Pathways Home:

A Native Homeownership Guide

Participant Modules



A project coordinated by the National American Indian Housing Council

















Rathways Home.

Pathways to Homeownership Prayer

Creator who watches over us, please help us to achieve our dream of living with our families in homes that are filled with love, respect, kindness, warmth from the cold, cool from the heat and sheltered from wind, rain, snow, and ice. Help us Creator, to learn how to take care of our money and plan how we will survive like our ancestors did. Our homes with your blessing will be filled with traditions and the ways our ancestors once lived and passed our culture on to us. The old ways of our people are still the way we need to live our lives, that is, to provide a place to share with others. We will treat each person who enters our home as if they were our Creator! Our home will be a place to share our dreams and visions, a place to have fun and learn from our relatives and friends. A place to teach our young and a place to help our elders. A place for us to take care of so that when the time comes we can pass our home on to the next family. Please Creator, help us also, to listen to the messages that Mother Earth and all of her creatures have to teach us. Help us to learn ways of planting, sowing, cooking, and sharing our native foods. Coupled with our self-determination and love and respect for ourselves, all of these things are possible, Creator, with your love and guidance.

> — Donna Fairbanks Minnesota Chippewa Tribe Mississippi Band, Crane Clan

Pathways Home:

A Native Homeownership Guide

Participant Module 1: Exploring Homeownership

Participant Module 2: Considering Mortgage-Based Homeownership

Participant Module 3: Budgeting for Homeownership and Calculating Affordability

Participant Module 4: Evaluating Credit for Homeownership

Participant Module 5: Finding a Home

Participant Module 6: Applying for a Home Loan

Participant Module 7: Meeting Your Financial Obligations

Participant Module 8: Protecting Your Investment



The Third Edition of *Pathways Home: A Native Homeownership Guide* was developed by the National American Indian Housing Council with contributions by San Manuel Band of Mission Indians, Fannie Mae, and Freddie Mac. It has been more than 15 years since the first edition and eight years since the second edition of this book, which provides housing counselors with tools to educate homebuyers in Native communities. The popular reception of the book and the changes in the mortgage lending industry, resulting from the 2008 housing crisis, necessitated a third edition.

.....

This edition of the *Pathways Home: Participant Workbook* includes technical corrections, updates, and clarifications in all eight modules and the glossary of the second book. Changes include: new Fannie Mae's and Freddy Mac's 2018 revised Uniform Relocation Loan Application process; the Consumer Finance Protection Bureau's Loan Estimate and Closing Disclosure requirements; additional consumer protection laws; expanded credit, affordability, and foreclosure information; and updated mortgage terminology, loan product, and mortgage insurance information.

Acknowledgments

The *Pathways Home*, Third Edition homebuyer education curriculum was written by Cielo I. Gibson. Much appreciation is extended to the following individuals for their continued dedication to Native homebuyer education, and support and advice in developing the Third Edition: Deanna Lucero, Thelma Pillay, Juel Burnett, Eric Sprinkle, David Castillo, and Joanna Donohoe. The fact that most of the material in the first and second editions were retained, amplifies the exceptional contributions of those who made the first and second editions possible.

Special thanks are extended to the following individuals who provided substantial advice on the content: Roberta Drake of RBD Native Consulting; Joanne DePenning of J DePenning Consulting; CeAnn Kelly, Independent Consultant; Molly T. Morris, Independent Consultant; Doris Winslow, Consultant; Helen Wai of Helen N. Wai, LLC; Donna Fairbanks, Housing Consultant; and Barbara Stout, Homebuyer Educator. Recognition and appreciation is given to First American CREDCO for use of credit report samples.

Disclaimer

The work that provided the basis for this publication was supported by funding under a grant award from the San Manuel Band of Mission Indians, Fannie Mae, Freddie Mac, and the U.S. Department of Housing and Urban Development (HUD). The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of HUD.

More Information

Copies of the *Pathways Home: A Native Homeownership Guide* and information about training opportunities for instructors can be obtained from the National American Indian Housing Council at (800) 284-9165 or (202) 789-1754.

The *Pathways Home: A Native Homeownership Guide* serves as a companion piece to *Building National Communities: Financial Skills for Families*, a basic financial skills curriculum for Native communities published by First Nations Development Institute and First Nations Oweesta Corporation. To order copies of the *Building Native Communities: Financial Skills for Families*, call First Nations Oweesta Corporation at (303) 774-8838 or email info@oweesta.org. Curriculum can be downloaded at https://firstnations.org/knowledge-center/financial-education/bnc

Table of Contents

Introduction	vii
Success Story: The Loretto Family	viii
Module 1: Exploring Homeownership	
Objectives	1
Traditional Shelters	1
Traditional Shelter Exercise	2
The History of Housing in Native Communities	3
New Opportunities for Native Homeownership	4
Comparing Homeownership with Other Housing Options	6
Lease-Purchase Advantages and Challenges	6
Advantages and Challenges of Lease-Purchase Housing Exercise	7
Renting Advantages and Challenges	8
Homeownership Advantages and Challenges	
Homeownership Readiness	
Homeownership Readiness Exercise	
Module Highlights	11
Module Review	12
Success Story: The Robert Wongittlin Family	14
Module 2: Considering Mortgage-Based Homeownership	
Objectives	15
Understanding Mortgages	
Choosing the Right Mortgage	
The Cost of Homeownership	
The Partners Who Are Here to Help You	22
Identifying the Partners in Your Community Exercise	
Module Highlights	24
Module Review	25
Module 3: Budgeting for Homeownership and Calculating	Δffordahility
Success Story: The Red Owl Family	-
Objectives	
Determining How Much You Can Afford to Spend on a Home	
Using Ratios	
Using Ratios Exercise	
Using a Factor Table	

Maximum Loan Amount	33
Maximum Mortgage Amount Exercise	32
Maximum Monthly Mortgage Payment	35
Maximum Monthly Payment Amount Exercise	35
Debt Affects Affordability	36
Increasing Your Affordability Exercise	38
Setting Financial Goals	39
Financial Goals Exercise	40
Developing a Family Spending Plan	41
Calculating Income	41
Calculating Your Monthly Income	42
Determining "Other" Monthly Income	43
Determining Your Monthly Income Exercise	44
Identifying Expenses	45
Monthly Expenses Exercise	45
Monthly Expense Worksheet	46
The Relationship Between Income and Expenses	47
Discretionary Income Exercise	48
Types of Expenses	48
Identifying Wants versus Needs Exercise	49
Set Spending Goals	49
Budgeting for Homeownership Exercise	50
Developing a Family Spending Plan Exercise	51
The Jumper Scenario Exercise	52
The Jumpers' Income Worksheet	54
The Jumpers' Debts and Assets Worksheet	55
The Jumpers' Prequalifying Worksheet	56
Calculating Your Own Affordability Exercise	57
Your Income Worksheet	58
Your Debts and Assets Worksheet	59
Your Prequalifying Worksheet	60
Module Highlights	61
Module Review	62
Module 4: Evaluating Credit for Homeownership	
Success Story: Lillie McCabe	66
Objectives	67
The Purpose of Credit	
Do You Have Too Much Debt? Exercise	
Understanding Your Credit Habits Exercise	
Using Credit Wisely	
Using Credit Wisely Evergise	71

Your Credit Report	72
Types of Credit Reported	73
Types of Negative Activity	73
Sample Credit Report	75
Credit Report Exercise	76
What Effect Does Divorce Have on Your Credit History?	77
What Do Lenders Look at When They Review a Credit Report?	78
A Less Than Good Credit History	79
Exceptions to the Standard Credit Evaluation Process	79
Time Affects a Credit Report	80
Improving Your Credit History	81
Evaluating a Loan Application	82
Making a Mortgage Loan Exercise	84
Credit Scoring	87
Score Yourself Exercise	88
Common Credit Barriers to Homeownership	89
Understanding Your Rights	91
Credit Repair	91
Module Highlights	92
Module Review	94
Appendix A Tri-Merged Credit Report	96
Appendix B Sample Credit Repair Letters	
Module 5: Finding a Home	
Success Story: The Weems Family	110
Objectives	111
Housing Needs	
Housing Needs Exercise	
Types of Property Available for Home Mortgages	
Acquiring a Homesite for Mortgage-Based Homeownership	
Tribal Trust Lease Exercise	
Allotted Trust Property and Home Mortgages	
Individual Allotment	
Allotment Owned by Another Individual	
TSR (Title Status Report)	
Acquiring a Home on Fee Land	
Loan Products that Work in Native Communities	
Professionals Involved in the Homebuying Process	
Buying a Home on the Reservation	
Buying a Home off the Reservation	
Purchasing Partners Exercise	

Site Suitability	129
What Happens When You Ignore Environmental Issues? Exercise	131
Should You Purchase an Existing Home?	132
Types of Inspections Chart	133
House Inspection Exercise	135
Should You Have Your Home Built?	137
Selecting a Contractor	139
Selecting a Contractor Exercise	141
Home-Building Process	142
Monitoring the Work	142
Home Construction Process Table	143
Module Highlights	145
Module Review	146
Appendix A: Environmental Assessment	149
Appendix B: Guide for Interviewing Contractors	
Module 6: Applying for a Home Loan	
Success Story: The Martin Family	160
Objectives	161
Prequalifying	
Purchase and Sales Contract	
Purchase and Sales Contract Exercise	
Loan Application Process	
Step One: The Formal Application	
Uniform Residential Loan Application (URLA)	
Consumer Protection Laws	
TILA-RESPA Rule Exercise	
Step Two: Application Processing	
Step Three: Loan Decision	
Capacity	
Evaluating Employment Exercise	
Capital	
Character	
Collateral	
Other Factors	
Compensating Factors Exercise	
Step Four: Loan Commitment Letter	
Loan Commitment Exercise	
Step Five: Closing	
Federal Laws Protecting the Applicant During Loan Processing	
Loan Denials	

Predatory Lending	
Common Predatory Lending Practices	
Avoid Predatory Lenders	
Predatory Lending Exercise	
Module Highlights	201
Module Review	202
Appendix A: Homebuyer Counseling Agreement	206
Appendix B: Purchase and Sales Contract	207
Appendix C: Uniform Residential Loan Application (URLA)	213
Appendix D: Loan Estimate	223
Appendix E: Closing Disclosure	226
Appendix F: Seller Property Disclosure Statement	231
Appendix G: Verification Forms	232
Modulo 7: Mooting Vour Einanoial Obligations	
Module 7: Meeting Your Financial Obligations Success Story: The Paling Family	238
Objectives	239
Meeting Your Financial Obligations	
Making a Timely Mortgage Payment	
Prioritizing Homeownership Expenses	
Fixed versus Flexible Homeownership Costs Exercise	
Jnderstanding Foreclosure	
and Status and Foreclosure	
Avoiding Foreclosure	
Recognizing Foreclosure Rescue Scams	
Reporting Fraud	
Post-Purchase Counseling	
Foreclosure Prevention Exercise	
Building Equity	
Module Highlights	
Module Review	254
Madula O. Duata atina Varra bara atina at	
Module 8: Protecting Your Investment	256
Success Story: The Long Family	
Objectives	
Creating a Home Inventory	257
Home Inventory Exercise	259
Jnderstanding Insurance Basics	261
Insurance Coverage Exercise	263
Understanding Warranty Protection	264

Preparing For Emergencies	265
Preventing Crime and Ensuring Safety	267
Understanding Green Proofing Your Home	268
Maintaining Your Home	268
Understanding Your Home's Features	269
Scheduling Home Maintenance and Repairs	269
Simple Solutions to a Greener Home	270
Prioritizing Home Repairs	276
Prioritizing Home Repairs Exercise	277
Budgeting to Meet Future Obligations	277
Home Improvements	278
Housekeeping for a Healthy Home	279
Why Do You Need to Clean?	279
What Is the Difference between Cleaning and Disinfecting?	280
How Do You Apply Home Hygiene?	280
Cleaning Suggestions for Healthy Living	283
Home Hygiene Exercise	285
Arranging for a Will	286
Module Highlights	287
Module Review	287
Appendix A: My Service Record	290
Appendix B: Baseline Condition	291
Appendix C: Item Useful Life	293
Appendix D: Seasonal Maintenance Planner	297
Annendix F: Housekeening Checklist	301

So, you want to buy a home of your own.

You've come to the right place. *Pathways Home: A Native Homeownership Guide* will help you develop the skills you need to purchase a home. These materials are intended for Native people, and we hope that you and your family will use them to build upon your traditional knowledge and expand your understanding of homeownership.

Pathways Home: A Native Homeownership Guide is divided into eight modules plus a glossary.

Module 1: Exploring Homeownership

Module 2: Considering Mortgage-Based Homeownership

Module 3: Budgeting for Homeownership and Calculating Affordability

Module 4: Evaluating Credit for Homeownership

Module 5: Finding a Home

Module 6: Applying for a Home Loan

Module 7: Meeting Your Financial Obligations

Module 8: Protecting Your Investment

Glossary

Understanding the homeownership process is the first step on your journey to becoming a homeowner. The following suggestions will help you use *Pathways Home: A Native Homeownership Guide* as a guide for your learning.

- 1. Begin each module by quickly scanning the headings. This will give you an overview of what you will be studying.
- 2. It is important to underline and write in the modules to reinforce your learning.
- 3. All terms in bold type are defined in the glossary. Refer to the glossary to understand terms that are commonly used in the homeownership process.
- 4. At the end of each module you will find a Module Review. Use this opportunity to review the concepts discussed.
- 5. You will need a pencil and calculator to complete the exercises in the modules.
- 6. Each module is illustrated by traditional and contemporary homes from different Native regions. Historically, Native people were homeowners, and with some planning and determination, you can be a homeowner.



Pueblo of Jemez

After having owned several off-reservation homes, Dr. Raymond and Jeri Loretto dreamed of building a home on the Pueblo of Jemez with traditional adobe bricks and viga ceilings. "When we moved home to Jemez, it was discouraging because, despite our income, no bank would finance the construction of our house," they explained. But thanks to their persistence and partnerships between the tribe, TDHE, Bank of Albuquerque, and HUD, they were able to build their home using HUD Section 184 financing.

module 1:

Exploring Homeownership

Objectives

In this module we will discuss:

- the history of housing in Native communities
- the advantages and challenges of renting a home
- the advantages and challenges of homeownership
- your personal readiness for homeownership

Traditional Shelters

Native people have traditionally been land and homeowners, and their homes have provided more than shelter. They have been a center for community, family, spirituality, and safety. Take a few moments to think about traditional shelters in your community.

- How did your people traditionally live?
- What type of shelter did they build? Did they live in longhouses? Pithouses? Tepees? Wigwams? Pueblos? Hogans? Hawaiian Hales? Alaskan Sod Homes? Of what materials were the homes made?
- Were the homes used for shelter, spiritual practice, or community meetings?



Pueblos are a type of traditional home used by Southwestern Native communities such as the Hopi, Zuni, and Taos people. Pueblo villages typically consisted of multilevel structures made of adobe, a clay mixture, or stoneterraced apartment dwellings designed around a central plaza.



Traditional Shelter Exercise



In work groups, complete the following exercise.

1. In the space below, describe traditional homes in your community by either drawing a picture or writing a description. Make sure to describe the traditional aspects of the homes (e.g., which way did the opening of the shelter face and why?).



Pueblo of Isleta



Pueblo of San Juan



Pueblo of Acoma

The History of Housing in Native Communities

Traditionally, a Native community provided for all its own needs. History has disrupted the balance we enjoyed among the home, family, and community. In the 20th century, federal programs dominated housing in American Indian and Alaska Native communities.

The **Bureau of Indian Affairs (BIA)** sought to meet its trust responsibility by providing shelter through its **Housing Improvement Program (HIP)**. The **U.S. Department of Housing and Urban Development (HUD)** offered the following housing programs to Native housing authorities: Low-Rent Housing, Mutual Help, Turnkey, Section 8, and Self Help.

Low-Rent Housing. Under the Housing Act of 1937, HUD provided funding for the construction and management of low-rent housing. Rental units have included single-family housing units, duplexes, triplexes, and, occasionally, apartment complexes. Only **low-income families** and **very low-income** families were eligible to apply.

Mutual Help. This program allowed low-income families to rent a home through a lease-purchase agreement (Mutual Help and Occupancy Agreement (MHOA)). The regulations allowed for Mutual Help participants to be charged up to 30 percent of their adjusted gross income plus the administration fee set by the **Indian Housing Authority** (IHA), currently referred to as the **Tribally Designated Housing Entity** (TDHE). The administrative fee covered the expenses of operating the program (i.e., insurance, overhead). Typically, participants paid 15 percent of their adjusted gross income plus the administration fee. After satisfying all the requirements of the MHOA, the homebuyer became the homeowner at the end of the **amortization** period, which HUD set at a minimum of 15 to 25 years or when the debt service was retired.

Turnkey III. This was a homebuyer program that was used prior to 1976 to provide homes for low-income families who had the potential to be homebuyers. In Turnkey III projects participants did not play a role in the construction of the house.

Section 8. The Section 8 Leased Housing Assistance Payments Program gave assistance to low-income families who lived in or preferred to find housing in the private housing market. HUD provided a subsidy to help meet the costs for operating the program and the IHA paid that portion of the rent that the tenant is unable to pay because their income was too low.

Self-Help. The design of this program permitted participants to participate in the construction of their homes. For various reasons this program was never accessed.

Talk to your elders to learn about traditional housing in your community.

Purchasing your home
is now possible through
TDHE financing or a private
lender. By purchasing your
home, you eliminate current
program restrictions and begin
building home equity.

Unfortunately, these programs are dependent on federal funds, are heavily regulated, and some consider them to be incompatible with American Indian and Alaska Native cultures. Furthermore, income restrictions associated with the funding forced over-income families to leave the reservation to find suitable housing. Finally, no federal programs even existed to help native Hawaiians seeking housing on their traditional Hawaiian homesteads, which are held in trust by the State of Hawaii.

New Opportunities for Native Homeownership

In 1996, the U.S. Congress enacted the **Native American Housing Assistance and Self-Determination Act (NAHASDA)** to put tribes in control of meeting their communities' housing needs. NAHASDA opened the door for new and creative programs to address the needs that the previous programs failed to consider. It has created an opportunity for mortgage-based homeownership for American Indians and Alaska Natives and encouraged tribes to partner with lenders to develop first-time homebuyer programs designed for Native communities. In 2000, Congress extended NAHASDA to native Hawaiians and designated the Department of Hawaiian Home Lands as the recipient of block grant funds on behalf of native Hawaiians.

A **mortgage** is an agreement you make with a lender when you borrow money from the lender to purchase a home. Some of the innovative programs that tribes have developed to provide and support mortgage-based financing include:

Mortgage Financing Assistance. Many tribes provide financial assistance to help their members obtain a mortgage through a private lender. Tribal mortgage financial assistance programs cover costs such as:

- down payment
- credit report fee
- closing costs
- appraisal cost
- environmental review and archeological clearance costs
- other fees as required by the loan product

"Our homeland can never be replaced and what we lost can never be regained, but we carried on and made a new start and now we have a place we can call home again."

Joe Bradley, Eastern Band of Cherokee,
 Qualla Housing Authority

Lease with Option to Purchase. Most tribes have created a lease with an option to purchase program for Native families who have workable problems such as short-term high debt, credit issues, borderline income, etc. In these cases, the TDHE owns the home and rents it to a family who wants to purchase it in two to three years. While renting the home, the family must work with the TDHE to save for a down payment, increase their income, and/or reduce their debt. The option to purchase must be exercised within the specified time period, or the homebuyer must move to a rental home. The advantages of this type of tribal program are that it:

- Helps potential homebuyers save for a down payment, closing costs, mortgage payments, and replacement reserve
- Provides an opportunity for homebuyers to prepare for homeownership
- Offers families an exclusive right to purchase a home in the future
- Reduces the purchase price when the option is exercised

Section 184 Indian Housing Loan Guarantee Program. This program provides an opportunity to purchase a home in Native communities by obtaining a mortgage from a private lender. This program is open to people of all income levels. Loans can be used to:

- construct a home
- acquire a home
- acquire and rehabilitate a home
- rehabilitate a home
- refinance a home

Tribes must pass a resolution adopting the Section 184 Program and codes that provide for:

- **foreclosure** and **eviction** procedures
- assurance that the mortgage is a first **lien** on the home
- procedures for leasing the land on which the home is located

In some cases, a tribe may adopt the Section 184 Program for use in its entire state. This designation opens up the loan program to American Indian and Alaska Native people seeking Section 184 mortgage financing on fee land. Check with your housing counselor to determine if this is the case in your state.

Section 184A Native Hawaiian Housing Loan Guarantee Program. This program provides the same mortgage product for native Hawaiians on Hawaiian Home Lands.

Some Lease-Purchase participants exercise their option to purchase early by obtaining a mortgage.

"Mutual Help was good for its time, but it encouraged dependency. Traditionally, our people worked for everything. Homeownership is more culturally relevant."

- Joseph Abdo, Jr., Executive Director, Yankton Sioux Housing Authority

Comparing Homeownership with Other Housing Options

There are a number of options available through your community to meet your housing needs. Before you make a choice, explore the possibilities to determine what best suits your circumstances.

Lease-Purchase Advantages and Challenges

Previously, reservation homeownership was only possible through a lease-purchase arrangement such as the Mutual Help Program. Outlining the advantages and challenges of a Lease-Purchase Program illustrates the significant differences between the lease-purchase and mortgage-based financing.

Advantages

- The loan application process is comparatively simple.
- Monthly house payments are not fixed and can be adjusted based on changes in family income.
- House payments are based on adjusted gross income, which results in payments lower than HUD-established fair market rents for the area.
- When major family issues arise (e.g., job loss, sickness, marital separation), housing payments can be adjusted to reflect the change in household income.
- Insurance for the structure is paid by the TDHE.

Challenges

- House payments may fluctuate in response to household income changes.
- Homebuyers are responsible for maintenance while they are renting.
- House payments are not fixed, which makes budgeting more difficult.
- During the lease-purchase term, lease-purchase annual inspections and recertification of income are required.
- Permission must be obtained from the TDHE to make improvements to the home.
- Processing time for insurance claims may be delayed since all requests must be made through the TDHE.

Advantages and Challenges of Lease-Purchase Housing Exercise



Requirements of a Lease-Purchase Program are listed in the first column. In work groups, identify the characteristics that you believe are advantages or challenges of the program.

Program Requirements	Advantages	Challenges
Changes in income must be reported to the TDHE.		
Occupancy changes must be reported.		
Home payments are applied to the purchase price.		
Home payments cannot exceed the established ceiling amount.		
Lessee must be creditworthy.		
Insurance is paid by the TDHE until the occupant becomes the homeowner.		
When the occupant's income increases during the option period, the home payment may increase.		
The home must be inspected annually, or more often, as required by the TDHE.		
The occupant is responsible for maintenance.		
Some programs allow 20 years to exercise the purchase option.		
A Lease-Purchase participant is not a homeowner until the option is exercised.		
A Lease-Purchase participant is not considered a homeowner by financial institutions evaluating an individual's creditworthiness.		
Other:		

Renting Advantages and Challenges

Many people consider the following to be advantages of renting:

- Renting costs less than buying.
- Renting allows you to move more easily.
- Renting gives you more freedom and time to spend on other things because you won't have to spend time on maintenance.

There are also challenges associated with renting, such as:

- Renting does not permit the accumulation of equity.
- Renting does not come with rent control.
- Renting does not free you from the oversight of a landlord.
- Renting does reduce your privacy.
- Renting does not provide a tax benefit.

Homeownership Advantages and Challenges

Owning your own home:

- Can provide your family with a sense of security, pride, stability, and privacy. You may feel that owning your own home helps you feel more involved and a part of your community.
- Means that anyone in your extended family has a place to stay.
- Allows you to make changes to your space to suit your taste and needs.
- Stabilizes your housing costs. Although rents may change from year to year, you can keep the monthly cost of your mortgage stable for up to 30 years by choosing a **fixed-rate mortgage**.
- Means independence from the TDHE or any other entity through which you receive or rent housing.
- Provides you with tax benefits. For example, you may pay less income tax because
 all the home loan interest you pay each year is deductible from your taxable
 income. This benefit works when your itemized deductions for mortgage interest,
 property taxes, and other home-related expenses in a given tax year exceed the
 standard deduction, a dollar amount based on your filing status that reduces the
 amount of income on which you are taxed.
- Allows you to build equity in an investment. As you repay your loan, the equity in your home grows. You can use this equity as collateral to take out additional loans to make further investments (e.g., a personal small business loan or college tuition).
- May be a good investment. In most communities, property values usually increase, or **appreciate**, over time. This means that when you sell your home it will likely be worth more than when you bought it.

Although there are many advantages, there are also responsibilities or challenges associated with homeownership. Owning your own home:

- Involves responsibilities. In addition to being responsible for a monthly mortgage payment, homeowners may have to pay **property taxes**, homeowner's insurance, utilities, and maintenance costs. Property taxes may not apply on trust properties.
- Requires you to invest time and money into the upkeep and maintenance of your property.
- Presents challenges if you want to change your residence quickly. A homeowner cannot just give notice and relocate. They must go through the process and cost of selling their home. For this reason, most lenders will not recommend purchasing a home unless you can commit to staying there for three to five years.
- Increases the potential that your property value can decrease, or **depreciate**. If you purchase property when prices are high, it may be more difficult to make a profit if you sell your home. Before you make a purchase, pay attention to prices in the general area and determine whether they are rising, falling, or remaining stable. Try to purchase property in an area and at a time that prices are stable. You may want to speak to a nonprofit housing counselor or other trusted advisor who understands the market before you make a purchase.
- Means you could lose your home and ruin your credit rating if you are unable to make your loan payments. You might also lose your homesite lease on trust land or the land itself if it is fee simple. Foreclosure is the sale of a mortgaged property when the borrower is unable to make the loan payments. Although lenders will go to great lengths to work with a borrower to avoid foreclosure, it does happen if a homeowner is unable to make their loan payments. Many tribes build protections into their mortgage programs such as a "right of first refusal," which allows the tribe to purchase the home before it goes into foreclosure. This ensures that the home and the land stay under tribal control.

"I had the choice of purchasing my home and owning it through It's financing or leasing it through Mutual stelp. I am so happy that I did It's financing. I own my home and I don't have to depend on AZD or the tribe to make decisions for me."

- Carole Long, Eastern Band of Cherokees, North Carolina

Contact your
TDHE to find a housing
counselor who specializes
in helping Native families
become homeowners
through mortgage
financing.

Homeownership Readiness

Are you ready to buy a home of your own? Are you prepared for a financial commitment that includes monthly loan payments and the upkeep of a home? Is it the right time in your life to take on the responsibilities associated with homeownership? Take a few moments and answer the following questions to see if you are ready *to begin* the homeownership process.

Homeownership Readiness Exercise



Answer the following questions to help you evaluate whether this is the right time for you and your family to pursue homeownership.

Yes	No
•••••	
••••••	
•••••	
•••••	
••••••	•••••••••••••••••••••••••••••••••••••••
•••••	
	Yes

If most of your answers to the previous questions are "No," then you are probably not yet ready for homeownership. Perhaps you just began thinking about this opportunity and are ready to learn more about the process. Or maybe homeownership is not the right choice for you today, but it may always be a possibility in the future. Just remember that becoming a homeowner takes time and preparation, so it is never too early to start the process.

If most of your answers to the questions are "Yes," then it sounds like you have already started preparing to own your home. In the next module, you will continue on this journey by learning more details about mortgages.

Module Highlights

- Traditionally, Native people were land and homeowners.
- The BIA and HUD are the two government agencies that provided the majority of housing for American Indians and Alaska Natives.
- The ability to purchase a home of your own in your community is now available to American Indians, Alaska Natives, and native Hawaiians through mortgage-based financing.
- To determine if homeownership is right for you, explore the advantages and challenges of housing options and assess your personal readiness and commitment to purchasing a home.

"A place to call home among my people
is all I ever wanted. I live across the
street from my sister and next door
to my brother. It's not as crowded
or as cold as it used to be."
- Alene Powaukee, Nez Perce Tribe

Module 1 11



Module Review

Reflection

	t several ideas that you learned in this module that will be helpful in achieving ur goals.
E	kercise kercise
	The two major agencies contributing to housing development in American Indian and Alaska Native communities are:
	a
	b
2.	The two primary housing programs that exist throughout Indian Country are:
	a
	b
2	m1 · 1
5.	The program provides an opportunity to purchase a home in Native communities by getting a mortgage
	from a private lender.
4.	Identify two eligible uses for the Section 184 loan.
	a
	b

Notes			



Nome Eskimo Community

After living his entire adult life in public housing with three generations under the same roof, Robert Wongittlin wanted to break the cycle of dependency. "I now have a much quieter home where I can pursue my hobbies of making Native crafts and maintaining my hunting and fishing gear," he said. His biggest hurdle to homeownership was his lack of knowledge of the English language and the paperwork involved. He was able to tackle both with help from the USDA Rural Development Office in Nome, Alaska. His mortgage financing included a direct loan from Rural Development and a second mortgage funded by NAHASDA through his TDHE. He attended homebuyer education courses conducted by the Alaska Housing Finance Corporation.



Considering Mortgage-Based Homeownership



Objectives

This module will cover:

- mortgages
- partners involved in the mortgage process
- costs involved in obtaining a mortgage

Understanding Mortgages

Most of us can't – and don't want to – come up with all the cash to purchase a home. Instead, we borrow a majority of the money needed to pay for a home from a financial institution. This type of **loan** is called a home mortgage. As a homeowner pays off their mortgage, he or she builds equity in their home. Equity refers to the amount that is owned by the borrower, or the difference between the value of the property and the outstanding mortgage balance.

You might be interested in a home mortgage because you want to buy or build your first home, build an addition onto your current home, or refinance a home loan that you already have. Whatever your reason, it is important to take the time to conduct research and find a mortgage that fits your needs. Be aware that there are different ways to structure a mortgage. Some loans are insured by the government while others have no government involvement. Typically, you will find that mortgages fall into the following categories:

- Conventional Loans. A conventional loan is not insured or guaranteed by the federal government. It offers competitive rates and in conforming mortgage amounts that are limits set by the federal government each year. This type of mortgage is good for those who:
 - Have a good credit history
 - Have funds for a down payment (typically 20 percent of the purchase price) and closing costs
 - Meet lender-specific qualification requirements regarding income, credit score, and other factors.

While there are many different types of loan products, the 30-year fixedrate mortgage is typical. Today you are also required to purchase either mortgage insurance premium (MIP) or private mortgage insurance (PMI) on conventional loans when the loan-to-value ratio exceeds 80 percent. PMI coverage protects the lender if you do not repay your loan. Sod dwellings are a type of traditional home used by Alaska Natives. These dome-shaped dwellings were built by covering a frame of driftwood or whale bone with lavers of sod. These homes were built partly underground. A hole was usually cut in the side of the dwelling for light and covered with ice or animal intestine as needed. The homes themselves consisted of one large room for sleeping and eating. Often there was a passageway for storing goods that was sometimes used as a kitchen.

Government Loans. A government loan is a loan that is insured or guaranteed by the federal government. Government mortgage providers include the HUD Office of Native American Programs (ONAP), the Federal Housing Administration (FHA), the Department of Veterans Affairs (VA), and the Rural Housing Service (RHS). Some government loans require mortgage insurance premium

(MIP) when the buyer has a low down payment (less than 20 percent).

MIP protects the lender in event of default.

The type of mortgage that will work best for you depends on how much money you need, how long you plan to keep your mortgage, and how much risk you can handle. A housing counselor can help you perform this analysis.

The advantages to both conventional and government-insured mortgages are different, and they can change over time. Check with your housing counselor to find out the latest changes in loan product guidelines.

As we discussed in the previous module, mortgages are fairly new to Native communities. So, when shopping for a mortgage, you will need to find a lender that is making loans in tribal communities. You will also want to pay attention to the terms that are offered. Every mortgage loan has four components:

- 1. loan amount
- 2. term
- interest rate
- 4. points and fees

Loan Amount. The loan amount, or principal, is the amount you borrow.

Term. The length of time that you borrow the money for is referred to as the **term**. The longer the term, the lower the monthly payments, but the greater the overall cost of the loan.

Interest Rate. The interest rate is the cost you pay for borrowing money. It may be fixed (fixed rate) for the length of the loan or adjusted periodically (adjustable rate) to reflect current interest rates. Over time, a lower interest rate will have the greatest impact on reducing the overall cost of a loan.

Points and Fees. Points are purchased at the closing to reduce the interest rate over the term of the loan. Each point equals 1 percent of your loan amount. For example, if you are taking out a \$95,000 loan, one point costs \$950. There are two different kinds of points: discount points and origination points. Lenders often offer the same loan at various interest rates depending on how many points you pay. Pay more points and you will get a lower rate.

EXAMPLE

Loan amount = \$95,000

Interest rate	Points	<u>Cost</u>
7.50%	2.00	\$1,900
7.75%	1.00	\$950
8.00%	0.00	O

The above example illustrates the calculation of discount points. Each discount point typically lowers your interest rate by 0.25 percent. So, if the current market rate is 8 percent, you could pay a lender one point to reduce it to 7.75 percent. If you want a lower monthly rate and have some cash, you can pay points as prepaid interest in advance and lower the interest rate.

Sometimes, referred to as "points," fees include application fees, loan origination fees, appraisal fees, inspection fees, and any other initial costs imposed by the lender. They cover the administrative costs in processing the loan. Not all lenders charge an origination fee; the amount of the fee varies among the lenders that do charge origination fees.

Choosing the Right Mortgage

You can choose among various mortgage options, but make sure your selection suits your family's circumstances. You may need to consult with your housing counselor to make this determination. Typically, the following includes the most common options:

- Subprime Loans. A Subprime loan is a type of mortgage with less stringent lending and underwriting terms and condition. They are usually offered to borrowers who have poor or limited credit histories and are not eligible for other loan products. Due to the increased credit risk, subprime loans carry higher interest rates than conventional mortgages, which are also referred to as prime loans.
- Balloon Mortgages. Balloon mortgages are loans that require a payment in full at the end of a set period. Usually, the term is five, seven, or ten years. You would make regular monthly payments based on a 30-year term. At the end of the balloon period, you would need to pay your principal balance to the lender.
- Two-Step Loans. These loans are basically a combination of fixed-rate and adjustable-rate mortgages. Two-step loans normally start at a below-market rate and are fixed for a period of time (usually five to seven years) after which, the interest rate adjusts according to current market rates.
- Graduated Payment Mortgages. Graduated payment mortgages (GPM), are loans that begin at a rate that is well below the market rate. The payments increase at a predetermined rate, usually over the course of the first seven years, and then level off for the remaining term.

It is up to you to
do your homework
before you make
a decision about a
mortgage.

- *Biweekly Mortgages*. These mortgages provide a built-in **prepayment** feature. If this is the kind of loan you select, you will pay half of your monthly mortgage payment every two weeks. As a result, you will make 13 monthly payments per year. By taking this route, you can pay a 30-year mortgage in 20 years.
- Assumable Mortgage. An assumable mortgage is one that can be transferred to a qualifying buyer under the same terms and conditions stated in the seller's mortgage. It is like picking up where someone else left off. This can save money for the buyer if the seller's interest rate is lower than the current market rate. Also, the closing costs are less with an assumable mortgage. However, the buyer may have to take a second mortgage for the balance of the seller's equity. This arrangement is very advantageous where the TDHE or nonprofit housing organization offers down payment assistance. An assumption can work quite well when the seller agrees to a lease option for a short period of time, thereby allowing the buyer to acquire the additional cash needed to pay the balance of the seller's equity.
- **Buydown Loans**. Buydown mortgages are loans that have lower interest rates for the first two to three years only. A mortgage buydown involves paying an up-front charge to obtain a lower rate on a new mortgage. You may want to buy down your mortgage rate if you expect your earnings to go up but want a lower payment right now.
- Contract for Deed, Land Contract, or Seller Take-Back. The seller provides all or part of the financing and the buyer makes monthly payments to the seller. There is no transfer of title until the borrower pays the loan in full. This type of financing is often used when the property does not meet a lender's standards or when a buyer cannot qualify for a loan. To avoid being victimized, it is essential for a buyer to have an attorney review all the documents.
- **Wrap Around**. This is generally a contract for deed in which the seller keeps the original mortgage. The buyer makes payments to the seller, who forwards a portion to the lender holding the original mortgage. This can be very complicated and risky, especially when there are two or more buyers involved. To avoid being victimized, it is essential for a buyer to have an attorney review all the documents.
- *Chattel Mortgage*. This a mortgage loan to an individual for movable personal property. It consists of two parts: the chattel and the mortgage. For example, the chattel is a mobile home the asset the loan is financing.

The Cost of Homeownership

Once you decide homeownership is right for you, it may take some budgeting and planning to prepare for the costs involved in the process.

Down Payment. Most people cannot pay for a house all at once. People take out a mortgage from a financial institution to purchase a home. Lenders usually require that the borrower invest a certain amount of their own money. This investment is called a down payment. Down payments can range from zero to 20 percent of the purchase price of a home, depending on the loan product used by the borrower.

Loan products use different loan-to-value (LTV) ratios. In other words, the loan product limits the amount to be financed by a percentage of the appraised value. If a home is appraised at \$100,000 and the loan product has a 90 percent LTV, then the lender will only loan \$90,000. Consequently, you would have to provide the difference which is \$10,000.

EXAMPLE

Julia and Bryan Whitehorse live on the Nez Perce reservation. They are considering purchasing an existing home for \$83,600. As first-time homebuyers, they qualify for a special loan product that requires a 10 percent down payment. This means they will need to come up with \$8,360 for a down payment on the home. Assuming their loan application is approved, they will take out a \$75,240 mortgage from their financial institution.

Closing Costs. These are fees associated with the purchase that are paid at the closing. Closing costs are additional expenses beyond the sales price that include the loan application fee, credit report, home inspection fee, appraisal, points, document preparation, application processing, title fee, attorney fees, and mortgage recordation fee. They usually range from two to five percent of the amount of the mortgage.

Loan Estimate. Within three days after you submit your loan application, the lender must provide you the loan estimate document This document helps you understand the key features, costs, and risks of the mortgage loan for which you are applying.







Sitka Tribe of Alaska

Closing Disclosure. The lender must provide you with the closing disclosure form at least three business days before closing. This form is designed to help consumers understand all the transaction costs, However, if the APR is inaccurate, the loan product changes, or a prepayment penalty is added, then the lender must provide new disclosures and allow an additional three business prior to closing. Key features of the closing disclosure document are:

- terms and costs of the transaction
- final loan terms
- final costs at closing
- cash to close
- summary of transactions
- additional information about the loan
- final Adjustable Payment Table, if applicable
- final Adjustable Interest Rate Table, if applicable
- loan calculations
- other cisclosures
- contact information

EXAMPLE

Your housing counselor

organizations.

As Julia and Bryan continue to work through the homebuying process, they begin thinking about the closing costs that will be required for the home they selected which appraised at \$83,600. With a 90 percent LTV, they will need a down payment of \$8,360 (\$83,600 X 10% = can identify down payment \$8,360). Additionally they expect to pay approximately \$2,100 in and closing costs assistance other closing costs. Based on this information, Julia and Bryan will need to bring a total of \$10,460 to closing (\$8,360 + \$2,100). programs available through

state housing finance agencies, Mortgage Payment. When you purchase a home by taking out tribal programs, or nonprofit a mortgage, you are responsible for making a mortgage payment to your lender each month. Mortgage payments are comprised of principal, interest, taxes, and insurance (PITI). The principal is the part of a mortgage payment that is applied to the original amount borrowed. The interest is the fee that you pay to the lender for the use of their funds.



Nome Eskimo Community

In addition to principal and interest, homeowners usually pay property taxes, homeowner's insurance, and MIP or PMI each month depending on whether you obtain a conventional mortgage or a government insured loan. To cover these costs, homeowners typically put money in an escrow account that is managed by the lender. Each month, the lender withdraws money from this account to pay for taxes and insurance. This way the lender can ensure these bills are paid on time. However, with trust properties, taxes may not apply.

Several factors influence the cost of the mortgage insurance, including the type of loan, size of the loan, LTV ratio, and borrower's credit score, but rates typically range from 0.5 percent to 1.5 percent of the total loan amount.

With a conventional loan your lender must automatically terminate PMI, either when your LTV reaches 78 percent or at the midpoint of the loan, i.e., after 15 years for a 30-year mortgage. You can request PMI cancellation earlier, once your principal balance falls to 80 percent of the original loan value, as long as you are not at risk of default.

MIP Generally, the only way to remove MIP is through a full refinancing. If you can improve down payment and credit requirements on the refinancing, the lender's risk is reduced and MIP is no longer necessary.

The amount of your monthly payment is affected by the rate, terms, and fees associated with your mortgage. The longer the term, the lower your monthly payment will be.

EXAMPLE

Mortgage Amount	Interest Rate	Term	Monthly Payment	Cost of Credit
\$70,000	9%	15 years	\$709.98	\$57,797
\$70,000	9%	30 years	\$563.24	\$132,764

Maintenance Costs. To maintain the value of your property, you will need to invest in regular maintenance and upkeep. Although this is not necessarily costly, it is an ongoing expense that must become a part of every property owner's spending plan.

Utilities. Another ongoing cost of owning your own home is monthly payments for utilities. These costs include electricity, oil, gas, and water. Depending on what services are provided by your tribe, city, or other local area, many homeowners also pay regular fees for garbage, recycling, and sewage services.

It is important to take all these costs into consideration before you purchase a home. Most housing counselors will advise you that moving into a home always costs more than you expect it to. For this reason, it is important to carefully prepare a spending plan and budget extra funds available for unexpected costs. In addition, you may want to begin saving money to help furnish your home with new furniture, window treatments, or other home decorations, like paint or wallpaper.

The Partners Who Are Here to Help You

In your community, there are several organizations available to help you make the transition to homeownership. Native families may partner with:

Tribe. A tribe represents the governing body that has **legal jurisdiction** on the reservation or the tribe's Indian area. Some tribes operate under state laws for various reasons. In most cases, the tribal government is the entity responsible for establishing the legal codes necessary for mortgage lending on the reservation or the Indian area. Tribal codes or state codes define actions for eviction or foreclosure and whether the tribe delegates enforcement to another entity.

Tribally Designated Housing Entity. A TDHE, formerly called the Indian Housing Authority (IHA), is the division of the tribe that has responsibility for planning, developing, and managing housing programs. TDHEs employ housing counselors to assist tribal members. They also design and operate programs that provide homeownership and rental opportunities. Contacting your TDHE is the best place to start your journey into homeownership if you live on a reservation.

Bureau of Indian Affairs. The BIA Realty staff is responsible for **surveying** and recording transactions on **tribal trust** and individual **allotted lands**. They have a responsibility to protect all lands held in trust for American Indian and Alaska Natives. All real estate transactions involving Indian land require BIA involvement. Applications for a home mortgage loan on trust property always require a BIA **Title Status Report (TSR)**. A TSR is a check of the title records for a specific property to ensure that there is clear title to the interest in the land that is being conveyed and that there are no liens or other claims outstanding.

Department of Hawaiian Home Lands. DHHL has the trust responsibility for approximately 200,000 acres of homestead lands established under the Hawaiian Homes Commission Act of 1920, as amended, that the state of Hawaii designated specifically for native Hawaiians. They are responsible for all real estate transactions on Hawaiian Home Lands. The DHHL is also a source for other financial assistance that may be available. If you are native Hawaiian seeking a home on Hawaiian Home Lands you must apply directly to DHHL.

Lenders. These are the partners who provide mortgage loans and to whom you make your payment. They include private banks, nonprofit housing organizations, credit unions, **community development financial institutions (CDFIs)**, and in some cases TDHEs.

Other Resources. These include nonprofit consumer credit counselors, community action agencies, state housing finance agencies, nonprofit housing organizations, etc. These groups are available to provide homebuyer education services, credit and debt management counseling, or funds to assist low-income buyers with the purchase of a home. CDFIs may also provide this assistance even if you aren't borrowing from them.

In the next module, we will discuss budgeting for homeownership and calculating how much you can afford to spend on a home.

Identifying the Partners in Your Community Exercise



Identify and list the partners in your community. What are their roles?

