruptcy”** - A federal court proceeding to enable a collection of the insolvent debtor's assets and liquidation thereof to pay off the debts or to allow a restructure of debts.

- H G. "Builder's Risk Insurance"** - Insurance to protect the interest of the Department through structural coverage and Homeowner(s) liability. Structural coverage is an all risk type protection that includes death and vandalism during the course of construction. Liability coverage protects the Homeowner(s) for any occurrences that they are deemed liable.
- I H. "Borrower(s)"** - An approved Applicant(s) who has executed a promissory note and received loan funds.
- I. ~~"Certificate of Occupancy"~~** - ~~A written document issued by the Department after the Independent Certified Inspector has attested that the house construction has been completed in accordance with applicable building codes and is ready for occupancy.~~
- J. "Charge-Off"** - The accounting action to cease the accrual of interest and late charges on a loan account.
- K. "Collateral"** - The property pledged to secure a loan that is subject to seizure and sale if the Borrower(s) defaults on the loan.
- L. "Collection Officer"** - The liaison between the Department and Borrower(s) to collect monies due and owing to the Navajo Nation.
- M. "Committee"** - The Budget and Finance Committee of the Navajo Nation Council.
- N. "Common-Law Marriage"** - Contracting parties consenting to be husband and wife and cohabitating within their community pursuant to 9 N.N.C. §3(E), without procuring a formal marriage license.
- O. "Company"** - Assigned number to identify a loan category within the "Loan Ledger" system.
- P. "Comprehensive Insurance"** - Additional insurance coverage to protect a manufactured home, ~~or vehicle~~ against loss, damage to the property as a result of theft, vandalism or forces of nature.
- Q. "Co-Borrower"** - The secondary Borrower, ~~usually a spouse~~, who has jointly executed a Promissory Note agreeing to assume all of the responsibilities and obligations for loan funds received.
- R. ~~"Comprehensive Construction Agreement"~~** - ~~A written agreement between the Homeowner(s) and Non Licensed Builder(s) specifying the terms and condition of the construction project, including the architectural exhibits, stipulated cost of the construction, Builder's Risk Insurance, scope of work, progress schedule and payments.~~
- R S. "Comprehensive Construction Contract"** - A written contract between the Homeowner(s) and Licensed Builder specifying the terms and condition of the construction project, including the

architectural exhibits, stipulated sum of the contract, liability insurance, scope of work, progress schedule and payments.

S ~~T~~. **"Co-sSigner"** - An individual who executes a Promissory Note agreeing to assume all of the responsibilities and obligations of the Borrower(s) if the Borrower(s) deceases or defaults on the loan.

I ~~U~~. **"Credit Bureau"** - A reporting agency that gathers financial and credit information on consumers.

~~V~~. **"Credit Life Insurance"** - ~~Insurance that pays for the outstanding loan balance upon accidental or natural death of Borrower(s).~~

U ~~W~~. **"Credit Manager"** - The Manager for the Credit Services Department.

V ~~X~~. **"Credit Report"** - A report of an Applicant's credit history prepared by a Credit Bureau and used by the Department in determining the qualifications for a ~~personal~~ loan.

W. **"Credit Counseling"** - A counseling service provided by the Department on financial budgeting and credit issues with the intent to assist potential Applicants to achieve personal financial stability.

X ~~Y~~. **"Credit Risk"** - The financial ~~and moral~~ risk that a loan will not be repaid and a loss will result.

Y ~~Z~~. **"Creditworthiness"** - The evaluation of a person's capability of repaying obligations based on credit history and reputation earned for paying debts.

Z ~~AA~~. **"Day"** - A 24-hour period in a calendar day.

AA ~~BB~~. **"Debt-to-Income Ratio"** - The formula used to calculate the Applicant's repayment ability by dividing the monthly debts and expenses by net monthly income.

BB ~~CC~~. **"Default"** - ~~The failure by a Borrower to make any payment under the terms of the Promissory Note, when such failure continues for a period of more than (30) days. The Borrower's breach of any promise or representation in the Promissory Note.~~

CC ~~DD~~. **"Deferment"** - Monthly payment to be delayed or extended to the end of the loan agreement.

DD ~~EE~~. **"Delinquency"** - A loan account in which a payment is overdue but not yet in default.

EE ~~FF~~. **"Department"** - The Credit Services Department within the Office of the Controller, Division of Finance, of the Navajo Nation Government.