Partners	Roles



Native Village of Dillingham



Native Village of Shungnak

Module Highlights

- A mortgage is a loan from a lender to purchase, construct, refinance, or renovate a home.
- Equity refers to the amount that is owned by the borrower, or the difference between the value of the property and the outstanding mortgage balance.
- A mortgage consists of four components:
 - Loan amount. This is the principal or the amount that you borrow.
 - Term. The length of time for which you want to borrow the money.
 - Interest rate. The cost you pay for borrowing money.
 - *Points and fees.* Points are purchased at the closing to reduce the interest rate over the term of the loan. Fees are additional charges for other costs required by the lender.
- Lenders offer a wide range of options with their mortgage loan products. You should take the time to understand which option works best for your family.
- Homeownership can be assisted by various partners. These partners include tribes, TDHEs, lenders, the BIA, DHHL, CDFIs, and nonprofit housing organizations.
- Obtaining a mortgage loan requires planning and budgeting for the initial entry
 costs as well as the costs of meeting the responsibilities of homeownership.
 Costs of the down payment, closing fees, insurance, taxes (if applicable),
 transfer of utilities, maintenance, and any other costs for contingencies must be
 considered.



Metlakatla Indian Community



Traditional Village of Togiak

Module Review



Reflection

	st several ideas that you learned in this module that will be helpful in achieving our goals.
	kercise
1.	Most people borrow the money to purchase a home. This type of loan is referred to as a home
2.	Whenever you borrow money, the lender will charge you either a or an interest rate.
3.	A lender's charge for the application and an appraisal are called
4.	In order to reduce the interest rate over the term of the loan, a borrower can purchase
5.	True or False? The BIA represents the governing body that has legal jurisdiction on the reservation.
	☐ a. True ☐ b. False
6.	True or False? A balloon mortgage is a special loan product for Pueblo Indians that is available during the Albuquerque Balloon Fiesta.
	☐ a. True ☐ b. False
7.	True or False? TDHEs were formerly referred to as IHA. a. True b. False

8.	True or False? Lenders are the partners who make mortgage loans and to whom you make payments.
	☐ a. True☐ b. False
9.	True or False? A BIA Title Status Report (TSR) is usually required when you apply for a home mortgage on trust property. a. True b. False
10.	Your lender will provide you an estimate of the closing costs called a: a. Pre-estimate b. Good Closing Estimate c. Loan Estimate
11.	Mortgage payments consist of: □ a. principal and interest □ b. maintenance costs □ c. fees
12.	Budgeting for future maintenance costs will: a. maintain the value of your property b. have no impact on the value of your property c. make your neighbors upset
13.	As a homeowner, the cost of utilities: a. is your responsibility b. is the TDHE's responsibility c. is free
14.	Housing counselors will assist you in: a. identifying and budgeting for all the costs associated with homeownership b. obtaining down payment assistance, if available c. obtaining housing and maintenance counseling d. all of the above

lotes	
44	

Red Owl Family

Pine Ridge Indian Reservation

"Because we were part of building it, we will enjoy our home even more," explained David Red Owl. He and his wife Alida participated in the Oglala Sioux Tribe Partnership for Housing's Mutual Self-Help program, which is funded through Section 523 under the USDA Rural Development Program. By providing 30 hours per week of "sweat equity" to complete their home, the Red Owl family was able to keep their mortgage affordable. They are most excited about getting their kids out of public housing and fixing up their own place. They even plan to plant trees. "We don't know if they will grow out there in the grasslands, but we are going to experiment," said David. "It was a long process - two years," added Alida, "but we wanted a place of our own."





Budgeting for Homeownership and Calculating Affordability

Objectives

In this module we will discuss:

- how much you can afford to spend on a home
- developing a spending plan to meet your housing goals
- setting financial goals for homeownership
- how to evaluate your income and spending

Determining How Much You Can Afford to Spend on a Home

To determine your affordability, a lender evaluates the amount you can afford to spend on a mortgage payment each month. There are several simple ways to calculate this amount:

- qualifying ratios
- a factor table

Calculating ratios and using the factor table will help you to determine the principal and interest portion of your mortgage payment. But you must also estimate additional costs of applicable taxes and insurance.

Using Ratios

Before providing you with a loan, a lender wants to be sure you can repay it. Lenders use qualifying ratios to determine the maximum monthly house payment or PITI you can afford. Keep in mind that ratios are only a guide that estimate your purchasing power. When you develop your spending plan, your family's financial circumstances control how much you can afford to spend on a monthly house payment. There are two types of qualifying ratios.

Housing Expense Ratio or Front-End Ratio. The housing expense ratio is the percentage of your gross monthly income devoted to housing expenses (PITI). Depending on the type of loan you select, your housing ratio could be anywhere between 25 and 33 percent of your monthly income.



Tipis are a type of traditional home used by the Plains Indians. Pine wood poles were used to form the frame of the tipi. The poles were covered with bison hides and an opening was left at the top for smoke to escape. A smoke flap was used to cover the opening in case of bad weather. Tipis were built so that they sloped with their back to the prevailing wind and the front door on the opposite side.

Lenders consider the following categories of income as long as the income is documented, verifiable, and likely to continue:

Income can come from
various sources, such as
regular wages, income from arts
and crafts sales, seasonal
income from fishing or farming,
lease income, gaming dividends,
land claims payments, etc.

- employment income
- investment income
- benefit income
- miscellaneous income

EXAMPLE

Pauline Chee has a total gross monthly income of \$1,800. She has selected a loan product that allows for a 29 percent maximum housing ratio. The maximum amount she can spend monthly for housing, including escrows (insurance and property taxes), is \$522.

\$1,800 X 29% (.29) = \$522

Total Debt-to-Income Ratio. The total debt-to-income ratio refers to the percentage of your gross monthly income that may be used for all your recurring debts, including housing costs. Lenders understand that most families have monthly bills such as automobile payments, **credit card** payments, and loan payments. These are taken into consideration when calculating your maximum loan amount. The debt-to-income ratio or back end ratio is the percentage of gross income that the lender will allow for consumer debts plus the proposed housing payment.

The debts that are considered when calculating your debt-to-income ratio are:

- **Revolving Credit Accounts**. Visa, MasterCard, and department store accounts that have changing monthly balances and minimum payments due are included in this category. Depending on the loan product, the lender will use the minimum monthly payment when calculating your debts if the revolving payments are expected to continue for more than six to 10 months.
- **Installment Accounts.** Automobile payments, furniture payments, and student loan payments are labeled "installment" because they have a set monthly charge and are due for a specified time frame. Again, depending on the loan product, if these installment debts are expected to continue for more than six to 10 months, the lender will count the payment in your ratios.
- Other Monthly Payments. Alimony and wage garnishments are treated as recurring debt by most lenders.

Lenders do not include certain types of monthly bills when calculating your debt-to-income ratio, such as telephone and utility bills, auto and life insurance, retirement and savings contributions, income and Social Security taxes, and union dues.

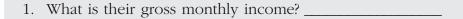
EXAMPLE

The loan product Pauline Chee selected has a 41 percent maximum debtto-income ratio. Her total gross monthly income is \$1,800. Based on these figures, the maximum amount allowed each month for her debts and proposed house payment would be \$738.

\$1,800 X 41% (.41) = \$738

Using Ratios Exercise

John and Noreen Nasanhoya have a combined income of \$32,000 a year. Their monthly recurring debts amount to \$600.



- 2. How much can they afford to spend on a mortgage if their loan product allows for a 29 percent housing-to-income ratio? _
- 3. How much debt can they have if their loan product allows for a 41 percent maximum debt-to-income ratio?

Property Taxes and Insurance. Lenders also automatically include property taxes and insurance escrows in your housing ratio. These figures vary from community to community. Property taxes may not apply. As a general rule, 20 percent of your monthly house payment will be put into escrow to cover your property taxes and insurance costs. Therefore, the actual amount available for your monthly mortgage payment is 20 percent less than your original calculation.

EXAMPLE

Your maximum allowable house payment is \$522. In order to determine your monthly house payment (principal and interest), the taxes and insurance must be subtracted.

Monthly house payment \$522 Escrow amount (\$522 X .20 = \$104) - \$104 Maximum principal and interest \$418

Using a Factor Table

Factor tables can be used to calculate the maximum amount you can borrow for your monthly mortgage payment for principal and interest. Below is a chart covering interest rates from 3 percent to 10 1/8 percent and loan terms of 15 and Ratios and factor tables are useful when exploring purchasing power. But they do not always reflect the reality of a family's living situation.

30 years. Each term column shows the monthly payment (principal + interest), and the total amount you will pay back for each \$1,000 of the loan.

Scan down the interest rate column to a given interest rate, such as 7 percent; then follow across to the payment factor for either a 15- or 30-year term. Multiply the factor shown by the number of thousands in your mortgage amount, and the result is your monthly principal and interest payment.

Sample Factor Table

Interest Rate	Term 15 Yrs	Term 30 Yrs	Interest Rate	Term 15 Yrs	Term 30 Yrs
3	\$6.90	\$4.21	7	\$8.99	\$6.65
3 1/8	\$6.96	\$4.28	7 1/8	\$9.06	\$6.74
3 1/4	\$7.02	\$4.35	7 1/4	\$9.13	\$6.82
3 3/8	\$7.08	\$4.42	7 3/8	\$9.20	\$6.91
3 ½	\$7.14	\$4.49	7 1/2	\$9.27	\$6.99
3 5/8	\$7.21	\$4.56	7 5/8	\$9.34	\$7.08
3 3/4	\$7.27	\$4.63	7 3/4	\$9.41	\$7.16
3 7/8	\$7.33	\$4.70	7 7/8	\$9.48	\$7.25
4	\$7.40	\$4.77	8	\$9.56	\$7.34
4 1/8	\$7.46	\$4.85	8 1/8	\$9.63	\$7.42
4 1/4	\$7.52	\$4.92	8 1/4	\$9.70	\$7.51
4 3/8	\$7.59	\$4.99	8 3/8	\$9.77	\$7.60
4 ½	\$7.65	\$5.07	8 1/2	\$9.85	\$7.69
4 5/8	\$7.71	\$5.14	8 5/8	\$9.92	\$7.78
4 3/4	\$7.78	\$5.22	8 3/4	\$9.99	\$7.87
4 7/8	\$7.84	\$5.29	8 7/8	\$10.07	\$7.96
5	\$7.91	\$5.37	9	\$10.14	\$8.05
5 1/8	\$7.97	\$5.44	9 1/8	\$10.22	\$8.14
5 1/4	\$8.04	\$5.52	9 1/4	\$10.29	\$8.23
5 3/8	\$8.10	\$5.60	9 3/8	\$10.37	\$8.32
5 ½	\$8.17	\$5.68	9 1/2	\$10.44	\$8.41
5 5/8	\$8.24	\$5.76	9 5/8	\$10.52	\$8.50
5 3/4	\$8.30	\$5.84	9 3/4	\$10.59	\$8.59
5 7/8	\$8.37	\$5.92	9 7/8	\$10.67	\$8.68
6	\$8.44	\$6.00	10	\$10.75	\$8.77
6 1/8	\$8.51	\$6.08	10 1/8	\$10.82	\$8.87
6 1/4	\$8.57	\$6.16	10 1/4	\$10.90	\$8.960
6 3/8	\$8.64	\$6.24	10 3/8	\$10.98	\$9.05
6 1/2	\$8.71	\$6.32	10 1/2	\$11.05	\$9.15
6 5/8	\$8.78	\$6.40	10 5/8	\$11.13	\$9.24
6 3/4	\$8.85	\$6.48	10 3/4	\$11.21	\$9.33
6 7/8	\$8.92	\$6.57	10 7/8	\$11.29	\$9.43



"I would advise other homebuyers to zet educated and keep zoinz after what you want. Do not let lenders talk you out of what you really want. Education will help you understand what they are talking about."

- Paul and Sandra Adcock, Sault Ste Marie Chippewa Tribe, Michigan

Maximum Loan Amount

To use the Factor Table to determine your maximum loan amount, you will estimate the monthly mortgage payment you feel you can afford to pay.

- 1. Identify the factor by locating the interest rate and length of time you will have the loan.
- 2. Divide the monthly mortgage payment by the factor.
- 3. Multiply your answer by \$1,000.

EXAMPLE

Rudy and Mary Pena qualify for a maximum principal and interest amount of \$350. There is a mortgage program that will provide them with a 30-year loan at an 8 percent interest rate. Using the factor table, you find that \$7.34 per month is the factor for this rate and term. Now, calculate the mortgage amount by dividing \$350 by \$7.34 to get 47.684. Multiply this figure by \$1,000 to get your maximum mortgage amount of \$47,684. The steps are

Interest Rate	Monthly Mortgage Payment	÷	Factor at 30 Years	Answer	Х	\$1,000	=	Maximum Mortgage Amount
8%	\$350	÷	\$7.34	47.684	Χ	\$1,000	=	\$47,684



Maximum Mortgage Amount Exercise

Complete the following table by doing the necessary factor calculations using a 30-year term.

EXAMPLE

You know that your monthly mortgage payment is going to be \$340, but you want to know the maximum mortgage amount you can borrow. You have found a loan product that will give you a 7 percent interest rate for 30 years. The factor for this loan would be \$6.65. Divide \$340 by \$6.65, and you get 51.12781, which rounds off to 51.128. Multiply this figure by \$1,000 to get \$51,128. When you shop for a home, you will have to look in this price range. The table below demonstrates the calculation step by step.

Interest Rate	Monthly Mortgage Payment	÷	Factor at 30 Years	:	Х	\$1,000	=	Maximum Mortgage Amount
7%	\$340	÷	\$6.65	51.128	Х	\$1,000	=	\$51,128
6.5%	\$193	÷			Χ	\$1,000	=	
9%	\$193	÷			Χ	\$1,000	=	

Lenders use gross income to calculate affordability, but you should use your net income to determine affordability.

"I remember when I started cleaning up my debt so that I could buy a house. It seemed like it was going to take forever. But then six months later I started feeling like I was getting somewhere. It took me two years, and when I finally realized I had no debt, I felt so free. I never want to feel like my paycheck is for everyone else but me. I feel so good about myself."

 Jason Cypress, Resident Miccosukee Tribe



Rocky Boy Reservation

Maximum Monthly Mortgage Payment

To use the Factor Table to determine your monthly mortgage payment you will need to know the estimated mortgage loan amount.

- 1. Identify the factor by locating the interest rate and length of time you will have the loan (in years).
- 2. Divide the mortgage loan amount by \$1,000.
- 3. Multiply the answer by the factor.

EXAMPLE

You have qualified for a maximum mortgage loan of \$85,000 at a 7 percent interest rate for 30 years. Divide the \$85,000 by \$1,000 and you get \$85.00. When you multiply \$85.00 by \$6.65, it equals \$565. This is the approximate amount you will pay for principal and interest on a monthly basis.

Maximum Monthly Payment Amount Exercise



Use the factor table on page 4 to calculate the monthly payment.

Interest Rate	Mortgage Loan Amount	÷	\$1,000	Answer	Х	Factor at 30 Years	=	Monthly Mortgage Payment
7.5%	\$85,000	÷	\$1,000	85.00	Χ	=		
8.5%	\$85,000	÷	\$1,000	85.00	Χ	=		

Property Taxes and Insurance. Remember, the factor table calculates the monthly mortgage payment, which is principal and interest. You must add the cost for taxes and insurance in order to estimate the total monthly house payment (PITI). Because these figures vary by community, you will need to check with your housing counselor.

Property taxes may not apply on most reservations.

EXAMPLE

Your maximum mortgage payment is \$550. Your housing counselor advises you that taxes and insurance costs average \$60 per month. In this case, your monthly house payment totals \$610 (\$550 + \$60).

Debt Affects Affordability

Your total monthly debt payments directly affect the maximum amount of mortgage for which you qualify. If you have large credit card and loan debts, your maximum allowable monthly house payment will be reduced accordingly.

EXAMPLE

A family has selected a loan product that allows them to have a maximum housing ratio of 28 percent and a maximum total debt-to-income ratio of 36 percent of their gross monthly income. They earn \$24,000 per year and have calculated that their gross monthly income is \$2,000 (\$24,000 ÷ 12 months). Also, their monthly credit card and loan payments total \$300.

Maximum house payment: \$2,000 X 28% = \$560

Maximum monthly debt: \$2,000 X 36% = \$720

When their recurring debt of \$300 is taken into consideration, the lender will only qualify the family for the lesser of the debt ratio minus the recurring debt and the housing ratio.

Maximum house payment: A. \$560

Maximum monthly debt - recurring debt(\$720 - \$300): B. \$420

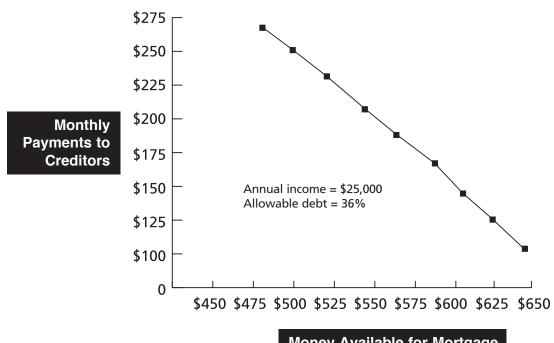
Maximum house payment is the lesser of A and B. \$420

EXAMPLE

The Debt Effect on Affordability table below illustrates how your percentage of debt can affect your ability to get a mortgage payment. The table is based on an annual income of \$25,000 (\$2,083 gross monthly income or GMI), with a total allowable debt of 36 percent. You can see that as you increase your recurring debt, you have less borrowing power for a mortgage.

Debt Effect on Affordability Table

% of GMI Paid to Creditors for Recurring Debt	Monthly Payments to Creditors for Recurring Debt	Total Allowable Recurring Debt (36% of \$2,083 GMI)	Money Available for PITI (difference between your actual recurring debt and total allowable debt)
5%	\$104	\$750	\$646
6%	\$125	\$750	\$625
7%	\$146	\$750	\$604
8%	\$167	\$750	\$583
9%	\$188	\$750	\$562
10%	\$208	\$750	\$542
11%	\$229	\$750	\$521
12%	\$250	\$750	\$500
13% or more	\$271	\$750	\$479



Money Available for Mortgage

Increasing Your Affordability Exercise

List several ways that you think you could increase your affordability.	

Increasing your affordability will take time and effort. The following actions may assist you:

- *Eliminate debt*. This is the best and most effective way to increase your ability to afford a home of your choice. First, try repaying the credit cards or loans that have the lowest balances and the highest monthly interest rates.
- *Restructure debt*. Consider combining all your debt so that you only have one payment that tends to be lower than the total of all the individual payments. This is referred to as **debt consolidation** and requires that you borrow the funds to repay all your debts and make monthly payments to the lender.
- *Pay down debt*. Many loan products allow lenders to exclude monthly bills that will be paid off in six or 10 months. Consider making a few extra payments to reduce the remaining payments to below the six- or 10-month limit.
- Explore other loan products. There are other loan products that may be suitable for your financial situation. Some programs have more flexible criteria such as higher debt-to-income ratios or interest subsidies. Remember, if it appears to be too good to be true, it probably is. Be careful to read the fine print and consult your housing counselor.
- *Increase your income*. Many families take on a second job to retire debt or increase their affordability more quickly.

Setting Financial Goals

To accomplish your goal of homeownership, you will need to set some financial goals. Financial goals are statements about things you wish you could afford. There are two types of financial goals:

Short-Term Goals. Goals to save an amount of money to purchase a particular item within a few weeks or months.

Long-Term Goals. Goals to save an amount of money to purchase a particular item within a few years.

If your long-term goal is to purchase a home, you will likely have many short-term goals that will move you closer to achieving homeownership. For instance, your short-term goals might include paying off some of your debt or saving for a down payment. Use the following Financial Goals Exercise to identify some short-term and long-term financial goals. Try to identify financial goals that will help you move closer to homeownership.



Cherokee Nation, Oklahoma

Financial Goals Exercise

List several short-term and long-term financial goals for yourself, the approximate cost, target date for achieving them, the amount you need to save each month to achieve your goal, and some actions you must take to successfully reach your goals. After you have identified several goals, try to prioritize them in the far left column. Number one should be the goal you would like to accomplish first.

Priority	My Goal Is	Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
			:		
			•		
		:	:		
:		:	:	:	
:					
ong-Term F	inancial Goals				
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
	inancial Goals My Goal Is	Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to
ong-Term F		Cost	Target Date	Amount to Save Monthly	To Achieve My Goals I Need to

Developing a Family Spending Plan

You can accomplish your financial goals by establishing a family spending plan that includes saving each month. To develop a spending plan:

- calculate your income
- identify your expenses
- examine the relationship between your income and expenses
- set spending goals

Calculating Income

Before you can determine how much you can afford to spend on a home, you will need to know your gross income, which is your total income before taxes. **Net income** is the amount you earn after taxes are deducted. Almost any income can be included as long as the income is:

- · documented and verifiable
- expected to continue for three to five years

Income is received on a variety of schedules. People may earn hourly wages or be paid a set salary weekly, biweekly (every two weeks), twice per month, or once per month. If you happen to be a teacher, construction worker, or selfemployed person, or if your occupation provides seasonal, overtime, or part-time employment, your pay depends on how much you work.



"A spending plan is like a new pair of pants - sometimes it squeezes you, but mostly it just makes you look good!"

> - Brian E. Griffin, housing counselor/trainer Fort Hall Housing Authority **Shoshone-Bannock Tribes**

The choice to spend wisely and save carefully is yours. But your desires will only become reality when you establish a plan and stick to it!!! Without a realistic plan, your spending will be destined to wander.

Calculating Your Monthly Income

To determine your gross (before tax) monthly income, you must identify your income type.

Example 1: Hourly Wage Earner – If you are paid on a per hour basis, take your hourly rate and multiply by the number of hours you work in a week. Multiply that number by 52 and divide by 12.

Let's suppose you earn \$12 per hour and work 40 hours per week. \$12 (per hour) X 40 (hours) = \$480 (per week)

\$480 (per week) X 52 (weeks in a year) = \$24,960 (per year) \$24,960 (per year) / 12 (months in a year) = \$2,080 (per month)

Example 2: Biweekly Wage Earner – *If you are paid biweekly, take the gross amount you make each pay period, multiply by 26, and divide by 12. Let's suppose you earn \$1,000 every two weeks.*

\$1,000 X 26 (two-week periods in a year) = \$26,000 (per year) \$26,000 (per year) / 12 (months in a year) = \$2,166.67 (per month)

Example 3: Twice Per Month Wage Earner – *If you are paid twice per month, take the gross amount you make each pay period, multiply by 24, and divide by 12. Let's suppose you earn \$1,000 twice per month.*

\$1,000 X 24 (twice-monthly pay periods per year) = \$24,000 (per year)

\$24,000 (per year) / 12 (months in a year) = \$2,000 (per month)

Determining "Other" Monthly Income

Social Security, public assistance, retirement, and disability are usually the same amount each month. The lender will use these monthly figures to calculate income. Income generated through self-employment activities such as making and selling arts and crafts, performing traditional dances, drumming, etc. can be counted if it is documented and verifiable.

Recurring payments such as Alaska Permanent Fund Dividend (PFD) and per capita distributions from land claims, settlements, tribal casino revenues, and trust land lease income can sometimes be included as income as long as they are verifiable and if there is evidence that they are likely to continue.

You may receive several sources of income over the year. The lender will add the income you receive and divide by 12 months to calculate your average monthly income.

EXAMPLE

Assume you worked part-time during Christmas at the casino for nine weeks, and your total gross earnings were \$1,620. You also received a per capita distribution of \$3,600 per year. Your gross monthly income is calculated as follows:

\$1,620 + \$3,600 = \$5,220 annual income \$5,220 / 12 months = \$435 GMI

> "Every time I do a budgeting class, participants complete an expense worksheet. I always hear whispers throughout the classroom such as, 'I spend more than I make,' 'J didn't know J was spending this much,' 'I can't believe I spend all my money on nothing."

> > Anna Redheart, Housing Counselor, **Nez Perce Tribal Housing Authority**

Determining Your Monthly Income Exercise



List your monthly income on the Income Worksheet. Make sure to list all forms of income that you have (e.g., seasonal income such as the money earned from fishing or working the pow wow circuit).

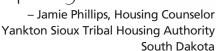
Income Worksheet

Calculate your monthly gross income by using one of the four formulas to determine annual gross income: (1) hourly pay x hours per week x 52 weeks per year; (2) weekly pay x 52 weeks per year; (3) biweekly pay x 26 periods per year; or (4) bimonthly pay x 6 periods per year. Divide this annual figure by 12 to determine your monthly gross income.

	APP	LICANT	CO-A	PPLICANT
Types of Income	How Long	Annual Gross	How Long	Annual Gross
PRESENT EMPLOYMENT INCOME				
Gross pay (before tax)				
Overtime/commissions				
Bonuses/tips				
Seasonal income: fishing, farming, firefighting				
Self-employment: arts and crafts, entertainment				
INVESTMENT INCOME				
Dividends/interest earnings				
Income from leased trust land				
Per capita payments				:
Tribal gaming dividends				:
Business/investment earnings				
BENEFIT INCOME				
Pensions/Social Security benefits/ general assistance				
VA benefits				
Unemployment compensation				
Workers' Compensation/disability				
Welfare/public assistance				
MISCELLANEOUS INCOME				
Alimony/child support				
Tribal payments				
Other		:		
TOTAL		(A)		(B)

Round everything to the nearest dollar.

" " Le made the decision to buy a home as a family. It goes without saying that we were going to have to change some of our spending habits. My kids wanted a place of their own, so it was their decision as well to start saving for our home and to cut back on our spending."





Identifying Expenses

The next step in budgeting for homeownership is to identify your monthly expenses. Your expenses include all the money you spend each month from the cup of coffee you buy in the morning to the cable television bill.

Monthly Expenses Exercise

Start to complete the Monthly Expense Worksheet by completing the Current Spending column. You will continue to complete the other columns of this worksheet later in this module.

Monthly Expense Worksheet

EXPENSES	Current Spending	Spending Plan Goals	Revised Spendir Plan Goals	ng Comments
HOUSING				
House payment			:	:
Garbage fees			:	
Electricity				
Gas/oil/coal			:	:
Water/sewer			:	:
Cell phone/phone/phone cards				
Internet/cable/satellite			:	:
Monthly repairs			:	<u>: </u>
FOOD				
Groceries			:	
Eating out			:	:
School lunches/work lunches			:	:
CAR		:	:	:
Car payment		:	:	:
Gas/oil			:	
Car repairs/maintenance			:	:
				<u> </u>
Insurance			:	:
Parking/tolls			:	:
Bus/taxi/subway CLOTHING/PERSONAL			:	:
			:	•
Clothes for family			:	<u>:</u>
Work gear			:	
Laundry/dry cleaning			:	
Hair cuts			<u>:</u>	
Nails				
Cosmetics/toiletries				
Alcohol/tobacco			:	
Diapers/formula			: :	<u>:</u>
Other personal items			:	
MEDICAL				
Health insurance				
Dental insurance			•	
Optical insurance			•	
Medication				
Doctor/dental visits				
Other medical/dental expenses			:	
FINANCE				
Child support/alimony				
Check cashing				
Cashier's checks			<u> </u>	
Bank fees			:	
Taxes			:	
Other				
SAVINGS				
Savings account				
Investment				
IRA/retirement			:	
Emergencies				<u> </u>
Down payment			:	
r				

(continued on page 47)

(continued from page 46)

EXPENSES	Current Spending	Spending Plan Goals	Revised Spending Plan Goals	J Comments
DEBT				
Credit card debt				
Loan payments				
Student loans				
Other				
ENTERTAINMENT				
Movie rentals/cable				
Books/music		:		
Gambling		:		
Athletic events/crafts/hobbies				
Gym dues/sports fees				
Pow wows/stick game				
Other		:	: :	
OTHER		_		
Education and supplies				
Child care		:	:	
Pets				
Charity/religious donation				
Children's activities		:		
Gifts				
Money to friends/relatives		:		
Other		:		
TOTAL EXPENSES				

"21hen I filled out that expense worksheet, that was the first time I realized that I was in trouble. I knew I spent a lot of money, but I didn't know that I spent that much. In fact, I was spending more than I was making. After that little exercise, I made some biz changes."

- Thomas Cypress, Resident, Miccosukee Tribe

Using net income when preparing your spending plan will give you the wiggle room to meet emergencies.

The Relationship Between Income and Expenses

Your discretionary income is the difference between your income and expenses. This is the money that you have left over after all your monthly obligations have been met. To accomplish your goal of homeownership, your income should be greater than your expenses. Complete the following exercise to get a sense of the relationship between income and expenses.



Discretionary Income Exercise

Complete a Discretionary Income Worksheet for yourself. Use the information you collected on the Income Worksheet and Monthly Expense Worksheet to complete the calculation.

Discretionary Income

1. GROSS MONTHLY HOUSEHOLD INCOME (from page 16)	\$
2. NET MONTHLY HOUSEHOLD INCOME (75% of line 1)	\$
3. TOTAL MONTHLY EXPENSES (from page 19)	\$
4. MONTHLY DISCRETIONARY INCOME (subtract Line 3 from Line 2)	\$

Types of Expenses

To accomplish your financial goals, you might want to decrease your spending. To get a better sense of your spending, it is helpful to examine your different types of expenses.

Fixed Expenses. These are monthly costs that do not change very much.

- rent/mortgage payments
- car payment
- savings

Flexible Expenses. These are monthly costs that you can control.

- groceries
- gas
- credit card payments
- pow wows

Luxury Expenses. These are monthly costs that you choose each month.

- entertainment
- gaming
- new clothes
- going out to eat

Money
management
is a family
affair.

To accomplish your financial goals, you will want to control your family's spending on flexible and luxury items. It may be helpful to identify which of your expenditures are wants versus needs. Wants are items that you desire, but are not necessary, such as snacks or expensive entertainment. Needs are items that are essential based on your lifestyle and values. Housing, groceries, and education qualify as needs.



Identifying Wants versus Needs Exercise

Think about the money that you spend each week. Identify several of your family's expenses in each category and determine if it is a want or a need.

Expenses	Amount	Is this a want or a need?	How much could you decrease this expense by?
Fixed Expenses			
Flexible Expenses			
Luxury Expenses			

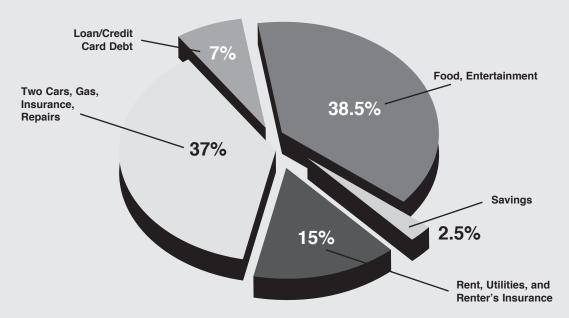
Estimate how	much mone	y your family i	s spending	on wants	s each month.	
		, ,	1 0			
0 11	C 1 .				1	<i>c</i>
Could some	of this mone	ey be saved an	id devoted	toward a	achieving your	tinancia.
goals? How n	nuch?					

Set Spending Goals

Developing a spending plan or spending goals will help you become a homeowner. Use the following exercises to explore what budgeting means for the Jumpers and then for your own family.

Budgeting for Homeownership Exercise

Consider James and Debra Jumper, who are enrolled members of the Eastern Band of Cherokee Tribe and want to purchase a new home. James and Debra know they need to examine their spending and create a spending plan if they are going to make their dream of homeownership a reality. Currently, they pay \$284.00 per month to live in Debra's mother's home. The pie chart below describes the Jumpers' monthly spending. Their gross monthly income is \$3,227 and their monthly takehome pay is \$2,626. This year they expect a tax refund of approximately \$2,500.

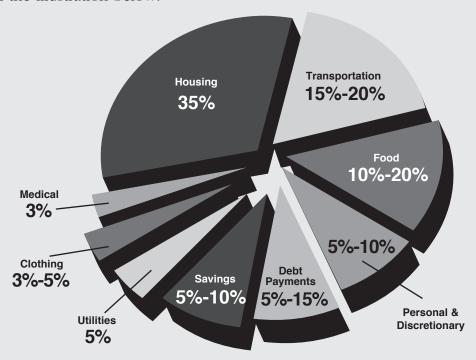


In work groups, answer the following questions.

- 1. Where do the Jumpers spend most of their money?
- 2. To purchase the home they want, the Jumpers will need to increase the amount they spend on housing from 15 percent to 30 percent of their gross monthly income, which is \$3,227. This nearly doubles their housing expenses. Which categories of expenditures can the Jumpers reduce? How might they reduce these expenses?
- 3. What would you advise the Jumpers to do with their tax refund?

Developing a Family Spending Plan Exercise

Take some time to develop a family spending plan of your own. The Credit Counseling Society recommends that your annual income be divided as shown in the illustration below.



Housing: 35% (mortgage, taxes, rent, insurance) Utilities: 5% (phone, cell phone, gas, cable, internet) Food: 10-20% (groceries, personal care, baby needs)

Transportation: 15-20% (bus, taxi, fuel, insurance, maintenance, parking)

Clothing: 3-5% (for all members of the family)

Medical: 3% (health care premiums, specialists, over-the-counter)

Personal and Discretionary: 5-10% (entertainment, recreation, education, tobacco,

alcohol, eating out, gaming, hair cuts, hobbies)

Savings: 5-10% (Plan to save money for expenses that don't occur every month, as well as for your future. Then you'll have a little extra available when you need it.)

Debt Payments: 5-15% (Many people find that their budget is quite tight when their monthly debt payments are close to 23% of their net income.)

Continue to complete the Monthly Expense Worksheet on pages 46 and 47 by listing your spending plan goals in the second column. At the end of the month, calculate if you have met your spending plan goals. If not, determine the amount you have overspent so that you can try to decrease your spending for the next month. Remember to include saving toward your financial goals as a part of your family's monthly spending plan. Over time with consistent saving, you will achieve your financial goals!

Using a journal to track your spending will help you and your family evaluate and maintain a family spending plan.



The Jumper Scenario Exercise

Previously, you examined the Jumper family's spending. Now it's time to determine if the Jumpers are ready to buy a home. Review the Jumper family's scenario and then complete the questions. Use the Jumper worksheets included at the end of the Jumper scenario.

The Jumper Family Scenario

James and Debra Jumper have been married for five years and have two children. They are expecting their third child in about six months. They live with Debra's mother, who stays home and takes care of the children.

The Jumpers would like to purchase a new five-bedroom home through a program the TDHE is offering. The home costs \$105,000 and is located on tribal trust property in a new subdivision with one-acre lots. The TDHE has agreed to provide down payment and closing costs assistance at 0 percent interest with debt forgiveness at the rate of \$1,000 per year.

Loan Product. The Section 184 Loan Guarantee program is recommended for a 30-year term at a 6.5 percent interest rate. The total debt-to-income ratio is 41 percent. For budgeting purposes, they decided to apply a 29 percent housing ratio.

Employment and Income. James has been a construction manager at the BIA Agency for the past five years. He earns \$9.10 per hour at the BIA and works a 40-hour week. Debra has worked for two years as a personnel assistant at the government office and earns \$560 gross every two weeks. For the past three years, she has earned \$3,640 a year working part-time as a cashier for the tribe's bingo concession. They both receive a per capita payment of \$200 per quarter from the tribe's casino. The children's dividend cannot be accessed until they are 18 years old. They have managed to save \$2,500 from tax refunds and gaming dividends, and expect a tax refund this year.

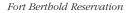
Expenses. Recurring debt includes:

\$350 total balance	\$35 per month
\$1,200 total balance	\$45 per month
\$1,800 total balance	\$340 per month
\$5,000 total balance	\$344 per month
\$700 total balance	\$55 per month
\$300 total balance	\$20 per month
\$2,000 total balance	\$75 per month
	\$1,200 total balance \$1,800 total balance \$5,000 total balance \$700 total balance \$300 total balance

Use the completed Income and Debt and Assets Worksheets to complete the Prequalifying Worksheet on page 60.

- 1. Complete the Prequalifying Worksheet. Round answers to the nearest dollar. What is the maximum mortgage amount the Jumpers can qualify for?
- 2. The Jumpers are interested in a \$105,000 home. How much more money do the Jumpers need to save in order to purchase this house?
- 3. What can the Jumpers do to increase their affordability?







Wind River Reservation

The Jumpers' Income Worksheet

	APPLICANT		CO-APPLICANT	
Types of Income	How Long	Annual Gross	How Long	Annual Gross
		:		
PRESENT EMPLOYMENT INCOME				
Gross pay (before tax)		<u>:</u>		
Overtime/commissions				
Bonuses/tips		<u>:</u>		<u>:</u>
Seasonal income: fishing, farming, firefighting				
Self-employment: arts and crafts, entertainment				
INVESTMENT INCOME				
Dividends/interest earnings				
Income from leased trust land				
Per capita payments				
Tribal gaming dividends		:		
Business/investment earnings				
BENEFIT INCOME				
Pensions/Social Security benefits/ general assistance				
VA benefits				:
Unemployment compensation		:		
Workers' Compensation/disability		:		
Welfare/public assistance				
MISCELLANEOUS INCOME				
Alimony/child support				
Tribal payments				
Other				
TOTAL		: (A) :		: (B)

	Round	everything	to	the	nearest	dollar
--	-------	------------	----	-----	---------	--------

Combined Gross Annual Income (total A and B) = (0	C) \$
---------------------------------------------------	-------

The Jumpers' Debts and Assets Worksheet

Long-Term Debts

List only long-term recurring debts. These debts are obligations you have already made, usually pay monthly, and that require 10 months or more to complete payments. Note: Include child support payments and all credit card debt on any open account even if it has a \$0 balance. Do not include other expenses such as rent, groceries, gas, spending money, utility bills, etc.

Account Name	Balance Owing	Monthly Payment
Car Payment	\$	\$
Car Payment	\$	\$
Credit Card	\$	\$
Credit Card	\$	\$
Credit Card		
Student Loan	\$	\$
Child Support Payments		
Personal Loan		
Department Store	\$	\$
Other	\$	\$
1. Total Monthly Payments	\$	\$

Cash and Assets

List all your sources of cash and any assets (property, possessions, items of value) you have that can be used for entry costs. It is important that you keep your savings in an institution that can verify that you have had a savings history of at least three months. Lenders will generally average your savings balance on past months' balances.

Account Name	Balance
Checking Account(s)	
Savings Account(s)	\$
Real Estate	
401k	
Mutual Funds, Stocks, and Bonds	
Cash Value of Life Insurance Policy	
Cash Gifts from Parents/ Other Relatives	
Other Assets	
Other Assets	
2. Total Cash and Assets	\$

The Jumpers' Prequalifying Worksheet

Ratios				
	÷ 12 Months		=	
Annual Income				Gross Mo. Income
	_ X	%	=	1
Mo. Income	Housing Ratio			Allowable Mo. Housing Cost
	_ X	%	=	2
Mo. Income	Debt-to-Income Ra	tio		Allowable Mo. Total Debt
Total Monthly Debt (ex.: car payment, credit ca	Payments ards, revolving & installment	loans)	=	3
Subtract Line 3 f	rom 2 to determin	e	=	4
				Available for Mo. Cost (PITI)
	by 20% or use 0 from 5		=	6
Affordability Divide Line 7 by	factor		=	Maximum Mo. Principal + Interes
Multiply Line 8 h		,		9
• • • • • • • • • • • • • • • • • • • •	5101		• • •	-
Use the loan amount to calc	culate the house paymer	nt	=	Loan Amount
Divide Line 1 by	1,000 to determine Lin	e 2	=	2
Multiply Line 2 b	y factor of		=	3

Calculating Your Own Affordability Exercise



Now it's time to calculate your own affordability.

- 1. Complete the Your Income Worksheet on page 44.
- 2. Complete the Your Debts and Assets Worksheet on page 59.
- 3. Complete the Your Prequalifying Worksheet on page 60. You will need to estimate your interest rate and term for your mortgage.
- 4. Evaluate your ability to qualify for a mortgage. What is your qualifying maximum loan amount? \$_____
- 5. If you want to qualify for a more expensive home complete the following:
 - Calculate the monthly payment for the mortgage amount you would like to achieve. \$
 - Determine how much debt needs to be reduced to increase affordability for your desired home payment. \$_
 - Identify steps you will take to improve your affordability?

6. Modify your monthly budget to meet these goals by completing the third column of the Monthly Expense Worksheet on pages 46 and 47.

Your Income Worksheet

Calculate your monthly gross income by using one of the four formulas to determine annual gross income: (1) hourly pay x hours per week x 52 weeks per year; (2) weekly pay x 52 weeks per year; (3) biweekly pay x 26 periods per year; or (4) bimonthly pay x 6 periods per year. Divide this annual figure by 12 to determine your monthly gross income.

	APPLICANT		CO-APPLICANT	
Types of Income	How Long	Annual Gross	How Long	Annual Gross
PRESENT EMPLOYMENT INCOME				
Gross pay (before tax)		:		<u>:</u> :
Overtime/commissions		<u>:</u>		<u>:</u>
Bonuses/tips		<u>:</u>		<u> </u>
Seasonal income: fishing, farming, firefighting				
Self-employment: arts and crafts, entertainment				
INVESTMENT INCOME				
Dividends/interest earnings				
Income from leased trust land		· · ·		:
Per capita payments				
Tribal gaming dividends				
Business/investment earnings				
BENEFIT INCOME				
Pensions/Social Security benefits/ general assistance				
VA benefits				
Unemployment compensation		:		:
Workers' Compensation/disability				
Welfare/public assistance				
MISCELLANEOUS INCOME				
Alimony/child support				
Tribal payments		•		<u>:</u>
Other				
TOTAL		(A)		: (B)

Round everything to the nearest dollar.

Your Debts and Assets Worksheet

Long-Term Debts

List only long-term recurring debts. These debts are obligations you have already made, usually pay monthly, and that require 10 months or more to complete payments. Note: Include child support payments and all credit card debt on any open account even if it has a \$0 balance. Do not include other expenses such as rent, groceries, gas, spending money, utility bills, etc.

Account Name	Balance Owing	Monthly Payment
Car Payment	\$	\$
Car Payment		
Credit Card		
Credit Card		
Credit Card		
Student Loan		
Child Support Payments		
Personal Loan		
Department Store		
Other		
1. Total Monthly Payments		

Cash and Assets

List all your sources of cash and any assets (property, possessions, items of value) you have that can be used for entry costs. It is important that you keep your savings in an institution that can verify that you have had a savings history of at least three months. Lenders will generally average your savings balance on past months' balances.

Account Name	Balance
Checking Account(s)	\$
Savings Account(s)	
Real Estate	
401k	
Mutual Funds, Stocks, and Bonds	
Cash Value of Life Insurance Policy	
Cash Gifts from Parents/ Other Relatives	
Other Assets	
Other Assets	
2. Total Cash and Assets	\$

Your Prequalifying Worksheet

Ratios			
	÷ 12 Months		
Annual Income			Gross Mo. Income
	_ X	% =	
Mo. Income	Housing Ratio		Allowable Mo. Housing Cost
	_ X	% =	2
Mo. Income	Debt-to-Income Ro	utio	Allowable Mo. Total Debt
Total Monthly Debt (ex.: car payment, credit ca	Payments urds, revolving & installment	= loans)	3
Subtract Line 3 f	rom 2 to determin	ne =	Available for Mo. Cost (PITI)
Maximum Monthly PITI Payr			
Enter the LESSER an	nount from Line 1	or 4 =	5
Escrows			
Multiply Line 5	oy 20% or use 0	=	6
Subtract Line 6 f	rom 5	=	Maximum Mo. Principal + Interest
Affordability			
Divide Line 7 by	factor	=	8
Multiply Line 8	by \$1,000	=	9
• • • • • • • • • • • •	STO	Р	• • • • • • • • • • • • • •
Use the loan amount to calc	ulate the house payme	nt =	
Divide Line 1 by	1,000 to determine Lir	ne 2 =	Loan Amount
Multiply Line 2 b	y factor of	=	3

Module Highlights

- Lenders use two ratios to assess your ability to afford a home mortgage: the debt-to-income and housing-to-income ratios. This is referred to as an affordability analysis.
- The housing-to-income ratio refers to the percentage of your gross monthly income that may be allocated to housing costs (PITI payment). This percentage is called a housing ratio.
- The total debt-to-income ratio refers to the percentage of your gross monthly income that may be allocated to all recurring debts, including housing costs.
- Lenders evaluate your debt to determine if you have the capacity to obtain and repay the additional debt of a mortgage loan.
- Debts that lenders consider when calculating your debt capacity include revolving charge accounts, installment accounts, and other recurring debt.
- Income generated through self-employment activities such as making and selling arts and crafts, performing traditional dances, drumming, etc. can be counted if it is documented and verifiable.
- Recurring payments such as Alaska Permanent Fund Dividend (PFD) and per capita distributions from land claims, settlements, tribal casino revenues, and trust land lease income, can sometimes be included as income as long as they are verifiable and if there is evidence that they are likely to continue.
- Your total monthly debt payments directly affect the maximum amount of mortgage for which you qualify.
- Financial goals are statements about things you would like to buy or do with your money. You accomplish these goals by managing your spending and regularly putting aside money to reach your goals.
- A family spending plan will help you reach your financial goals. To develop a spending plan, calculate your income, identify your expenses, examine the relationship between your income and expenses, and set spending goals.
- Learn to distinguish between "needs" and "wants." Reducing the amount you spend on your "wants" will help you achieve your housing and financial goals.
- To achieve homeownership requires a family commitment to identifying the family's income and expenses, assessing affordability, and revising your family spending plan to meet your goals.