FF ~~GG~~. **"Discharge of Debt (Bankruptcy)"** - ~~To~~ When a federal bankruptcy court dismisses or releases the obligation of an outstanding debt owed to the Department in accordance to bankruptcy

statutes. ~~A debtor may voluntarily pay the debt that has been discharged.~~ If a Borrower's debt is discharged, the Borrower may voluntarily repay the debt.

- ~~GG~~ ~~HH~~. **"Down Payment"** - The amount of money that a ~~B~~borrower contributes to finance a home and is not part of the loan. The amount financed plus the down payment equals the total cost of the home.
- ~~HH~~ ~~H~~. **"Escrow Impound Account"** - An account set up for Borrower(s) to hold funds for the payment of property taxes and/or insurance to be paid to third party when due
- ~~II~~ ~~JJ~~. **"Escrow Impound Disclosure Statement"**- A document that discloses and authorizes the Department to establish and withhold funds in an impound account for payment of insurance and/or property taxes.
- ~~JJ~~ ~~KK~~. **"Fair Isaac Credit Score" (FICO)** - A score on a credit report by rank-ordering on potential Borrower(s) based on the likelihood that they will pay their obligations as agreed. A higher score indicates better credit quality and less risk.
- ~~KK~~ ~~LL~~. **"Foreclosure"** - The process by which collateralized property may be sold when a mortgage is in default.
- ~~LL~~ ~~MM~~. **"Home Improvement"** - To improve or restore the condition of the interior, exterior, and/or infrastructure of an existing home.
- ~~MM~~ ~~NN~~. **"Homeowner's Insurance"** - Insurance coverage to protect a site-built home against loss or damages from fire, theft, vandalism, and other catastrophes.
- ~~NN~~ ~~OO~~. **"Independent Certified Inspector"** - A person knowledgeable and certified in the residential construction industry who~~m~~ is authorized to enforce the adherence to building and safety codes in a residential house construction and who shall be hired by the Borrower(s).
- ~~OO~~ ~~PP~~. **"Licensed Builder"** - A Builder who is bonded and has obtained a license from a State Construction Industries Division to perform work as a general builder for residential homes.
- ~~PP~~ ~~QQ~~. **"Licensed Installer"** - A person that is licensed to install or set-up a manufactured home for remuneration as provided for by the respective state regulations.
- ~~QQ~~ ~~RR~~. **"Loan Closing"** - The final transaction when the Borrower(s), and Co-Signer, sign all loan documents and the closing fees are paid.
- ~~RR~~ ~~SS~~. **"Loan Ledger"** - A loan servicing software system that is designed to handle loan management functions such as reporting capabilities, aging, detailed customer histories, transaction reports, and other management analysis.
- ~~SS~~ ~~TT~~. **"Manufactured Home"** - A transportable structure in one or more sections built on a permanent chassis and designed to be used as a dwelling unit.

- ~~TT~~ UU. **"Manufactured Home Dealer"** - A licensed person or establishment that engages in the business of selling, exchanging, buying for resale, offering to or attempting to negotiate sales of a new or used manufactured home.
- ~~UU~~ VV. **"Mortgage"** - A legal document giving the Department a first lien on a Homesite Lease, Residential Lease or ~~private property~~ fee land to secure the loan as specified on the Promissory Note.
- ~~VV~~ WW. **"New Home Construction"** - A house that is constructed of wood frame, metal frame, structural panel, insulated concrete forms, and modular units that are site-built from the foundation to the finish trim.
- ~~XX~~. **~~"Non-Licensed Builder"~~** ~~A Builder who is not state licensed, but is competent to construct residential homes on the Navajo Nation and is certified with the Navajo Nation Business Regulatory Department.~~
- ~~YY~~. **~~"Notice To Proceed"~~** ~~A written notice given by the Department during the pre-construction meeting instructing the Builder to commence construction activities and complete the project in a given number of days.~~
- ~~ZZ~~. **~~"Owner Built Builder"~~** ~~Competent Homeowner(s) who possess the necessary knowledge, skills and experience to build and complete a proposed house construction.~~
- ~~AAA~~. **~~"Owner Built Home"~~** ~~A house constructed by competent Homeowner(s) who possess the construction knowledge and skills to build and complete a proposed house.~~
- ~~WW~~ BBB. **"Primary Borrower"** - A person that borrowed funds who is the first signatory on a Promissory Note and other loan closing documents and is obligated to repay the loan.
~~loan and is obligated to the repayment of a loan.~~
- ~~XX~~ CCC. **"Private Process Server"** - A person or business entity whose ~~who's~~ responsibility is to serve legal papers on behalf of the court system. Process Servers are employed to deliver court documents such as subpoenas, summons, ~~or~~ and complaints.
- ~~YY~~ DDD. **"Program"** - The Navajo Nation Home Loan Program, Credit Services Department, Office of the Controller.
- ~~ZZ~~ EEE. **"Progress Payments"** - Disbursements made by the Department to a Builder ~~and Homeowner(s)~~ for completion of a construction phase based on progress schedule and inspections.
- ~~AAA~~ FFF. **"Promissory Note"** - A contract between the Borrower(s), and Co-~~s~~Signer(s) and the Navajo Nation wherein the Borrower(s)/Co-Signer(s), agree to pay a specific sum at a definite time.