Module Review

Reflection

	t several ideas that you learned in this module that will be helpful in achieving ur goals.
_	
E	vercise
1.	If your long-term goal is to purchase a home, you will likely have many short term goals that will move you closer to achieving homeownership. List three examples of short-term goals that will bring you closer to homeownership.
	1
	2
	3
2.	To develop a spending plan, you need to do all of the following except: a. calculate your income b. identify your expenses c. examine the relationship between your income and expenses d. set spending goals e. apply for credit
3.	Your total income before taxes is called
4.	The amount of income you earn after taxes are deducted is called

5.	When applying for a mortgage loan, almost any income can be included as long as the income is: (check all that apply)
	 a. documented b. verifiable c. expected to continue for three to five years
6.	The difference between your income and expenses is called
7.	Which of the following are examples of flexible expenses? □ a. rent/mortgage payments □ b. vacation □ c. groceries □ d. cable
8.	A lender evaluates the amount you can afford to spend on a mortgage payment each month to determine your: a. affordability b. discretionary income c. factor
9.	True or False? Housing expense and debt-to-income ratios set limits on how much of a borrower's monthly income can be applied to housing costs. a. True b. False
10.	Your total gross monthly income is \$2,400. The loan product you have selected has a 29 percent maximum housing ratio. The maximum amount you could spend monthly for housing would be
11.	True or False? Total debt-to-income ratio refers to the percentage of your gross monthly income that may be allocated to all recurring debts, including housing costs. a. True b. False
12.	The Section 184 Loan Program has a 41 percent maximum debt-to-income ratio. Your total gross monthly income is \$2,400. Based on these figures, the maximum amount allowed each month for your debts and proposed house payment would be

13.	Name	three	ways	you	can	increase	your	affordability	7.
-----	------	-------	------	-----	-----	----------	------	---------------	----

3.

1.

2.

14. Your total gross monthly income is \$3,200, you have found a loan product with a 28 percent housing ratio. Based on these figures, the maximum amount allowed each month PITI would be _____





Photos Above: Choctaw Nation of Oklahoma

Notes	



Lillie McCabe

Lillie McCabe was determined to have a home of her own built on the land where she grew up. With the help of the Navajo Partnership for Housing, Inc., a homeownership nonprofit, she was able to obtain construction financing through the First National Bank of Colorado and permanent conventional financing through American Financial Resources, Inc. to build her new, three-bedroom home at the Kinlichee Chapter on the Navajo reservation. "In my homebuyer education class, we were informed that the home loan and building process could be complex and lengthy, and it was. I knew I had to be persistent and not give up," explained Lillie. "I am so excited. I can now plan my retirement at a place where I know I will be very comfortable. I also look forward to those special occasions when my children and grandchildren can come to visit and even stay awhile."



Evaluating Credit for Homeownership

Objectives

In this module we will discuss:

- the purpose of credit
- credit reports
- the four Cs of credit
- credit scoring
- credit denials

The Purpose of Credit

Native families traditionally migrated throughout the year to be near natural resources that supported the community. Being restricted to reservations or Native lands has created the need to bring resources to our communities. Credit can be used for this purpose.

Credit is a consumer's ability to make purchases, obtain services, or borrow money based on his or her promise, ability, and demonstrated willingness to repay. Any time a bank, family member, or business lends you money and you agree to pay it back at a later date, you are using credit. Today, using credit has become a way of life for most people in this country.

The importance of good credit goes beyond making it easy for you to borrow money. Good credit can also help you:

- Rent or buy things you want or need. When you want to borrow money to buy or lease something like a car, creditors make their decision based on many things, and probably the most important thing they consider is your credit history.
- Save money by borrowing at a lower interest rate. Loan rates are typically determined on the basis of credit history. People with good to excellent credit get the lowest interest rates. People with past or current credit problems tend to pay higher rates.
- Get a job. If you apply for a position that requires that you handle money, such as cashier, payroll clerk, or bank teller, the employer will want to know that you do not have serious credit problems that could tempt you to steal from the company.
- Lease rental property. When you rent an apartment, the landlord wants to know that you pay your bills on time.
- Open a checking account. Banks will check your payment habits to help determine how likely you are to pay your debts before agreeing to open an account with you.
- Establish utility services in your name. Utilities such as phone, electric, gas, heating oil, water, and cable TV may waive cash deposits for people with good credit.



Hogans are a type of traditional home used by the Navajo people in the Southwest. Typically, these shelters have one room and are built with the entrance facing east. They are used as dwellings or for ceremonial purposes. Early hogans were made of earth-covered poles, while later structures incorporated logs, stones, and other materials.

• Obtain insurance at a lower rate. Insurance companies will check your credit report if you apply for certain types of insurance. Good credit can qualify you for better rates.

Credit is a privilege. If you want to borrow money again, you must protect your credit rating by paying your debts as you said you would.

Although credit is sometimes easy to obtain, for most people it is very difficult to manage. Less than good credit is one of the primary reasons lenders reject loan applications. The amount of credit, or personal debt, that you can handle depends on many factors such as your income, spending habits, and other financial obligations. The amount of debt you can carry comfortably will change during your lifetime. How do you know if you have too much debt?

Do You Have Too Much Debt? Exercise



Complete the following exercise to evaluate if you have more credit or debt than you can handle.

Questions	True	False
I juggle my bills, paying some creditors this month and others the next month.		
I take out new loans to pay off old ones, thereby extending my payment time.		
I spend more than 20 percent of my take-home pay to pay off debts (not including housing expense).		
I don't have reserve cash or easily sellable goods to meet emergency needs.		
I don't know for sure how much money I really owe.		
I usually pay only the minimum monthly payment.		
I continue to look for new credit cards and respond to mail-in offers hoping to expand the amount of credit that I have access to.		
I stay up at night worrying about how I am going to repay my debts.		
I often receive calls from creditors.		

"Although it was humble, my great-grandmother always took such pride in her home. My family built it themselves. In present time we are fortunate that we don't have to physically build our homes. Today we work on our own homes by building our credit, paying off debt, paying bills on time, prioritizing family goals, and having constant commitment. Then my own family buys our first home, it will be rewarding to know our commitment and hard work built our home. "

- Sunny Walker-Guillory, Standing Rock Sioux Tribe

If you answered "true" to any of the questions, then you probably want to examine how you are using credit. Use the Understanding Your Credit Habits Exercise to help you.

Understanding Your Credit Habits Exercise

1.	What kinds of purchases do you make with credit?
2.	Are the items you mentioned above items you need or items you want?
3.	Do you know the interest you are paying? If not, research the interest rate you are paying on your credit card purchases each month.
4.	How do you decide whether to use credit or cash for a purchase?

Using Credit Wisely

If you have more credit than you can handle, you are likely paying significant finance or interest charges each month. For example, if you make a \$1,000 purchase on a credit card that charges a 19 percent interest rate and then pay the minimum two percent monthly payment, it will take you 22 years to pay off your debt. In the process, your purchase will cost you \$1,000 and you will pay \$2,398 in interest charges. The money you spent on interest charges could have gone toward saving for a down payment or another one of your financial goals.

High interest charges – often 16 to 25 percent – make it difficult to pay off credit card balances if you only make the minimum monthly payment. Unless it is a necessary purchase, it is probably not worth the amount that it costs you. If you are in a position where you are overwhelmed with credit card debt:

- Make no new credit card purchases. Although it may be difficult, stop making purchases using credit. If you do not have the cash to make a purchase, then go without. Using credit can become too easy, and making minimum monthly payments on your credit card will never allow you to get out of debt. If you need to keep a credit card for emergency purposes, put it in an inconvenient place, like a container full of water in the freezer.
- Pay off one bill at a time. The only way to reduce your debt is to repay it. Make a plan to systematically pay off one debt at a time. Start by paying off the credit card that is charging you the highest interest rate.

Using credit wisely means learning to control how you use it. As we discussed in the previous module, it is important to learn the difference between your wants and your needs. Credit is best used to make needed purchases. Every time you have to pay finance charges on your credit card balance, you are robbing yourself of savings.

How you handle credit
is an indicator of how you
will handle your home loan.
Housing counselors, nonprofit
credit counseling services, or
the local credit bureau staff
can assist you in getting a
handle on your credit.





Tohono O'odham Nation

Navajo Nation

Using Credit Wisely Exercise



groups and spending.	m some v	ways that	will help	you conti	ol your
1 8					

Your Credit Report

How you use credit will affect your **credit report**. A credit report is a record of how you have paid your credit card debt and other loans. The businesses and organizations that you borrow money from report your history of repaying them to national entities called **credit bureaus**. Most creditors subscribe to more than one credit bureau since not all credit reports contain the same information. Consequently, a compilation of all of the information is produced by the three largest credit bureaus – Equifax, Trans *Union*, and *Experian*. This report is called a **tri-merged credit report**. See Appendix A for a sample tri-merged credit report. Credit bureaus produce credit reports to share with your future creditors. A **Residential Mortgage Credit Report** and the tri-merged credit report are essential to the mortgage loan process. It shows lenders how much debt you have, if you have made payments on time, or if you have not repaid some loans at all. A typical credit report includes four categories of information:

Identifying information such as your name, current and previous address, Social Security number, date of birth, and current and previous employers.

Did you know that when you request a copy of your credit report it does not count as an inquiry?

Credit information such as specific details about your credit cards and other loans.

Public record information such as bankruptcy records, foreclosures, court judgments, collections, liens, and, in some states, overdue child support.

Inquiries such as the names of those who obtained a copy of your credit report and how often you have applied for credit in the past two years. There are two types of inquiries – **promotional inquiries** or **uninvited inquiries**,

and **credit inquiries**. Promotional inquiries result when vendors query credit bureau databases and receive mailing-address information for individuals who match the criteria for their product. These inquiries do not impact your credit score and only appear when you order a copy of your own credit report (i.e., promotional inquiries are not disclosed to other potential creditors when they are evaluating a credit report).

"I remember my father spending like there was no tomorrow, so I did the same thing. I didn't know how I was hurting myself until I saw my credit report. I get a dividend and now I use it to pay off my debt. I want a home and I want to provide for my family. I will never again allow this to happen and I will teach my kids about it rather than having them find out like I did."

Types of Credit Reported

The three types of credit or debt reported to the credit bureaus and recorded on your credit report are:

Short-Term/Open. Using this type of credit, you set up an account, get a bill, and pay by the due date. There are no interest payments on these types of accounts. Good examples of **short-term credit** are utility accounts (e.g., phone and power) and certain **charge cards** like American Express, Diners Club, and some gas company cards that you have to pay off every month.

Installment Loan. This type of credit is known as **closed-end credit** or an installment loan. It requires you to make a regular payment for the same amount each month until you have repaid the loan in full. A five-year car loan and a 30-year mortgage are good examples of this type of credit.

Revolving Credit. Using this type of credit, you can choose to pay when you receive your bill or at a later date – but at the very least, you need to make a minimum monthly payment of usually two to five percent of the total bill each month. With revolving credit, you are charged interest on the money you choose not to repay each month. Visa, MasterCard, and department store cards are good examples of this type of credit.

Types of Negative Activity

The following types of activities are also reported to the credit bureaus. These are viewed by the lender as negative activity and may be an obstacle to mortgage readiness.

Judgments. If you owe a past debt that you have not paid, the person to whom you owe that money (the creditor) may have the right to sue you in tribal court (state court if applicable) to obtain a judgment. A judgment is a legal determination that you owe a certain amount of money. Judgments are part of the courthouse records that are searched when your credit report is compiled – in other words, they are part of the public record. Judgments are filed for things like nonpayment of rent (including Mutual Help payments), unpaid **IHS** or other medical bills, or defaulted student loans. A lender will not make you a mortgage loan until judgments are paid in full.

Collection Accounts. Creditors who have difficulty collecting send their unpaid accounts to a collection agency. These accounts will appear on your credit report, and, like judgments, they must be explained and paid in full prior to obtaining approval for a home loan. Some Rural Development home loan products require that the collection be paid in full for one year prior to making a loan application.



Pascua Yaqui Tribe

Charge-Offs. Sometimes debts will appear as charge-offs, meaning that the creditor has stopped trying to collect the debt and has charged it off as a bad debt. However, charge-offs are regarded by most lenders as debts that are still owed (similar to collection accounts), and will usually have to be paid in full.

Bankruptcies. **Chapter 7 bankruptcy** results in liquidation of the debtor's assets, meaning that most of what you own is sold to repay as much of your debt as possible. The remaining debt is forgiven or "discharged." Chapter 7 bankruptcies are viewed by lenders as very serious credit problems. If you file Chapter 7, you will be required to show a perfect credit history for a minimum of two, or usually three, years from the date of discharge before you will be able to get a mortgage loan. For example, the Section 184 Loan Guarantee program will consider the following:

- discharge with credit reestablished for two years
- discharge with credit reestablished for 12 to 23 months with documented unusual circumstances

Chapter 13 bankruptcy is used to "rehabilitate" the debtor, meaning that at least a portion of all debt is repaid according to a plan set up by the bankruptcy court. Chapter 13 bankruptcies are a very serious credit problem. However, because the debts are being repaid, a person who has filed Chapter 13 can sometimes get a loan from a lender that offers affordable mortgage products after maintaining perfect credit (including payments on the bankruptcy plan) for one to two years from approval of their bankruptcy plan. Approval of the bankruptcy court will be required for you to get a mortgage loan.

Late Payments. Many people do not realize the negative effect that late payments have on their creditworthiness. Almost all businesses, department stores, specialty stores, and major credit card issuers report late payments. Businesses report how late the payment is (e.g., 30, 60, 90 days) and how often late payments occur. A late payment problem is further compounded when your future payments are first applied to late fees. This means that the payments will continue to be late until the balance of the bill is repaid. Typically, a history of frequent late payments is a serious credit problem that could result in a denial of a home mortgage loan.

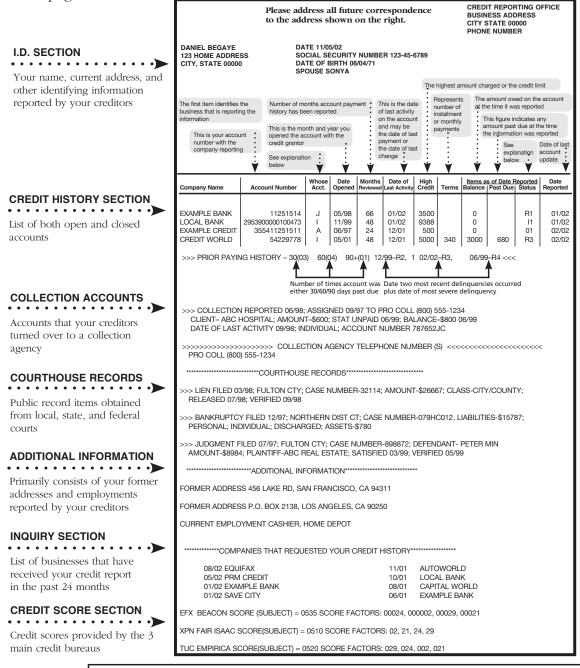
Sample Credit Report

Although your credit report may not look exactly like this, it will contain

The name and address
of the office you should
or this credit report to answer the questions on

"The name and address
of the office you should
outside your
questions or disagreem the next page.

with this credit report



WHOSE ACCOUNT

Indicates who is responsible for the account and the type of participation you have with the account.

- Joint
- Individual
- Undesignated
- Authorized user
- Μ Maker
- Co-Maker/Co-Signer On behalf of another person
- Shared

THE FOLLOWING INQUIRIES ARE NOT REPORTED TO BUSINESSES:

PRM—This type of inquiry means that only your name and address were given to a credit grantor so they could offer you an application for credit. (PRM inquiries remain for six months.)

AM or AR—These inquiries indicate a periodic review of your credit history by one of your creditors. (AM and AR inquiries remain for six months.)

Equifax, ACIS, or UPDATE—These inquiries indicate Equifax's activity in response to your contact with them for either a copy of your credit report or a request for research.

PRM, AM, AR, EQUIFAX, ACIS, and UPDATE inquiries do not show on credit reports that businesses receive, only on copies provided to you.

STATUS Type of Account

(entire balance due each month)

- R = Revolving (payment amount variable)
- Installment (fixed number of payments)
- Timeliness of Payment
- 0 = Approved not used 1 = Paid as agreed
- 2 = 30 days past due 3 = 60 days past due
- 4 = 90 days past due 5 = 120 days past due or collection account
- 7 = Making regular payments under wage-earner plan or similar arrangement
- 8 = Repossession
- 9 = Seriously delinquent/bad debt (paid or unpaid); charged-off account

Credit Report Exercise



Use the sample Credit Report on page 75 to answer the following questions.

1.	Whose credit report is this?
2.	What is the date of this report?
3.	Do any of the accounts listed in the credit history section indicate bills that were not paid on time? If so, which ones?
4.	Have any accounts been turned over to a collection agency? What company did he owe the money to?
5.	Does he have any public record items that might be of interest to a potential lender?
6.	When was the last credit inquiry?
7.	Would you make a loan to this applicant based on his credit history? Why or why not?

What Effect Does Divorce Have on Your Credit History?

As you think about purchasing a home, you may need to examine how your credit has been affected by either marriage or divorce.

EXAMPLE

Mary and Bill recently divorced. Their divorce decree stated that Bill would pay the balance of their three joint credit card accounts. Months later, after Bill neglected to pay off these accounts, all three creditors contacted Mary for payment. She referred them to the divorce decree, insisting that she was not responsible for the accounts. From the creditors' perspective, Mary is still responsible despite the decree.

If you've recently been through a divorce – or are thinking about one – you may want to look closely at issues involving credit. Start by identifying the types of credit that you opened during your marriage. There are two types of credit accounts – individual and joint. You can permit authorized persons to use the account with either.

Individual Account. Only your income, assets, and credit history are considered by the creditor on an individual account. Whether you are married or single, you alone are responsible for paying off the debt. The account will appear on your credit report, and may appear on the credit report of any "authorized" user.

Joint Account. No matter who handles the household bills, you and your spouse are responsible for seeing that debts are paid on a joint account. Co-signing for a relative or friend is considered a joint account by financial institutions and credit bureaus.

Authorized User. If you open an individual account, you may authorize another person to use it. If you name your spouse as the authorized user, a creditor who reports the credit history to a credit bureau must report it in your spouse's name as well as in yours if the account was opened after June 1, 1977. However, be very careful who you allow as an authorized user. The authorized user will receive his own card with his name on it. The account also will appear on the user's credit report; however, only the person who opened the account will be liable for paying off the debt.

If you are considering divorce or separation, pay special attention to the status of your credit accounts. If you maintain joint accounts during this time, it is important to make regular payments so your credit record will not suffer. As long as there is an outstanding balance on a joint account, you and your spouse are both responsible for it.

Co-signing affects
your credit and reduces
your affordability. If the
person you co-signed for
defaults, your credit report
will reflect the default as
negative activity.

"My grandma had an old ITP home on the Big Cypress Reservation. It wasn't built very well. Now we are seeing better quality homes being built on the reservation. They are tearing down an old trailer park and constructing nice homes in its place. I know that I am going to want a home and I already know that credit will be a big factor."

- Jason Billie, Seminole Tribe

What Do Lenders Look at When They Review a Credit Report?

A lender will review your tri-merged residential credit report to evaluate how well you manage credit. Lenders review:

Payment History	
35%	 Timeliness of repayment Public record and collection items Severity, recency, and frequency of payment
	delinquencies
Outstanding Debt	
30%	 Number of balances recently reported Average balance across all credit accounts Relationship between total balances and total credit limits on revolving credit accounts
Credit History	
15%	Age of oldest credit account Number of new credit accounts
Pursuit of New Credit	
10%	 Number of inquiries and new account openings in the past year Amount of time since most recent inquiry
Types of Credit in Use	
10%	 Number of credit accounts reported for each type Bank card
	Travel and entertainment cards
	Department store cards
	Personal finance company references
	• Installment loans

A Less Than Good Credit History

The following are some indicators of a less than good credit history:

- Incidents of more than one secured or unsecured debt payment being more than 30 days late if the incidents have occurred within the past 12 months. This includes more than one late payment on a single account.
- Foreclosure, if it has occurred within the past 36 months.
- Outstanding tax liens or delinquent government debts with no satisfactory arrangements for payments.
- A court-created or affirmed obligation (judgment) caused by nonpayment that is currently outstanding or has been outstanding within the past 12 months.
- Two or more rent payments paid 30 days or more late, that have occurred within the past three years.
- Accounts that have been converted to collections within the past 12 months (utility bills, hospital bills, etc.).
- Collection accounts outstanding, or that have been outstanding within the past 12 months, with no satisfactory arrangements for payment, no matter what their age, as long as they are currently due and payable.
- Charge-offs, which are considered as debt that is still owed.

Exceptions to the Standard Credit Evaluation Process

Sometimes a credit history shows negative information due to circumstances that were beyond the applicant's control. Lenders will consider reasons for adverse credit before determining your creditworthiness. Some lenders will make exceptions to their standard criteria based on the applicant's circumstances. For example, some federal loan products will grant an exception based on the following:

- the cause was temporary in nature
- the cause was beyond the applicant's control
- the cause was due to a loss of job, a delay or reduction in benefits, an illness, or dispute over payment for defective goods or services





Pascua Yaqui Tribe

Time Affects a Credit Report

Under the **Fair Credit Reporting Act (FCRA)**, as amended by the **Fair and Accurate Credit Transactions Act (FACT Act)**, credit bureaus can report most negative information for no more than *seven years*. The seven-year period runs from the date of the last regularly scheduled payment before the account became delinquent. If the creditor later took action on the account, such as charging it off or obtaining a judgment for the amount due, the seven years would run from the date of that event.

EXAMPLE

Megan Oberly has a credit card from a local retail store. In 1990, Megan got a divorce and was unable to stay current on her credit card payments. The retailer turned over her past-due account to a collection agency in 1990. A credit bureau may report this event until 1997. If Megan made a payment on this account after 1990, her action would not extend the permissible reporting period beyond 1997.

There are exceptions to the seven-year rule. Bankruptcies may be reported for 10 years. Default information concerning U.S. government-insured or -guaranteed student loans can be reported for seven years after certain guarantor actions. Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations expires, whichever is longer. Also, any negative credit history information may be reported indefinitely depending on the circumstances:

- You apply for \$150,000 or more in credit
- You apply for a life insurance policy with a face amount of \$150,000 or more
- You apply for a job paying \$75,000 or more (and the employer requests a credit report in connection with the application)
- Information about criminal convictions has no time limit







Fort Apache Indian Reservation

Improving Your Credit History

The following are some actions you can take to improve your credit history. These efforts will take time and commitment, but if you would like to purchase a home of your own they are worth the effort.

Pay your bills on time. Prepare a realistic spending plan. Work to change any habits of making late payments or not sending enough of a payment. This is one of the best ways to achieve a good credit record.

Contact lenders immediately if you expect to have a payment problem. If you find yourself in a situation beyond your control, it is important that you immediately contact the organization to which you owe the money. Some creditors will work with you to develop a modified payment plan. Although this may not improve your credit history, it is a positive effort toward assuming control over your finances.

Seek professional help. Nonprofit financial counseling services are available in most communities. Credit counselors will look at your whole financial picture, explain the most common types of credit problems, help you obtain and read your credit report, and determine the best solution for your situation. Credit counseling agencies often offer debt management plans. The plan may let you make lower minimum monthly payments or change your credit terms until your debts are paid or brought current. You and your creditors must agree to the plan. If you use a debt management plan, it may show up on your credit report and slow down your plan to buy a home.

Borrow no more than you can comfortably repay.

Negotiate with creditors and pay past due accounts. Another option for dealing with negative, but accurate, credit information is to negotiate with your creditors to get a new repayment schedule. Some creditors are willing to take less money than you actually owe if they can get cash now rather than wait for many months to collect. Eventually, you may be able to negotiate with the creditor to get the information removed from your file.

Review your credit report at least once a year and correct any inaccurate information.

Write a letter of explanation. If you missed payments on a debt because you were unemployed or sick – an unusual, one-time reason - you can write a letter of explanation. Ask the creditors involved, as well as the credit bureaus, to put the explanation in your credit file. If you apply for a mortgage loan, ask the lender to put the explanation into your loan application file. If you have a record of making payments on time before and since that event, most lenders will not hold late payments made as a result of a hardship beyond your control against you.

Add positive histories to your file. Not all creditors report account information to credit bureaus. If you review your report and notice that an account with a good payment history is missing from your file, you can take steps to get it added to your report. BIA Credit or the TDHE may be willing to report your payment history as a means of establishing credit.

To add a positive history to your file, contact the credit bureau in writing or in person. Specify exactly what you would like to have included in your file. You must provide the name, address, and telephone number of the creditor and the appropriate account number. See Appendix B: Sample Credit Letters for sample requests for information letters.

Add stability to your file. Send the credit bureau documentation showing steady employment, long-term residence, and positive information about your checking and savings accounts.

Get credit in your own name. Every adult should maintain an individual credit history.

Re-establish credit. Once you are caught up on all your past due accounts, make all your payments on time, in full, for at least one year.

Evaluating a Loan Application

Lenders are in the business of making loans that will be repaid. To ensure their risks are minimal, lenders focus on **creditworthiness**. Creditworthiness is based on the idea that if an applicant handled past credit obligations well, they will handle future obligations in a similar manner. Most lenders use the four Cs of credit to evaluate a borrower's ability to repay a loan.

- capacity
- capital
- character
- collateral

It is best not to make any significant life changes until after your loan has been approved.

Capacity. Lenders assess your capacity to repay a mortgage loan by measuring the ratio of your income to your debt. This ratio helps the lender establish that you can afford to pay your mortgage payment as well as your other bills. A lender will ask you for income verification or proof of where you work, for how long, and how much you earn. Also included in this evaluation is an examination of your debts and expenses.

Capital. This is the amount of money you have saved for a down payment, the closing costs, and any unforeseen expenses that arise soon after you purchase a home. Lenders feel that homebuyers who save and put their money into a home will be more likely to repay their mortgage loan. Similarly, a family who lives on its tribal trust land is also likely to repay their loan.

A lender is also interested in all the items of value that you own, such as a retirement or investment account. Family heirlooms, jewelry, valuable rugs, pottery, and baskets are examples of capital many Natives possess. From the lender's perspective, if there is a problem making the mortgage payment you can sell these items to repay your loan. You may need to educate your lender about the value of specific Native items that you own. Talk to your lender to come to an understanding of "capital" from both of your perspectives.

Character. One way that a lender gets a sense of a borrower's ability to repay a mortgage loan is by reviewing the applicant's credit history. Your credit history is contained in your credit report. As discussed previously, your credit report details your history of handling credit. It lists all of the credit that is in your name and records whether you have repaid your bills on time and how much you owe each of your creditors. If you have missed payments, late payments, or any unpaid debts, it will be more difficult for you to get a mortgage loan. If a person does not have any established credit, lenders will look at a nontraditional credit history.

Collateral. Collateral is something of value that guarantees repayment of your loan. Your home and any interest in the land are collateral for the repayment of your mortgage loan. If you are unable to repay your mortgage, the lender will take ownership of your home. This is called **foreclosure**. Lenders try to avoid foreclosure. If you are having difficulty making your mortgage payments, your lender will first try to work with you and restructure the payments so that they fit within your spending plan before starting the foreclosure process.

Other Factors. Lenders are also interested in any factors that may compensate for a shortcoming, or deficiency, in one of the four Cs used to evaluate creditworthiness. Some loan products consider compensating factors when evaluating a loan application. For example, if you apply for a mortgage loan requiring higher payments than the lender thinks you would be able to pay on your income, that is a deficiency in capacity. But if you have been paying as much or more for rent, your demonstrated ability to handle the higher payments is a compensating factor that could help to get your loan approved.

Maintaining a savings account serves as another example of a compensating factor because it demonstrates the ability to save money. If you have saved more than the minimum down payment and any reserve requirements, a lender may view this as a positive which counters a deficiency. Also, your work history may be a compensating factor if you have been on your job for five years or more.



Making a Mortgage Loan Exercise

Review the following credit report and answer the questions to determine whether you would give Mr. Yazzie a loan.

James Yazzie comes into your bank applying for a mortgage loan to finance a \$110,000 home. You are the loan officer. Reviewing Mr. Yazzie's application and credit report, you learn the following:

- He has a 10 percent down payment.
- He has held the same job for the past two years since graduating from college.
- He earns \$28,000 as a store manager and \$3,500 for coaching part time.
- He has an apartment, no children, and is getting married in three months.

In work groups, analyze his credit report information and answer the questions that follow.

(1) Creditor	(2) Account Owner	(3) Date Opened	(4) Date of Last Activity	(5) High ⁄ Credit	(6) Terms	(7) Balance	(8) Past Due	(9) Status
Department Store	Ι	08/96	06/98	\$1,557	0	\$1,385	0	R1
Bank Card	A	11/95	04/97	\$2,500	0	0	0	R1
Bank Car Loan	I	01/97	06/98	\$14,500	48M	\$9,364	0	I1
Bank Card	I	09/96	06/98	\$1,500	0	\$1,200	\$200	R3
Gas Card	I	06/97	07/97	\$45	0	0	0	O1
Gas Card	I	06/97	06/98	\$124	0	0	0	O1
Gas Card	A	07/95	12/95	\$78	0	0	0	O1
Department Store	I	12/97	01/97	\$258	0	0	0	R1
Bank Card	I	10/97	06/98	\$989	0	\$650	\$140	R3
Bank Card	A	04/95	06/98	\$683	0	0	0	R1
Department Store	I	09/96	06/97	\$200	0	0	0	R1

Companies that req	uested this file		
07/07/98	Bank	04/04/98	Mortgage Company
10/01/97	Bank	09/01/97	Bank
08/15/97	Bank	06/05/97	Gas Company
05/23/97	Gas Company	12/27/96	Bank
12/10/96	Dept. Store	12/10/96	Dept. Store
12/10/96	Dept. Store	11/15/97	Dept. Store
01/15/96	Dept. Store		

Report explanation

- (1) Creditor reporting the information
- (2) Indicates who is responsible for the account and the type of participation you have with the account: I=Individual; A=Authorized User
- (3) Month and year the account was opened
- (4) Date of last payment, change, or occurrence
- (5) Highest amount charged or the credit limit
- (6) Number of installments or monthly payments
- (7) The amount owed as of the date reported
- (8) The amount past due as of the date reported
- (9) Status:
 - Type of account

O=Open (entire balance due each month)

R=Revolving (payment amount variable)

I=Installment (fixed number of payments)

• Timeliness of Payment

0=approved not used; too new to rate

1=Paid as agreed

2=30 days past due

3=60+ days past due

4=90+ days past due

5=Pays or paid 120+ days past the due date; or collection account

7=Making regular payments under wage earner plan or similar arrangement

8=Repossession

9=Charged off to bad debt

- 1. What types of credit does Mr. Yazzie use?
- 2. How many credit cards does Mr. Yazzie have?
- 3. How many installment accounts does Mr. Yazzie have?

Indicate whether the following are areas of concern to you as a lender:
4. The balances remaining on open accounts? ☐ Yes ☐ No Explain:
5. His length of employment? \square Yes \square No Explain:
6. Would you approve Mr. Yazzie's mortgage application based on credit alone?
Explain:

"You have to look beyond the credit score. Every family has a story and a credit score alone doesn't give you a clue about who did it and why."

Michelle M. Plaschka, Affordable Housing Specialist,
 Wells Fargo Home Mortgage



Navajo Nation

Credit Scoring

In addition to the four Cs of credit, financial institutions use a **credit score** to predict how likely an individual is to repay a loan. Credit scores are based on the experiences of millions of consumers and are calculated by either your financial institution or a credit bureau. Information about you is collected and compared to the credit performance of consumers with similar profiles.

Using a statistical program, a credit-scoring system awards points for each factor that helps predict who is most likely to repay a debt. A total number of points – a credit score – helps predict how creditworthy you are - that is, how likely it is that you will repay a loan and make the payments when due. Many lenders use credit scoring to quickly assess whether an applicant is creditworthy, but not all loan products require it.

Credit-scoring models evaluate the following types of information in your credit report:

- Have you paid your bills on time? Payment history typically is a significant factor in credit scoring. It is likely that your score will be affected negatively if your credit report reflects that you have paid bills late, had an account referred for collection, or declared bankruptcy. Be aware that late payments on co-signed loans will negatively affect your score.
- What is your outstanding debt? Many scoring models evaluate the amount of debt you have compared to your credit limits. If the amount you owe is close to your credit limit, it will likely have a negative effect on your score. Transferring the balance of one credit card to a new card with a higher limit will also produce an undesirable effect on your score.
- How long have you been using credit? Generally, models consider the length of your credit track record. An insufficient credit history may have an effect on your score, but it can be offset by other factors, such as timely payments and low balances.
- Have you applied for new credit recently? Many scoring models consider whether you have applied for credit recently by looking at "inquiries" on your credit report when you apply for credit. If you have applied for too many new accounts recently, it may negatively affect your score. However, not all inquiries are counted. Inquiries by creditors who are monitoring your account or looking at credit reports to make "prescreened" credit offers are not counted.
- How many and what types of credit accounts do you have? Although it is generally good to have established credit accounts, too many credit card accounts may have a negative effect on your score. In addition, many models consider the type of credit accounts you have. For example, under some scoring models, loans from finance **companies** may negatively affect your credit score.

Your credit score is a fluid number that changes as the information in your credit report changes. For example, payment updates or a new account could cause your score to fluctuate. Also, keep in mind that your credit score may be different at each of the three main credit reporting agencies, since each agency may have different information. The best way to raise your score is to manage your credit responsibly over time.

Your credit report is not always the sole source of information that credit-scoring models rely on. For example, information from your credit application may also be used. Factors such as your job or occupation, length of employment, whether you own a home, and even education level may be considered depending on the type of credit you are seeking.

Score Yourself Exercise



The following chart gives an example of a scoring system used by a creditor. See how you would score if the same criteria applied to you.

haracteristic	Point Value	Your Scor
ength of Time at Address		
Less than two years	0	
Two to five years	2	
More than five years	3	
ength of Time on Job		
Less than two years on job/in field	0	
Two to five years on job	1	
Less than five years on job, two to five years in field	2	
Five years or more on job/in field	4	
ype of Credit References (points for each occurrence)		
Finance company reference	-1	
No credit history	0	
Retail card only	2	
Bank card only	4	
Bank card and retail card	5	
ayment History (points for each account with a late payment)		
Collection, judgment, or suit	-5	
Late 30–120 days	-2	
Late 0–30 days	1	
No late accounts	5	
3–17 points – Accept application, offer loan -12 points – Obtain additional references before making decisio	n	
or fewer points – Reject application	11	

How did you do? Credit-scoring models are complex, and different models are used for different types of credit. It is not always easy to improve your score overnight. Improvement will occur under most models if you concentrate on the following:

- Pay your bills on time.
- Pay down outstanding balances.
- Don't take on new debt.
- Don't spend more than 35 percent of your maximum limit.

Common Credit Barriers to Homeownership

A loan application can be denied for any number of reasons, such as too much debt or lack of stable employment. The most common reasons for credit application denials are related to an individual's credit history.

- Less Than Good Credit History. Lenders review an applicant's credit history to evaluate his or her record of paying bills on time. A credit history is seen as a good indicator of whether someone will repay a loan. Take the time to review your credit report and correct any mistakes.
- Too Many Open Credit Cards. Credit cards may be viewed as opportunities for the applicant to acquire additional debt. If the account stays open, the lender considers the credit available to the applicant. Discuss with a lender whether closing out old credit cards will positively affect your mortgage application.
- Too Many Credit Report Inquiries. When someone asks to see a credit report, it is noted on the report as an inquiry. Lenders look at the number of inquiries on a credit report within a six-month period. Too many inquiries signify that an applicant may be trying to get credit from a number of places at the same time. Lenders worry that people are either denying the applicant credit or the applicant is amassing credit from a number of sources. Either way, the lender sees the inquiries as increasing the risk associated with lending the applicant money. Do not authorize anyone to run a credit check on you unless you are going to make a purchase. Check your credit report for unauthorized inquiries and have them removed.
- Errors. Everyone should monitor his or her report on a regular basis to ensure accuracy. Incorrect information must be eliminated. Requests to correct inaccurate information must be made in writing to the creditor and the credit bureau. See Appendix B for sample letters to assist you.

Prequalifying with your housing counselor can help you avoid loan denial.

Credit issues can
be solved over time if
you are committed to
timely bill repayment
and a spending plan.

- If your loan application is denied because you have *no credit history*, you should immediately begin to establish one. You can build what lenders call a "nontraditional credit history" by documenting the following:
 - monthly rental payments to landlords who represent organizations
 - monthly payments to utility companies for electricity, gas, water, and phone services
 - monthly payments for internet, cable, cellular phone services, and car insurance

Understanding Your Rights

The Fair and Accurate Credit Transactions Act (FACTA). Understanding your credit rights enables you to protect your credit. The FCRA, amended by the FACT Act, promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. Some of your rights under the FACT Act are listed below.

- You must be told if information in your file has been used against you.
- You have the right to know what is in your file.
- You have the right to ask for a **credit score**.
- You have the right to dispute.
- You have the right to request that incorrect information be removed or updated if it is confirmed to be inaccurate.
- You have the right to a free annual credit report.

The FACT Act also requires all creditors and financial institutions to maintain an Identity Theft Prevention Program that reduces the theft or misuse of a consumer's identity. If a consumer believes he has been a victim of fraud, identity theft, or another related crime, he can place a fraud alert on his credit report file for 90 days, which will require all access to credit information to be approved by the consumer. Credit card numbers must be truncated so the full number is not visible on receipts, which minimizes the potential for credit card numbers from being stolen.

For more comprehensive information, see the Federal Trade Commission (FTC) website at ftc.gov.

The Equal Credit Opportunity Act prohibits lenders from discriminating against credit applicants on the basis of any of the following:

- race
- color
- religion
- national origin
- sex
- marital status, or age

Discrimination because of income from public assistance programs or because the applicant has exercised a right under federal consumer credit protection laws is also prohibited.

Fair Debt Collection Practices Act (FDCPA) seeks to eliminate abusive debt collection practices by debt collectors. FDCPA prohibits some of the following:

- Collectors from calling consumers before 8 a.m. or after 9 p.m., or at a place of work, unless the consumer gives their consent.
- Collectors from using profane/obsence language, or making false statements in regard to the consumer's debt.

Fair Credit Billing Act (FCBA) gives you the right to dispute billing errors associated with your credit card accounts. Key FCBA guidelines include:

- Credit card billing disputes must be sent via mail within 60 days of the date on the credit card statement that shows an error. The creditor then has 30 days to acknowledge the letter, and 90 days to research the dispute and make a final determination.
- Creditors must send billing statements to consumers at least 14 days before the payment is due.

Credit Repair

Repairing your credit will take time and dedicated effort. If you have questions or are overwhelmed by the task, consider contacting a nonprofit credit counseling organization, your TDHE, or a nonprofit housing organization. Be careful of credit repair or fix-it companies that charge large fees to "clean up" your credit report. Despite their claims and promises, credit repair companies cannot do anything that you cannot do for yourself at little or no cost. Credit repair companies do not have the authority to change credit reports. Only time, successful negotiations with a creditor, and budgeting can erase negative information.

Credit repair usually involves negotiating a debt management plan that is tailored to your income and expenses. The plan may let you make lower minimum monthly payments or change your credit terms until your debts are paid or brought current. You and your creditors must agree to the plan. If you use a debt management plan, it may show up on your credit report and slow down your plan to buy a home. Although it is a long-term solution to resolve your credit problems and may postpone your goal of homeownership, the right program help can you get your finances in order and greatly reduce your debt load upon completion.

Getting mortgage financing in Native communities is easier today than ever before. However, affordability and credit issues remain obstacles to mortgage readiness for many families. Experts can help you work through these issues during the prequalifying stage of the mortgage process. If you have a credit issue, contact your TDHE or a nonprofit housing organization. A housing counselor will help you work through credit and other issues that could otherwise hinder mortgage readiness.

Module Highlights

- Credit is the ability to obtain goods, money or services in return for a promise to pay in the future.
- Learn to distinguish between needs and wants. Avoid using credit to purchase things that you want but do not need.
- Credit reports show how much debt you have, if you have made payments on time, or if you have not paid back some loans at all.
- A typical credit report includes four types of information identifying information, credit information, public record information, and inquiries.
- Judgments, collections, charge-offs, bankruptcies, and late payments are reported to the credit bureaus. They are considered as negative activity by the lender and may be an obstacle to mortgage readiness.
- If you are considering divorce or separation, pay special attention to the status of your credit accounts. If you maintain joint accounts during this time, it is important to make regular payments so your credit record will not suffer. As long as there is an outstanding balance on a joint account, both you and your spouse are responsible for it.
- When lenders evaluate credit reports, they examine the payment history, outstanding debt, credit history, pursuit of new credit, and the types of credit in use. They will evaluate how well the applicant manages credit.
- Under the Fair Credit Reporting Act, credit bureaus can report most negative information for no more than seven years. The seven-year period begins from the date of the last regularly scheduled payment before the account became delinquent.
- To improve your credit report:
 - Pay your bills on time.
 - Contact lenders immediately if you expect to have a payment problem.
 - Borrow no more than you can comfortably pay back.
 - Negotiate with creditors.
 - Review your credit report at least once a year and correct any inaccurate information.
 - Add positive histories to your file.
 - Add stability to your file.
 - Get credit in your own name.

- Lenders evaluate creditworthiness by applying the four Cs of credit: capacity (repayment sources, debt-to-income ratio), capital (personal investment, alternate repayment sources), character (credit history), collateral (items of value to guarantee repayment of the loan, such as the home or the interest in the land), and compensating factors (situations that affect repayment).
- Financial institutions also use a credit score to predict how likely an individual is to repay a loan.
- Credit issues can be solved with personal commitment and budgeting. Improvement will occur if you concentrate on the following:
 - Pay your bills on time.
 - Pay down outstanding balances.
 - Do not take on new debt.
 - Pay down the balance on revolving debt (at a minimum pay it below 35 percent of the credit limit).
 - Pay off your debt rather than moving it around.



Module Review

Reflection

	t several ideas that you learned in this module that will be helpful in achieving ur goals.
Ex	kercise
1.	Credit is:
	 a. money you borrow and do not plan to repay b. a contractual agreement in which a borrower receives something of value now and agrees to repay at some date in the future c. all of the above
2.	The disadvantages of using credit include:
	 a. It costs money. b. It is tempting to spend more than you can afford to repay. c. Mismanagement of credit can result in repossession and affect your ability to get credit in the future. d. all of the above
3.	True or False? High interest charges make it difficult to pay off credit card balances if you only make the minimum monthly payment.
	☐ a. True ☐ b. False
4.	When you use installment credit:
	 a. you are borrowing a set amount of money for a specific period of time. b. the amount of interest you are going to pay for the loan is determined in advance and calculated into your monthly payments. c. all of the above
5.	A credit bureau is:
	 a. an organization that keeps a record of how you have handled credit in the past b. a set of drawers where you can keep your credit cards c. an organization that will send a lender a copy of your personal family history

6.	Your credit report indicates:
	 □ a. how you handle credit □ b. your record of paying bills on time □ c. all of the above
7.	True or False? A lender will not give you a mortgage loan until judgments are paid in full.
	□ a. True □ b. False
8.	List the four Cs of credit:,
	, and
9.	is something of value that guarantees repayment of your loan.
10	O. Which of the following is not an example of information that is used to build a nontraditional credit history?
	 a. Repayment of a personal loan to a family member b. Payment of rent to a landlord who represents an organization c. Monthly internet payment d. Monthly cellular phone payment
11	. True or False? You should review a copy of your credit report each year.
	□ a. True □ b. False
12	2. In order to demonstrate the ability to repay a loan, the applicant should have:
	 □ a. good credit □ b. steady income □ c. an acceptable level of current expenses □ d. all of the above
13	3. Check the items that demonstrate wise use of credit.
	 □ a. Pay bills on time □ b. Charge-offs □ c. Use credit for emergencies only □ d. Pay for groceries with credit □ e. Use credit to purchase a home □ f. Pay the minimum payment each month □ g. Use credit to pay other bills

Appendix A

Tri-merged Credit Report

TID: Transaction Identification

Uniquely identifies every interaction the customer has with the First American Credo System

Number:

An 11-digit number automatically generated to uniquely identify individual transactions.

/_{TID:1-00000-05934} 07/05/2006 13:31:00

Delivered: EFX, TUC, XPN

Dob: 05/20/62 Ssn: 911-72-3333

Age 38 Ssn: 333-11-2222

Acct: 7XX87

Notes: 9210

Date/Time Stamp:

The date and time the

transaction took place.

Lists the bureaus that returned data for this report. A missing bureau indicates the bureau is down or an error occurred when an attempt was made to retrieve applicant data.

Delivered

Original Transaction Date

The date of the original request for a credit report.

Instant Merge[®] Sample Report

Prepared for: INSTANT MERGE SAMPLE REPORT

REF:1-00000-05934-0000 07/05/2006 CREDCO Instant Merge Credit Report

Requested: EFX, XPN, TUC - J

App: SAMPLE, STEVE

Cap: SAMPLE, SHARON

Ac

New Features and Enhancements Key

Date of Birth/Age

Warning ❖ Messages that can be returned:

See Fraud Detection Section

See OFAC Screening Report

Possible Incomplete Data

Possible Incomplete Fraud Data

Lists the applicant's Date of Birth (DOB) or Age as provided by the First American CREDCO customer.

Possible non-applicant info present in the report

Reference

Uniquely identifies & links First American CREDCO's customer to the consumer.

Requested

Lists the bureaus that were requested and whether the request was for an individual (I) or joint (J).

Warning

Additional FACT Act specific messages that can be returned:

- Fraud Alert present
- Active Duty Alert present
- Security Alert present

Bureau Score Information

New optional features to this section include the ability to order multiple bureau score products (risk, bankruptcy, and custom models) and the factor descriptions.

Factor Descriptions ❖

Lists the description for each factor code.

Prev Addr: 123 EAGLE ROAD, TOMORROW, OR 995XX

WARNING: Possible non-app information present in the report WARNING: Fraud Alert, Active Duty Alert present
WARNING: SSN possible ITIN

INSTANT MERGE SUMMARY

Curr Addr: 4536 FIRST AMERICAN AVE, TESTSITE, CA 9XX07

COOMI DISTRIB	JITON		,	URREI	AL SIL	41.09 (ı	LIau	errn	es)
count Type	Count	Balance	Payments	Curr	Clsd	Unrt	30	60	90+
Real Estate	2	\$177,245	\$1,755	1	-	-	1	-	_
Installment	1	\$8,985	\$285	1	-	-	-	-	-
Revolving	3	\$1,738	\$82	2	1	-	-	_	_
Other	1	\$130	\$0	-	-	-	-	-	1
Total	7	\$188,098	\$2,122	4	1	-	1	-	1

AVAILABLE CREDIT
Revolving 31%

TUC FICO Classic 98

INQUIRIES			PUBLIC RECORDS HISTORICAL DELINQUENCIE			S(co	unt)		
	6 Month Total	5	EFX 1		Account Type	LastDlq	30	60	90+
	Elim. same day	1	XPN N	I/A	Real Estate	11/04	9	1	-
	Adjusted Total	4	TUC 1	_	Installment		-	-	-
	New Trades(6 mths)	0	Last 2yrs	s N	Revolving	05/06	3	3	4
					Other	05/06	-	-	1
	Oldest Trd: 03/98		On File: 12/	91	Total		12	4	5

Only Applicant/Co-applicant information included in the Summary.

\$765

BUREAU SCORE INFORMATION

EFX BEACON 5.0 (APP)= 653 Factor: 00024, 00031, 00008, 00002

00024 NO RECENT REVOLVING BALANCES
00031 TOO FEW ACCOUNTS WITH RECENT PAYMENT INFORMATION
00008 TOO MANY INQUIRIES LAST 12 MONTHS

00002 LEVEL OF DELINQUENCY ON ACCOUNTS
* Number of Inquiries Adversely Affected the Score

EFX BEACON 5.0 (CAP)= Not provided by the repository

(APP) = Match not found

Page 1 of 6

Available Credit ❖

Lists the available credit for revolving tradelines.

Factors

Bureau codes that were factored into score.

Factor Description (5th Factor)

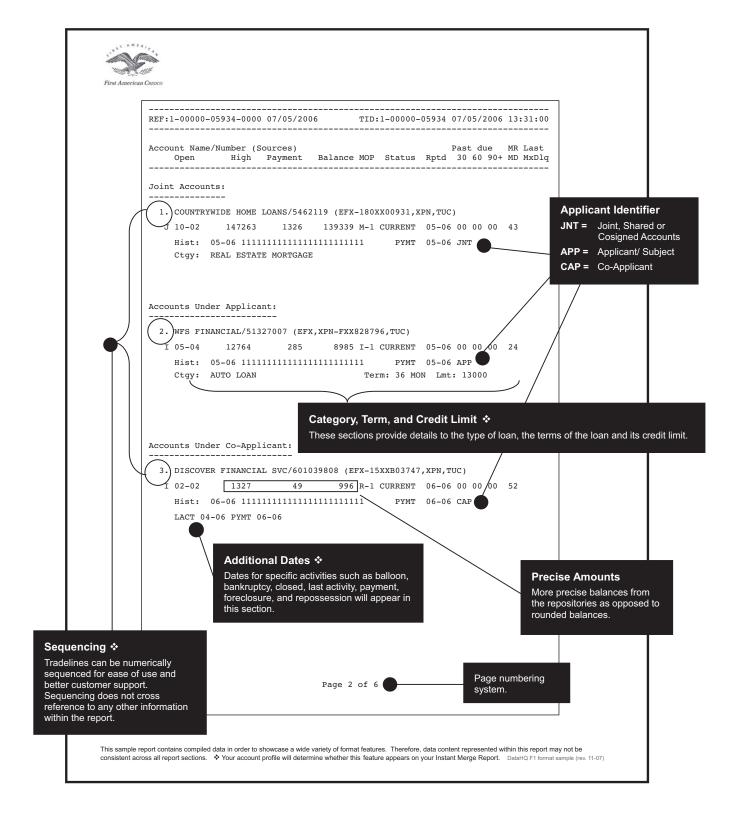
Depending on the bureau, this FACT Act specific statement will appear if the number of inquiries adversely affected the score.

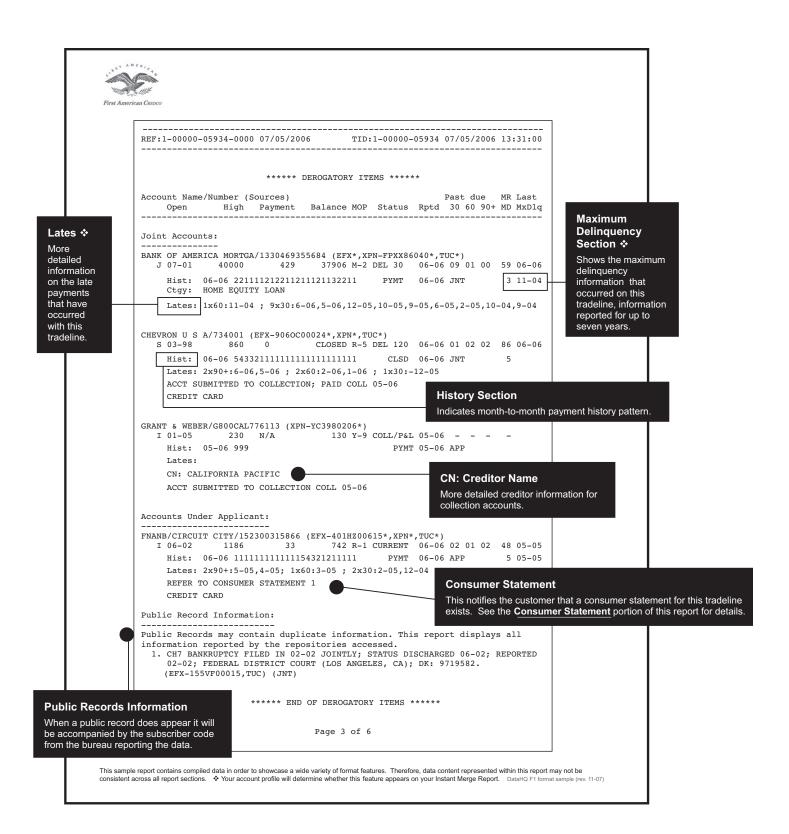
Applicant Identifier

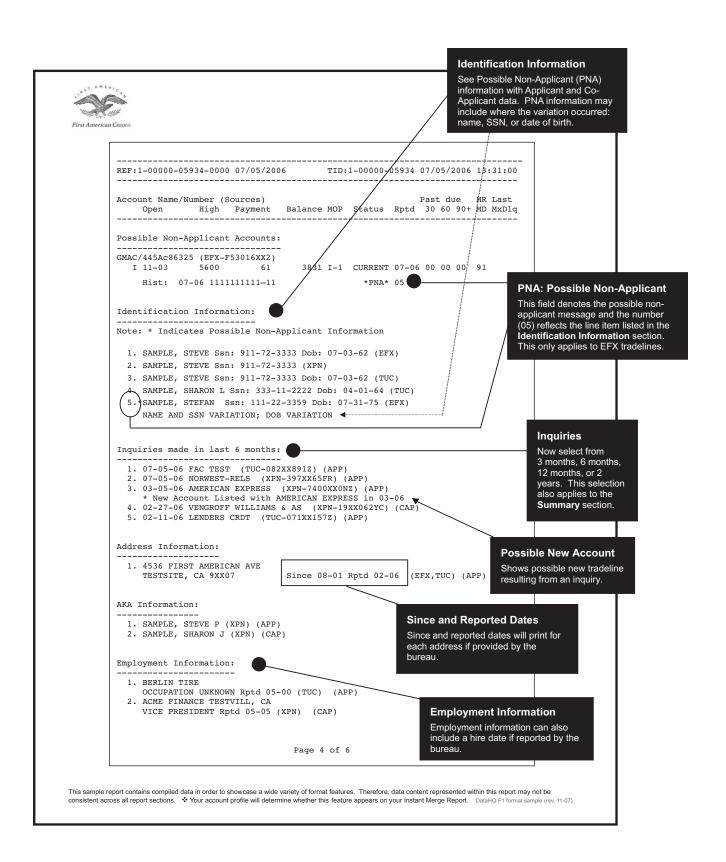
APP = Applicant/Subject

CAP = Co-Applicant

This sample report contains compiled data in order to showcase a wide variety of format features. Therefore, data content represented within this report may not be consistent across all report sections. • Your account profile will determine whether this feature appears on your Instant Merge Report. DataHQ F1 format sample (rev. 11-0)









REF:1-00000-05934-0000 07/05/2006

TID:1-00000-05934 07/05/2006 13:31:00

Miscellaneous Information:

- 1. Consumer has Active Duty Alert. (XPN) (CAP)
- 2. Consumer has Initial Fraud Alert. (TUC) (CAP)
- 3. Variation between Inquiry and Onfile address. (TUC) (CAP)

Consumer Statement:

- ACTIVE DUTY ALERT. CONSUMER HAS REQUESTED AN ALERT BE PLACED ON THEIR CREDIT FILE. 123 EAGLE ROAD, TOMORROW, OR 99500 DAYTIME 7709991212 EVENING 7708883434 Rptd 02-05 (EFX)(APP)
- FRAUD VICTIM. "EXTENDED ALERT". CONSUMER HAS REQUESTED AN ALERT BE PLACED ON THEIR CREDIT FILE. PAGER 7704445555. Rptd 03-05 (EFX)(CAP)
- ACCOUNT WENT TO A DELINQUENT STATUS WHILE I WAS OUT OF THE COUNTRY. Rptd 05-05 (XPN)(CAP)
- 4. 26& 04-22-05 000000 ID SECURITY ALERT: FRAUDLENT APPLICATIONS MAY BE SUBMITTED IN MY NAME OR MY IDENTITY MAY HAVE BEEN USED WITHOUT MY CONSENT TO FRAUDULENTLY OBTAIN GOODS OR SERVICES. THIS ALERT WILL BE MAINTAINED ON FILE FOR 90 DAYS BEGINNING 05/22/05. Rptd 04/05 (XPN)(APP)
- 5. #HK#IFCRA-INITIAL FRAUD ALERT: ACTION MAY BE REQUIRED UNDER FCRA BEFORE OPENING OR MODIFYING AN ACCOUNT. CONTACT CONSUMER AT (312)555-1212 Rptd 04-05 (TUC)(APP)
- 5. #HK# ID FRAUD VICTIM ALERT. FRAUDULENT APPLICATION MAY BE SUBMITTED IN MY NAME USING CORRECT PERSONAL INFORMATION. DO NOT EXTEND CREDIT WITHOUT FIRST CONTACTING ME PERSONALLY AND VERIFYING ALL APPLICANT INFORMATION. CONTACT CONSUMER AT (312)555-1212 Rptd 04-05 (TUC)(APP)
- 7. MY PAYCHECK WAS DELAYED BY 6 WEEKS AND THEREFORE I COULD NOT PAY THE GAS CARD ON TIME. Rbtd 05-05 (TUC)(CAP)

Decode Directory Information:

- 1. A F S C I (XPN-3564330)
- (310)370-4854 17508 HAWTHORNE BLVD TORRANCE CA 90504
- A F S C I (TUC-086XX30FR) (800)377-4800 17508 HAWTHORNE BOULEVARD TORRANCE CA 90504

Decode Directory Information ❖

Alert details

reporting bureau.

FACT Act Alert specific details will be

displayed in either the Miscellaneous

bureau. Consumer statement details may vary by the consumer and the

Information or the **Consumer Statement** section depending on the

The creditor information will now include the bureau-specific subscriber code and a phone number, when available. These decode products from the bureaus are available: Direct Check, Creditor Contact Info and On Line Directory.

Fraud Verification Information:

EFX SAFESCAN (APP)

SAFESCANNED: YOUR INQUIRY HAS GONE THROUGH OUR SAFESCAN DATA BASE; SSN ISSUED 1969 IN HI.

EFX SAFESCAN (CAP)

Not provided by the repository.

TUC HAWK (PNA)

SUB-SEGMENT DATA ONLY; SINCE 10-07-2006 THE SSN HAS BEEN USED

3 TIMES IN OTHER INQUIRIES;

TUC HRFA (APP)

AVAILABLE AND CLEAR

TUC HRFA (CAP)
Match not found

Fraud Verification Information <

When a fraud message does appear it will show whom the message pertains to: APP, CAP or PNA. Fraud products available from the bureaus include HRFA, Fraud Shield, and Safescan.

Page 5 of 6

This sample report contains compiled data in order to showcase a wide variety of format features. Therefore, data content represented within this report may not be consistent across all report sections.

Your account profile will determine whether this feature appears on your Instant Merge Report. DataHQ F1 format sample (rev. 11-07)



REF:1-00000-05934-0000 07/05/2006 TID:1-00000-05934 07/05/2006 13:31:00

Error Information ❖

invalid subscriber code, etc.).

If there are any issues with processing this report, special messages regarding the state of the file will appear in this section. It will include a generic text message (i.e., applicant file frozen, possible

incomplete data, etc.), as well as corresponding specific error codes (i.e., missing information,

Consumer Referral Information:

EFX - EQUIFAX INFORMATION SVCS, PHONE: (800) 685-1111
P.O. BOX 740241, ATLANTA, GA 30374

XPN - EXPERIAN, PHONE: (888) 397-3742
P.O. BOX 2002, ALLEN, TX 75013
TUC - TRANSUNION, PHONE: (800) 916-8800
PO BOX 34012, FULLERTON, CA 92834

Error Information:

1. TUC DATA UNAVAILABLE. (TUC-E021, TUC-E160)

Prepared By: First American CREDCO

12395 First American Way, Suite 200 Poway, CA 92064-0495

Contact Phone: (800)300-3032 Fax:(800) 938-7200

This report contains information supplied by the repositories named above. Its contents have not been verified by First American CREDCO and may contain duplicate information. While this report is being used for some real estate lending purposes, it is not a Residential Mortgage Credit Report as defined by FNMA, FHLMC, and FHA/VA guidelines.

***** END OF INSTANT MERGE REPORT *****

This sample report contains compiled data in order to showcase a wide variety of format features. Therefore, data content represented within this report may not be consistent across all report sections. 🌣 Your account profile will determine whether this feature appears on your Instant Merge Report. DataHQ F1 format sample (rev. 11-07)



Instant Merge[®] Sample Report Tradeline Key

cccuii	C Na	me/Numbe	er (Source	es)				Pas	st du	е	MR	Last
0pen		High	Payment	Balance	MOP	Status	Rptd	30	60	90+	MD	MxDlq
						1						
BAN	K OF	'AMERICA	A MORTGA/	10030753	52461	(EFX* XPN-	FPXX8604	0*, TU	C*)			
2			3	4	5		6		7		8	9
07-	01	147286	1326	139339	M-2	DEL 30	06-06	07	02	06	59	06-06
								11			12	13
O His	t:	06-06 22	2116655443	32211121	132211	PYMT	06-06	JNT			6	02-06
1 C+a	., .	REAL EST	ναπε			Тог	m: 30 Y	D C			Lmt:	147,000
4 009	<i>y</i> •	TELLIE DO				101	50 1.	IND			Ditto.	11//000
5 Lat	es:	6x90+:2-	-06,1-06,	12-05,11	-05,10	-05,9-05;	2x60:8-0	5,11-0	4; 75	30:6-0	6,ADDT	'NL LATE
_			r 06-06 Pi		_							

- The SOURCES for each tradeline, with the subscriber code provided from the most recently reported repository. An asterisk (*) indicates which repository reported derogatory information. EFX = Equifax; XPN = Experian; TUC = TransUnion.
- 2 ECOA code indicates who is responsible for each account and the type of participation for that account, as follows:

U UNDESIGNATED INdividual account
J JOINT
A AUTHORIZED U SER Account
S SHARED Joint account
C CO-MAKER Joint account
B CO-SIGNER Responsibility only in case of default on the account Individual account
C T TERMINATED Closed account
V DECEASED Deceased individual

- PYMT displays the monthly liability on each account.
- 4 BALANCE displays the total liability on each account.
- MOP (Method of Payment) and STATUS use the "Universal Rating Code" with English translation of the current status of the account as of the date reported.
 MOP Codes

R F	eunt type: Revolving nstallment	O M	Open, 30 days Mortgage	C Y	Line of Credit External Collection
Unive	ersal				English
Ratin	g Code:				Translation:
0	Too new	to ra	te	-	CURRENT
1	Current				CURRENT
2	30 days	late			DEL 30
3	60 days	late			DEL 60

0	Too new to rate	CURRENT
1	Current	CURRENT
2	30 days late	DEL 30
3	60 days late	DEL 60
4	90 days late	DEL 90
5	120 days late	DEL 120
6	150 days late	DEL 150
7	Wage Earner Plan or Bankruptcy	WEP/BKRP
8	Repossession or Foreclosure	REPO/FCL
9	Collection or Charge-off	COLL/P&L
U	Unrated	UNRATED

- 6 RPTD displays the date the account was reported by the creditor.
- PAST DUE displays the number of times the account has been 30, 60, or 90+ days past due within the last seven years.
- 8 MR (Months Reviewed) is the number of months of payment history reported by the repositories.
- 9 LAST DLQ displays the date of the most recent delinquency, if reported by the creditor.
- HIST (Historical Payment Pattern) indicates month to month payment history with the most recent date reported at the left. If reported, displays up to the last 24 months. For numbers other than 1, refer to "Universal Rating Code." A dash (-) means not reported that month.
- Applicant Identifier. Identifies the owner of an account by (JNT) joint, (APP) applicant/subject, (CAP) co-applicant, or (*PNA*) possible non-applicant.
- MD (Maximum Delinquency) displays the most severe delinquency for the account by MOP code up to 6.
- 13 MAX DLQ (Maximum Delinquency Date) displays the date of the most severe delinquency.
- 14 CTGY, TERM, LMT displays the category of loan, the terms of the loan and its credit limit.
- 15 LATES displays more detailed information on the late payments that have occurred with this tradeline.
- ADDITIONAL DATES and amounts posted for specific categories like balloon, bankruptcy, closed, last activity, payment, foreclosure, and repossession.

This sample report contains compiled data in order to showcase a wide variety of format features. Therefore, data content represented within this report may not be consistent across all report sections. • Your account profile will determine whether this feature appears on your Instant Merge Report. DataHQ F1 Format Sample Key (rev. 01-07)

Appendix B

Sample Credit Repair Letters

٦		
ı	101	$\Gamma \boldsymbol{\omega}$
ı	10	Ι.

Request for Copy of Credit Report

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #
Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Please send me a copy of my credit file. Enclosed is \$_____ for your services.

Sincerely,

Date

Request to Investigate Incorrect Items

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #
Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Enclosed is a copy of my credit file. I have circled the item(s) that I believe are incorrect. Please investigate this item (these items) immediately.

Although I have an account with this subscriber/credit grantor, the circled information on the file is incorrect. (Insert a specific account as to why the information is incorrect here.) This entry (These entries) on my credit report is (are) extremely detrimental and inaccurately reflect my credit. Upon completion of your investigation, please send to me a copy of my credit file reflecting the results of your investigation.

Request for Credit Report After Denial

Date

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #

Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Please send me a free copy of my credit file. I was denied credit within the past ____ days.

(Enclose evidence that you were denied credit or provide the name and address of the company that denied you credit within the credit reporting agency's free credit file time period)

Sincerely,

Request to Remove Inaccurate Items Reported by Creditor

Date

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #

Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Attached is a copy of my credit file with the disputed item(s) circled. Please investigate this item (these items) immediately. (Insert a specific account as to why the information is incorrect here.) The credit grantor has inaccurately reported this item (these items) and I want it (them) removed as soon as possible. When you have completed your investigation, please send me a copy of my credit file reflecting the results of your investigation.

Date

Request to Remove Paid Items

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #
Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Attached is a copy of my credit file with the disputed item(s) indicated. Please investigate this item (these items) immediately. (Insert a specific account as to why the information is incorrect here.) Since this account (these accounts) has (have) been paid promptly and satisfactorily, the credit file does not reflect an accurate credit history. This inaccuracy (these inaccuracies) are extremely injurious and unfair to me.

Please send me a copy of my credit file that reflects the results of your investigation.

Sincerely,

Date

Request to Remove Inaccurate Items

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #
Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Attached is a copy of my credit file with the disputed items circled. There are several items that do not belong on my credit report. I have no knowledge of these accounts; they are not mine (add explanation if you know how confusion arose). These items are very injurious to my credit history; please investigate them immediately.

Please send me a copy of my credit file which reflects the results of your investigation.

Date

Request to Remove Items After Divorce

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #
Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Attached is a copy of my credit report with the disputed item(s) circled. Please investigate this item (these items) immediately.

This item is (these items are) not mine but my former spouse's, and the creditor has released me of liability for this (these) account(s). I would like it (them) removed to reflect my proper credit history. This item is (these items are) very damaging to my ability to receive credit. Please send me a copy of my credit file reflecting the results of your investigation.

Date

Second Request Disputing Inaccurate Information

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #

Date of Birth

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

I still do not agree with the following items on my credit file following your investigation. I continue to find these inaccurate items to be highly damaging to my credit rating. They are not mine (insert specific account as to why information is incorrect here). Attached is copy of my credit report with the disputed item(s) circled. Please reinvestigate this item (these items) immediately.

Additionally, I would like the names, business addresses, and phone numbers of each person with whom you verified the information. Please send me a copy of my credit file that reflects the results of your reinvestigation.

Request to Add Positive Credit History

Name (First, Middle, Last Name, Jr./Sr.)

ADDRESS Phone #

Soc. Sec. #
Date of Birth

Date

(If married; same information for spouse)

Previous address(es) for the past five years (include zip codes)

(Choose any one of the largest Credit Bureaus)

Dear Customer Relations Representative:

Please add the following items to my credit file.

- 1) Name of lender
- 2) Address
- 3) Account #
- 4) Amount borrowed
- 5) Date paid

Please send me a copy of my credit file when you have completed this request.

Notes	



Deems Family

Coeur d'Alene Tribe

Bill Weems and his wife Claire began their journey into the homebuying process by contacting the Coeur d'Alene Tribal Housing Authority. They attended Saturday homebuyer education classes for two months and participated in regular one-on-one counseling sessions with their housing counselor. Bill describes his experience:

"Homebuyer education taught us about our credit scores and how to clean them up, how to manage our finances, what programs were available to assist us, and what to expect in the process of becoming 'mortgage ready.' A tad over two years later, we started talking to our landlord about purchasing the home we lived in. The unbelievable thing was that it didn't 'feel' like we were doing anything remarkable. The classes instilled on an almost subconscious level how to become mortgage ready. The next thing we knew, we made an offer, a counter offer, and then agreed on a price.

We locked in an interest rate of 4.8 percent seven days before we closed because the classes taught us how interest rates affect the cost of the home. We also got \$4,000 in down payment assistance and we participated in the housing authority's Individual Development Account Program which matched the money we saved to help us with closing costs.

Everyone who has ever dreamed of owning their own home should go through this program! It was the best feeling in the world to go to sleep that night in 'OUR' house! Now we are paying ourselves instead of some landlord, and everything we do to the place is for us."

Finding a Home

Objectives

In this module we will discuss:

- housing needs
- land in Native communities
- loan products
- site suitability
- new construction versus existing homes
- selecting a contractor
- monitoring home construction

Housing Needs

Buying a home is a significant financial and personal experience. To make your dream of purchasing a home a reality, you must be able to identify your housing needs. Housing needs are those aspects of a home that are necessary for your family to live safely and comfortably (e.g., enough bedrooms so there is not overcrowding). Your housing needs and financial resources will determine the size, location, special features, construction type, and land upon which your home is built.

The following questions will help you describe your housing needs:

- 1. What housing features are necessary to serve your family's needs?
- 2. What is most important about where you live?
- 3. Do you want to build a new home or buy an existing home?
- 4. What can you realistically afford?

In the Pacific Northwest, Native people lived in a traditional shelter known as the plank house. The style and design of these homes varied depending on the community. For the most part, they were long rectangular wood homes that were built to shelter multiple generations of a family. The wood for plank homes was gathered from local areas and placed on poles that were imbedded in the ground. The roof was an upside down V shape. The materials and design were quite durable in the wet weather that is common to the region.

Housing Needs Exercise



Use the Wish List Checklist to identify the features you would like in a home and their importance to you. Some characteristics may not be available in your community. Try to identify your essential needs.

Homebuyer's Wish List

Circle the number that best describes your level of need associated with each housing characteristic.

1=Very Important 2=Important 3=	Not Important
---------------------------------	---------------

			Туре	of Home			
Existing	1	2	3	New	1	2	3
Ranch	1	2	3	Split-Level	1	2	3
Two-Story	1	2	3	Modular	1	2	3
Log Home	1	2	3	Other	1	2	3
			Const	ruction			
Brick	1	2	3	Wood	1	2	3
Vinyl	1	2	3	Concrete Block	1	2	3 3
Stone	1	2	3	Other	1	2	3
			Туре	of Yard			
Small	1	2	3	Large	1	2	3
Fenced	1	2	3	Landscaped	1	2	3
Play Area	1	2	3	Pool	1	2	3
Deck/Patio	1	2	3	Other	1	2	3
			Ro	oms			
Small Kitchen	1	2	3	Large Kitchen	1	2	3
Living Room	1	2	3	Separate Dining Room	1	2	3
Rec Room	1	2	3	Family Room	1	2	3
Office	1	2	3	Workshop	1	2	3
2 Bedrooms	1	2	3	Utility Room	1	2	3
3-4 Bedrooms	1	2	3	Storage Room	1	2	3
5 Bedrooms	1	2	3	In-law Apartment	1	2	3
1-2 Bathrooms	1	2	3	Basement	1	2	3
3-4 Bathrooms	1	2	3	1-2 Car Garage	1	2	3
			Extra I	Features Teatures			
Carpeted Floors	1	2	3	1101010	1	2	3
Vinyl Floors	1	2	3	Vinyl Tile Floors	1	2	3
Central Air and Heat	1	2	3	Central Gas Heat	1	2	3 3 3
Ventless Gas Heaters	1	2	3	Oil Heat	1	2	3
Wood Burning Fireplace	1	2	3	Fireplace w/Gas Insert	1	2	3
Ceiling Fans	1	2	3	Other	1	2	3
			Special	Features			
Finished Loft	1	2	3	Finished Basement	1	2	3
Guest Room	1	2	3	Master Bdrm w/Private Bath	1	2	3
			Loc	ation			
In Native Community	1	2	3	Outside of Native Community	1	2	3
Scattered Site	1	2	3	Subdivision	1	2	3
			- :				

Types of Property Available for Home Mortgages

Building a new home or purchasing an existing home requires the availability of land. Land use rights vary by Native community. To purchase a home in a Native community, it is very important that you become familiar with the process for land acquisition and land use. Understanding the various forms of land ownership is important for participants in all types of mortgaging financing programs. The most common types of land used in the mortgage process are described below.

Tribal Trust Land is owned by the United States in trust for a tribe, band, community, group, or pueblo of Indians subject to federal restrictions against alienation or **encumbrance**. This means that the United States owns the property and has set aside tribal trust property for the exclusive use of a tribe. The BIA has a federal trust responsibility to ensure that the land use is for the benefit of the tribe. Consequently, nearly everything the tribe may want to do with trust property (sell, lease, mortgage, or develop) requires federal approval from the BIA.

Individual Allotted Trust Land is land or any interest in the land held in trust by the United States for the benefit of individual Indians. The allottee or owner of the individual trust may choose to use the land as collateral for a mortgage and consequently risk permanent loss of the land in the case of default and subsequent foreclosure. This type of trust land can only be sold or used as collateral for a loan with the consent of the BIA. Some allottees choose to use an interest in the land (e.g., a leasehold interest) as collateral to eliminate the possibility of the land leaving trust status and being converted into fee simple land in the case of foreclosure.

Fee Simple Land means that there are no restrictions on your ownership. In other words:

- You can sell, rent, or leave the land to your children
- You pay property taxes to the state or county government
- You do not need a lease to use the land as collateral for a mortgage

Most non-Indian land is fee simple land. Fee simple land can be on or off a reservation. The difference between fee simple land and trust property is that fee simple land can be bought and sold to any individual without the consent of the BIA. Financing a home on fee simple property is easiest because neither BIA approval nor a lease are required for the loan. However, the state or local government may impose property taxes.

Hawaiian Home Lands the federal government set aside as Hawaiian Home Lands approximately 200,000 acres of land to be held in trust for homesteading by native Hawaiians.

Work with your housing counselor to learn about construction costs in your area.

Remember, you can keep your construction expenses in check by adhering to a spending plan based on your needs. Establish a plan for obtaining other "wants"

in the future.

Acquiring a Homesite for Mortgage-Based Homeownership

There are several ways to acquire an interest in land for homeownership on tribal trust land. For instance:

Leasing Tribal Trust Land. Only those who are eligible under the laws and customs of the tribe to lease tribal trust land for residential purposes or who otherwise obtain the specific approval of the tribal governing body are eligible to apply for a residential lease of tribal trust land. The person holding the lease, called the lessee, receives the right to live there, build a house, exclude other people from living there, and build other buildings and infrastructure subject to the terms of the lease. All residential leases for a mortgage or a leasehold mortgage must comply with BIA Residential Leasing Regulations.

To lease tribal trust land, the following basic steps generally apply:

- Check with the tribal land contact or BIA Realty staff to see if there is trust land available for residential leasing.
- Obtain an appropriate lease form for a home mortgage loan on trust property. Make sure the lease your tribe uses complies with the requirements of the loan program you plan to use. Many tribes have adopted the One-Stop Lease Program, which is acceptable to all federal and most conventional loan programs. Any modifications to the lease must be approved by the loan program and the tribe.
- Request a tribal government resolution giving you permission to execute a minimum lease of 25 years with an automatic renewal of 25 years, or a 50-year **residential lease** that meets the tribe's and the lender's requirements.



Nez Perce Tribe of Idaho



Spokane Reservation

• Get BIA approval and ensure that the lease is recorded on a Title Status Report (TSR). Your lender will require a copy of the lease and a certified copy of the TSR with the lease recorded on it. This assures the lender that there are no title defects and that you are in possession of the leasehold interest, which will be mortgaged at closing.

Tribe with Leasing Regulations. Some tribes have leasing regulations that have been approved by the Secretary of the Interior. This allows you to negotiate and enter into a lease directly with the Tribe without further approvals by the Secretary of the Interior. Leases of tribal trust lands for residential purposes may be executed for a primary term of up to 75 years.

Master Lease. A master lease allows for a TDHE or another developer to obtain control of a site that is being developed as a cluster of homes, such as a subdivision. Each homesite in the **plat** is identified by specific boundaries and a lot number within the external boundaries of the subdivision. The tribe's TDHE or another developer may receive this form of a lease when it builds a development.

The process used for Mutual Help serves as the model that is still widely used.

EXAMPLE

Rudy Archambeau has been in the Mutual Help Program for 21 years. He has a three-bedroom home in the Yankton Sioux Housing Authority (YSHA) Wagner Subdivision. Rudy has finished paying for the house and is eligible to become the homeowner. The leasing process from the beginning of the project to homeownership status included the following steps:

- 1. The Yankton Sioux Tribe provided a residential master lease for a 20-acre tract of land to the YSHA for development of a subdivision consisting of 30 lots.
- 2. The YSHA had the tract surveyed and subdivided into 30 lots with roads, utility easements, and common areas.
- 3. Approved applicants acquired homebuyer rights through a Use and Occupancy Agreement, which identifies all the rights and obligations of the homebuyer.
- 4. Once all the homebuyer obligations have been fulfilled (up to 25 years), the YSHA conveys (gives ownership) to the homebuyer. Ownership is for the home and improvements on the land.
 - a. The YSHA Board of Commissioners authorizes a resolution to convey Rudy's house on Lot 7 of Wagner Subdivision Master Lease and to cancel Lot 7 from Wagner Subdivision Master Lease.
 - b. YSHA submits a copy of the resolution and documents with instructions to the homeowner to follow up with the tribe and the BIA.

- c. YSHA submits an original resolution and copies of all documents to the BIA and the tribe.
- 5. The homeowner follows up with the tribe and the BIA.
- 6. A tribal resolution is initiated to authorize cancellation of the specified lot from Wagner Subdivision Master Lease and preparation of a residential lease with the homeowner.
- 7. The Tribe authorizes and signs the resolution and BIA approves cancellation and new lease with the homeowner.
- 8. BIA records and updates a new TSR.

Life Estate. The lease or the tribal estate code may contain life estate provisions that allow for the leasehold interest in trust land to be passed at death to the lessee's heirs as determined by the customs of the Native community. These provisions may treat enrolled and non-enrolled heirs differently. This difference may be significant if the leasehold interest is encumbered by a mortgage because non-enrolled heirs may lose their right to use the property and may be forced to move out of the home, which may result in foreclosure.

Examples of life estate provisions contained in a lease or tribal estate code include:

- A requirement that enrolled members with a leasehold interest in trust land execute a will specifying that a life estate in their leasehold interest and any improvements on the property (i.e., the home) is left to their non-enrolled heirs including their spouse and/or children. When the lease expires, the provision may or may not grant "use" rights to the property, depending on the customs of the community.
- A requirement that if enrolled members die **intestate** without a will their heirs may not be allowed to inherit the leasehold interest and the home at all.
- An option for non-enrolled heirs to decline to take a life estate they may have inherited and, instead, sell the leasehold interest and home back to the tribe.

If your family includes non-enrolled members, you may want to consult with legal counsel to determine how the tribal law in your community governs these situations.

Eligibility for Hawaiian Home Lands. If you are native Hawaiian, you can apply to the Department of Hawaiian Home Lands for a Hawaiian homestead lease. You must meet two requirements to qualify:

- You must be at least 18 years of age.
- You must be a native Hawaiian, defined as "any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778." This means, you must have a blood quantum of at least 50 percent Hawaiian. As a lessee, you will be leasing the property for a time period of 99 years for a lease rent of \$1.00 per year. When the expiration of the 99-year term of your lease approaches, you will have the option of extending the lease for an additional 100 years at the same rent or surrendering the lot back to DHHL. For more information, visit www.hawaii.gov/dhhl.

Tribal Trust Lease Exercise



Laurie Ann Wilson has a paid-off Mutual Help home that is 16 years old. Her house is in very good condition. She is getting married and has adopted two small children in addition to her son. Many of her nieces and nephews frequently stay with her as well. Now that her home is paid off, she wants to add a great room.

The tribe granted a master lease to the TDHE. Laurie Ann had a Mutual Help Use and Occupancy Agreement for her Lot #18. Review the following list of steps and identify the proper order in which Laurie Ann needs to show possession of Lot #18 as a homeowner so she can obtain mortgage financing to make her home improvements.

Step #	TASKS
	Obtained a current, signed TSR showing residential Section 184 lease between Laurie Ann Wilson and tribe.
	BIA approved lease between Laurie Ann and tribe.
	Laurie Ann and tribe executed Section 184 lease.
	TDHE notified BIA to cancel Lot #18 from the Master Lease.
	Laurie Ann followed up and requested that the tribe issue a resolution authorizing the BIA to cancel Lot #18 and to simultaneously authorize a Section 184 lease to Laurie Ann Wilson.
	TDHE conveyed house to Laurie Ann Wilson.



Spokane Reservation

Allotted Trust Property and Home Mortgages

Individual Allotment

Individual allotted trust land can be used to secure a loan. To do this, the borrowers must get the permission of the BIA and any other individuals with an interest in the land. They must obtain a certified TSR from the BIA to determine the exact ownership of the land. Because of the diversity of tribal governments, this process can vary. It is important to remember that a current, signed, and certified TSR is only valid for six months. Consequently, timing is crucial.

The BIA Agency Office will review and approve a loan package and appraisal from your lender. Then they will forward the package to the BIA Regional Area Director for final approval.

Because individual allotted trust lands have been passed down through the generations, numerous family members may have an interest in the land. The difficulty of locating and contacting all heirs has resulted in undivided land, referred to as **fractionated land**. It is not uncommon for 50 individuals to have an undivided interest in a half acre of land. In other words, a borrower's 1/50 interest is not defined or subdivided, as demonstrated in Figure A. When interest in land is defined, each individual has a specific legally defined part, as shown in Figure B.

Figure A: Undivided or Fractionated Land



Figure B: Divided Land



There are four options available to a borrower who has an interest in fractionated land:

- 1. Subdivide the property among all the owners.
- 2. Obtain a gift deed or purchase the allotment from all owners of the undivided allotment.
- 3. Obtain consent from all owners to mortgage the undivided allotment.
- 4. Obtain a lease on the property from the co-owners.

Subdivide the property among all the owners. In this option, the homesite is subdivided among all the owners. This may be a difficult process unless there is a small number of owners who are all interested in dividing the property. Allottees can also explore the possibility of partitioning the allotment, which may not require the consent of all owners, but rules on this process vary so it is best to check with your local BIA office about the local rules governing partitioning. The portion of the allotment that you use as collateral for a mortgage is no longer owned by the other original allottees. This requires:

- written notification to all owners
- consent to subdivide by all owners
- agreement by all owners as to who owns which subdivisions
- survey to legally define subdivided tracts
- submission of all documents and plat to BIA
- appraisal of the land by the BIA
- approval, processing, and recording by BIA

Obtain a gift deed or purchase the allotment from all owners of the undivided allotment. In this option, all allottees relinquish their rights to the entire allotment. They give it to you permanently. This requires:

- written notification to all owners
- provision of the deed, from all owners, to borrower for the allotment
- submission of all documents and plat to BIA
- appraisal of the land by the BIA
- approval, processing, and recording by BIA

Obtain consent from all owners to mortgage the undivided allotment. In this option, the other allottees consent to you using the property as collateral for a mortgage. They risk permanent loss of the land in the case of default and subsequent foreclosure. This requires:

- written notification to all owners
- consent to mortgage allotment provided by all the owners
- approval, processing, and recording by BIA

Obtain a lease on the property from the co-owners. In this option, the allottee does not need everyone's consent. Consent requirements vary depending on the number of owners, so check with your BIA office about what applies in your situation. The BIA may also be able to exercise its authority to lease property if the owners cannot agree on its use. In this case, the BIA sends out a notice saying it will lease the property unless all owners can agree on a proposed use. If no agreement is reached, the BIA can issue the lease, sometimes even at a nominal rate among family members. The advantage of using a leasehold interest as collateral for a mortgage is that it does not risk the ownership interests of the co-owners in the underlying property.

Allotment Owned by Another Individual

Sometimes a borrower wants to build and use a home as collateral on an allotment they do not have an ownership interest in (e.g., it can be owned by other individuals). If the owner(s) does not want to gift deed or sell the land to the borrower, the borrower must obtain from all owners a mortgage lease on the allotment acceptable to the lender/federal agency for 50 years or 25 years with

an automatic renewal of 25 years. Everyone with an undivided interest

lessors (owners of the allotment) will lose their interest in the land

must give up their rights to the allotment for the term of the lease. The Keep in mind that for the term of the lease in the event of a foreclosure. This requires: leasing trust land can

- written notification to all owners
- consent to mortgage allotment provided by all the owners along with executed lease
- submission of all documents and plat to BIA
- approval, processing, and recording by BIA

TSR (Title Status Report)

In Module 2, the TSR is described as the document that provides a record of all real estate transactions for a specific property to ensure the legal transfer of property. If your home purchase involves the various types of trust property described in this module, it is very important that you begin your homebuying journey with a request to the BIA for the TSR for the land you intend to use. Timing is critical in obtaining a TSR. It must be current, signed, and certified in order to be acceptable to the lender. A new TSR is valid for six months and must be obtained prior to talking to a lender. Your housing counselor can provide you with a sample of a TSR that is used in your area.

be a complicated process.

Allow a great deal of time

and commit to staying on

top of the process.

Acquiring a Home on Fee Land

Many tribes offer assistance to Natives desiring to purchase a home on fee land. Although your housing counselor may assist you, there are others who are essential to the home purchase transaction.

A real estate agent can assist you in finding a home that suits your needs and finances. They have access to multiple listing services (MLS) and are knowledgeable about the community services available in the market area.

You will need a lender to finance the home purchase. Perhaps a mortgage broker might better suit your needs. Keep in mind there is a major difference between a lender and a mortgage broker. Lenders are employees of a lending institution and work to originate and process loans. They often have a wide variety of loan types to draw from, but all loans originate from one lending institution.

Mortgage brokers are professionals who are paid a fee to bring together lenders and borrowers. They usually work with dozens or even hundreds of lenders, not as employees, but as freelance agents. They typically charge 1 percent of the loan amount.

Properties for sale on fee land may be located via public versions of MLS websites. The benefit of MLS is that a subscriber may search the database and retrieve information about all homes for sale by all participating brokers. MLS databases contain hundreds of fields of information about the features of a property. An MLS subscriber may search an MLS and retrieve information about all homes for sale by all participating brokers. Searches of real estate agent websites also provide information on homes for sale. Although online searches are becoming the preferred choice, browsing the classified ads in local newspapers may identify homes for sale by owners and foreclosed properties. Driving through the neighborhood may yield positive results as well.



Loan Products that Work in Native Communities

There are a number of programs that provide mortgage financing in Native communities. These programs typically require participation of the tribal government and a private lender. Many TDHEs and homeownership nonprofits provide the required homebuyer education classes, conduct the prequalification process, and perform the counseling needed to prepare Native people for home mortgages. The programs that work in Native communities are described below.

Section 184 Loan Guarantee Program. This program provides Native families with the opportunity to purchase a home on tribal trust, allotted, or fee simple land. Loans must be made by a lender who is approved by HUD or the Secretary of Agriculture, or supervised, approved, regulated, or insured by any agency of the U.S. government. A TDHE or bank can be an approved lender. A borrower must apply directly to a lender that is participating in this program. HUD provides a 100 percent guarantee to the lender for all loans, which can be made to Indian families, TDHEs, and tribes. Loans can be made to:

- construct a home
- · acquire a home
- rehabilitate a home
- acquire and rehabilitate a home
- refinance a home

A TDHE or Indian tribe may also borrow funds to develop single-family homes that are subsequently sold to eligible families or individuals or to create tribal-owned rental housing.

Section 184A Native Hawaiian Housing Loan Guarantee Program. This loan product facilitates the investment of private sector capital to finance mortgage loans for single-family owner-occupied homes on Hawaiian Home Lands. A family eligible to reside on Hawaiian Home Lands must apply for a loan directly to a HUD-approved Section 184A lender. HUD provides a 100 percent guarantee to the lender for all loans. Loans can be made to:

- purchase a home
- rehabilitate a home
- purchase and rehabilitate a home
- construct a home

The Department of Hawaiian Home Lands (DHHL) may also obtain a 184A loan to develop single-family homes that are subsequently sold to eligible native Hawaiian families or individuals or to create DHHL-owned rental housing.





Spokane Reservation

Swinomish Reservation

Federal Housing Administration (FHA) Section 248 Mortgage Insurance Program. A family who purchases a home under this program will be expected to finance the home through a bank, savings and loan, mortgage company, or other HUD-approved lender. The eligibility requirements for a loan are similar to those of the Section 184 loan program. The program can be used on trust property, but not on fee simple land, to:

- buy an existing home (including a manufactured or mobile home, providing it meets certain FHA requirements)
- build a home

FHA Section 247 Mortgage Insurance Program provides another financing option for single-family homes on Hawaiian Home Lands. An eligible native Hawaiian must apply for a loan directly to an FHA-approved lender. The home must be occupied as the lessee's principal residence. HUD insures the lender in case of borrower default on the loan. The loan may be used to:

- purchase a home
- construct a home
- refinance (includes FHA streamline)
- purchase and rehabilitate a home
- refinance and rehabilitate a home

Rural Development Section 504 Direct Loans/Grants, also known as **Rural Housing Repair and Rehabilitation Loans**, are funded directly by RD to assist very low-income rural residents who own and occupy a dwelling in need of repairs. This loan only charges a 1 percent interest rate and may be repaid over a 20-year period. Grants are only available to homeowners aged 62 and older, and unable to repay a Section 504 loan. Funds are available for repairs:

- to improve or modernize a home
- to remove health and safety hazards

Rural Development Section 502 Direct Loans are available for low- and very low-income households to obtain homeownership. Applicants located in rural areas may obtain 100 percent financing to:

- purchase an existing dwelling
- purchase and prepare a site and construct a dwelling
- purchase a newly constructed dwelling

Rural Development Section 502 Guaranteed Loans help families with incomes of up to 115 percent of the area median to obtain housing in rural communities. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. Funds can be used to:

- build, repair, renovate, or relocate a home
- purchase and prepare a site

Veterans Affairs Direct Home Loan on Trust Property are available to eligible Native American veterans who wish to purchase, construct, or improve a home on trust lands. To participate in this program:

- There must be an existing Memorandum of Understanding between the tribe and the VA.
- The applicant must have available VA benefit entitlement and be a satisfactory credit risk.
- The maximum loan amount cannot exceed the VA's estimate of the reasonable value of the property.

Conventional Loan Products are not insured or guaranteed by the federal government. Instead, this type of loan requires you to purchase private mortgage insurance on loans if your loan-to-value ratio exceeds 80 percent.

Because housing counselors are familiar with various loan products that work in your area, they can save you time and help you determine the best loan product for you.

Conventional loan programs designed specifically for Native communities are becoming more and more available. Lenders are offering products with relaxed underwriting guidelines, higher housing and debt ratios, no reserve requirements, and low down payments. **Secondary mortgage market** investors such as Fannie Mae and Freddie Mac have designed many of these loan products, which are available through participating lenders.

Other Homebuyer Products. Many Native communities have developed their own mortgage financing assistance programs to serve their members. For example, some have created Community Development Financial Institutions that offer customized mortgage loan financing. Also, many nonprofit housing organizations and state housing agencies offer programs to assist first-time homebuyers and low-income families in Native communities.

Different Loan Products, Different Ratios. As you consider the various loan products, remember to consider their ratios. Some loan products set ratios to allow for more flexible underwriting criteria. For example, the Section 184 Loan Guarantee uses a single ratio of 41 percent. Ratios for the following loan products are listed, with the lower number representing the housing ratio.

- Conventional mortgages 28/36
- FHA 29/41
- Special programs 33/38 (ratios vary by lender)
- Section 184 Loan Guarantee 41
- Section 502 loan program 29/41 to 33/41
- VA 29/41

Professionals Involved in the Homebuying Process

The process involved in looking for a home depends on whether you choose to live within or outside a Native community.

Buying a Home on the Reservation

Shopping for a home on tribal land can be complicated and have unique requirements, so it is helpful to have an expert from your community assist you. Your TDHE, tribal housing department, and local housing nonprofit are good places to begin your search for a home. These entities can provide you with services and information, as well as connect you with professionals such as:

Housing Counselor. Housing counselors will guide you through prequalification, identify program assistance that matches your needs, provide continued counseling, and identify homes in the area. Counselors will make sure that environmental issues and permit requests are referred to the appropriate tribal staff.

BIA Realty. The BIA is the federal trustee for **trust lands**. The BIA Realty Office reviews and approves on behalf of the tribe all leases for residential purposes. The BIA Land Titles and Records Office records all real estate transactions and maintains all title records. Some Regional BIA offices also perform the environmental and site suitability assessments in addition to fulfilling other realty functions.

"I moved back to the reservation because there were jobs available through the economic programs of the tribe. But there wasn't any financing until the 184 program came along. Because of the Section 184 program, I now have a home on the Tunica-Biloxi Reservation. It was tough, but it was worth it." *BIA Roads.* Depending on the funding available, the BIA funds the development and construction of off-site roads. Roads that provide access to the house site are typically the responsibility of the homebuyer. Unfortunately, many homebuyers have limited funds and are unable to build needed roads in a timely manner.

Surveyor. A professional surveyor must either verify the accuracy of the property lines or establish property lines. On trust property, a BIA survey may already exist along with a TSR. Verification may be obtained by either a BIA surveyor or an outside surveyor.

Indian Health Services (IHS). If you decide to build your own home, the IHS may provide free design and construction services for water and sewer facilities, subject to the availability of funding. This applies to individual tribal members who own their land as well as trust or fee-simple property in the reservation area. The tribal member must:

- complete an application
- obtain approval from the tribe
- provide proof of ownership or long-term lease (minimum 10 years) of the property and home
- maintain the property as a principal residence
- have property suitable for construction of the requested water and sewer facilities

Remember that all transactions involving trust property require federal approval from the BIA.

Professional home inspector examines the house you have chosen to assess its condition. All parts of the structure are inspected and any defects or problems are noted.

Appraiser. A professional appraiser provides a detailed assessment of the property value to the potential owner and lender. The lender will use its own appraiser or you will be required to select an appraiser approved by the lender.

Attorney. Before you sign any agreement, it is wise to have an attorney review it to tell you if it protects your interests. An attorney can also help you prepare for the closing. Paying an attorney to review all the loan documents is perhaps the best preventive measure you can take to protect yourself.



Nez Perce Tribe of Idaho



Swinomish Reservation

"People look around and see all this land, but what they don't really understand is that it is practically inaccessible. At Qualla Housing Authority we've done a lot, but we feel we're always just beginning."

Nick Huskey, Housing Manager and Homeowner,
 Eastern Band of Cherokee Indians

Insurance Agent. To ensure that your home is protected, you will need to acquire insurance. An insurance agent can advise you on the various types of required and optional insurance coverage available for homeowners.

Direct Lenders. Direct lenders are financial institutions that make mortgage loans, such as banks and credit unions.

Mortgage brokers bring a borrower and lender together. The mortgage broker receives a fee for this service that is usually paid by the lender. Mortgage brokers have access to many different direct lenders and can provide you with information about various options. Although many mortgage brokers will help you select a good mortgage, make sure you use a licensed broker, do your own research, and are aware of the mortgage process. If you have any questions, do not hesitate to contact a nonprofit housing counselor.

Buying a Home off the Reservation

Purchasing a home off the reservation may bring you in touch with other professionals in addition to the tribal resources mentioned above, such as:

Real Estate Professionals. If you shop for a home off the reservation, you might want to begin with a real estate agent who is trained and licensed to conduct real estate transactions. Because they specialize in knowing the housing market, real estate agents can quickly find available homes in your area. They represent buyers, sellers, or both – and in some states they can work as neutral facilitators for either party. Their compensation is a commission based on a percentage of the sales price. If the transaction doesn't close, the agent is paid nothing. A good real estate agent can also provide helpful advice on many other aspects of homebuying.



Purchasing Partners Exercise

Read the circumstances below and indicate which professionals could be of assistance. You can have more than one answer.

Circumstances	Who Do You Need to See?
Upon looking at the house, I saw cracks in the foundation and stains on the ceiling. I wonder what else may be wrong with the home.	
The seller has asked me to sign a purchase agreement with confusing terms.	
The seller wants too much money for the property. I don't know if the property is worth it.	
I don't have a large savings. I need to come up with more money for the down payment and closing costs.	
I want to buy my brother's house, but I don't know whether it's worth what he is asking. It's kind of old.	
I want to build my own home on my individual allotted land (trust). Where do I go first?	
I can't qualify to buy a home because of my credit, but I have the money for a down payment and I have had the same job for 10 years. I need a house now since my old home burned down. What am I going to do?	



Quinault Reservation

Site Suitability

Before you build or purchase a home, make sure you have the site inspected by someone who is knowledgeable about site development. In addition to cost, many factors can be obstacles to homeownership because they will take an excessive amount of time to overcome. For example, the farther away the access to water and sewer facilities, the greater the cost to build because more time is needed for construction.

Environmental Issues. Environmental issues need to be addressed before you decide to purchase, build, or rehabilitate a home. An **environmental review** can reveal issues that you may not be prepared to address. For example, a leaking underground oil tank is an environmental hazard that can cost approximately \$6,000 or more to remove. Use of federal funds requires that a review using the Statutory Checklist shown in Appendix A: Environmental Assessment be conducted to determine if there is any significant environmental impact of the home purchase transaction. For purchase of an existing home, you will have to provide certification that the property is not in a **flood zone** or a **coastal management zone**.

Other site issues you may need to consider include:

- *Cultural significance*. A determination needs to be made about historic structures that may be located on or near the property.
- Access to the site. The closer the access to the site, the less need there is to build an access road, acquire rights-of-way and permits, and install lengthy, elaborate utility service lines.
- Access to water and sewer. Direct access to a water and sewer system may be more costly initially. Yet, the advantage of operation and maintenance performed by a utility company creates a long-term savings as well as the long-term benefit from treated water versus untreated well water.
- *Drainage*. Surface runoff is of concern to the homeowner because it can result in soil erosion, ponded water, and water in the basement or crawl space. Be sure that measures are taken to direct run-off away from the home or neighbors.
- *Underground springs*. Buying or building a home on an underground spring is disastrous. Structural damage caused by mold due to excessive moisture is only one of many possible consequences.
- *Soil composition*. Composition of the soil will determine suitability for certain types of structures. For example, when the soil is slow draining, as with clay and silt, water will pond rather than soak into the ground, requiring more elaborate drainage systems. Building on soil that contains a high content of lime could lead to sink holes that will cause settlement, resulting in structural damage.

- Existing easements/rights-of-way. Buying and building on property without examining the presence of existing property right-of-way could result in lack of **ingress** or **egress**. Or, you might purchase property on which the right has been extended to others to pass over the land you intend to purchase.
- Zoning or covenants (if applicable). **Zoning** is a way for governments to protect residential neighborhoods from homeowners doing whatever they want. For example, without zoning laws or covenants, your neighbor might decide to put in an unacceptable business enterprise or high-rise apartment building. Check with tribal or county officials first before making a commitment.
- *Topography*. Unleveled land costs more to build on since more earth work and drainage control devices will need to be constructed.

Don't spend money on an appraisal until you have learned about the site's characteristics. If the site is on trust property, contact the BIA, a tribal cultural resource or environmental staff, tribal planning personnel, etc. If the site is on fee property, you should contact Soil Conservation, any city or county planning department, or environmentalist, engineer, etc.

The Indian Housing Coordination Committee was formed to bring all of our resources together and to coordinate all the different activities involved in the homesite leasing process. The committee is a joint project of the Shoshone and Arapaho Tribal Housing Authorities in coordination with Northern Arapaho Housing Development Organization, Habitat for Humanity, Fannie Mae, Rural Development, H21D, JHS, and BJA. Now that we all know what we all do and need, we have been able to streamline the process. Now it's not so frustrating."

- Johnna Oberly, Comanche Tribe, BIA Realty Officer



What Happens When You Ignore Environmental Issues? Exercise



Russell and Kim Valles were approved for a mortgage on Russell's individual allotted trust property. His property consisted of three acres. They purchased a double-wide and planned to place it toward the back corner of the lot. A 200-foot paved driveway needed to be constructed to provide access to the home. Russell knows a contractor who promised to help him with the road to save him some money. Financing was being provided by Home Sweet Home Manufactured Homes.

Property grading began in September. After two days of pushing dirt, the equipment operator came across some bones. Ignoring his find, he pushed on and encountered more bones. The project was stopped so that cultural resources staff could arrange to investigate. The project was shut down and stayed shut down due to winter weather. Collection of all the remains began in the spring and lasted for six months.

	what could kussen and kim have done to prevent this from occurring:
2.	Do you think Russell and Kim had increased costs due to this delay? Why or why not?

Should You Purchase an Existing Home?

Some tribes have converted vacated Mutual Help homes to homes that are available for sale through the TDHE. Many Natives live in areas where existing homes off the reservation are available for sale. The advantage of purchasing an existing home is that the financing process is less time-consuming than that required with new construction. The disadvantage is that you may be buying more problems than you can afford.

Pre-Purchase Home Inspection. It is extremely important that an existing home be thoroughly inspected by a professional home inspector who takes an in-depth, unbiased look at the home you hope to buy. The inspector:

- evaluates the physical condition of the house, such as major mechanical systems – electrical, plumbing, heating, and cooling – and its construction from roof to foundation, exterior to interior
- identifies items that must be repaired or replaced
- estimates the remaining useful life of the major systems, equipment, structure, and finishes

Environmental problems are a new and growing area of concern in home construction or purchase. The lender will probably require assurances regarding lead-based paint (common in homes built before 1978), asbestos, and mold. Mold problems are costly to repair since the only way mold can be treated is to remove the infected area. For example, mold-infected drywall in a bathroom would require all the fixtures to be removed in order to take out and replace all the drywall.

A standard pre-purchase home inspection does not cover soil, pools, wells, septic systems, building code violations, or environmental hazards such as lead, mold, or asbestos. Specialized inspections usually involve an expert and can be costly. The following chart identifies various types of inspections.

If you are considering buying an existing home, be sure that you can obtain clear title for the home and the land on which it is located.

Coeur d'Alene Reservation





Types of Inspections Chart

Town of bounding	W/	Wha Barra	Domestics.
Type of Inspection	What it Covers	Who Pays	Remedies
Standard pre-purchase	Overall home construction and condition, including major mechanical systems	Buyer	Conduct further specialized inspections; repair
Wood damage (required by many lenders; check with yours)	All wood portions of the home	Negotiable	Repair or replace damaged wood; treat for wood- destroying insects or organisms
Lead (disclosure required on all homes built before 1978)	Presence of lead in paint, plumbing, or other areas	Negotiable	Repair or replace affected areas
Radon (disclosure of known elevated levels required) Presence of naturally occurring radioactive gas		Negotiable	Seal foundation cracks, install a sump pump; ventilate basement or crawl space
Environmental hazards (asbestos, mold, formaldehyde, petroleum, toxic chemicals, lead) Presence of any substance in building material, soil, water, or air that poses a health risk		Negotiable	Remove hazardous material, such as asbestos, or source of danger, such as a buried oil tank
Soil	Condition of soil under and around foundation and retaining walls	Negotiable	Repair or treat problem

Sellers may be obligated to disclose known facts about properties for sale – especially conditions not readily apparent – that could affect the sale price or influence a buyer's decision to purchase the home. This is called **disclosure**. Examples of issues that would need to be disclosed include spring flooding in the basement or a failing drainfield. Disclosure laws vary by tribe or state and range from voluntary seller disclosure to mandatory seller disclosure questionnaires. Depending on the tribe or state, seller and agents can be held legally responsible for not disclosing a vital piece of information about a property.

If the home you are considering is in poor condition, then you must be prepared to spend additional money on making repairs and improvements. Consider the following questions before purchasing an existing home.

- How long will it take to make the house livable?
- Who will fix the problems?
- What will it cost?
- How much work can you do yourself?
- Should professional contractors be hired?
- Who will inspect the work?
- Will you live in the home while you are renovating?
- Will rehabilitation and repair costs be included in your mortgage or be part of a separate home improvement or construction loan?
- Will you need special permits/approvals?
- Is the property sound enough to make it a worthwhile project?

An appraisal provides information about the value of a property, while the pre-purchase inspection focuses on the condition of the property.



House Inspection Exercise



Michelle Penney is a single mother of five children. She has been employed as an Executive Assistant for the tribal TDHE for seven years. Currently she lives in a Mutual Help home that is too small for her family. Ms. Penney has very little debt and excellent credit. Her earnings exceed \$35,000 per year and she has a savings account of \$5,000. She has been looking for a home on the reservation and has found a 55-year-old house with seller financing. You are Michelle's counselor and she has asked you for down payment assistance to purchase this home. Review the following inspection report completed by a professional home inspector and answer the questions.

BUILDING ANALYSIS REPORT Summary

List of electrical, mechanical, and plumbing items not operating, roof leaks, and major deficiencies:

55-year-old 2-story house on trust property. City water, septic tank, drainfield. Located in historic area.

Foundation is cracking

Electrical panel provides for 110 outlets

If the fireplace is used, a rated hearth and wall protection is needed

Mold in bathroom; may need to replace floor and framing

Asbestos in siding that has never been replaced

Porch unsafe and not to code, dry rot

List of some important items not at present defective or in need of repair or replacement, but may be within the next three years:

ITEM	EST. PRICE RANGE
Repair windows and storm windows	\$220 each
Replace missing and damaged doors	\$150 each
Forced air furnace (normal life replacement)	\$2,000
Repaint	\$1,000

Spark cap for metal chimney \$50 Repair carpet and vinyl flooring \$400 Repair built-in drawers and doors \$50 to \$150 Clean furnace and duct work \$250

This report consists of 19 pages. The following pages cover in greater detail the items that are a part of this inspection. Additional recommendations may also be found on the following pages.

1.	How old is the property?
2.	Because the property is located in a historic area, do you think this will cause additional problems? Why or why not?
3.	What information do you have that indicates that the previous homeowners failed to maintain the property properly?
4.	List several concerns you might have with this purchase.
_	







Coeur d'Alene Reservation

Should You Have Your Home Built?

Having a home custom-built is a demanding and time-consuming job that should only be pursued by those who are very experienced in the residential construction field or who have the money to obtain professional services. If you choose to build your own home, consider

- using a **contractor** or builder
- using the tribe or TDHE's **force account** crew or construction crew

Professionals who can help you build your own home include:

Contractor. A contractor is the person who manages the construction of a new home. This is the person who is responsible for getting the permits, hiring the necessary subcontractors (e.g., electrician, plumber), and overseeing the building process. A contractor will charge you a fee for their services. Locating information about available contractors can be simple or difficult depending on the area in which you live. Generally, the following resources can be used to identify residential contractors:

- tribal officials
- friends and neighbors
- TDHEs
- Tribal Employment Rights Office
- phone book
- Home Builders Trade Association
- building suppliers
- Rural Development
- local housing nonprofit organization

Force Account Crew. TDHEs can pursue construction activity using a **general contractor** or by force account. The force account method is when the TDHE acts as the contractor, hires a construction crew, and directly manages the project to completion.

County/City Building Officials. When you build your own home off the reservation or outside your Native community, construction permits will need to be obtained from the appropriate officials. Depending on where you live, building permits are typically required for the following types of projects:

- replacing a roof
- building a deck
- adding rooms
- installing new siding
- replacing an electric stove with a gas model
- replacing plumbing fixtures

- building a retaining wall
- constructing a new driveway
- building a fence

You do not usually need a permit for the following types of projects:

- replacing portions of the roof with the same material
- painting exterior or interior walls
- replacing a window or door within the same frame
- installing new flooring
- replacing a faucet or plumbing valve

You may be fined if you do not obtain a permit when one is required. The county or city in which the fee property is located may require inspections to ensure compliance with applicable codes. For example, a sanitation engineer will require a **schematic** or engineer's drawing of the location of a septic tank, drainfield, and well before making a site visit to the homesite and issuing a permit for construction to begin.

Architect/Engineer. An architect or an engineer can provide invaluable services on your behalf. They can provide:

- plans and specifications for your home
- permitting assistance
- assistance selecting a contractor
- inspection of the construction work
- help estimating costs

Interim Construction Lender. If you are hiring a contractor to build your home, you may need to obtain interim financing to cover construction costs before you obtain your permanent mortgage. Construction loans typically have a term of six months and are designed as advancing lines of credit. As construction progresses, advances, also referred to as draws, will be made on the line of credit up to the approved loan amount. The lender usually will inspect the home to ensure work is completed before any draws can be made. You will probably be required to make monthly interest-only payments on the outstanding loan balance. When you obtain permanent financing, your construction loan will be paid off and you will continue paying one loan. Because you will have two separate loan closings — one for the construction loan and the other for your permanent financing — keep in mind that you will have to pay two sets of closing costs. However, some loan products, like the HUD Section 184 Loan Guarantee, include a "single-close" option.

When you apply for your construction loan, you will need:

- a copy of your contractor's agreement
- plans and specifications of your new home
- survey of your lot
- · lease documents, if on trust land

Selecting a Contractor

If you decide to work with a general contractor, you will want to interview several before making a selection. Use Appendix B: Guide for Interviewing Contractors to help with the interview process. Make sure to check the references provided by each candidate. Also try to inspect previous work they have completed. When you narrow down your choices to a manageable number (three to five), ask the prospective contractors to provide you with a written bid based on your plans and specifications. Try to select a contractor based on their skills, previous customer satisfaction, and cost. Try to avoid making a selection based on family connections or friendship.

Once you select a contractor, you will want to establish a contract that outlines the job and the contractor's responsibilities. The contract should clearly define all work that is to be done. To protect yourself, especially for a large job, be sure you have a contract that specifically addresses the following issues:

- *Communication procedures*. Open communication with your contractor throughout the duration of your project is the best way to determine if the project is progressing on time or to understand what factors have delayed the completion date.
- Housing plans and specifications. Your drawings must clearly show what will be done during the project and reflect all code requirements. Any engineering issues in the project will require proof that the structure was checked and approved by a structural engineer or qualified design professional.
- *Scheduling requirements*. Clearly indicate the date the job will begin. State when workers should arrive each day and what time they should stop. Discuss with the contractor when the project will likely be finished.
- *Change orders*. Unanticipated problems may require changes that either increase or decrease costs. Change order procedures should be defined.
- Warranties and customer service. All written warranties provided with any appliances, equipment, or materials used in the project need to be given to you. Understand your builder's warranty policy. A typical 10-year warranty covers structural defects for 10 years, as well as construction materials and defects for the first year and major mechanical systems for the second.
- *Bonding*. Require a **Payment and Performance Bond**, which commits a bonding company to complete the project or pay damages up to the amount of the bond.
- *Insurance requirements*. The contract should state that the contractor will provide proof of all required insurance, particularly professional liability insurance and workers' compensation for his or her employees. For each required insurance policy, the contractor should provide the name of the insurance company, the amount of coverage, and the number of years it has been carried. The contract should also require the contractor to verify that subcontractors have their own required insurance.

- *Lien.* A lien is a right to hold your house as security until payment for services is made. Failure to pay your contractor or your contractor's failure to pay his subcontractor could result in a lien being placed on your property. It is important that you obtain releases from the contractor, subcontractors, specialists, and suppliers before you make the final payment on the project.
- *Materials and equipment requirements.* Identify storage and payment requirements. Make sure that quality, quantity, weight, color, size, or brand name is specified.
- *Payment*. A schedule of progress payments is recommended for inclusion in the contract that should include the amount of each payment, the date of the payment, and the completion stage of the project required before payment is made. Generally, progress payments should not exceed one-third of the total project price.
- *Retainage*. Five percent or more of the total owed should be retained by you until the final walk-through is complete and there is mutual agreement that the job is finished and all subcontractors, services, and materials have been paid.
- Other general conditions. This may include the use of facilities, payment terms, quality of work, inspection requirements, and progress reporting requirements.

Trade associations, such as the National Association of Home Builders (NAHB), as well as tribal, state, and county inspection offices can provide more detailed guidance about contracting and contractors. Appendix B: Guide for Interviewing Contractors includes a sample questionnaire to guide you through the interview process with a contractor.





Selecting a Contractor Exercise



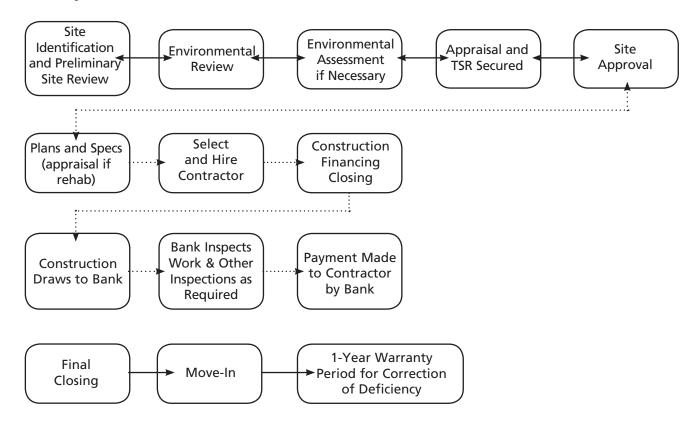
Melanie and Paul Powaukee awoke one evening to a fire in their home. Although the fire did not destroy the house, the smoke damage was extensive. The structure and the foundation of their home were left intact. However, the interiors of all eight rooms in the house need to be replaced. Melanie and Paul obtained three bids from local contractors to rebuild their home. A tabulation of the three bids and the work to be completed is listed below. Review the bid tabulation and the information about the contractors and decide which contractor would do the best job. List the reasons for your selection.

BID TABULATION			
Factors for Consideration	Contractor A	Contractor B	Contractor C
Scope of Work: Replace kitchen cabinetry, appliances, vinyl flooring. Clean all debris. Replace all trim, doors, baseboards, drywall, ceiling. Prime and repaint walls Replace all windows, carpeting, bathroom cabinetry, and fixtures. Replace wiring.		\$31,342	\$46,650
References	Very Good	Fair	Good
Financial capacity	Very Good	Fair	Very Good
Years of experience	15 years	3 years	15 years
Insurance	Yes	Yes	Yes
Pay as work is completed	Yes	Up front payment	Yes
Completes work on time	Yes	No	Usually
Office facilities	Yes	Yes	Yes
Fire damage experience	Yes	Little	Yes

1.	Who had the highest bid?
2.	Who had the lowest bid?
3.	What type of experience do you consider to be important in rehabilitating this home?
4.	Which contractor would you select?
5.	List a reason for your selection. How might you protect yourself when working with this contractor?

Home-Building Process

Regardless of who builds your home, becoming familiar with the home-building process is helpful. The steps outlined below are general and vary depending on the lender involved, your tribe's requirements, and any federal or state program requirements.



Monitoring the Work

When constructing a home, there is only one way to make sure you are getting what you are paying for – MONITOR, MONITOR, MONITOR. The bank or the agency providing construction financing is responsible for regularly inspecting the contractor's work. Critical points of inspection are when:

Either you spend time planning the project thoroughly, or will spend exponentially more time straightening out the project.

- the foundation is poured
- the framing is up but not yet covered
- shear walls are up but not yet covered
- sheetrock has been nailed but before taping
- all work has been completed, prior to building occupancy

Knowing the construction process is necessary to properly monitor and inspect the construction work. Use the following table as a guide to understand the tasks involved in constructing a home.

Home Construction Process Table

1. Get required permits and site approvals
2. Grade lot
3. Get temporary power
4. Get water to site
5. Order brick, mortar mix, and sand
6. Form, plumb, wrap, and inspect form
7. Pour slab
8. Order framing materials
9. Frame house
10. Receive roofing materials at site
11. Put roofing on
12. Rough in electrical
13. Rough in HVAC
14. Top out plumbing
15. Brick exterior
16. Insulate walls
17. Clean before rough-in inspection
18. Do rough-in inspection
19. Install septic tank or sewer hook-up
20. Deliver drywall
21. Sand and finish drywall
22. Clean drywall scraps
23. Put down vinyl floors
24. Deliver trim
25. Stain trim and paint interior
26. Install cabinets
27. Install wood trim
28. Install ceramic tile
29. Trim out plumbing
30. Trim out electrical
31. Trim out HVAC
32. Paint exterior
33. Insulate attic
34. Do final clean
35. Landscape
36. Do final inspection

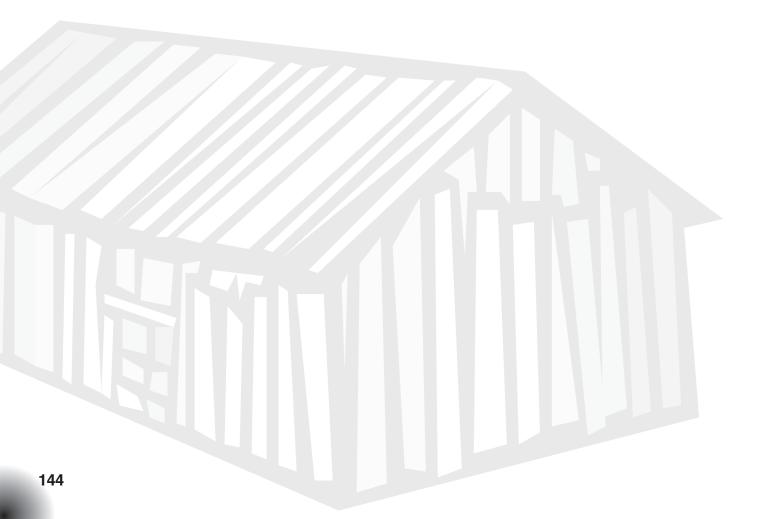
MONITOR,
MONITOR,
MONITOR.

To obtain a record of information pertaining to the work progress, the contractor should provide, as a matter of routine, a daily report. This is an effective tool in managing the project and preventing minor problems from becoming major obstacles. Essentially, daily reports have four basic purposes; they:

- provide a record of activities
- make immediate note of instructions given verbally and ensure that action is taken and justified
- provide documentation for future change order requests and additional charges
- provide documentation for any disputes, settlements, arbitration, or lawsuits

When you have a home built, you need to monitor its construction from foundation to roof. If you buy your home before it is completed, use the final walk-through to make a list (called a "**punch list**") of finishing details that the builder needs to complete. Be sure to have the builder sign a copy of the punch list.

As you can see, there are many options available to you. Your housing counselors should be able to help you select the best option to meet your needs and your spending plan. Once you have achieved mortgage readiness, identified a home or a home site, and satisfied the lender's land requirements, you can begin the loan application process.



Module Highlights

- Land use rights vary from tribe to tribe. It is very important that you become familiar with your tribe's process for land acquisition and land use.
- The most common types of Native land involved in the home mortgage process are tribal trust, individual allotted trust, Hawaiian Home Lands, and fee simple land.
- Everything the tribe may want to do with trust property (lease, mortgage, or develop it) requires federal approval from the BIA.
- The allottee or owner of the individual trust may choose to mortgage the land and consequently risk permanent loss of the land in the case of default and subsequent foreclosure.
- Almost all homesites available for purchase off the reservation are categorized as fee simple absolute.
- There are a number of programs that provide Native families with the opportunity to purchase, build, or rehabilitate a home on trust land or on land located on or near the reservation area.
- Tribal resources may be available to help you purchase or build a home on or off the reservation or Native community.
- Site suitability factors must be considered when deciding to purchase or build. Environmental issues can be obstacles not only because of cost, but they also may take an excessive amount of time to overcome.
- Most lenders will want assurances about environmental and construction issues before making a loan commitment, especially when federal funds are involved.
- A pre-purchase home inspection is a critical preventive measure to ensure the purchaser thoroughly knows the physical condition of the home, the items that must be repaired or replaced, and the approximate useful life of major systems.
- Having a home built is a very time-consuming and demanding job.
- A contractor or builder needs to demonstrate experience, financial capacity, timeliness, and project management experience to be regarded as a qualified contractor.
- The home-building process must be monitored with inspections at various stages of construction.

Module Review

Reflection

	List several ideas that you learned in this module that will be helpful in achieving your goals.	
Ex	kercise	
1.	Tribal trust property is land that is owned by the for the benefit of the	
2.	Individual allotted trust property is land owned by the for the benefit of the	
3.	Fee simple absolute means there are no restrictions on your ownership. In other words, all of the following can be done except:	
	 a. you can sell, rent, or leave the land to your children b. you pay property taxes to the state or county government c. you need approval from the BIA d. you can get a mortgage without needing a lease 	
4.	The lender will require a copy of the certified TSR for the purpose of all of the following except:	
	 a. determining the value of the property b. ensuring ownership of the property c. ensuring the property has no other claims that would affect the mortgage d. ensuring the record is certified as current 	

5.	Which of the following are not characteristic of site suitability factors?
	 □ a. water pooling around the home □ b. construction of a .5-mile access road □ c. uncovering of bones during road construction □ d. substandard condition of the physical structure of the home □ e. a TSR indicating no access to the site
6.	Identify three advantages of purchasing an existing home.
	1
	2
	3
7.	Identify three advantages of building your own home.
	1
	2
	3
8.	A pre-purchase home inspection takes an in-depth look at the home by providing all the following except:
	 a. an evaluation of the physical condition of the house and its construction from roof to foundation, exterior to interior b. identification of items that must be repaired or replaced c. an estimate of the value of the house d. an estimate of the remaining useful life of the major systems, equipment, structure, and finishes
9.	Match the following items with the appropriate description.
	□ a. TSR undivided property □ b. environmental issue condition of the property □ c. appraisal culturally significant property □ d. pre-purchase inspection record of property transactions □ e. fractionated property value of the property

10. To be regarded as a qualified contractor, a contractor must demonstrate which of the following:
 □ a. experience □ b. financial capacity □ c. timeliness □ d. project management experience □ e. all of the above
11. The best means of monitoring the construction of a home is to:
 □ a. be on site every day of construction □ b. ensure that periodic inspection is a provision of the contract □ c. conduct inspections at various stages of construction □ d. B and C

Appendix A

Environmental Assessment

Responsible Entity [24 CFR 58.2(a)(7)]:	
Certifying Officer [24 CFR 58.2(a)(2)]:	
Project Name:	
Project Location:	
Estimated total project cost:	
Grant Recipient [24 CFR 58.2(a)(5)]:	
Recipient Address:	
Project Representative:	
Telephone Number:	
Conditions for Approval: (List all mitigation measures adopted be responsible entity to eliminate or minimize adverse environmental conditions must be included in project contracts or other relevant of requirements). [24 CFR 58.40(d), 40 CFR 1505.2(c)]	impacts. These
FINDING: [58.40(g)] Finding of No Significant Impact (The project will not result in a significant impact on the que human environment) Finding of Significant Impact (The project may significantly affect the quality of the human	·
Preparer Signature: 1 Title/Agency:	Date:
RE Approving Official Signature: 1 Title/Agency:	Date:

Appendix A (cont.)

Statement of Purpose and Need for the Proposal: [40 CFR 1508.9(b)]

Description of the Proposal: Include all contemplated actions which logically are either geographically or functionally a composite part of the project, regardless of the source of funding. [24 CFR 58.32, 40 CFR 1508.25]

Existing Conditions and Trends: Describe the existing conditions of the project area and its surroundings, and trends likely to continue in the absence of the project. [24 CFR 58.40(a)]

Statutory Checklist

[24CFR §58.5]

For each listed statute, executive order, or regulation, record the determinations made. Note reviews and consultations completed as well as any applicable permits or approvals obtained. Attach evidence that all required actions have been taken. Record any conditions or mitigation measures required. Then, make a determination of compliance or consistency.

Factors	Determinations and Compliance Documentation
Historic Preservation	
[36 CFR 800]	
Floodplain Management	
[24 CFR 55, Executive Order 11988]	
Wetlands Protection	
[Executive Order 11990]	
Coastal Zone Management Act	
[Sections 307(c),(d)]	
Sole Source Aquifers	
[40 CFR 149]	
Endangered Species Act	
[50 CFR 402]	
Wild and Scenic Rivers Act	
[Sections 7 (b), (c)]	
Air Quality	
[Clean Air Act, Sections 176 (c)	
and (d), and 40 CFR 6, 51, 93]	
Farmland Protection Policy Act	
[7 CFR 658]	
Environmental Justice	
[Executive Order 12898]	

HUD Environmental Standards	Determinations and Compliance
Noise Abatement and Control	
[24 CFR 51 B]	
Toxic or Hazardous Substances	
and Radioactive Materials	
[HUD Notice 79-33]	
Siting of HUD-Assisted Projects	
near Hazardous Operations	
[24 CFR 51 C]	<u>:</u>
Airport Clear Zones and	
Accident Potential Zones	
[24 CFR 51 D]	<u> </u>

Environmental Assessment Checklist

[Environmental Review Guide HUD CPD 782, 24 CFR 58.40; Ref. 40 CFR 1508.8 &1508.27]

Evaluate the significance of the effects of the proposal on the character, features, and resources of the project area. Enter relevant base data and verifiable source documentation to support the finding. Then enter the appropriate impact code from the following list to make a finding of impact. Impact Codes: (1) – No impact anticipated; (2) – Potentially beneficial; (3) – Potentially adverse; (4) – Requires mitigation; (5) – Requires project modification. Note names, dates of contact, telephone numbers, and page references. Attach additional materials as needed.

Land Development	Code	Source or Documentation
Conformance with Comprehensive	:	:
Plans and Zoning		
Compatibility and	:	
Urban Impact	:	
Slope	•	
Erosion		
Soil Suitability		
Hazards and Nuisances	:	
including Site Safety	:	
Energy Consumption	:	

Appendix A (cont.)

Land Development	Code	Source or Documentation
Noise – Contribution to Community		
Noise Levels	•	
Air Quality –		
Effects of Ambient Air Quality on		
Project and Contribution to		
Community Pollution Levels		
Environmental Design –		
Visual Quality – Coherence, Diversity,		
Compatible Use and Scale		

Socioeconomic	Co	de	Source or Documentation
Demographic Character Changes			
Displacement			
Employment and Income Patterns			

Community Facilities and Services	Code	Source or Documentation
Educational Facilities		
Commercial Facilities		
Health Care		
Social Services		
Solid Waste		
Waste Water		
Storm Water		
Water Supply		
Public Safety • Police		
• Fire		
Emergency Medical		
Open Space and Recreation • Open Space		
Recreation		
Cultural Facilities		
Transportation		

Natural Features	Code	Source or Documentation
Water Resources		
Surface Water		
Unique Natural Features and		
Agricultural Lands Vegetation and Wildlife		

Code	Source or Documentation
· · ·	
· · ·	
•	
	Code

NOTE: The Responsible Entity must additionally document and ensure compliance with 24 CFR 58.6 in the ERR, particularly with the Flood Insurance requirements of the Flood Disaster Protection Act and the Buyer Disclosure requirements of the HUD Airport Runway Clear Zone/Clear Zone regulation at 24 CFR 51 Subpart D.

Summary of Findings and Conclusions

ALTERNATIVES TO THE PROPOSED ACTION

Alternatives and Project Modifications Considered [24 CFR 58.40(e), Ref. 40 CFR 1508.9] (Identify other reasonable courses of action that were considered and not selected, such as other sites, design modifications, or other uses of the subject site. Describe the benefits and adverse impacts to the human environment of each alternative and the reasons for rejecting it.)

No Action Alternative [24 CFR 58.40(e)]

(Discuss the benefits and adverse impacts to the human environment of not implementing the preferred alternative.)

Mitigation Measures Recommended [24 CFR 58.40(d), 40 CFR 1508.20] (Recommend feasible ways in which the proposal or external factors relating to the proposal should be modified in order to eliminate or minimize adverse environmental impacts.)

Additional Studies Performed

(Attach studies or summaries)

List of Sources, Agencies, and Persons Consulted [40 CFR 1508.9(b)]



Guide for Interviewing Contractors

SENERAL INFORM Company Name	IATION					Office Phone			
Mailing Address ederal Tax ID#						Cell Phone Fax Number			
Builders License No		E	xpire Date _		e-	mail Address			
General Liability Ins	urance Carrier				Cove	erage Amt.			
Entity Type (Circle (d. Partnership		Corp	oration
RINCIPALS	2110).	- 1 10p101				,		·	
Name of Principa	I Title / %	Ownership	Home A	Address		Home Phone		Soc	ial Sec. #
					()			
XPERIENCE - Th		ojects comple							
Single Family Co Project To		<\$50,000	\$50,000 - \$99,999	\$100,0 \$274,		\$275,000 - \$499,999	\$500,0 \$999		Over \$1 mil.
xisting – Remodel	Renovation		\$99,999	Ψ214,	333	Ψ+33,333	ΨΟΟΟ	,500	Ψ. τιπ.
lew – Stick Built									
lew – Manufacture	d/Log/Kit							A.	1 .
BANK REFERENC Type	ES – Deposit a Bank Nan		edit Lines ty, State	Accoun	t No.	Contact N	ame	Р	hone No.
Depository								()	
Depository								()	
_ending _ending								()	
		L							
PAST CLIENT REF Name		уре	Date Compl	leted	Con	struction Cost	Da	ytime	Phone
						- / · · · · · · · · · · · · · · · · · ·			
TRADE REFEREN	CES								
Subcontractors		ne	Date Last U		Con	act Name	Ph	one N	0.
oundation raming			- 7	**	-		_		
Electrical									
Plumbing Heating/Air									
SUPPLIERS			7						
Concrete									
Lumber Vindows									
Cabinets									
represent and warra nereby consent to a read standing, persona confirmation to be pro- Every, firm, company, nformation pertaining nformation to the kinn (Company") on behalt to, documents record- formal or informal, pe	eview and confinal financial stand vided to governmental a to me or my cold described above of sor files regarding or closed. closs and other the beas valid as so valid as so	mation on me a ing, fitness as a gency, court, a gency, court, a gency, to the company is hereby a gray charges of I specifically a parties to proginal.	nd firm as to my a builder and suc association or inst y authorized and any, or its repressor complaints file atthorize and requovide my persor eviewing and evang of information	and its chara h other informative informatives, co entatives, co This d against me uest consum nal and the fill aluating the a for the revier	acter, b mation her g contro furnision conductin s autho hinclud er cred rm's ac applicat w and cong with ability of	usiness, professis as may be receivive inafter "Mortgag of of any documen, and low to be cop g the review and rization and requising any complain t reporting agencount/credit histoion and qualificat confirmation by C its parents, siste every nature and	onal and ed during ee Lende hts, record ied or otil confirma est inclucts erasecties, financy to com- ons of mompany, rs, affilia l kind aris	financia of the review of the results of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the destance of the d	al reputation view and other provide, ereinafter is not limited whether titutions, Photocopy of v company as alf of myself cers.
credit granting institut this authorization sha in consideration of the to our fitness as a Buil and my company, I he directors, employees connection with their connection with their sections.	lder and to facili ereby release, _ and independen good faith relian	ce on any inforr	om and against a nation, whether o	or not true or	correc				
credit granting institut this authorization shat in consideration of the to our fitness as a Bui and my company, I he directors, employees connection with their Signature (personally	lder and to facili ereby release, _ and independen good faith relian	ce on any inforr	om and against a nation, whether o	or not true or Signature (p	persona	illy and for the firr		е	
credit granting institut this authorization sha in consideration of the to our fitness as a Buil and my company, I he directors, employees connection with their connection with their sections.	lder and to facili ereby release, _ and independen good faith relian	ce on any inforr	om and against a nation, whether o	or not true or	persona			e	

Sa	mple Questions for Interviewing Contractors
1.	Do you work full time or part time as a contractor? ☐ Full time (preferable) ☐ Part time
2.	How long have you worked as a contractor? years of experience
3.	Is your contractor's license in good standing? ☐ Yes ☐ No License number:
4.	How many projects like this one have you completed?
5.	May I have the names and phone numbers of your last five clients? Client/phone number:
6.	Describe the kinds of insurance you carry.
	Full liability (personal and property) Effective date Workers' compensation Effective date

7. List the subcontractors who will do the work.	
8. Who will be on site to manage the project?	
9. Who will obtain the permits?	
10. When can you give me a written estimate of how much the project will cost	ῖ?
11. Provide at least three financial references, including the bank where you do business.	
12. Will you fill out a credit application?	

13. What are your regular work hours?
14. How do you deal with delays in the work schedule?
15. Do you have your own contract form?
16. Do you have your own change order form?

Notes			



Bruce and Nancy Martin purchased their
home on fee simple land on the edge of the
Cherokee Reservation in Cherokee, North
Carolina. They were also able to obtain a
home equity loan to renovate the home.
Their goal is to pass on the home to their
daughter Sarah so she can enjoy the many
benefits and freedom of homeownership
and pass it on to future generations.



Applying for a Home Loan

Objectives

In this module we will discuss:

- prequalifying for a home mortgage loan
- the loan application process
- the loan application interview
- application processing
- loan decisions
- loan commitment
- closing
- predatory lending

Prequalifying

Prequalifying can be done by the lender or, ideally, by a housing counselor. The lender's prequalification process focuses on your income and credit. A more thorough process performed by a housing counselor examines the four Cs of credit as well as budgeting and debt management. Your housing counselor approach provides the most opportune way to obtain a mortgage suited to your financial needs. A lender works for a financial institution, while a housing counselor works for you.

Many TDHEs and housing nonprofits have housing counselors to prequalify and screen applicants on behalf of lenders. A housing counselor will:

- gather personal financial information
- assist you in preparing a monthly spending plan
- calculate your affordability
- review your credit report with you
- prepare an assessment of your needs and a client action plan
- schedule you for homebuyer education classes
- assist you with the land leasing process, if applicable
- help you find a home or contractor
- help you through the loan application process
- help you avoid a predatory loan



Chickees are a type of traditional home used in Florida by the Miccosukee and Seminole Native communities. "Chickee" in the Miccosukee language means "house." It is an open-air structure made from peeled pine or cypress poles with palm fronds nailed to the roof poles in an overlapping circular manner for water tightness.

During your initial meeting, you will be asked numerous questions about your income, employment status, previous housing assistance, and debt. The information you provide will be used to match your needs with an available loan program. Keep in mind, when there are two or more co-applicants for a loan, information must be collected for each applicant. Because many financing programs require participation in a homebuyer education program, you may be required to sign a Homebuyer Counseling Agreement such as the one included in Appendix A: Homebuyer Counseling Agreement. Depending on your situation, you will either proceed with the loan application process or continue with one-on-one counseling until you are ready to apply for a mortgage.

If you have any obstacles to homeownership, they are identified during the prequalifying process. Your counselor can provide you with an assessment and an action plan for achieving mortgage readiness. This is called a client action plan. This plan identifies any obstacles to mortgage readiness and describes the steps you need to take before you are ready to apply for a loan.

You cannot begin the formal application process with the lender until you have obtained all of the following:

- executed lease or assignment and TSR, if tribal trust property
- current signed and certified TSR for individual allotted trust property, and an executed lease, if applicable
- **purchase and sales contract** for an existing home or the Contractor's Agreement for new construction of a home (e.g., contract with the builder, bill of sale, evidence of earnest money, etc.)

Your housing counselor can help you during the prequalification process.

You may need to develop a financial plan before you qualify for your loan.

When applying for a Section 184 loan or for any loan involving trust property, obtaining the TSR is the first task to be pursued. A current signed and certified TSR is valid for six months. Because there are variances within each tribe and BIA Region, it is imperative that you start the process as soon as you begin working with your housing counselor and certainly before you contact your lender.

Purchase and Sales Contract

You will need to have a signed purchase and sales contract (also called purchase agreement or **offer-to-purchase contract**) for the lender at the time of the application (see example included in Appendix B: Purchase and Sales Contract). Although there are many different forms of purchase contracts, all of them must contain the following basic elements:

- name of the buyer
- address of the property
- offer price
- financing details
- earnest-money deposit
- closing date of sale

It is to your benefit to become familiar with the terms of the purchase contract. If you have any questions, be sure to have an attorney review the contract before you sign it. In addition to the basic elements mentioned above, a comprehensive contract should include the following:

- *Time to respond*. Specify how much time the seller has to answer your offer. Any contingencies should also include time limits.
- Seller's responsibilities. Include passing clear title to the property, maintaining the property in its present condition until closing, making any agreed-upon repairs, and delivering the property clean and free of personal possessions and debris.
- *Disposition of* **deposit**. Specify whether the deposit is refundable if the contract is terminated. In cases in which the borrower is unable to secure loan approval or the **prepurchase home inspection** is not satisfactory, the seller should refund the deposit to the buyer.
- What stays. Specify fixtures and personal property to be included in the sale. Make a detailed list. Verbal agreements are not binding.
- *Terms of withdrawal*. Specify conditions that allow you or the seller to withdraw from the agreement. You may not think you will need them, but it is good protection.
- *Final walk-through*. Schedule the final inspection to make certain the property is in the condition you agreed to buy and that nothing has gone wrong with the home since you last looked at it. Your contract should specify the seller's responsibility if the walk-through is unsatisfactory.
- *Problem solving*. As much as possible, your purchase contract should help you and the seller resolve any issues that may arise. For example, if your lender only guarantees your locked-in interest rate for 60 days and the seller is not able to close in that time, one solution is to include a provision in your contract that sets a firm closing date and allows the seller to rent the property back to you for a specific time.



Seminole Reservation

- **Contingencies** are ways you can legitimately get out of the contract. It is important to include contingencies so that you have some guarantee of getting your deposit back if the deal falls apart. Here are some sample contingencies to keep in mind. The offer is contingent upon:
 - the buyer's approval for financing
 - the results of an inspection indicating there are no problems with termites, radon, plumbing, etc.
 - the appraised value of the house being at least equal to the offer's price
 - the sale of the buyer's existing home
 - the seller specifying all known defects
 - the seller being able to pass clear title or an acceptable legal interest in the land

Contractor's Agreement

If you build your home, the lender will want a copy of the agreement you entered into with your contractor. Module 5 discusses the essential components a Contractor's Agreement needs to ensure your protection.

Purchase and Sales Contract Exercise

Read the following excerpt from a purchase agreement prepared by an attorney for the seller. Some items have been purposely omitted because they are not necessary for the purpose of this exercise. Once you've read the excerpts, answer the questions that follow.

PURCHASE AGREEMENT EXCERPT

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby mutually covenant and agree with each other as follows:

- 1. The total purchase price is <u>Ninety-Five Thousand</u> DOLLARS (<u>\$95,000</u>), payable as follows:
 - A. <u>Five Hundred DOLLARS</u> (\$500.00) as earnest money, receipt of which is hereby acknowledged. The parties specifically agree that in the event this transaction fails to close due to the Buyer's unwillingness to proceed for any reason other than Seller's inability to meet the terms of this Purchase Agreement, then the Seller shall retain said <u>\$500.00</u> earnest money as his liquidated damages and the Buyer shall be released from any further liability. However, should Seller be unable to so perform, then this earnest money shall be refunded to Buyer and this agreement shall be of no further force or effect.
 - B. \$Nine Thousand Five Hundred Dollars (\$9,500) in cash or certified funds, at closing. There are no warranties, express or implied, except as to title and the Property Disclosure Statement set forth in Paragraph 9 hereof.
- 2. The parties agree that the costs associated with the closing of this transaction shall be allocated as follows:
 - A. Seller shall pay the full cost of the owner's title insurance policy and one-half of the closing agent's fee and will pay all other costs of sale normally attributed to a seller in the closing of a real estate transaction, including but not limited to sales commission, owner's title insurance premium, recording fees and reconveyance fees, together with all attorney fees incurred by the Seller.
 - B. Buyer shall pay one-half of the closing agent's fee, and all other costs of sale normally attributed to a buyer in the closing of a real estate transaction, including but not limited to loan fee/discount points, appraisal fee, credit report, recording fees, fire insurance premium, tax and insurance reserve, prorated property tax and lender's title insurance premium, together with all attorney fees incurred by the Buyer.
- 3. Sellers agree that within ten (10) days of Buyers' acceptance of this present offer, Sellers shall sign and deliver to Buyers the Property Disclosure Statement required by the Idaho Property Condition Disclosure Act. Upon receipt of said Property Disclosure Statement, Buyers shall have until April 28, 2008, (normally three business days), to rescind this agreement by delivering to the Sellers, or Sellers' agent, their written, signed and dated document of rescission. Sellers acknowledge that Buyers shall have the right to rely upon the representations set forth in said Property Disclosure Statement; however, the property herein being sold is being sold subject to any deficiencies set forth on said Property Disclosure Statement.
- 4. Seller specifically agrees that prior to June 15, 2008, Seller shall cause the following repairs to be completed:
 - 1. Repair seamless gutters around the front of the home.
 - 2. Replace broken porch tiles.
 - 3. Replace roof shingles over porch area.
 - 4. Replace two broken windows with equivalent or better windows.
 - 5. Provide certification of septic tank and drainfield.
 - 6. Vacuum duct work.
 - 7. Repair spindles on stairway.

1. What is the sales price of the home?
2. What is the down payment?
3. List at least three of the contingencies cited in this contract.
4. Is the earnest money refundable?

Check with your community or state for standard purchase and sales contracts that are designed to protect all parties involved in the transaction.

"It is frightening to see these companies actively preying on elders. One of the most severe cases I witnessed was with an elderly Choctaw tribal member who had her home conveyed to her by the Choctaw Nation after paying on it for the required term. This lending institution actually convinced her that she needed a mortgage on her property. As time passed and she expressed her inability to make the payments, they actually convinced her to refinance the loan, which in turn just got her into deeper debt. By the time her daughter intervened, this elderly widow was about to lose her home. The stousing Authority of the Choctaw Nation was able to help this woman save her home, but it shows that these companies are looking for victims."

⁻ Pattye Green, formerly with the Housing Authority of the Choctaw Nation





Tunica-Biloxi Indian Tribe of Louisiana

Seminole Reservation

Loan Application Process

Once you have completed the prequalifying steps, you are ready to proceed with the five-step loan application process.

Step One: Formal Application Step Two: Application Processing

Step Three: Loan Decision

Step Four: Loan Commitment Letter

Step Five: Closing

By working with your housing counselor early in the prequalifying process, the loan application process can be less stressful and time consuming. You might find a great deal on your own, but your housing counselor can help you determine if it is suitable for your financial circumstances.

Step One: The Formal Application

Depending on the financing program you are pursuing, either a tribal housing counselor or a representative of the bank will assist you in completing the formal application. All borrowers are required to attend the loan application interview. At this time, you may be required to pay your application fee, which typically covers the cost of your appraisal and credit report. The lender will request your street address and a copy of your photo ID, which will be included in the national database as required by the **Homeland Security Act**. Once the application is signed and dated, the clock starts ticking.

Most lenders have a checklist of forms you will need to complete to prepare for the loan interview. Some lenders also require an **application agreement**. Several tribes have their own loan programs and loan documents. You will need to check with your housing counselor to see if this applies. The following checklist includes most items that you will be asked to provide.

EXAMPLE

Document Checklist

For all loan types we need the following information:

- · Proof of federal tribal citizenship or nativie Hawaiian status, if required by loan type
- Completed and signed Uniform Residential Loan Application
- A check made payable to the lender for your credit report and appraisal costs
- Documentation of total household income, if NAHASDA funds are involved in transaction
- · Two months' bank statements
- Most current pay stubs and W-2s for the past two years
- If you are using additional income, i.e., rental income, interest/dividend income, leasing income, per capita distribution, retirement, pension, Social Security, overtime, etc., to qualify for this loan, we will need tax returns for the two most recent years
- Leases for all rental property owned (if applicable)
- Self-employed individuals must furnish complete signed copies of the past two years' Personal Federal Tax Returns (Form 1040), a year-to-date Profit and Loss Statement and Balance Sheet on the business, and two years' Corporate/Partnership Federal Tax Returns (Form 1120)
- If you are divorced or separated and are using alimony or child support as income to qualify for this loan, you must provide a copy of your divorce decree or separation agreement and evidence that such income has been received on a regular basis for at least 12 months (i.e., copies of canceled checks or bank statements showing deposits)
- · Original copies of all forms requiring signatures included in your mortgage kit

If you are purchasing a home, we need the following additional documentation:

- · A copy of your purchase contract on the property being purchased
- · A copy of your canceled check showing your earnest money deposit

If you are building a home, we need the following additional documentation:

- Contractor's Agreement
- · A copy of your canceled check showing your earnest money deposit
- Construction plans and specifications
- Contractor cost estimates
- Contractor information, credit, insurances, references, etc.

If your purchase involves trust property, we need the following additional documentation:

- A current signed, certified TSR
- Environmental Review or Assessment documentation, if applicable
- · Lease instrument, recorded by BIA

The following needs to be accomplished as early as possible, but at least five days prior to closing:

- If you have elected to **float** your interest rate, you will have to lock your rate no later than five days prior to closing. Please contact your loan processor for more information.
- If any party will not be present at the closing, we must receive notice of a specific Power of Attorney at least five days prior to closing
- Satisfactory survey
- A termite certification, if required by local practice or as a result of the appraisal
- If the appraiser has required repairs to the property or if there are items to be repaired or completed that affect marketability or safety, you will need to have the repairs completed and inspected prior to closing

The following needs to be brought to closing:

- A cashier's check for the amount of your closing costs (if applicable)
- Hazard Insurance policy or a binder with one year's paid receipt (original)
- Flood Insurance confirmation, if required
- Any other certifications that may be required by the appraiser

Lock-In. At the time of application, the lender will discuss with you the need to lock-in an interest rate. Locking-in an interest rate or a certain number of points means the lender guarantees a specified interest rate or an amount of points for a specified period of time. Locking-in too early, however, might prevent the buyer from taking advantage of a market with falling interest rates and decreasing points. Lenders will lock-in a rate and points at the time the application is made, when the application is approved, or at the time of closing. It is important for you to ask the lender when you can lock-in points or an interest rate. and to find out how long the lock-in will last. Locking-in rates and points can help protect the buyer against a rise in interest rates and fees. Lenders' willingness to offer lock-ins on trust land may vary.

Uniform Residential Loan Application (URLA)

To apply for a loan, you will be required to complete the **Uniform Residential Loan Application (URLA)** (See Appendix C: Uniform Residential Loan Application), which is a standardized application form used by most lenders. It is very important you provide accurate answers to the questions since the lender will be verifying your information. During this time, if an issue comes up and all parties are aware of potential problems, steps may be taken to settle them early in the application process. The information required on the application form falls into six broad categories:

- 1. *Borrower Information*. Full names, addresses, Social Security numbers, employment, and income of all borrowers.
- 2. *Financial Information Assets and Liabilities*. Information on all other assets, such as checking and savings accounts, stocks and bonds, etc., including account numbers. You must identify information on all outstanding debts and other financial obligations, including loan numbers, and landlord name, address, and phone number.
- 3. Financial Information Real Estate. Information on properties you own and what you owe on them.
- 4. Declarations. Asks specific questions on your property and your financial history.
- 5. Declarations. Information about your legal obligations when you sign your application.

If your loan is approved, the lender must provide you with the **special information booklet** within three days after receiving your loan application.

Consumer Protection Laws

Lenders are required by law to disclose certain information at the time of the application.

Homeland Security Act. You may wonder why lenders require so much private information. The Homeland Security Act requires lenders to obtain a street address and photo ID from each loan applicant. The information is entered into the Homeland Security's national database.

Real Estate Settlement Procedures Act (RESPA). This is a federal law prohibiting certain abusive practices that increase the cost of settlement services. RESPA also requires your lender to provide mortgage transaction disclosures that describe closing costs, lender servicing and escrow account practices, and business relationships. RESPA requires your lender to provide:

- a **Notice of Transfer of Mortgage Servicing**, which informs you of the likelihood that your loan will be transferred to another organization for servicing
- an Escrow Account Statement, which itemizes the estimated taxes, insurance
 premiums, and other charges anticipated for the first 12 months. In addition, the loan
 servicer must provide a statement at least once a year that indicates the amount paid
 into the escrow account, the amount expended, and the account balance.

Truth-in-Lending Act (TILA). This is a federal law that covers a variety of consumer finance transactions, including mortgage finance transactions. TILA requires lenders to fully disclose all finance charges and the **annual percentage rate (APR)** on the loan. The APR is based on the contract interest rate plus discount points and certain other fees. The APR reveals the true costs of the loan and is a better basis of comparison than the interest rate alone. The TILA also requires disclosure of the payment schedule, the total number of payments, late charges, and other terms of the loan.

Integrated Mortgage Disclosure Under RESPA and the Truth in Lending Act (TILA-RESPA Rule). The TILA-RESPA Rule, also referred to as TRID, requires your lender to provide:

- a **Loan Estimate**, designed to explain the loan terms, projected payments, and costs at closing, must be provided to you no later than three days after you submit your loan application. A sample is provided in Appendix D: Loan Estimate.
- the **Closing Disclosure** details all the costs of the loan transaction and must be provided to you at least three days prior to the closing. A sample is provided in Appendix E: Closing Disclosure.
- the **Special Information Booklet** explaining your rights and responsibilities
- the **Escrow Closing Notice** explains the reason(s) for the cancellation of the escrow account, applicable dates and times, options, and your responsibilities.

A recent rule change in the TILA, called the Ability to Repay/Qualified Mortgage (ATR/QM rule), requires your lender to make a good-faith determination that you have a reasonable ability to repay the loan, considering such factors as your income or assets and employment status, as well debt obligations and credit history.



TILA-RESPA Rule Exercise



	FEDERAL	DISCLOSURE STATEMENT	
Names of Borrower(s) Property Location: Lender:	HARRIET T. FRANK & ST		e: 8/1/09 n Number: 007
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
13.325 %	\$143,077.43	\$72,235.49	\$215,312.92

- 1. How much is the Franks' loan amount?
- 2. What is the cost of the credit?
- 3. What is the total cost to the Franks?

Disclosure/Defects. Sellers are required to provide a disclosure about the condition of the property. A sample disclosure statement is provided in Appendix G: Seller Property Disclosure Statement. Some tribes and most states have disclosure requirements. The requirements may vary as indicated below:

- Legal requirements range from a questionnaire to verbal notification.
- In some areas, seller disclosures are voluntary. The only sellers excluded from disclosure laws are banks and mortgage companies with foreclosure properties.
- Some local and federal laws require sellers to make specific disclosures.
 Federal law, for example, requires sellers of homes built before 1978 to disclose any known lead hazards.
- Some large real estate companies require prospective sellers to complete a disclosure form before listing their property.

Step Two: Application Processing

Verification Process. Once you have completed your loan application package, it is submitted to a loan processor who will begin verifying your information.

The authorization forms that you sign will allow your employer, bank, and creditors to release confidential financial information to the lender. Sample verification forms are provided in Appendix G: Verification Forms. Various forms are used for the lender to verify and analyze the following:

Working with a housing counselor before beginning the application process can help to expedite the verification process.

Acting as your agent, your counselor can help you correct problems, spot discrepancies, and ensure all information is accurate before you submit your application to a lender.

- employment stability
- salary and other sources of income
- availability of funds for down payment and closing costs
- credit history

Step Three: Loan Decision

The loan decision is made after a very thorough analysis of all the information you have previously provided during the application and verification steps. The loan decision involves:

Underwriting. Underwriting is the process of evaluating a loan application to determine the risk involved to the lender. **Underwriters** are employees of the lending institution who have the knowledge and experience to make such evaluations according to specific criteria.

Automated Underwriting. Automation continues to impact the mortgage industry. Using your loan application information and computer underwriting software, an automated underwriting system arrives at a loan decision. Although this speeds the process and removes human bias, automated underwriting overlooks compensating factors and borrowers who do not have traditional credit. Make sure you ask your lender about the process used to make a loan decision.

During the prequalifying stage, your housing counselor analyzed your mortgage readiness based on the four Cs – capacity, capital, character, and collateral. In addition to the four Cs, lenders may favorably consider compensating factors depending on the loan product you selected. The underwriter will conduct a much more in-depth analysis based on the same criteria. In some cases, a portion or all of this process may be automated.

Capacity

Capacity is determined by the applicant's ability to make the monthly mortgage payments. In reviewing your income and debts, the lender will focus on the relationship between the two. As discussed in Module 4, these relationships are expressed in terms of qualifying ratios that determine how much of the borrower's income can be applied to housing costs. Just because you have
the capacity to make a large
monthly housing payment doesn't
mean you should. Watch out for
"payment shock" which could
happen if your mortgage payment
greatly exceeds what you have
been accustomed to paying.



Eastern Band of Cherokee Indians of North Carolina



Seminole Reservation



Lenders use the **Verification of Employment (VOE)** form, pay stubs, W-2s, and tax returns to look for evidence of income and employment stability by examining

- applicant's occupation
- employment tenure
- income and opportunities for future advancement
- education background
- occupational training
- length of employment Most lenders require evidence of two years' continuous employment in the same line of work. Some loan programs, such as the Section 184 Loan, will permit job changes with an explanation, such as school or service in the military.
- self-employment Copies of federal income tax returns for the previous two years, including a Schedule C, partnership or corporate tax returns, profit-and-loss statements, and balance sheets for the current and previous two years may be required. Detailed records of all transactions of traditional Native businesses can satisfy lender requirements.
- lease income This income from trust property can be verified through the BIA.
- tribal payments This includes income from gaming dividends, per capita payments, and tribal distributions that can be verified by the tribe and determined to be continuous.

The VOE requests employers to indicate the likelihood of continued employment. Affirmation of a strong likelihood of continued employment will be viewed favorably. However, the lender will carefully evaluate any comment from the employer that leads the lender to question continued employment. Your lender wants to ensure that you have a stable and continuing stream of income from employment or other sources.

You will need to identify any other sources of income in addition to your salary. All income sources must be reasonably expected to continue for at least three years, regardless of the source, to be considered as eligible income. Other income sources may include:

- Social Security
- alimony, child support, or separate maintenance
- military income
- income derived from part-time or second jobs may be used if the applicant can provide evidence of amount and continuance
- overtime, bonuses, and commission income
- unemployment and welfare benefits
- recurring payments such as Alaska Permanent Fund Dividend (PFD) and per capita distributions from land claims, settlements, tribal casino revenues, and trust land lease
- interest and dividend income, notes receivable, trust income, and VA benefits if properly documented

Because many Natives are self-employed in traditional enterprises such as Native arts and crafts, tourism, Native food stands, etc., it is imperative that records regarding business transactions are sufficiently detailed to be considered as qualifying income. A history of your business will need to be retained for several years in addition to providing evidence of its continuance. Although traditional enterprises are typically conducted on a cash basis, opening a separate business account will help track the income and expense flow. Filing an income tax return also provides documentation of the income. In addition, you may need to maintain a record of receipts for expenses and payments received along with inventory and customer records.



Evaluating Employment Exercise

Steve lives in Bristol Bay, Alaska. He has never collected unemployment and has consistently worked for the past five years. His employment history over the past two years is listed below, with his most recent employment first.

Employer	Time Period	Monthly Income
Diner	Three months	\$1,800
Bryson Video	Six months	\$1,600
Bristol Bay Health Center	Three months	\$1,600
Construction Work	Twelve months	\$2,200

Steve pays \$550 per month for rent. He just repaid his car loan early. His credit history shows he has continuously met his obligations. He occasionally receives Alaska Corporation dividends and has a savings account with \$6,000 that has been in place for the past three years.

1.	Has Steve been working in the same industry?
2.	If Steve came to you for a home loan, would you want to know about his employment prior to the two years he reported? Why or why not?
3.	Do you believe Steve can qualify for a home loan based on his employment? Why or why not?
4.	Can you count Steve's dividends as future earnings?

Capital

Capital is measured by verifying there are sufficient funds available for up-front costs and reserves to meet several months costs after the sale. Lenders will use the standard **Verification of Deposit Form** to verify the balances in your checking and savings accounts to pay up-front expenditures for down payment and closing costs, and any unforeseen expenses that may arise soon after you purchase your home.

Other sources of funds that may be acceptable include:

- *Gifts.* Some loan programs will allow the down payment to be in the form of a gift or grant. Most lenders will want to verify that a monetary gift does not have to be repaid.
- IRA/Keogh Accounts. If the source of closing costs comes from an
 Individual Retirement Account (IRA) or Keogh account, withdrawals
 may be subject to early withdrawal penalties. Only the net proceeds can be
 counted toward the funds for closing.
- Borrowed funds. If secured by an applicant's asset, borrowed funds may be acceptable as funds for closing. Eligible assets that may be used to secure funds include certificates of deposit, stocks, bonds, automobiles, real estate, and life insurance policies. Lenders will verify both the terms of the loan and the fact that it is a secured loan. Repayments on the loan are considered as debt when qualifying for the loan.
- *Tax refunds*. Many Natives receive federal tax refunds or Earned Income Tax Credits that can be saved and used for the down payment and closing costs associated with buying a home.
- Government bonds. When selling a government bond, the actual receipt
 of funds must be verified, and they should be valued at their present
 market value.

Unacceptable sources of funds include:

- unverifiable funds
- cash on hand (that is not in a bank account)
- signature loans
- lines of credit on credit cards
- overdraft protection on checking accounts

Your housing
counselor can investigate
down payment assistance
programs for which you may
apply. During the qualification
process, a housing counselor
can assist you in budgeting
and establishing a
savings plan.

Character

Credit history analysis and evaluation of an applicant's current liabilities is critical to the underwriting process. An applicant's liabilities include:

- installment loans
- revolving charge accounts
- alimony
- child support
- real estate loans
- stock pledges
- all other debts of a continuing nature

For each of these liabilities, the lender verifies the unpaid balance and the applicant's recent history. This information is generally obtained through a Tri-merged or Residential Mortgage Credit Report. Items that will be examined include:

- *Payment history*. The lender will look at how applicants have paid installment and revolving credit accounts, whether or not they have paid them on time, and how often payments have been late.
- *Rent payments*. The applicant's history of paying rent or mortgage payments is important because it is an indication of their commitment to pay for shelter. Their history of paying the rent will be particularly important if applicants pay cash for most of their purchases and do not have an active credit file.

- Residential stability. Applicant's residential stability will also be considered. If an applicant has moved frequently, the lender will want an explanation. Moves associated with job transfers do not present a problem.
- *Debts*. The lender will verify balances on credit cards and other installment or revolving credit accounts. They will compare debts listed on the credit report to those that were self-reported on the application form. Discrepancies must be explained.
- *Bankruptcy*. The lender will look to see if the applicant has filed for bankruptcy in the past. A bankruptcy filing will stay on the credit report for up to 10 years.

"2.1 th my income and four kids, I knew I was never zoing to be able to buy a house. The housing authority has this great program where I was able to get money to buy down the mortgage. I have a great job and everything else is in order. 2.1 thout the housing authority's help, I would still not have a home for my kids."

- Michelle Penney, Homebuyer, Nez Perce Tribe, Idaho

Your housing counselor will work with you during the prequalifying process to understand your income and debts as well as determine the home price that you can afford. The counselor will help you evaluate your situation using a lender's criteria. This preliminary analysis will identify problem areas and allow you to develop an action plan to overcome them.

Collateral

Collateral is property that is acceptable as security for a loan. On allotted land, the home and the land itself or the leasehold interest in the land can be used as collateral subject to approval of the other allottees and the BIA. Collateral on tribal trust land consists of the leasehold interest in the land and the home, and must be approved by the tribe and the BIA.

Lenders want to be sure the value of the property being offered as collateral can support the mortgage. The loan-to-value ratio shows the relationship between the amount of the mortgage and the total value of the property.

EXAMPLE

A loan-to-value ratio of 90 percent means that the lender will loan 90 percent of the sales price or appraised value (whichever is less). The borrower would then have to make a 10 percent down payment. For example, a down payment of \$6,000 would be required to purchase a \$60,000 home. Then the borrower would take out a loan for \$54,000 to purchase the home.

Lenders use the value of the property as determined by an appraiser. They do not extend mortgages for more than the property is worth. In fact, lenders will only loan a percentage of the property's value.

An appraisal is a professional opinion of the market value of a property. To determine current market value, an appraiser will compare the price of the home you wish to purchase with that of at least three comparable homes that are in the area and have been sold within the past six months, then adjust for differences in the properties. Practices by appraisers with regard to placing a value on trust property vary. Where trust property is involved in a new construction purchase, appraisers assess the value of the land according to their experience with that Native community and construction cost estimates and improvements compared with that of the area.

There are several reasons why appraisals are required:

- The appraisal is a means to determine if the property provides adequate collateral to secure the proposed loan amount.
- Although the appraisal is not an inspection, it does provide information regarding the overall condition of the home. For example, if a home is

appraised lower than other homes in the neighborhood due to its age or lack of maintenance, the lender will want to make sure the borrower has enough income to make the monthly mortgage payments plus pay for repairs as needed.

• Lenders want to minimize their risk of loss in the event of a foreclosure.

Other Factors

A minor deficiency in the information you provide to the lender will not be used as a basis for denial. Lenders examine all the information and occasionally find compensating factors, or information that exceeds their requirements, that offset a deficiency.

EXAMPLE

Anna and Tommy Lee Redheart have been paying a monthly rental payment of \$600 per month. They have applied for a Section 184 Loan Guarantee for a four-bedroom home that will require a mortgage payment of \$550 per month. The debt-to-income ratio is 41 percent. The lender considers a 29 percent housing ratio to be reasonable and doesn't like to approve loans above that. They have excellent credit, employment stability, and savings. However, their housing ratio is 32 percent, which is not typically acceptable. Because the Redhearts have been paying \$600 per month for the past three years without any problem and all other factors exceed the lender's requirements, the loan was approved on the basis of compensating factors.

A combination of factors can make up, or compensate, for a minor deficiency. There must be compelling factors documenting that the family would be able to fully meet the obligations of homeownership, such as, but not limited to, the following documentation:

- family income from sources that are not counted toward computation of adjusted monthly income
- family ability to supplement income by providing its own foods, fuel, or other necessities
- prior history indicating that rental payments exceeded the proposed mortgage payment
- history of excellent repayment of all debt obligations
- excellent landlord, creditor references
- time with employer
- time with same occupation
- savings/bank accounts and other investments
- cash reserves after loan closing
- down payment amount
- · monthly residual or discretionary income

It is important to remember that from time to time you may be asked to provide additional information that was previously requested and submitted. Keep in mind that you and your family are unique and underwriters are trying to achieve an understanding of your situation without the benefit of personal knowledge.

Compensating Factors Exercise



Review the Evaluating Employment Exercise on page 176 and then answer the following questions.

List the compensating factors that might compel the underwriter to grant Steve a loan.
 Are there any compensating factors that could affect Steve's loan application?

Your housing counselor will help you make sure that the offered sales price is reasonable for the home you select.



Eastern Band of Cherokee Indians of North Seminole Reservation

Step Four: Loan Commitment Letter

The underwriter will make a decision or recommendation as to whether the loan should be made after a full review of the applicant's credit history, the relationship between income and debts, and the value of the secured property. If the underwriter approves the loan, a conditional commitment letter is mailed to the borrower. This letter outlines:

- basic terms of the loan
- conditions that must be met



Loan Commitment Exercise

Review the following Section 184 Loan Commitment and answer the questions that follow.

SECTION 184 LOAN GUARANTEE FIRM COMMITMENT FORM U.S. Department of Housing and Urban Development Office of Native American Programs

General Commitment Conditions

- 1. *Maximum Mortgage Amount and Term:* a) Occupant Mortgagors: Mortgage amount and terms assume satisfactory owner-occupant mortgagor(s) or qualified fl-IA or Tribe. b) Changes: HUD may, due to a significant negative event affecting The homebuyer's income, liabilities or credit, change The mortgage amount and term.
- 2. Validity Period: This document expires 60 days from The issue date with an optional 60-day extension at HUD's discretion.
- 3. Cancellation: This document may be cancelled alter 60 days from The date of issuance if construction has not started.
- 4. *Property Standards:* All construction, repairs, or alterations proposed in the application or on the construction exhibits returned herewith must equal or exceed applicable codes and HUD requirements.

Section 184 Case Number:	Date issued:
INST Reference Number:	Expiration Date:
Lender:	
Borrower:	
Property Address:	
☐ Purchase Existing ☐ Rehab Existing ☐ New Con	struction
Commitment Terms	
Estimated Value of Property:	Commitment Amount:
Maximum Mortgage Amount:	Loan Term (Years): Interest Rate:
MONTHLY EXPENSE ESTIMATE:	
Insurance	
Taxes and/or lease payment	
Maintenance and repairs	
Heat and utilities	
Condominium community expense	
Total Expenses	
Approved Rejected by	Director, Office of Loan Guarantee, National ONAP

1.	How long does the buyer have to meet the conditions?
2.	What is the maximum loan amount?
3.	What are the interest rate and term of the loan?
4.	What is the useful life of the property?
5.	How many types of conditions are there?
6.	Which condition do you believe could have the most serious impact?

If you receive a commitment letter, it is because of your hard work and perseverance. If you had to overcome obstacles to homeownership, you and your housing counselor are to be applauded. However, there is still plenty of work ahead as your counselor helps you prepare for the closing.

Step Five: Closing

The purpose of the **closing** is to transfer ownership of the property from the seller to the buyer. This is also called the **settlement** because all financial arrangements and legal documents are "settled" at this time. It is the time when all parties pay (and receive) money to which they are entitled. It is also the time when all agreements and transactions are signed and **notarized** to make them legally binding. The following is a description of various aspects of the closing.

Participants. Typically, participants in the closing include the:

- buyer
- buyer's attorney
- lender's closing agent
- seller
- seller's attorney
- real estate agent



Eastern Band of Cherokee Indians of North Carolina



Tunica-Biloxi Indian Tribe of Louisiana

Requirements for Closing. The period between the acceptance of the purchase and sales contract, and the loan closing, sometimes referred to as the escrow process, is when all the pre-closing activities occur. This is the time when credit documents are updated and the home inspection, survey, title search, termite inspection, and any other contingency requirements are done. Many buyers are dismayed to learn that their closing has been delayed because one of the contingencies has not been satisfied or the credit requirements are no longer satisfied. Don't let this happen to you! You should stay in close contact with the closing agent during this period to confirm that everything is on track. Typical pre-closing activities include:

- *Title search*. A **title search** is completed to ensure the seller is the legal owner of the property and that he or she is free to sell it. The title search also checks the title records to make sure there are no liens on the title. A lien is a legal claim against a property that must be paid when the property is sold. For example, there may be liens filed by creditors in an attempt to collect unpaid bills, or there may be outstanding taxes due. A TSR documents a title search for loans involving trust property.
- *Title insurance*. If a title search checks title records, why is **title insurance** required? Even the most careful search of public records might not uncover risks such as forgery or fraud, false impersonation by those acting as owners of the property, incorrect representation of marital status of grantors, undisclosed or missing heirs, improperly probated wills, inadequate or incorrect surveys, and clerical errors. There are two types of title insurance that provide protection against these title defects:
 - Mortgage title insurance protects the lender's loan in the event a flaw is discovered after the property has been bought. This type of title insurance is required by the lender.
 - Owner's title insurance protects the owner's equity in the event a title
 defect is discovered. The owner's title insurance does not guarantee
 these defects won't occur, but it does protect against loss arising from
 claims against the title.
- Survey. A survey verifies property boundaries and confirms the legal description of the property as stated in the sales contract is correct.
 Occasionally, a survey will show that a fence or tool shed was built over the property line, extending into a neighbor's property (or vice versa). Violations of this kind are common, and some are more easily remedied than others.
- *Termite certification*. Termite inspections are required before closing to certify the property is not infested with termites and there is no termite damage.
- *Homeowner's insurance*. Lenders require borrowers to purchase homeowner's or "hazard" insurance to protect against loss in the event the house is damaged or destroyed by a disaster such as fire. Evidence of insurance must be presented at closing by providing a copy of the insurance

binder. Lenders usually require prepayment of one year's premium. Depending on the lender's requirements, the buyer may pay homeowner's insurance as part of the monthly mortgage payment. In this case, your lender will divide the cost by 12 months and add this figure to your monthly mortgage payment amount. If this is done, the lender will keep this portion of the payment in **escrow** and pay the insurance bill when it comes due each year.

Insurance coverage should equal the home's replacement value – what it would take to replace the house should it be destroyed. Generally, the lender will require you to insure your property for at least the initial amount of your loan. If you have a second mortgage on the home, your second loan amount should also be fully covered.

Homeowner's Warranty. If you are buying a newly constructed home, a lender will require that you have a **homeowner's warranty** or builder's warranty that protects against certain defects in the home. A certificate of occupancy will also be required from the builder with concurrence by an inspector before you can occupy the dwelling or release final payment. In Module 5, the requirements for contracting with and paying a contractor were discussed. Evidence of the requirement of homeowner's warranties and the certificate of occupancy should be provided to the lender at the closing.

Closing Preparation. The closing process actually begins several weeks before the scheduled closing. The purchase and sales contract is the controlling document at the closing. This contract clearly states all the items agreed to by the buyer and the seller. The contract also calls for documentation of certain items, such as the inspection report, tax certificates, and title commitment. Pre-closing activities are centered on making sure the terms of the sales contract have been met.

Settlement Agent. The closing is a formal meeting attended by the buyer and seller or their attorneys, the real estate agent(s), and the settlement agent. Depending on applicable law, closings can be conducted by various organizations including title insurance companies, lending institutions, escrow companies, real estate brokers, and attorneys. The closing agent will process and prepare all the documents needed for closing, and will collect and distribute the funds. Where and how closings are conducted in Native communities depends on the type of land involved, the loan program, and the applicable code.

Date and Time. The sales contract should specify when the closing will take place, usually in the form of a statement such as "the closing will take place on or before (date). This date can be extended if the buyer and seller agree to the extension. The exact date and time of the closing is generally set by the lender's closing agent, or the real estate agents. Be sure that the closing takes place before the lender's commitment or any interest rate lock-ins expire.





Final Walk-Through Inspection. The purchase and sales contract should indicate the borrower's right to inspect the property within 24 hours of the closing. It is important to make sure the property is in the same condition as when the sales contract was signed.

Closing Documents. As you proceed through the closing, you will be required to sign or initial various documents, such as:

- *Loan Estimate*. The Loan Estimate (Appendix D: Loan Estimate) itemizes the services provided and lists all charges to the buyer and the seller. Both the buyer and the seller must sign. This form is required by federal law according to the Real Estate Settlement Procedures Act (RESPA).
- *Closing Disclosure*. Lenders are required to disclose all the costs associated with the loan, including the annual percentage rate (APR), which reflects the annual costs of your mortgage as a yearly rate (Appendix E: Closing Disclosure).
- *Promissory Note.* The mortgage note is a legal "IOU" that represents the buyer's promise to pay the lender according to specified terms. The note also describes the penalties that will be incurred if the borrower defaults on the loan.
- Amortization Schedule. The **amortization schedule** is a list of monthly payments by principal and interest. It shows the remainder owed after each monthly payment for the term of the loan. The example below shows how a mortgage loan is amortized, or paid off, over a 30-year term.







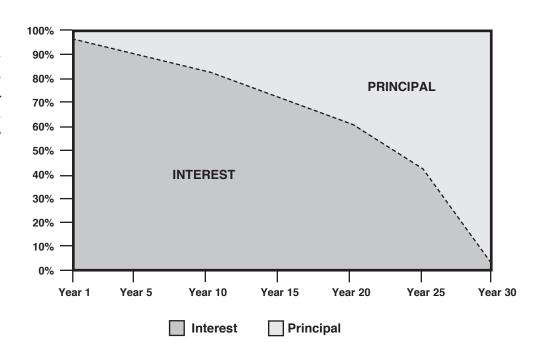
Eastern Band of Cherokee Indians of North

EXAMPLE

The loan was made on January 1, 2000, with a beginning balance of \$100,000. This amortization schedule illustrates how the larger portion of the mortgage payment, \$665.30, is the repayment of interest for the majority of the term. Sometime after Payment 240, the larger portion of the mortgage payment is applied to principal.

	April 1, 2000	January 1, 2005	January 1, 2010	January 1, 2015	January 1, 2020	January 1, 2025	January 1, 2030
Payment	Payment 4	Payment 60	Payment 120	Payment 180	Payment 240	Payment 300	FINAL PAYMENT
Interest	\$581.89	\$549.78	\$501.53	\$433.14	\$336.18	\$198.73	\$3.88
Principal	\$83.41	\$115.52	\$163.77	\$232.16	\$329.12	\$466.77	\$661.42
Total Payment	\$665.30	\$665.30	\$665.30	\$665.30	\$665.30	\$665.30	\$665.30
Balance	\$95,362.20	\$95,362.20	\$85,812.78	\$75,311.10	\$60,803.53	\$38,565.16	\$00.00

Although your loan payment remains constant, the proportion of your payment that is applied to principal increases.



- The Deed of Trust. In some jurisdictions, the **deed of trust** is the legal document that secures the note. In other areas a mortgage is used instead of a deed of trust. The terms are often used interchangeably, although there are some differences between them. In practical terms, a mortgage and a deed of trust are contracts by which a borrower agrees to pay back monies borrowed. Both instruments create liens against the property. Although they accomplish the same thing, foreclosure procedures for defaulted deeds of trust are usually simpler and faster than those for mortgage loans.
- *The Deed*. The **deed** is the document that conveys ownership of the property. It transfers ownership from the seller to the buyer. The seller should provide his or her deed at the closing, properly signed and notarized. The deed specifies the type of ownership and what name(s) should appear on the deed. The most common types of ownership include:
 - Sole ownership Sole ownership is ownership by one individual.
 - Tenancy by the entirety Tenancy by the entirety is available only to married couples, and the house may not be sold without both spouses agreeing to the sale. Both spouses have survivorship rights if one spouse dies, the house automatically goes to the surviving spouse.
 - **Tenancy in common** A type of joint tenancy in a property without right of survivorship.
 - **Joint tenancy** Joint ownership may take several forms. Joint tenancy provides equal ownership shares with survivorship.

Recording. After the closing, the deed of trust, the note, and the deed must be recorded. All transactions involving trust property must be recorded at the BIA Land Titles and Records Office. Purchases of fee simple property are recorded with the county government. Some tribes record trust property transactions both with the county and at the BIA Land Titles and Records Office.

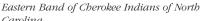
Closing Costs. Closing costs are fees associated with transferring the property title from the seller to the buyer. Closing costs range from three to six percent of the loan amount, and there are three basic categories of costs:

- Charges for establishing and transferring ownership. This category includes items such as the title search and title examination, title insurance, document preparation, attorney's fees, etc.
- Amounts paid to state and local governments. This category includes city, county, and state transfer taxes; recording fees; and prepaid property taxes for purchases on fee land.
- Costs of obtaining a mortgage. This category includes items that are payable in connection with the loan, including loan origination fees, appraisal fee, credit report fee, lender's inspection fee (for new construction), mortgage insurance fee (may be first year's premium, paid in advance), survey fees, pest inspections, hazard insurance (may be first year's premium, paid in advance), and prepaid interest.

Some of the most common services that make up your closing costs are listed below:

TYPE	DESCRIPTION	WHO PAYS?
Origination Fee	A fee charge by the lender to cover the costs of processing the loan. It is usually one percent of the loan amount.	Buyer
Application Fee	The lender's charge for a customer to make an application.	Buyer
Settlement Fees	Settlement fees are charged by title companies to cover the costs of providing your loan closing services. These services include office space used for closings, a closing coordinator to conduct the settlement, and copy services.	Buyer
Credit Report	Lender's charge for pulling the credit report.	Buyer
Appraisal Fee	A fee to obtain a certified appraiser's opinion on the property's value. Appraisal fees range from \$250 to \$400 and must be paid at the time of application.	Buyer
Discount Points	Points are fees you pay to buy down or buy up an interest rate. Each point is equal to one percent of your loan amount. Two points is equal to two percent, and so on.	Buyer
Title Insurance	Title insurance protects you or the lender from unforeseen claims or liens against your property. In some areas, the seller may pay your share of the title insurance cost. This does not apply on trust property.	Buyer/Seller
Environmental Review	Native housing loan products using federal funds will require an environmental review. Check with your housing counselor about costs.	Buyer
Mortgage Insurance	Mortgages with a loan-to-value ratio of 80 percent or higher typically require mortgage insurance. Mortgage insurance protects the lenders against default. This premium may be included as a one-time, up-front cost at one to three percent of the loan amount and/or as a monthly fee that is part of the PITI payment.	Buyer
Recording Fees	A small fee to cover the administrative costs of recording the deed. There are no fees charged for recording trust property with your regional BIA Land Titles and Records Office. Some tribes record home purchases on trust property in the county as well as with the BIA. Remember, all property transactions must be recorded with the BIA.	Buyer
Survey	A survey is a drawing showing the legal boundaries of the subject property. The BIA maintains property surveys on file; however, some lenders may require an updated survey. As long as the property is within the reservation boundaries, an outside professional survey will be accepted by the BIA.	Buyer
Termite Inspection	Soil inspection for termite and other pest infestation is required. These inspections cost approximately \$50.00.	Buyer/Seller
Prepaids	Prepaid items include interim interest, which refers to interest on the loan from the date of closing until the first mortgage payment is due. Other prepaid items include homeowner's insurance (one year's premium in advance), flood insurance, if applicable, and escrow reserves for city and county property taxes and mortgage insurance premiums, if applicable.	Buyer
Attorney Fees	Attorney services to review your documents.	Buyer







Eastern Band of Cherokee Indians of North

Federal Laws Protecting the Applicant During Loan Processing

There are laws designed to protect you during the loan application process. They are the **Equal Credit Opportunity Act**, the **Fair Housing Act**, the Fair Credit Reporting Act, and the Fair Debt Collection Practices Act.

Equal Credit Opportunity Act. This act prohibits lenders from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age. Discrimination because of income from public assistance programs or because the applicant has exercised a right under federal consumer credit protection laws is also prohibited.

Fair Housing Act. This act prohibits discrimination in residential real estate transactions on the basis of race, color, religion, sex, handicap, familial status, or national origin. The act applies to the sale of a home and the decision of a lender.

Fair Credit Reporting Act. If a lender or mortgage broker rejects your loan application, this act requires the lender or mortgage broker to tell you whether the decision was based on information contained in the credit report or was made for other reasons. This act also guarantees you a right to the full contents of your credit report. If the loan application is rejected on the basis of information in your credit report, you are entitled to request a free copy of your credit report within the next 60 days. You also have the right to have mistakes on the credit report corrected.

Fair and Accurate Credit Transactions Act (FACTA). This Act amended the Fair Credit Reporting Act and requires financial institutions to adopt measures that prevent identity theft.

Fair Debt Collection Practices Act. This Act seeks to eliminate abusive debt collection practices by debt collectors.

The Federal Trade Commission (FTC) and the Consumer Finance Protection Bureau (CFPB) have enforcement responsibility. To file a complaint, visit www.ftc.gov/complaint or www.consumerfinance.gov/complaint/#mortgage.

Loan Denials

Although being rejected for a loan can feel embarrassing or discouraging, the applicant should remember that many people do not succeed in their first attempt to qualify for a mortgage loan. This does not mean homeownership is out of reach. There are several common reasons why loan applications are denied:

Less Than Good Credit History. Less than good credit history can include previous delinquencies, bankruptcies, collections, and judgments. To improve your credit history:

• Use credit more conservatively in order to create a track record that will demonstrate an ability to use credit responsibly.

Low Appraisal. The appraised value of the property may have come back lower than the sales contract on the home. If this is the case, the potential homebuyer has some options, including:

- Negotiate with the seller to lower the sales price
- Request another appraisal
- Review the appraisal for mistakes
- Come up with a larger down payment to pay above the appraised value

Not Enough Income or Assets. If your income or assets do not fall within the lender's underwriting guidelines, try to:

- Find a lender who is willing to take on more risk; this may be in exchange for paying a higher interest rate.
- Look for agencies or nonprofit organizations that have special programs that benefit homeowners who have difficulty qualifying for financing.

Too Much Debt or Not Enough Money for Down Payment and/or Closing Costs. If your debt is higher than the lender will allow, explore these possibilities:

- Find a **co-signer** for the loan
- Find a loan program designed for people with higher debt ratios
- Choose a less expensive home
- Find down payment or closing costs assistance through special loan programs
- · Ask relatives for assistance
- Seek a lease with an option-to-purchase agreement with the seller until you are able to qualify for a mortgage

Other. There may be other reasons for the rejection of a loan application. When an application is rejected, the Equal Credit Opportunity Act requires the lender to send the buyer a written explanation of the loan rejection within 30 days of a request.

Predatory Lending

Although most lenders conduct honest business, some do not. The homeownership dream has turned into a nightmare for many families because of predatory lending. Applicants are offered loans with high interest rates, questionable fees, or unnecessary charges. **Predatory**

lenders often target low- and moderate-income people, people of color, and the elderly. They especially prey on those who are unaware of their rights in the loan application process or who are frustrated by the process. Do not confuse **subprime loans** which can offer an opportunity for borrowers with a less-than-ideal credit record to become a homeowner. The following table shows the key differences between the two types of loans.

Key Differences Between Subprime and Predatory Lenders

Lenders		Subprime Predatory
Customers	Serve households with credit problems	Target lower-income, minority and elderly homeowners
Fees	Charge reasonable fees based on risks	Charge exorbitant fees
Practices	Use aggressive but ethical tactics	Use deceptive and sometimes illegal tactics

Knowing what to look for when applying for a loan is vital to making sure that you do not get taken advantage of by a predatory lender.

Predatory lenders:

- offer loans based solely on the equity in a home and not on the borrower's ability to repay the loan
- · charge unusually high interest rates for a loan
- add excessive points to the loan without lowering the interest rate
- include excessive fees
- tack on unnecessary costs such as prepaid, single-premium life insurance
- fail to disclose the true terms of a loan
- approve loans without consideration of the borrower's ability to repay
- pressure a borrower to sign documents without understanding the terms
- "flip," or frequently refinance, a loan

If your loan

application is denied,

work with a housing

counselor to identify

corrective steps.

Common Predatory Lending Practices

Many consumers are lured into dealing with predatory loan products because they are desperate. Some of the more common areas where predatory lenders lurk are as follows:

Expensive Manufactured Home Loans. Many Natives are attracted to the ease with which a borrower can obtain a loan for a manufactured home. On the surface, the down payment is very reasonable, the terms are usually for 30 years, trust property is not always an issue, and the application process is straightforward. Many of the manufactured home loans that have been made in Native communities have turned into disasters for our people. Hidden costs, excessive interest rates, and exorbitant late fees have resulted in a very expensive home loan. As previously discussed in Module 4, late payment problems are further compounded when your future payments are first applied to late fees. If the late fees are excessive, a payment may not have any effect on principal reduction. Consequently, some families have outstanding loan amounts that exceed the value of the home, making refinancing practically impossible.

If you are considering a manufactured home loan, avoid predatory terms by having an attorney review the loan documents to determine that:

- there are clearly defined means of calculating late fees
- there is no double charging for late payments
- there are no prepayment penalties
- there are no hidden fees and no inflated fees and points
- there is no unnecessary additional cost of financing high-cost credit insurance

Other Predatory Lending Practices. Predatory lending practices may involve lenders, attorneys, real estate professionals, or contractors. Don't be a victim of a predatory loan. Know the warning signs mentioned above and the practices that prey on consumers. Use extra caution when considering any of the following loans:

- payday loans a relatively small amount of money lent at a high rate of interest on the agreement that it will be repaid when the borrower receives their next paycheck.
- title loans a secured loan where borrowers can use their vehicle title as collateral.
- tax refund anticipation loans provided by a third party against a taxpayer's expected refund.
- per capita loans a loan secured by future distributions.
- balloon payment loans requires a payment in full at the end of a set period.
- debt consolidation loans a process through which a new loan is structured that is used to combine and finance payments on other loans.

Avoid Predatory Lenders

The following tips will help you avoid becoming a victim of predatory lending schemes.

- Do not trust ads promising "No credit? No problem!"
- Do not give in to high-pressure sales tactics.
- Don't take the first loan you are offered.
- Remember that a low monthly payment isn't always a "deal." Look at the total cost of the loan.
- Be wary of promises to refinance the loan to a better rate in the future.
- Do not refinance your loan or take out a second mortgage without visiting with your housing counselor or nonprofit housing agency.
- Consult a housing counselor before agreeing to a **balloon mortgage**.
- Avoid loans with high interest rates.
- Investigate current interest rates.
- Avoid prepayment penalties.
- Ask questions.
- Turn away loan offers from anyone who calls you on the telephone or comes to your door without an invitation.
- Be wary of high-pressure sales pitches, such as claims that an offer is good only for a limited time.
- Do not consolidate your debts into a **home equity loan** without talking to your housing counselor, a local nonprofit housing organization, or consumer credit counseling agency.
- Turn away tax preparers who offer to file your tax return for a high fee and encourage you to use your refund as a down payment for a car or manufactured home loan with unfavorable rates.
- Resist the temptation to use "rapid refunds" or "refund anticipation loans" to access your tax refund or Earned Income Tax Credit faster. If you use a reputable tax preparer, you should be able to access your refund quickly without paying inflated and unnecessary fees and interest.
- Avoid loans that include extras you don't need.
- Fill in all blank spaces. If an answer is not required, write "N/A" (not applicable) in the blank.
- Never sign an agreement that you do not completely understand, and do not take a lender's word that an agreement is "standard."

If your APR is two
or more points higher
than your initial Good
Faith Estimate quote,
you may have a
predatory loan.



Predatory Lending Exercise

The Kovarik family was living in a TDHE Low-Rent two-bedroom home. They were in a rush to move out. They found a three-bedroom home off the reservation that they liked, although the mortgage payment was several hundred dollars more than the monthly rent they were used to paying. They had good income and at least one of the applicants had stable employment. To receive down payment assistance from the TDHE, they had to attend one homebuyer education class. Below are excerpts from the various forms they signed: Purchase & Sale Contract Amendment and an Early Possession Agreement. Review the forms and answer the questions that follow.

Purchase & Sale Contract Amendment
THIS IS AN ADDENDUM/AMENDMENT TO A PURCHASE AND SALE AGREEMENT, READ THE ENTIRE DOCUMENT, INCLUDING ANY ATTACHMENTS, CAREFULLY BEFORE SIGNING. IF YOU HAVE ANY QUESTIONS, CONSULT YOUR ATTORNEY OR ACCOUNTANT BEFORE SIGNING.
This is an ADDENDUM \square or an AMENDMENT \blacksquare to the Real Estate Purchase and Sale Agreement and Receipt for Earnest Money.
Earnest Money Dated: \$1,100.00 5/16/09 ID# 0222245689
ADDRESS: 1007 Springview Avenue Kotzebue, AK
BUYER(S): Harriet T. and Stanley Kovarik
SELLER(S): Thomas Guy
 See Early Possession Agreement. Buyers request that the seller carry back 25% of Purchase price on a contract. Purchase price to be \$82,000. Buyers to pay 5% down and to get a loan of \$57,400 at 9.55%. The contract amount to be \$20,500 at 10% interest amortized out to 30 years. Balloon note due to seller within 5 years of closing date. Buyer can refinance or pay off contract carried by seller after 5 years but no longer than 7 years. Seller to pay \$2,500.00 of Buyers' closing costs. Buyer to pay any required prepaid interest. In the event buyer and seller fail to agree to the terms of the amendment or the buyers are unable to qualify for such loan, the buyers agree to move out of 1007 Tucson Avenue, Springfield, AZ on or before the 31st of August 2009. All earnest money to be used as a non-refundable security deposit. Buyers agree to leave property in same condition they found it in when they moved in.
The herein agreement, upon its execution by both parties, is made an integral part of the aforementioned Agreement. Signed xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
DATED: August 14, 2009 DATED: August 14, 2009 Time: □ A.M. □ P.M. Time: □ A.M. □ P.M.

EXCERPT FROM EARLY POSSESSION AGREEMENT ADDENDUM TO EARNEST MONEY RECEIPT AND AGREEMENT

Seller hereby rents the property to Purchaser on the following terms and conditions:

- Term. Purchaser shall be entitled to "early possession" of the property on <u>August 10, 2009</u>, or upon written removal
 of all contingencies and verification of cash earnest money, whichever occurs later. If the Agreement terminates for
 any reason, Purchaser shall surrender possession within ten (10) calendar days after its termination. A default under
 this Early Possession Agreement shall also constitute a default under the Earnest Money Agreement.
- 2. Rent. Purchaser shall pay directly to Seller rent of \$_-0_ per month.
- 3. Insurance. Seller shall keep the property insured against fire and other casualties. Seller is not responsible for Purchaser's contents.
- 4. Utilities and Dues. Purchaser shall pay all utilities during Purchaser's possession.
- 5. Repairs and Maintenance. Purchaser shall maintain the property in its present condition, normal wear and tear resulting from ordinary use of the property excepted. Purchaser shall be responsible for all repairs to the property during Purchaser's possession.
- 6. Security Deposit. The earnest money shall also constitute a non-refundable deposit.
- 7. Exemption from Landlord-Tenant Act. If the property covered by this agreement is located in the State of Arizona, then, pursuant to RCW 59.18.04(2), this Early Possession Agreement is not subject to the provisions of the Residential Landlord-Tenant Act.

SIGNED BY BOTH BUYER & SELLER ON AUGUST 10, 2009.

1.	Are there any financial contingencies?
2.	Is there a move-in contingency?
3.	If everything falls through, how much time does the buyer have to move out of the home? Do you think it is reasonable?
_	
4.	How much is the earnest money? Is it refundable?
5.	What are the circumstances under which the buyer can lose the earnest money?
_	
6.	What prequalifying steps could have been taken that would have led to an agreement more favorable to the buyer?

The loan application process is lengthy and detailed, and can be costly for those who are unprepared. A housing counselor can help you prepare for a mortgage prior to making a formal application. It is essential that the prequalifying process include securing a land lease for trust property and obtaining a purchase and sales contract for your future home.

Completing the formal application initiates a time-sensitive process involving the review and verification of information regarding your ability to repay the loan, your willingness to repay the loan, and the ability of the property to serve as collateral for the loan. Take the time to understand the process. Work with a housing counselor to avoid predatory lenders and ensure that you choose a loan product that best suits your needs.

Module Highlights



- Prequalifying is an essential step that either a lender or a housing counselor can work with you to accomplish. Because the loan application process is lengthy and costly, prequalifying can help you become mortgage-ready by identifying and removing any obstacles.
- When trust property is involved, the first step to be taken upon approaching mortgage readiness is to order a TSR from the BIA Land Titles and Records Office.
- A purchase and sales contract is the foundation for the home purchase and should be carefully drafted to include various contingencies, such as:
 - financial (loan terms, down payment assistance, loan approval)
 - inspection
 - what stays
 - final walk-through
 - problem-solving
- The loan application process is time-sensitive and includes the following steps:
 - Step One: Formal Application
 - Step Two: Application Processing
 - Step Three: Loan Decision
 - Step Four: Loan Commitment Letter
 - Step Five: Closing
- It is important to provide complete and accurate information to the lender during the loan application process.
- Various forms will need to be signed authorizing information regarding your employment, bank deposit, loans, etc. to be released to the lender.
- The loan decision will be made through the underwriting process that will thoroughly examine all your personal financial information as well as property information. Underwriters rely on information provided by the appraiser, the purchase and sales contract, and the land documentation, as well as your credit, income, employment, and rental payment history information provided by you and other sources.
- Loan decisions are based on various factors. When a borrower does not meet specific criteria, existing compensating factors may be considered to make the loan decision.
- When a loan application is rejected, the applicant has the right to obtain from the lender the basis for denial.
- Predatory lenders often target low- and moderate-income people, people
 of color, and the elderly. They especially prey on those who are unaware
 of their rights in the loan application process or who are frustrated by the
 process. Knowing what to look for when applying for a loan is vital to
 making sure that you do not get taken advantage of by a predatory lender.

Module Review

Reflection

	st several ideas that you learned in this module that will be helpful in achieving our goals.
_	vavalaa
	kercise
1.	A housing counselor can do all of the following except:
	 a. help you work through the land leasing procedures b. help you become mortgage ready c. provide legal advice about the purchase and sales contract d. help you prepare for the closing
2.	When applying for a loan involving trust property, the first task to be pursued is to:
	 a. obtain the purchase and sales contract b. order the appraisal c. complete the URLA d. obtain a Title Status Report
3.	The purchase and sales contract:
	 a. is needed at the time of the formal application b. is the foundation for the loan documents c. is designed to include contingencies d. all of the above
4.	A successful loan application relies upon:
	 a. the ability of the borrower to explain his or her needs b. the location of the property offered as collateral c. the accuracy and completeness of the information gathered during the loan intake process

5.	When there are two or more co-applicants, you should gather information:
	 □ a. from the head of household □ b. from those earning income □ c. from all co-applicants
6.	In order to demonstrate ability to repay a loan, the applicant should have:
	 □ a. good credit □ b. steady income □ c. an acceptable level of current expenses □ d. all of the above
7.	Check the items that are not included to demonstrate steady income:
	 □ a. disability payments □ b. salary □ c. veterans' benefits □ d. public assistance □ e. savings account assets
8.	True or false? The lender will rely on the information provided in the credit report rather than conflicting information provided by the client.
	□ a. True □ b. False
9.	An appraisal is meant to do all of the following except:
	 a. ensure that the property provides adequate collateral b. describe the condition of the home
	 c. identify the repairs that are needed over the next five years d. help the lender minimize their loss in the event of foreclosure
10.	
10	d. help the lender minimize their loss in the event of foreclosure
10	d. help the lender minimize their loss in the event of foreclosure List three examples of compensating factors.

11. L	List at least three reasons for loan denial.	
1	1	
2	2	
	3	
	If a client requests a full disclosure of the reasons for his or her loan decorded to credit information, the reasons must be sent by the lender in writing	
	☐ a. 10 days of the request	
	b. 15 days of the request	
_	☐ c. 30 days of the request	
h h a fi h	Sarah and Tom Harding were worried that they would not be able to home of their own. They have their own land, but they know they had some credit problems, including a repossession of a car. They for manufactured home dealer who told them there would be no problemancing a manufactured home. The purchase and sales contract the had a penalty for prepayment, the interest rate was quoted as 14 perche late penalties were excessive.	ave ound lem y signed
a	a. This type of lending is referred to as lending.	
b	o. List three steps they could have taken to prevent this occurrence:	
	1	
	2	
	3	

property. The s purchase price. began working	Kimsey want to purchase a home that is on tribal trust eller is more than happy to sell and they have agreed on the The Kimseys visited the housing counselor at the TDHE, who to prequalify them. Upon determining that the Kimseys are s, she provided the instructions listed below.
most importa	o identify the order of priority for each task, with one being the ant. Obtain a pre-purchase inspection. Complete the loan application. Set the seller to order the TSR for the property. ign the purchase and sales contract.
pursue when would be ava	housing counselor explained the process they would have to they applied for the loan. She also assured them that she ailable during the entire process. Your job is to identify the s to be taken, with one being the first step.
Th	e lender will order a residential mortgage credit report.
	our estimated costs to purchase the home will be provided on e Loan Estimate.
Yo	ou will meet with the lender to complete the URLA.
	the closing, you will receive a Closing Disclosure and sign deed of trust, promissory note, and various other forms.
	hen you receive the commitment letter, there may be conditions at you have to satisfy.
Yo	ou and the seller will sign a purchase and sales contract.
	ou need to complete a final walk-through to be sure everything in order.
Yo	our attorney needs to review all the loan documents.
Yo	ou will have to pay a loan application fee.
Yo	ou need to obtain prepaid homeowner's insurance.

Appendix A

Homebuyer Counseling Agreement

In order to participate in a homeownership opportunity program offered by the
, prepurchase and post-purchase homebuyer counseling is required. The
prepurchase counseling will include hours of homebuyer counseling
instruction offered in a combination of group sessions and individual sessions. Post
purchase counseling will include a once-a-month individual session for
months following occupancy, depending on individual need.

These sessions will be conducted by a professionally trained housing counselor. The 12-hour requirement applies to the heads of household and must be completed consecutively within a specified period of time. Consequently, both heads of household or the equivalent must complete the homebuyer counseling. Scheduling of the individual sessions will be arranged to the greatest extent practical so that your work obligations are not interrupted.

It is a proven fact that homebuyer counseling prevents future problems for the homebuyer. All program assistance requires homebuyer counseling as a prerequisite to selection and participation.

Please indicate by your signature below that you understand that your participation in the Homebuyer Counseling Program is a requirement for acceptance to the program. By your signature below, you agree to comply with all the homebuyer counseling requirements.



Purchase and Sales Contract

questions before signing ID#	g, consult your attorney			rinted provisions and attachments. If	
1. REAL ESTATE OFF					
Listing Agency MLS Office #			Selling Agency MLS Office #		
			Selling Agency Name MLS Office #	e	
Phone # Office		Home	Phone # Office	Home	
2. BUYER AND LEGAI	DESCRIPTION:				
as "premises" commonly	known as:	e, and the undersigned SEI County		llowing described real estate hereina daho, Zip	fter referred to
Legally described as:					
3. TOTAL PURCHASE	PRICE:	Payable upon the	following TERMS AND CO	ONDITIONS (not including closing co	DOLLARS
	· (Note: A+C+D+E sho	ould add up to (or be equal			313).
FINANCIAL TERMIS	A. EARNEST Cash Pereby acknown	MONEY: Buyer hereby de ersonal check Cashier's viedged. Earnest Money to	eposits check Note due Co	Dollars as Earnest Money Other and a	evidenced by: receipt is and shall be hel
	by: Listing E	Broker ∐Selling Broker L	Other(broke	for the benefit of er) shall hold the completely executed o not complete lines 25 through 47, f	the parties I Broker's copy
	FHA Vincluding morty including morty Fixed Rate any. SELLER SELLER'S acc SELLER'S with writing of such price or BUYEL FHAIVA. If ap be obligated to Money deposit statement by the appraised or privilege and o valuation. The	☐ Other shall pay no more than SELLER ☐ Divided Equa septance. Within ba a written loan commitment satisfactory appraisal and int the strict time allotted, S cancellation. If an apprais R's Earnest Money may be plicable, it is expressly agr to complete the purchase of to or otherwise unless BUY the Federal Housing Comm value of the property of not ption of proceeding with co	Other st not to exceed BUYER shall pape point(s). Any reduction ally. BUYER shall apply for usiness days of final acces showing lender approval of final lender underwriting. ELLERS may at their optical is required by lender, the returned at BUYER's requed that notwithstanding at the property described he ER has been given in accissioner, Veterans Adminiteless than the sales price consummation of the contra	First Loan of \$ye way no more thanpoint(s) plus of the bear such loan withinbusiness day plance of all parties. BUYER agrees of credit report, income verification, defi such written commitment is not recon cancel this agreement by notifying the property must appraise at not less uest. any other provisions of this contract, I rein or to incur any penalty or forfeitu ordance with HUD/FHA or VA require stration or a Direct Endorsement lend as stated in the contract. BUYER shict without regard to the amount of the aximum mortgage the Department of	origination fee it wrefit of the y(s) of to furnish abt ratios and relived by BUYERS in than purchase BUYER shall no re of Earnest a writter der setting for all have the
	himself/herself 7 is of nominal	oment will insure. HUD doe that the price and conditio value less than \$100.	ived at to determine the mass not warrant the value or	ptable. It is agreed that any item incl	Housing and R should satis
;	himself/herself 7 is of nominal D. ADDITION.	ment will insure. HUD doe that the price and conditio value less than \$100. AL FINANCIAL TERMS: inancial terms are specified	ived at to determine the mass not warrant the value of n of the property are acce	ptable. It is agreed that any item incl ITIONAL TERMS AND CONDITIONS INDUM of same date, attached heret	Housing and Restrict Street Housing and Ho
\$	himself/herself 7 is of nominal D. ADDITION. Additional fi parties. E. APPROXIN closing, in GOO net difference	oment will insure. HUD doe that the price and conditio value less than \$100. AL FINANCIAL TERMS: inancial terms are specified inancial terms are containe MATE FUNDS DUE AT CL OD FUNDS, which include between the approximate be ual balances of said loans	wed at to determine the mes not warrant the value or on of the property are acced under the heading "ADD and in a FINANCING ADDE" OSING: Cash at closing, so cash, electronic transpalances of the loans show	ptable. It is agreed that any item including closing costs, to be pain for funds, certified check or cashing above, which are to be assumed contacts.	Housing and R should satisf uded in section S' (Section 5). o, signed by bo d by BUYER at er's check. An

6. OCCUPANCY: BUYER	. ADDITIONAL TERMS AND/OR CONDITIONS:	
CCCUPANCY: BUYER		
COCUPANCY: BUYER does does not intend to occupy property as BUYER'S primary residence. ITEMS INCLUDED & EXCLUDED IN THIS SALE: All existing fixtures and fittings that are attached to the property are INCLUDED IN THE PURCHASE PRICE (unless excluded below), and shall be transferred free of liens. These include, but are not limited to, all attached floor coverings, titached television antennae, satellite dish and receiving equipment, attached plumbing, bathroom and lighting fixtures, window screens, screen doors, underwind the control of		
PURCHASE PRICE (unless excluded below), and shall be transferred free of fiens. These include, but are not limited to, all attached floor coverings, stated the levision anteninae, satellite dish and receiving equipment, attached pulmbing), abtrioom and lighting fixtures, window coverings, garage door opener(s) and transmitter(s), exterior trees, plants or shrubbery, water heating apparatus and fixtures, attached fireplace equipment, amings, ventilating, cooling and heating systems, "butil-n" and "drop-in" (but excepting all other ranges), fuel anks and irrigation fixtures and equipment, all water systems wells, springs, water, water rights, ditches and ditch rights, if any, that are appurtenant hereto that are no on or used in connection with the premises and shall be included in the sale unless otherwise provided herein. The following additional items are specifically: A. INCLUDED IN THIS SALE: 3. EXCLUDED IN THIS SALE: 4. INCLUDED IN THIS SALE: 5. ATTORNEY'S FEES: If either party initiates or defects, which are to be discharged by SELLER may be paid out of purchase money at tate of closing, No liens, encumbrances or defects, which are to be discharged by SELLER may be paid out of purchase money at tate of closing, No liens, encumbrances or defects, which are to be discharged by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and ees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value, Broker or closing age		
B. EXCLUDED IN THIS SALE: B. EXCLUDED IN THIS SALE: B. EXCLUDED IN THIS SALE: B. STITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects, which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and ees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value, Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any moneys or things of value into a court of competent unsidiction and shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R'S): BUYER is responsible to obtain and review a copy of the C. C. & R's (if applicable). BUYER has reviewed C. C. & R's. Yes \ \ \ \ \ \ \ \ \ \ \ \ \	3. OCCUPANCY: BUYER does does not intend to occupy p	roperty as BUYER'S primary residence.
B. EXCLUDED IN THIS SALE: 8. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects, which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and fees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value. Broker or closing agency shall not be required to take any action but may await any proceeding, or all Broker's or closing agency shall not be required to take any action but may await any proceeding, or all Broker's or closing agency or potential and shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R'S): BUYER is responsible to obtain and review a copy of the C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R.'s (if appl	PURCHASE PRICE (unless excluded below), and shall be transferred attached television antennae, satellite dish and receiving equipment, storm windows, storm doors, window coverings, garage door opener (and fixtures, attached fireplace equipment, awnings, ventilating, cooli tanks and irrigation fixtures and equipment, all water systems wells, s	d free of liens. These include, but are not limited to, all attached floor coverings, attached plumbing, bathroom and lighting fixtures, window screens, screen doors, (s) and transmitter(s), exterior trees, plants or shrubbery, water heating apparatus ing and heating systems, "built-in" and "drop-in" (but excepting all other ranges), fuel springs, water, water rights, ditches and ditch rights, if any, that are appurtenant
3. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects, which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 3. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and eason appeal. 3. ATTORNEY IS FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and eason appeal. 3. ATTORNEY IS FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party reasonable costs and attorneys fees, including such costs and easonable attorney is party reasonable costs and attorneys fees, including such costs and easonable attorney is party reasonable costs and attorneys fees, including such costs and reasonable attorney is party reasonable attorney in the scale and sequence of closing agency, unless mutual written instructions are received by the Association as old eigeretion, may interplead all parties and deposit any moneys or things of value into a court of competent urisdiction and shall recover court costs and reasonable attorney is fees. 11. COVENANTS, CON	A. INCLUDED IN THIS SALE:	
8. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects, which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and fees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing and terminal shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R		
8. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects, which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and fees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing and terminal shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R	B. EXCLUDED IN THIS SALE:	
except for rights reserved in federal patents, state or railroad deeds, building and zoning regulations and ordinances of any governmental unit, and rights for way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects, which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement. 9. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings, which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and fees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any moneys or things of value into a court of competent jurisdiction and shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R'S): BUYER is responsible to obtain and review a copy of the C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R's. Yes No N/A N/A No N/A N/A No N/A No N/A No N/A No N/A No N/A No		
Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorneys fees, including such costs and fees on appeal. 10. EARNEST MONEY DISPUTE/INTERPLEADER: Notwithstanding any termination of this contract, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the holder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any moneys or things of value into a court of competent jurisdiction and shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R'S): BUYER is responsible to obtain and review a copy of the C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R's. Yes \(\subseteq No \) \(\subseteq N/A \) 12. SUBDIVISION HOMEOWNER'S ASSOCIATION: BUYER is aware that membership in a Home Owner's Association may be required and BUYER agrees to abide by the Articles of Incorporation, By-Laws and rules and regulations of the Association. BUYER is further aware that the Property may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions, BUYER has reviewed Homeowner's Association Documents: Yes \(\subset No \) \(\subset N/A \) Association fees/dues are \$\frac{1}{2}\$. Perior to closing of this sale, all risk of loss shall remain with SELLER. In addition, should the premises be materially damaged by fire or other destructive cause prior to closing, this Agreement shall be voidable at the option of BUYER. 14. BUSINESS DAY: Monday through Friday, excluding Saturday and Sunday, and excluding holidays as defined in Idaho Code, Section 67-5302.	except for rights reserved in federal patents, state or railroad deeds, to way and easements established or of record. Liens, encumbrance	building and zoning regulations and ordinances of any governmental unit, and rights sor defects to be discharged by SELLER may be paid out of purchase money at
any controversy regarding the Earnest Money and things of value held by Broker or closing agency, unless mutual written instructions are received by the helder of the Earnest Money and things of value, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any moneys or things of value into a court of competent jurisdiction and shall recover court costs and reasonable attorney's fees. 11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R'S); BUYER is responsible to obtain and review a copy of the C. C. & R.'s (if applicable). BUYER has reviewed C. C. & R's. Yes No N/A 12. SUBDIVISION HOMEOWNER'S ASSOCIATION: BUYER is aware that membership in a Home Owner's Association may be required and BUYER agrees to abide by the Articles of Incorporation, By-Laws and rules and regulations of the Association. BUYER is further aware that the Property may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions, BUYER has reviewed Homeowner's Association Documents: Yes No N/A Association fees/dues are \$	 ATTORNEY'S FEES: If either party initiates or defends any arbitr Agreement, the prevailing party shall be entitled to recover from the n fees on appeal. 	ation or legal action or proceedings, which are in any way connected with this ion-prevailing party reasonable costs and attorneys fees, including such costs and
applicable). BUYER has reviewed C. C. & R's. Yes No N/A 12. SUBDIVISION HOMEOWNER'S ASSOCIATION: BUYER is aware that membership in a Home Owner's Association may be required and BUYER agrees to abide by the Articles of Incorporation, By-Laws and rules and regulations of the Association. BUYER is further aware that the Property may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions, BUYER has reviewed Homeowner's Association Documents: Yes No N/A Association fees/dues are \$per 13. RISK OF LOSS: Prior to closing of this sale, all risk of loss shall remain with SELLER. In addition, should the premises be materially damaged by fire or other destructive cause prior to closing, this Agreement shall be voidable at the option of BUYER. 14. BUSINESS DAY: Monday through Friday, excluding Saturday and Sunday, and excluding holidays as defined in Idaho Code, Section 67-5302. BUYER and SELLER acknowledge receipt of copy of this page, which constitutes Page 1 of 5 Pages.	any controversy regarding the Earnest Money and things of value hel the holder of the Earnest Money and things of value, Broker or closing at Broker's or closing agency's option and sole discretion, may interp	ld by Broker or closing agency, unless mutual written instructions are received by g agency shall not be required to take any action but may await any proceeding, or lead all parties and deposit any moneys or things of value into a court of competent
agrees to abide by the Articles of Incorporation, By-Laws and rules and regulations of the Association. BUYER is further aware that the Property may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions, BUYER has reviewed Homeowner's Association Documents: Yes No No NA Association fees/dues are \$per 13. RISK OF LOSS: Prior to closing of this sale, all risk of loss shall remain with SELLER. In addition, should the premises be materially damaged by fire or other destructive cause prior to closing, this Agreement shall be voidable at the option of BUYER. 14. BUSINESS DAY: Monday through Friday, excluding Saturday and Sunday, and excluding holidays as defined in Idaho Code, Section 67-5302. BUYER and SELLER acknowledge receipt of copy of this page, which constitutes Page 1 of 5 Pages.	11. COVENANTS, CONDITIONS AND RESTRICTIONS (C. C. & R'applicable). BUYER has reviewed C. C. & R's. Yes No 1	S): BUYER is responsible to obtain and review a copy of the C. C. & R.'s (if N/A
fire or other destructive cause prior to closing, this Agreement shall be voldable at the option of BUYER. 14. BUSINESS DAY: Monday through Friday, excluding Saturday and Sunday, and excluding holidays as defined in Idaho Code, Section 67-5302. BUYER and SELLER acknowledge receipt of copy of this page, which constitutes Page 1 of 5 Pages.	agrees to abide by the Articles of Incorporation, By-Laws and rules at subject to assessments levied by the Association described in full in t	nd regulations of the Association. BUYER is further aware that the Property may be the Declaration of Covenants, Conditions and Restrictions, BUYER has reviewed
BUYER and SELLER acknowledge receipt of copy of this page, which constitutes Page 1 of 5 Pages.		
BUYER and SELLER acknowledge receipt of copy of this page, which constitutes Page 1 of 5 Pages. BUYER'S initials () ()Date SELLER's initials () ()Date	14. BUSINESS DAY: Monday through Friday, excluding Saturday a	and Sunday, and excluding holidays as defined in Idaho Code, Section 67-5302.
	BUYER and SELLER acknowledge receipt	t of copy of this page, which constitutes Page 1 of 5 Pages. Date SELLER's initials () () Date
	Jo. 21.0 mmas (

ROPERTY ADDRESS:	ID #:
hall, withinbusiness day(s) of acceptance complete these I trongly advised to exercise these rights and to make BUYER's on the entire property_BUYER's acceptance_of the condition of the property_BUYER's acceptance_of	ctions, investigations, tests, surveys and other studies at BUYER'S expense. BUYER inspections and give to SELLER written notice of items disapproved of. BUYER is with selection of professionals with appropriate qualifications to conduct Inspections of property is a contingency of this Agreement. In If BUYER chooses not to have inspection skip lines 130 to 143.
eemed to have: (a) completed all inspections, investigations, rev	S: o SELLER written notice of items disapproved of, BUYER shall conclusively be iew of applicable documents and disclosures; (b) elected to proceed with the e for repairs or corrections other than for items which SELLER has otherwise agreed in
. If BUYER does within the strict time period specified give to S ertinent section(s) of written Inspection reports. SELLER shall h . If SELLER does not respond within the strict time period specifier the expiration of the time for SELLER to respond, whichever . If BUYER does not give such written notice of cancellation with	fied, BUYER shall havebusiness day(s) (after receipt of SELLER's response, or
armless from all liability, claims, demands, damages and costs;	IYER shall keep the property free and clear of liens; indemnify and hold SELLER and repair any damages arising from the Inspections. No Inspections may be made ment employee without the prior consent of SELLER, unless required by local
6. SELLER'S PROPERTY DISCLOSURE FORM: If required be also Agreement provide to BUYER "SELLER's Property Disclosure is bisclosure Form" or other acceptable form prior to signing this Agreement.	y Title 55, Chapter 25 Idaho Code SELLER shall within ten (10) days after execution of e Form" or other acceptable form. BUYER has received the "SELLER's Property reement: ☐res ☐No ☐N/A
azards. If yes, BUYER hereby acknowledges the following: (a) I amphilet; (b) Receipt of Seller's Disclosure of Information and Achiformation, if any, related to the presence of lead-based paint ha roperty tested for lead-based paint hazards to be completed no does not waive this right; (e) that, if test results show unacception tract subject to the option of the SELLER (to be given in writing	Is not defined at "Target Housing" regarding lead-based paint or lead-based paint BUYER has been provided an EPA approved lead-based paint hazard information cknowledgment Form and have been provided with all records, test reports or other zards on said property; (c) that this contract is contingent upon my right to have the later than or the contingency will terminate; (d) that BUYER hereby raives table amounts of lead-based paint on the premises, BUYER has the right to cancel the g) to elect to remove the lead-based paint and correct the problem which must be noter this clause, BUYER'S earnest money deposit will be returned to BUYER.
scrow, not as a contingency of the sale, but solely to confirm tha	the right to make a final Inspection of the property approximatelyday(s) to close of the distribution of the property approximatelyday(s) to close of the property is otherwise in substantially the same condition as on the date of
insurance policy showing the condition of the title to sa or not less than twenty-four (24) hours prior to closing, commitment. If BUYER does not so object, BUYER sh said premises is not marketable, or cannot be made so	action, SELLER or BUYER shall furnish to BUYER a commitment of a title id premises. BUYER shall have business day(s) from receipt of the commitment within which to object in writing to the condition of the title as set forth in the all be deemed to have accepted the conditions of the title. It is agreed that if the title of withinbusiness day(s) after notice containing a written statement of defect is t will be returned to BUYER and SELLER shall pay for the cost of title insurance
policy in the amount of the purchase price of the premis	SELLER shall within a reasonable time after closing furnish to BUYER a title insurance ses showing marketable and insurable title subject to the liens, encumbrances and narged or assumed by BUYER. The risk assumed by the title company in the ters of public record.
Coverage Lender's Policy. This extended coverage let	Mortgage policy): The lender will require that BUYER (Borrower) furnish an Extended nder's policy considers matters of public record and additionally insures against certain d coverage lender's policy is solely for the benefit of the lender and only protects
i.e., a legal claim against premises for payment of som if they are not of public record at time of closing.) Hor legal obligations before the purchase of the home and BUYER talk to a title company about what it offers in the coverage owner's policy is for the benefit of the owner.	A standard title policy does not cover certain potential problems or risks such as liens (e debt or obligation, boundary disputes, claims of easement and other matters of claim wever, under Idaho law, such potential claims against the premises may have become yet may not be of public record until after the purchase. It is recommended that the way of extended coverage title policies and endorsements. This extended coverage transport of the provided by the extended coverage equested Yes No. Additional premium pad by: BUYER SELLER.
(E) The parties agree that	Title Company shall provide title policy and preliminary report of commitment.
BUYER and SELLER acknowledge red	ceipt of copy of this page, which constitutes Page 1 of 5 Pages. Date SELLER's initials (
BUYER S Initials () ()	Date OLLLEN'S Initials () ()

					red repair costs.				
	BUYER	SELLER	Shared Equally	Not Applicable		BUYER	SELLER	Shared Equally	Not Applicable
Appraisal Fee	DOTER	OLLLLIN	Lquany	Applicable	Title Ins. Standard	DOTER	OLLLLIN	Equally	Арріюшьк
					Coverage Owner's				
Closing Escrow Fee					Policy Title Ins. Extended	+			
closing Ecolon 1 co					Coverage Lender's				
Attornov	-				Policy Title Ins. Extended				
Attorney Contract/Document					Coverage Owner's				
Preparation Fee/Cost					Policy				
Loan Document					Septic Inspection				
Preparation Flood Certification Fee	+				Septic Pumping				-
Flood Tracking Fee	1				Survey				
Loan Assumption Fee					Well Inspection				
Tax Service Fee					Appraisal Re-				
	+				Inspection Fee				
24. DEFAULT: If BUYER of damages or (2) pursuing any demand upon the holder of the Broker on behalf of SELLER less, inspection fees and attempt of the second of the secon	y other lawful the Earnest N R and BUYER	I right or rem Money, upon I related to t	nedy to wh which der he transac	ich SELLER n mand said hol	nay be entitled. If SELLE der shall pay from the Ea	R elects to pr rnest Money t	oceed under he costs incu	(1), SELLER rred by SELI	shall make LER's
Broker, provided that the am acknowledge and agree that SELLER's Broker on behalf secrow fees, credit report fer f SELLER defaults, having to him/her and SELLER shall any. This shall not be considered.	nount to be part if SELLER ereof SELLER ares, inspection approved sall pay for the dered as a watton: The	aid to SELLI elects to pro- end BUYER in fees and a did sale and costs of title aiver by BU e parties to	ER's Broke ceed unde related to ttorney's fo fails to cor insurance YER of any	pay any balar er shall not exer (2), the hold the transaction ees, with any assummate the e, escrow fees y other lawful ment acknowle	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money n, including, without limit balance of the Earnest M same as herein agreed, , credit report fees, inspe right or remedy to which edge that sales price info	-to commissionshall be entitle ation, the costs oney to be he BUYER's Ear ction fees, bro BUYER may be	ELLER and on SELLER and to pay the os of brokerage ld pending renest Money dekerage fees a pe entitled.	one-half to Si and BUYER: costs incurre e fee, title ins solution of the leposit shall in and attorney	ELLER's specifically d by surance, ne matter, be returned 's fees, if
Broker, provided that the am acknowledge and agree that SELLER's Broker on behalf- secrow fees, credit report fer if SELLER defaults, having to him/her and SELLER shal any. This shall not be consider 25. SALES PRICE INFORM may be provided to the Cour	nount to be part if SELLER e of SELLER e es, inspection approved saull pay for the dered as a w MATION: The noty Assessor	aid to SELLI elects to pro- and BUYER of fees and a aid sale and costs of title aiver by BU e parties to 's Office by	ER's Broke ceed unde related to ttorney's fi fails to cor insurance YER of any this Agree either party	pay any balar er shall not exer (2), the hold the transaction ees, with any assummate the e, escrow fees y other lawful ment acknowle	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money n, including, without limit balance of the Earnest M same as herein agreed, , credit report fees, inspe right or remedy to which edge that sales price info	-to commissionshall be entitle ation, the costs oney to be he BUYER's Ear ction fees, bro BUYER may be	ELLER and on SELLER and to pay the os of brokerage ld pending renest Money dekerage fees a pe entitled.	one-half to Si and BUYER: costs incurre e fee, title ins solution of the leposit shall in and attorney	ELLER's specifically d by surance. he matter. be returned 's fees, if
Broker, provided that the am acknowledge and agree that SELLER's Broker on behalf- secrow fees, credit report fer if SELLER defaults, having to him/her and SELLER shal any. This shall not be considerable 25. SALES PRICE INFORM may be provided to the Cour 26. TIME IS OF THE ESSE	nount to be part if SELLER a cof SELLER a es, inspection approved sa ill pay for the dered as a w MATION: The noty Assessor' ENCE IN THIS	aid to SELLI elects to pro- ind BUYER in fees and a aid sale and costs of title aiver by BU e parties to 's Office by CAGREEMI	ER's Broke ceed unde related to ttorney's fi fails to cor insurance YER of any this Agree either party	pay any balar er shall not extro (2), the hold the transactiones, with any issummate the extra (2), escrow fees by other lawful ment acknowly or by either (2)	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money in, including, without limit balance of the Earnest Mosey in same as herein agreed, credit report fees, insperight or remedy to which edge that sales price infoparty's Broker.	to commissio shall be entitle ation, the costs oney to be he BUYER's Ear ction fees, bro BUYER may b rmation comp	ELLER and on. SELLER and of to pay the so of brokerage id pending renest Money diskerage fees are entitled.	one-half to Si and BUYER; costs incurre e fee, title ins solution of the leposit shall land attorney	ELLER's specifically d by surance. he matter. be returned 's fees, if
Broker, provided that the am acknowledge and agree that SELLER's Broker on behalf secrow fees, credit report fee f SELLER defaults, having o him/her and SELLER shal any. This shall not be considered SE. SALES PRICE INFORM may be provided to the Cour 26. TIME IS OF THE ESSE	nount to be part if SELLER a cof SELLER a es, inspection approved sa ill pay for the dered as a w MATION: The noty Assessor' ENCE IN THIS	aid to SELLI elects to pro- ind BUYER in fees and a aid sale and costs of title aiver by BU e parties to 's Office by CAGREEMI	ER's Broke ceed unde related to ttorney's fi fails to cor insurance YER of any this Agree either party	pay any balar er shall not extro (2), the hold the transactiones, with any issummate the extra (2), escrow fees by other lawful ment acknowly or by either (2)	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money in, including, without limit balance of the Earnest Mosey in same as herein agreed, credit report fees, insperight or remedy to which edge that sales price infoparty's Broker.	to commissio shall be entitle ation, the costs oney to be he BUYER's Ear ction fees, bro BUYER may b rmation comp	ELLER and on. SELLER and of to pay the so of brokerage id pending renest Money diskerage fees are entitled.	one-half to Si and BUYER; costs incurre e fee, title ins solution of the leposit shall land attorney	ELLER's specifically d by surance. he matter. be returned 's fees, if
Broker, provided that the am acknowledge and agree that SELLER's Broker on behalf-secrow fees, credit report feet of SELLER defaults, having to him/her and SELLER shal any. This shall not be considered to the Court of the Cour	nount to be pay t if SELLER a es, inspection approved sa ill pay for the dered as a w MATION: The nty Assessor ENCE IN THIS re the closing da saction shall	aid to SELLI elects to pro and BUYER n fees and a id sale and costs of title aiver by BU e parties to 's Office by S AGREEMI date, BUYE atte shall be be	ER's Broke ceed unde related to ttorney's fi fails to cor insurance YER of any this Agree either party ENT.	pay any balar er shall not ex- fr (2), the holds the transaction ees, with any issummate the eta, escrow fees y other lawful ment acknowly y or by either to LLER shall de an	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money in, including, without limit balance of the Earnest Mosey in same as herein agreed, credit report fees, insperight or remedy to which edge that sales price infoparty's Broker.	to commissio shall be entitle ation, the costs oney to be he BUYER's Ear ction fees, bro BUYER may b rmation comp	ELLER and on. SELLER and of to pay the so of brokerage id pending renest Money diskerage fees are entitled.	one-half to Si and BUYER; costs incurre e fee, title ins solution of the leposit shall land attorney	ELLER's specifically d by surance. he matter. be returned 's fees, if
Broker, provided that the am acknowledge and agree that SELLER's Broker on behalf-secrow fees, credit report fee of SELLER defaults, having to him/her and SELLER shal any. This shall not be considered to the Court of the Court	nount to be pay to if SELLER a es, inspection approved sa ull pay for the dered as a w MATION: Thinty Assessor ENCE IN THIS re the closing the closing dansaction shall be entrer recorded a variable assurption.	aid to SELLI lects to pro ind BUYER n fees and a id sale and costs of title aiver by BU e parties to 's Office by 6 AGREEMI date, BUYE ate shall be be be titled to pose or accepted sessment as BU' ELLER ackr	ER's Broke ceed unde related to to thorney's fidalls to cordinate related to insurance YER of any this Agreeieither partitions and SE and SE and SE and Idea of the session by an esc a basis), YER shall	pay any balar or shall not ex- r shall not ex- r (2), the hold- the transactiones, with any summate the or ex- r shall de an any shall de any for fuel in eceipt of copy ecepts, interest pay for fuel in eceipt of copy	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money in, including, without limit balance of the Earnest Mosey in, including, without limit balance of the Earnest Mosey including, credit report fees, insperight or remedy to which edge that sales price information of the party's Broker. If a long-term in the last proceeds are a and reserves, liens, enc	to commission shall be entitle stion, the costs oney to be he BUYER's Ear ction fees, bro BUYER may be remained by the same ency all funds escrow/collectime vailable to SE umbrances or mined by the satitutes Page 1	ELLER and con. SELLER a d to pay the construction of brokerage id pending re- mest Money de kerage fees a be entitled. and instrume The part attion is involved. "Clos LLER. Prope obligations as supplier at SE of 5 Pages.	one-half to Si and BUYER; costs incurre e fee, title ins solution of the leposit shall land attorney att of this Agn onts necessal ties agree the ed, then the ling" means to inty taxes and ssumed and iller"S exp	ELLER's specifically d by surance. le matter be returned 's fees, if eement ry to at the long-term the date on d water utilities
Broker, provided that the amacknowledge and agree that SELLER's Broker on behalf-secrow fees, credit report fet fSELLER defaults, having on him/her and SELLER shalany. This shall not be considered to the Court of the secrow has been been seen as the secrow holder shall be secrow holder shall be seen seen seen as the sessessments (using the last shall be pro-rated as of SELLER provided to the Court of the secrow holder shall be seen seen which all documents are eith sessessments (using the last shall be pro-rated as of SELLER provided that the last shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be pro-rated as of SELLER provided that the secrow holder shall be provided to the consideration that the secrow holder shall be provided to the consideration that the secrow holder shall be provided to the consideration that the secrow holder shall be provided to the consideration that the secrecy holder shall be provided to the secrecy that the secrecy holder shall be provided to the secrecy the secrecy that the secrecy tha	nount to be pay to if SELLER a es, inspection approved sa ull pay for the dered as a w MATION: Thinty Assessor ENCE IN THIS re the closing the closing dansaction shall be entrer recorded a variable assurption.	aid to SELLI lects to pro ind BUYER n fees and a id sale and costs of title aiver by BU e parties to 's Office by 6 AGREEMI date, BUYE ate shall be be be titled to pose or accepted sessment as BU' ELLER ackr	ER's Broke ceed unde related to to thorney's fidalls to cordinate related to insurance YER of any this Agreeieither partitions and SE and SE and SE and Idea of the session by an esc a basis), YER shall	pay any balar or shall not ex- r shall not ex- r (2), the hold- the transactiones, with any summate the or ex- r shall de an any shall de any for fuel in eceipt of copy ecepts, interest pay for fuel in eceipt of copy	ice of the Earnest Money ceed the Broker's agreed or of the Earnest Money in, including, without limit balance of the Earnest Mosey in, including, without limit balance of the Earnest Mosey in the same as herein agreed, credit report fees, insperight or remedy to which edge that sales price informatives Broker. If a long-term in the sale proceeds are a and reserves, liens, enctant, amount to be determent of this page, which consider of the page of the	to commission shall be entitle stion, the costs oney to be he BUYER's Ear ction fees, bro BUYER may be remained by the same ency all funds escrow/collectime vailable to SE umbrances or mined by the satitutes Page 1	ELLER and con. SELLER a d to pay the construction of brokerage id pending re- mest Money de kerage fees a be entitled. and instrume The part attion is involved. "Clos LLER. Prope obligations as supplier at SE of 5 Pages.	one-half to Si and BUYER; costs incurre e fee, title ins solution of the leposit shall land attorney att of this Agn onts necessal ties agree the ed, then the ling" means to inty taxes and ssumed and iller"S exp	ELLER's specifically d by surance, le matter, be returned 's fees, if eement by to at the long-term the date on d water utilities

30. REPRESENTAT			llawing reletter -	sin(s) with the BLIVER (#	nont" or "popose "-i"	or "limited dual case	h*"\ ·
		n)	-	nip(s) with the BUYER ("ag for the BUYER.	gent or nonagent	or ilmited dual ager	н.).
Selling brok	ker acted as a	(n)		for the BUYER.			
	•		•	nip(s) with the SELLER ("a	agent" or "nonagent	t" or "limited dual age	nt"):
Listed brok Selling brol	er acted as a(ker acted as a	n) (n)		for the SELLER. for the SELLER.			
elationship confirmed EACH PARTY UNDE VRITTEN AGREEM	d above. In ac RSTANDS THE ENT FOR AGE	Idition, each party c HAT HE OR SHE IS ENCY REPRESENT	onfirms that the b A "CUSTOMER" "ATION.	read and understood the A proker's agency office polic AND IS NOT REPRESE!	cy was made availa NTED BY A BROKI	able for inspection an ER UNLESS THERE	d review. IS A SIGNED
1. ACCEPTANCE: SELLER does not ac	BUYER's offe cept this Agre	er is made subject to ement within the tim	o the acceptance e specified, the e	of SELLER on or before (entire Earnest Money shall	(Date) I be refunded to BU	_and (Time) JYER on demand.	If
				ue copy of this Agreement ecify number of BUYER ac		ed.)	
BUYER Signature BUYER (Print Name)				BUYER Signature BUYER (Print Nam			
Date	_Time	Phone #		Date	Time	Phone #	
Address				Address			
City		Zin		City	State	Zip	
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur SIGNATURE(S) S SEE ATTACHED	IATURES: ereby approve ther acknowle SUBJECT TO SELLERS RI	and accept the trand dge receipt of a true COUNTER OFFER GHT TO CONTINUI	saction set forth in copy of this Agre SEE A E TO MARKET P	n the above Agreement are sement signed by both pa TTACHED SELLER ADD REMISES SELLER Signature	nd agree to carry or rties. JENDUM EE ATTACHED CO	ut all the terms there	•
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name	MATURES: treby approve ther acknowle SUBJECT TO SELLERS RI	and accept the trans dge receipt of a true COUNTER OFFER GHT TO CONTINUI	saction set forth in ecopy of this Agre	n the above Agreement arement signed by both pa TTACHED SELLER ADD 'REMISES SELLER Signature SELLER (Print Nar	nd agree to carry or rties. ENDUM EE ATTACHED CO eme)	ut all the terms there	•
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name	IATURES: reby approve ther acknowle SUBJECT TO SELLERS Ri e) _ Time	and accept the trans dge receipt of a true COUNTER OFFER GHT TO CONTINUI	saction set forth in ecopy of this Agre ☐ SEE A E TO MARKET P	n the above Agreement ar sement signed by both pa TTACHED SELLER ADD REMISES SELLER Signature SELLER (Print Nar	nd agree to carry or rities. IENDUM EE ATTACHED CO me)Time	out all the terms therefore OUNTER OFFER(S) Phone #	•
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date Address Ad	IATURES: reby approve ther acknowle SUBJECT TO SELLERS RI	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI	saction set forth in ecopy of this Agre ☐ SEE A E TO MARKET P	n the above Agreement arement signed by both pa TTACHED SELLER ADD PREMISES SELLER Signature SELLER (Print Nar Date Address	nd agree to carry or rties. ENDUM EE ATTACHED CO eme)Time	out all the terms thereon	•
Address	IATURES: rreby approve ther acknowle SUBJECT TO SELLERS Ri D Time State	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip	saction set forth in ecopy of this Agre SEE A E TO MARKET P	n the above Agreement arement signed by both pa TTACHED SELLER ADD REMISES SELLER Signature SELLER (Print Nar Date Address City	nd agree to carry or rites. IENDUM EE ATTACHED CO me) Time State	out all the terms therefore OUNTER OFFER(S) Phone #	•
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City C	IATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State NOWLEDGME egging Agreet	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O nent, signed by the	saction set forth is copy of this Agre SEE A E TO MARKET P	n the above Agreement arement signed by both pa TTACHED SELLER ADD REMISES SELLER Signature SELLER (Print Nar Date Address City BEARING ALLSIGNATUR Itaining the full and comple	nd agree to carry or rties. ENDUM EE ATTACHED CO me) TimeState RES:	OUNTER OFFER(S) Phone #	
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date Address City 34. BUYER'S ACKN	IATURES: reby approve ther acknowle SUBJECT TO SELLERS Right Time State NOWLEDGME egoing Agreel day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the	saction set forth in a copy of this Agree SEE A E TO MARKET P	n the above Agreement arement signed by both pa TTACHED SELLER ADD REMISES SELLER Signature SELLER (Print Nar Date Address City BEARING ALLSIGNATUR Ttaining the full and complete	nd agree to carry or rites. ENDUM EE ATTACHED CO me) TimeState RES: ete description of the	OUNTER OFFER(S) Phone #	oy received on
33. SELLER'S SIGN On this date, I/We he he SELER. I/We fur a signature seller (Print Name Date City 34. BUYER'S ACKN A true copy of the for his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement arement signed by both pa TTACHED SELLER ADD REMISES SELLER Signature SELLER (Print Nar Date Address City BEARING ALLSIGNATUR Ttaining the full and complete	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on
33. SELLER'S SIGN On this date, I/We he he SELER. I/We furn SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City 44. BUYER'S ACKN A true copy of the forn his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement are sement signed by both partaneous signed by both partaneous signed by both partaneous signed by both partaneous seller AD SELLER Signature SELLER (Print Nar Date	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on
3. SELLER'S SIGN on this date, I/We he he SELER. I/We fun SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City 4. BUYER'S ACKN A true copy of the for- his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement are sement signed by both partaneous signed by both partaneous signed by both partaneous signed by both partaneous seller AD SELLER Signature SELLER (Print Nar Date	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on
33. SELLER'S SIGN On this date, I/We he he SELER. I/We furn SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City 44. BUYER'S ACKN A true copy of the forn his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement are sement signed by both partaneous signed by both partaneous signed by both partaneous signed by both partaneous seller AD SELLER Signature SELLER (Print Nar Date	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on
33. SELLER'S SIGN On this date, I/We he he SELER. I/We furn SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City 44. BUYER'S ACKN A true copy of the forn his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement are sement signed by both partaneous signed by both partaneous signed by both partaneous signed by both partaneous seller AD SELLER Signature SELLER (Print Nar Date	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on
33. SELLER'S SIGN On this date, I/We he he SELER. I/We furn SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City 44. BUYER'S ACKN A true copy of the forn his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement are sement signed by both partaneous signed by both partaneous signed by both partaneous signed by both partaneous seller AD SELLER Signature SELLER (Print Nar Date	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on
3. SELLER'S SIGN on this date, I/We he he SELER. I/We fun SIGNATURE(S) S SEE ATTACHED SELLER Signature SELLER (Print Name Date City 4. BUYER'S ACKN A true copy of the for- his	ATURES: reby approve ther acknowle SUBJECT TO SELLERS RI Time State State Gowledge day o	and accept the transdge receipt of a true COUNTER OFFER GHT TO CONTINUI Phone # Zip NT OF RECEIPT O ment, signed by the f	saction set forth is copy of this Agree SEE A E TO MARKET P OF FINAL COPY I SELLER and cor , 20	n the above Agreement are sement signed by both partaneous signed by both partaneous signed by both partaneous signed by both partaneous seller AD SELLER Signature SELLER (Print Nar Date	nd agree to carry or rities. IENDUM EE ATTACHED CO me) TimeState RES: ete description of the constitutes Page 1	DUNTER OFFER(S) Phone # Zip the premises, is hereby of 5 Pages.	oy received on

	Y BINDING CONTRACT, READ T QUESTIONS CONSULT YOUR :	THE ENTIRE DOCUMENT, INCLUDING ANY ATTACHMENTS, CAREFULL ATTORNEY BEFORE SIGNING.	. T, BEFORE SIGNING.
This is a COUNTER	R OFFER to the Real Estate Purch	nase and Sale Agreement and Receipt for Earnest Money:	
Earnest Money Dat	ed:	, 20ID#	→
ADDDEOG			
D			
.,		d conditions in the above designated agreement with the following changes	or amendments:
	LELEN accepts all of the terms an	a conditions in the above designated agreement with the following changes	or amendments.
	A CONTRACTOR OF THE STATE OF TH		
		A 1 M 1 M 1 M 1 M 1 M 1 M 1 M 1 M 1 M 1	
		The second secon	
	on its execution by both parties, is	made an integral part of the aforementioned Agreement. All other terms ar	nd conditions to remain
he same. The undersigned Boother offers at any to not received on or b	uyer(s) reserves the right to withdi ime prior to them or their agent be beforea.m./p.m.	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a summary 20 this counter offer shall be deemed to have expire	his offer or accept any signed acceptance is d.
the same. The undersigned Brother offers at any to the received on or bother	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a significant counter offer shall be deemed to have expire B	his offer or accept any signed acceptance is d.
the same. The undersigned Brother offers at any to the treceived on or both treceived on or bo	uyer(s) reserves the right to withdi ime prior to them or their agent be beforea.m./p.m 	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw the sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any tool the received on or tool to the received on or tool tool tool tool tool tool tool t	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any tool the received on or tool to the received on or tool tool tool tool tool tool tool t	uyer(s) reserves the right to withdi ime prior to them or their agent be beforea.m./p.m 	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw the sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any thot received on or the Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any thot received on or the Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
he same. The undersigned B Inter offers at any tool the offers at any tool received on or tool Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any thot received on or the Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
he same. The undersigned B Inter offers at any tool the offers at any tool received on or tool Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
he same. The undersigned B Inter offers at any tool the offers at any tool received on or tool Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any thot received on or the Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any thot received on or the Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any thot received on or the Dated Dated	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.
the same. The undersigned Biother offers at any to not received on or to the part of the p	uyer(s) reserves the right to withdo ime prior to them or their agent be sefore, 20	raw this offer and/or the undersigned Seller(s) reserve the right to withdraw to sing in receipt of a true copy of signed acceptance of this counter offer. If a selection of this counter offer shall be deemed to have expire BUYER	his offer or accept any signed acceptance is d.



Uniform Residential Loan Application (URLA)

		•	are applying	for this loan with others, each additional B	orrower must provide
Section 1: Born employment and oth	ower Informati er sources, such as reti	ion. This section irement, that you	n asks abo	t your personal information and your dered to qualify for this loan.	income from
1a. Personal Informa	tion				
Name (First, Middle, Las	t, Suffix)			Social Security Number	
	any names by which you previously received (First,			(or Individual Taxpayer Identification Num Date of Birth Citizenship (mm/dd/yyyy) O U.S. Citizer O Permanen O Non-Perm	1
	ividual credit. nt credit. Total Number of ds to apply for joint cred			List Name(s) of Other Borrower(s) Apply (First, Middle, Last, Suffix)	ying for this Loan
Marital Status O Married O Separated	Dependents (not list Number	sted by another Borr	ower)	Contact Information	
	owed, Civil Union, Dome: I Beneficiary Relationship			Work Phone ()	Ext
Current Address Street City		ZIP	Cou	ntry	Unit #
How Long at Current Ad	dress? Years	_Months Housi	ng ○Nop	rimary housing expense OOwn ORen	t (\$/month
Street					Unit #
	State				
				rimary housing expense O Own O Ren	ıt (\$/month)
Mailing Address – <i>if dift</i> Street	erent from Current Addre	ss Does not a	ipply		Unit #
		ZIP	Co	intry	
Military Service – Did y	ou (or your deceased spo ly: Currently serving	ouse) ever serve, or g on active duty wi , discharged, or sep ervice was as a non	r are you cur th projected parated from	ently serving, in the United States Armed F expiration date of service/tour/	orces? ONO OYE:(mm/yyyy)
are available to assist yo	u in your preferred langua	age. Please be awar		llish. This question requests information to unications may NOT be available in your pr	
	guage you would prefer,		O)/:-+	nese O Other: O I o	la makudah terus
Your answer will NOT n	egatively affect your mo	rtgage application	. Your answe	r does not mean the Lender or Other Loan y let them assist you or direct you to persor	Participants agree to
_anguage assistance an	d resources may be avail	able through hous	ing counseli	ng agencies approved by the U.S. Departmollowing federal government agencies:	•
				4287 or <u>www.hud.gov/counseling.</u> onsumerfinance.gov/find-a-housing-coun	selor,
	ial Protection Bureau (CF				selor,

Employer or Business Name Street City						
		1110	iiie ()	Base	\$_	/montl
		Sta	te ZIP	Overt	time \$_	/montl
		1		Bonu		/montl
Position or Title			tatement applies: d by a family member,			/montl
Start Date/(mm/yyyy,		property selle	r, real estate agent, or o	other Milita	ry ements \$	/montl
How long in this line of work?				Other		/montl
☐ Check if you are the Business ○ Owner or Self-Employed ○	I have an ownership share I have an ownership share			(or Loss)		/month
1c. IF APPLICABLE, Complete Info	ormation for Additional	Employment/	Self-Employment a			not apply
imployer or Business Name		Pho	one ()			ly Income
itreet				Base	*-	/mont
ity		Sta	teZIP	Overt		/mont
Position or Title		Check if this s	tatement applies:			/mont
Start Date/(mm/yyyy)	☐I am employe	d by a family member,	AATT .		/1110110
How long in this line of work?Y	ears Months	party to the t	er, real estate agent, or o ransaction.			/mont
Check if you are the Business O	I have an ownershin share	of less than 25%	Monthly Income	(or Loss) Othe		/mont
	I have an ownership share			тот	AL \$_	/mont
Employer or Business Name	and previous employme	nt and income.	. ,			t apply
Provide at least 2 years of current a Employer or Business Name Street	and previous employme	nt and income.	Check if you were	the Prev	ious Gro	,
Provide at least 2 years of current a Employer or Business Name Street City	and previous employme	nt and income.	Check if you were Business Owner	the Prev	ious Gro	,
Provide at least 2 years of current a Employer or Business Name Street	and previous employme StateZIP	ent and income.	Check if you were Business Owner	the Prev	ious Gro	,
Provide at least 2 years of current and the state of the	State ZIP End Date / Does not apply below. Under Income So	(mm/yyyy)	Check if you were Business Owner or Self-Employed	the Prevince \$	ious Gros	ss Monthly
Provide at least 2 years of current at Employer or Business Name Street City Position or Title Start Date/	StateZIP End Date/ Does not apply below. Under Income So ort	mt and income. (mm/yyyy) murce, choose from Dividends Neil Certificate Proferential Neil Certificate Proferential Neil Neil Certificate Proferential Neil Neil Neil Neil Neil Neil Neil Nei	check if you were Business Owner or Self-Employed The sources liste otes Receivable ublic Assistance titirement	the Prev Inco \$ d here: • Royalty Payme • Separate Main • Social Security	ious Gros	• Unemployment Benefi s • VA Compensation
Provide at least 2 years of current and the street	StateZIP End Date/ Does not apply below. Under Income So rt	(mm/yyyy) nurce, choose free Dividends N Oddi Certificate P Fferential R (e.	check if you were Business Owner or Self-Employed The sources liste otes Receivable ublic Assistance etirement g., Pension, (RA)	the Prev Inco \$	ents tenance	• Unemployment Benefi s • VA Compensatio • Other
Provide at least 2 years of current at Employer or Business Name Street City Position or Title Start Date / (mm/yyyy) 1e. Income from Other Sources Include income from other sources Alimony Automobile Allowance Alimony Automobile Allowance Capital Gains - Housing or H	StateZIP End Date/ Does not apply below. Under Income So rt	(mm/yyyy) nurce, choose free Dividends N Oddi Certificate P Fferential R (e.	check if you were Business Owner or Self-Employed The sources liste otes Receivable ublic Assistance etirement g., Pension, (RA)	the Prev Inco \$	ents tenance	• Unemployment Benefi s • VA Compensatio • Other
Provide at least 2 years of current at Employer or Business Name Street City Position or Title Start Date // (mm/yyyy) 1e. Income from Other Sources Alimony Automobile Allowance Alimony Automobile Allowance Capital Gains - Housing or NOTE: Reveal alimony, child support, for this loan.	StateZIP End Date/ Does not apply below. Under Income So rt	(mm/yyyy) nurce, choose free Dividends N Oddi Certificate P Fferential R (e.	check if you were Business Owner or Self-Employed The sources liste otes Receivable ublic Assistance etirement g., Pension, (RA)	the Prev Inco \$	ents tenance	• Unemployment Benefi s • VA Compensatio • Other
Provide at least 2 years of current at Employer or Business Name Street City Position or Title Start Date // (mm/yyyy) 1e. Income from Other Sources Alimony Automobile Allowance Alimony Automobile Allowance Capital Gains - Housing or NOTE: Reveal alimony, child support, for this loan.	StateZIP End Date/ Does not apply below. Under Income So rt	(mm/yyyy) nurce, choose free Dividends N Oddi Certificate P Fferential R (e.	check if you were Business Owner or Self-Employed The sources liste otes Receivable ublic Assistance etirement g., Pension, (RA)	the Prev Inco \$	ents tenance ining you	• Unemployment Benefi s • VA Compensatio • Other
Provide at least 2 years of current at Employer or Business Name Street City Position or Title Start Date/	StateZIP End Date/ Does not apply below. Under Income So rt	(mm/yyyy) nurce, choose free Dividends N Oddi Certificate P Fferential R (e.	check if you were Business Owner or Self-Employed The sources liste otes Receivable ublic Assistance etirement g., Pension, (RA)	the Prev Inco \$	ents tenance ining you Mont	• Unemployment Benefi s • VA Compensatio • Other

nclude all accounts Checking	. I. ala		Accounts You Ha				
Savings Money Market	• Certificate of • Mutual Fund • Stocks		Stock Options Bonds Retirement (e.g., 4)	• Bri	dge Loan Prodividual Devel dividual Devel count	opment • Ca:	ist Account sh Value of Life Insurance ed for the transaction)
Account Type – use l	ist above I	inancial Insti	itution	Account I	Number		Cash or Market Valu
							\$
							\$
							\$
							\$
							\$
				Pro	ovide TOTA	L Amount Here	\$
	5111			 Secured Borrowe 	ea runas	 Other 	
		at Equity		Secured Borrowe	ea runas	· other	1
	above	eat Equity		Secured Borrowe	earunas	· other	Cash or Market Val
	above	at Equity		Secured Borrowe	ed runds	· outer	\$
	above	at Equity		Secured Borrowe	ea runas	- Outci	\$ \$
Non-Real Estate Asset Asset Type – use list of			or that You Ouro	Pi	rovide TOT/	AL Amount Here	\$ \$ \$
2c. Liabilities – Cre list all liabilities bel Revolving (e.g., credit c	dit Cards, Other De low (except real est ards) • Installment	bts, and Leas ate) and inclu (e.g., car, student	ude deferred pay , personal loans)	Does not	rovide TOTA apply account Typ lance paid mo	AL Amount Here	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c	dit Cards, Other De low (except real est	bts, and Leas ate) and inclu (e.g., car, student	ıde deferred pay	Does not ments. Under A	rovide TOT <i>i</i> : apply :ccount Typ	e, choose from to the paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c	dit Cards, Other De low (except real est ards) • Installment	bts, and Leas ate) and inclu (e.g., car, student	ude deferred pay , personal loans)	Does not ments. Under A Open 30-Day (baler Unpair	rovide TOTA apply account Typ lance paid mo	e, choose from to the paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c	dit Cards, Other De low (except real est ards) • Installment	bts, and Leas ate) and inclu (e.g., car, student	ude deferred pay , personal loans)	Does not ments. Under A Open 30-Day (bal	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c	dit Cards, Other De low (except real est ards) • Installment	bts, and Leas ate) and inclu (e.g., car, student	ude deferred pay , personal loans)	Does not ments. Under A Open 30-Day (baller Unpairs)	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c	dit Cards, Other De low (except real est ards) • Installment	bts, and Leas ate) and inclu (e.g., car, student	ude deferred pay , personal loans)	Does not ments. Under A Open 30-Day (ball street of the st	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre Revolving (e.g., credit c	dit Cards, Other De low (except real est ards) • Installment	bts, and Leas ate) and inclu (e.g., car, student	ude deferred pay , personal loans)	Does not ments. Under A Open 30-Day (baller Unpairs)	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities bel Revolving (e.g., credit c Account Type – sse list above	dit Cards, Other De low (except real est Installment Company Na	bts, and Leas ate) and inclu (e.g., car, student me Does notes below. Cha	ide deferred pay personal loans) Account Numbe	Does not ments. Under A Open 30-Day (bal er Unpai \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c ccount Type – se list above	dit Cards, Other De low (except real est Installment Company Na	bts, and Leas ate) and inclu (e.g., car, student me Does notes below. Cha	ade deferred pay to personal loans) Account Number to apply to see from the type	Does not ments. Under A Open 30-Day (bal er Unpai \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$
2c. Liabilities – Cre ist all liabilities be Revolving (e.g., credit c (ccount Type – se list above	dit Cards, Other De low (except real est Installment Company Na	bts, and Leas ate) and inclu (e.g., car, student me Does notes below. Chair	ade deferred pay to personal loans) Account Number to apply to see from the type	Does not ments. Under A Open 30-Day (bal er Unpai \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	rovide TOTA apply account Typ lance paid mo	e, choose from to nthly) • Lease (no To be paid off at or before closing	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$

3a. Property You Ow	n If you are refinancin	g, list the prope	erty you are refi	nancing FIRST.		
Address					c =	
Street			nit # City _ Irance, Taxes,		StateZI	
	Status: Sold, Pending	Association De	ues, etc.	Monthly Rental	For LENDER to	
Property Value	Sale, or Retained	Monthly Mortgo		Income	Net Monthly Ren	tal Income
\$		\$		\$	\$	
Mortgage Loans on t	his Property 🗆 Does not	apply				
Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balanc	To be paid off at rebefore closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
		\$	\$			\$
		\$	\$			\$
W.	Status: Sold, Pending	Monthly Insu Association De if not included in		Monthly Rental	For LENDER to	calculate:
Address Street		U	nit # City _		StateZI	Р
	Status: Sold. Pending	Association D	ues, etc.			
Property Value	Sale, or Retained	Monthly Mortgo		Income	Net Monthly Ren	tal Income
\$		\$		\$	\$	
Mortgage Loans on t	his Property 🗆 Does not	apply				
			T		ı	
Creditor Name	Account Number	Monthly Mortgage Payment	Unpaid Balanc	To be paid off at or e before closing	Type: FHA, VA, Conventional, USDA-RD, Other	Credit Limit (if applicable)
Creditor Name	Account Number	Mortgage	Unpaid Balanc	To be paid off at or e before closing	Conventional,	
Creditor Name	Account Number	Mortgage Payment	· ·	e before closing	Conventional,	(if applicable)
3c. IF APPLICABLE, C Address Street	Complete Information for Ad	Mortgage Payment \$ \$ Iditional Propert Un Monthly Insu Association Diff not included in	\$ Does n	e before closing □ ot apply For Inve	Conventional, USDA-RD, Other StateZII stment Property For LENDER to	\$ \$ Only calculate:
3c. IF APPLICABLE, (Address Street Property Value	Complete Information for Ac	Mortgage Payment \$ \$ Continued in the continued in the continued in the continued in Monthly Mortgo.	\$ Does n	e before closing □ ot apply For Inve Monthly Rental Income	StateZII stment Property For LENDER to Net Monthly Ren	\$ \$ Only calculate:
3c. IF APPLICABLE, (Address Street Property Value	Status: Sold, Pending Sale, or Retained	Montpage Payment \$ \$ Iditional Propert Un Monthly Insu Association Dr if not included in Monthly Mortge \$	\$ Does n	e before closing □ ot apply For Inve	Conventional, USDA-RD, Other StateZII stment Property For LENDER to	\$ \$ Only calculate:
3c. IF APPLICABLE, CAddress Street Property Value \$ Mortgage Loans on to	Status: Sold, Pending Sale, or Retained his Property Does not on the state of the	Mortgage Payment \$ \$ Citional Propert Un Monthly Insu Association DI if not included in Monthly Mortgage Monthly Mortgage	\$ Does not the City _ C	e before closing □ ot apply For Inve Monthly Rental Income \$ To be paid off at or	State ZII stment Property For LENDER to Net Monthly Ren \$ Type: FHA, VA, Conventional,	\$ \$ Only calculate: tal income
3c. IF APPLICABLE, (Address Street Property Value	Status: Sold, Pending Sale, or Retained	Mortgage Payment \$ \$ Iditional Propert Un Monthly Insu Association DI if not included in Monthly Mortgage Payment	\$ Does not the City	e before closing	State ZII stment Property For LENDER to Net Monthly Ren \$ Type: FHA, VA,	\$ \$ Only calculate: tal Income Credit Limit (if applicable)
3c. IF APPLICABLE, C Address Street Property Value \$ Mortgage Loans on t	Status: Sold, Pending Sale, or Retained his Property Does not on the state of the	Mortgage Payment \$ \$ Citional Propert Un Monthly Insu Association DI if not included in Monthly Mortgage Monthly Mortgage	\$ Does not the City _ C	e before closing □ ot apply For Inve Monthly Rental Income \$ To be paid off at or	State ZII stment Property For LENDER to Net Monthly Ren \$ Type: FHA, VA, Conventional,	\$ \$ Only calculate: tal income

(e.g., daycare facility, me. Is the property a	·	Number of Units Onvestment Proside space within the	Property O FHA Se	Unit #	YES
City	O Second Home the property, will you set a medical office, beauty/ba	O Investment Proside space within the	Property O FHA Se	roperty Value \$econdary Residence	YES
County Primary Residence ty. If you will occupy to the county of the c	the property, will you set a medical office, beauty/ba	O Investment Proside space within the	Property O FHA Se	roperty Value \$econdary Residence	YES
Primary Residence ty. If you will occupy to (e.g., daycare facility, me. Is the property a	the property, will you set a medical office, beauty/ba	O Investment Proside space within the	operty O FHA Se	econdary Residence	YES
ty. If you will occupy to (e.g., daycare facility, me. Is the property a	the property, will you set a medical office, beauty/ba	side space within th	ne property to operate	• ONO O	
gage Loans on the P					YES
	roperty You are Buying o	r Refinancing	\square Does not apply		
Lien Ty	pe	Monthly Paymen	Loan Amount, Amount to be		
○ First I	ien O Subordinate Lien	\$	\$	\$	
O First	Lien OSubordinate Lien	\$	\$	\$	
Employer	Community Nonprofit	State Agency Local Agency	• Other		
Gift of Equity, Grant	Deposited/Not Dep	osited Sourc	e – use list above	Cash or Marke	et Valu
	O Deposited O Not	Deposited		\$	
	ODeposited ONot	Deposited		\$	
Gift of Equity, Grant	ODeposited ONot	Deposited	e – use list above	\$	≥t V
	on the Property You verty is a 2-4 Unit Printal Income slate: Expected Net Note that the Expected Net Note the Expected Net Note that the Expected Net Note the Expected Net Note that the Expected Net Note the	country is a 2-4 Unit Primary Residence or an Initial Income Ilate: Expected Net Monthly Rental Income Ou Have Been Given or Will Receive for this Log grants below. Under Source, choose from the Employer Religious Nonprofit Federal Agency Obeposited ONot	O First Lien OSubordinate Lien \$ on the Property You Want to Purchase For Purchase Only perty is a 2-4 Unit Primary Residence or an Investment Property Intal Income Intal Income out Have Been Given or Will Receive for this Loan Does in Intelligence Of Intal Income Intelligence Of Intal Income Intelligence Of Intal Income Intelligence Of Intellige	O First Lien O Subordinate Lien \$ \$ In the Property You Want to Purchase For Purchase Only Does not apply Does not apply Does to a 2-4 Unit Primary Residence or an Investment Property Intal Income Intal Income	O First Lien O Subordinate Lien \$ \$ \$ \$ \$ In the Property You Want to Purchase For Purchase Only Does not apply Does not apply Does not apply Does not apply Amount Amount S S Ou Have Been Given or Will Receive for this Loan Does not apply Grants below. Under Source, choose from the sources listed here: Employer Religious Nonprofit Federal Agency Other Community Nonprofit State Agency Other Community Nonprofit State Agency Other Community Nonprofit State Agency Other Cash or Market Deposited Not Deposited Source – use list above Cash or Market Deposited Not Deposited \$

A. Will you occupy the property as your primary residence? If YES, have you had an ownership interest in another property in the last three years? If YES, complete (1) and (2) below: (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)? 3. If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property? 3. Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application?	ONO OYES
 (1) What type of property did you own: primary residence (PR), FHA secondary residence (SR), second home (SH), or investment property (IP)? (2) How did you hold title to the property: by yourself (S), jointly with your spouse (SP), or jointly with another person (O)? If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property? Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? 	ONO OYES
 If this is a Purchase Transaction: Do you have a family relationship or business affiliation with the seller of the property? Are you borrowing any money for this real estate transaction (e.g., money for your closing costs or down payment) or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application? 	ONO OYES
obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application?	
If YES, what is the amount of this money?	ONO OYES
2. 1. Have you or will you be applying for a mortgage loan on another property (not the property securing this loan) on or before closing this transaction that is not disclosed on this loan application?	ONO OYES
2. Have you or will you be applying for any new credit (e.g., installment loan, credit card, etc.) on or before closing this loan that is not disclosed on this application?	ONO OYES
Will this property be subject to a lien that could take priority over the first mo tgage lien, such as a clean energy lien paid through your property taxes (e.g., the Property Assessed Clean Energy Program)?	ONO OYES
The About Your Figure 1	
Are you a co-signer or guarantor on any debt or loan that is not disclosed on this application?	ONO OYES
Are there any outstanding judgments against you?	ONO OYE
1. Are you currently delinquent or in default on a federal debt?	ONO OYE
. Are you a party to a lawsuit in which you potentially have any personal financial liability?	ONO OYE
. Have you conveyed title to any property in lieu of foreclosure in the past 7 years?	ONO OYE
C. Within the past 7 years, have you completed a pre-foreclosure sale or short sale, whereby the property was sold to a third party and the Lender agreed to accept less than the outstanding mortgage balance due?	ONO OYE
Have you had property foreclosed upon in the last 7 years?	ONO OYE
II. Have you declared bankruptcy within the past 7 years? If YES, identify the type(s) of bankruptcy: □ Chapter 7 □ Chapter 11 □ Chapter 12 □ Chapter 13	ONO OYE

Section 6: Acknowledgments and Agreements. This section tells you about your legal obligations when you sign this application.

Acknowledgments and Agreements

- I agree to, acknowledge, and represent the following statements to:

 The Lender (this includes the Lender's agents, service providers and any of their successors and assigns); AND
- Other Loan Participants (this includes any actual or potential owners of a loan resulting from this application (the "Loan"), or acquirers of any beneficial or other interest in the Loan, any mortgage insurer, guarantor, any servicers or service providers of the Loan, and any of their successors and assigns).

By signing below, I agree to, acknowledge, and represent the following statements about:

(1) The Complete Information for this Application

- The information I have provided in this application is true, accurate, and complete as of the date I signed this application.
- If the information I submitted changes or I have new information before closing of the Loan, I must change and supplement this application or any real estate sales contract, including providing any updated/supplemented real estate sales contract.
- For purchase transactions: The terms and conditions of any real estate sales contract signed by me in connection with this application are true, accurate, and complete to the best of my knowledge and belief. I have not entered into any other agreement, written or oral, in connection with this real estate transaction.
- The Lender and Other Loan Participants may rely on the information contained in the application before and after closing of the Loan.
- Any intentional or negligent misrepresentation of information may result in the imposition of:
 - (a) civil liability on me, including monetary damages, if a person suffers any loss because the person relied on any misrepresentation that I have made on this application, and/or (b) criminal penalties on me including, but not limited to, fine or imprisonment or both under the provisions of federal law (18 U.S.C. §§ 1001 et seq.).

(2) The Property's Security

• The Loan I have applied for in this application will be secured by a mortgage or deed of trust which provides the Lender a security interest in the property described in this application.

(3) The Property's Appraisal, Value, and Condition

- Any appraisal or value of the property obtained by the Lender is for use by the Lender and Other Loan Participants.
- The Lender and Other Loan Participants have not made any representation or warranty, express or implied, to me about the property, its condition, or its value.

(4) Electronic Records and Signatures

- The Lender and Other Loan Participants may keep any paper record and/or electronic record of this application, whether or not the Loan is approved.
- If this application is created as (or converted into) an "electronic application", I consent to the use of "electronic records" and "electronic signatures" as the terms are defined in and governed by applicable federal and/or state electronic transactions laws.
- I intend to sign and have signed this application either using my:
 (a) electronic signature; or (b) a written signature and agree that if a paper version of this application is converted into an electronic application, the application will be an electronic record, and the representation of my written signature on this application will be my binding electronic signature.
- I agree that the application, if delivered or transmitted to the Lender or Other Loan Participants as an electronic record with my electronic signature, will be as effective and enforceable as a paper application signed by me in writing.

(5) Delinquency

- The Lender and Other Loan Participants may report information about my account to credit bureaus. Late payments, missed payments, or other defaults on my account may be reflected in my credit report and will likely affect my credit score.
- If I have trouble making my payments I understand that I may contact a HUD-approved housing counseling organization for advice about actions I can take to meet my mortgage obligations.

(6) Use and Sharing of Information

I understand and acknowledge that the Lender and Other Loan Participants can obtain, use, and share the loan application, a consumer credit report, and related documentation for purposes permitted by applicable laws.

Borrower Signature	Date (mm/dd/yyyy) //
Borrower Signature	Date (<i>mm/dd/yyyy</i>)/
Uniform Residential Loan Application Freddie Mac Form 65 • Fannie Mae Form 1003 <i>Effective 0772019</i>	

Demographic Information of Borrower	
nd neighborhoods are being fulfilled. For residential mortgac formation (ethnicity, sex, and race) in order to monitor our co sclosure laws. You are not required to provide this informatic thnicity" and one or more designations for "Race." The law p hether you choose to provide it. However, if you choose not gulations require us to note your ethnicity, sex, and race on	that all applicants are treated fairly and that the housing needs of communities ge lending, Federal law requires that we ask applicants for their demographic ompliance with equal credit opportunity, fair housing, and home mortgage on, but are encouraged to do so. You may select one or more designations for provides that we may not discriminate on the basis of this information, or on to provide the information and you have made this application in person, Federa the basis of visual observation or surname. The law also provides that we may not you provide in this application. If you do not wish to provide some or all of this
:hnicity: Check one or more	Race: Check one or more
Hispanic or Latino	☐ American Indian or Alaska Native – Print name of enrolled
☐ Mexican ☐ Puerto Rican ☐ Cuban	or principal tribe:
Other Hispanic or Latino – <i>Print origin:</i>	☐ Asian ☐ Asian Indian ☐ Chinese ☐ Filipino
For example: Argentinean, Colombian, Dominican,	
Nicaraguan, Salvadoran, Spaniard, and so on.	Other Asian – Print race:
Not Hispanic or Latino	For example: Hmong, Laotian, Thai, Pakistani, Cambodian, and so or
I do not wish to provide this information	☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander
	☐ Native Hawaiian ☐ Guamanian or Chamorro ☐ Samoan
ex	Other Pacific Islander – Print race:
Female Male	
I do not wish to provide this information	For example: Fijian, Tongan, and so on.
	☐ White
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Was the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual	☐ I do not wish to provide this information **taken in person):** sual observation or surname?
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vivas the sex of the Borrower collected on the basis of visual owas the race of the Borrower collected on the basis of visual owas the race of the Borrower collected on the basis of visual of the Demographic Information was provided through:	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vivas the sex of the Borrower collected on the basis of visual owas the race of the Borrower collected on the basis of visual owas the race of the Borrower collected on the basis of visual of the Demographic Information was provided through:	☐ I do not wish to provide this information **taken in person):** sual observation or surname?
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Was the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Fine Demographic Information was provided through: D Face-to-Face Interview (includes Electronic Media w/ Video Section 8: Loan Originator Information Loan Originator