BBB GGG. "Repossession" - A legal action by the Department to take back property pledged as security on a loan.

~~HHH. "Retainage" - A percentage of loan funds withheld until such time the construction is finished and is passed for final inspection, which be released after final inspection.~~

CCC III. "Scheduling" - A written production plan which projects labor, materials and equipment acquisition, construction activities, and work flow in order to complete a construction project.

DDD JJJ. "Simple Interest" - Interest is paid on outstanding principal balance only. Interest is charged based on actual payment amounts and dates paid (received date to received date).

~~KKK. "Site-Built Home" - A home constructed from the foundation to finish trim in a permanent location and shall include modular units permanently affixed to the foundation.~~

EEE LLL. "Specifications" - Detailed statements of requirements and standards for a proposed construction that modify, restrict, or qualify the terms and scope of a construction project.

FFF MMM. "Sub-Contractor" - A Builder who is licensed in a particular construction trade, such as mechanical, plumbing, and electrical stages of a residential construction project.

GGG NNN. "Truth-in-Lending Disclosure Statement" - A statement that discloses the costs of the loan, such as the finance charges, annual percentage rate (APR), down payment, terms of repayment on the loan, and other costs associated with the loan.

~~HHH OOO. "Uncollectible" - A loan account in default for which the Department has made all possible collection efforts and has exhausted all collection procedures in accordance with the Home Loan Program Operating Policies and Guidelines. A defaulted loan account whereby all collection efforts and procedures have been exhausted in accordance to established collection policies.~~

III PPP. "Walk Though Inspection" - A Homeowner(s) orientation of a finished house with the Builder to check for deficiencies, inform the Homeowner(s) of maintenance, appliances and the warranty-service procedures.

JJJ QQQ. "Wall Street Journal (WSJ) Prime Rate" - An average of the prime interest rates that the 10 largest banks in the United States charge their highest credit quality customers, often for short-term loans. It is calculated by a market survey and is published by the Wall Street Journal (WSJ) online at http://www.wsj.com/mdc/public/page/mdc_bonds.html. The WSJ Prime Rate has historically been approximately 3% higher than the federal funds rate. The federal funds rate is the interest rate that banks charge each other for short-term loans, and is established by the Federal Reserve.

KKK JJJ. "Warranty" - A service contract against defects provided by the Builder to the new Homeowner(s), which is typically only valid for a limited-time. ~~Limited-time service contract against defects provided by the Builder to the New Homeowner(s) for one (1) year.~~

LLL ~~RRR~~. **"Write-Off"** - An accounting method to eradicate a loan account or a portion thereof from the active books of the Navajo Nation.

BUDGET AND FINANCE COMMITTEE

11 December 2018

Special Meeting

Naatsis'aan Chapter, Naatsis'aan, Utah

VOTE TALLY SHEET:

Legislation No. 0381-18:

An Action Relating to Budget and Finance; Amending the Navajo Nation Office of the Controller's Credit Services Department Home Loan Program Operating Policies and Guidelines
Sponsored by Tom T. Chee, Council Delegate

Motion: Jimmy Yellowhair


Second: Tuchoney Slim, Jr.

Vote: 3-0, Chairman not voting

Vote Tally:

Seth A. Damon		
Jimmy Yellowhair	yay	
Tom T. Chee	yay	
Lee Jack, Sr.		
Leonard Tsosie		
Tuchoney Slim, Jr.	yay	

Absent: Leonard Tsosie, Lee Jack, Sr.



Seth A. Damon, Chairman
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee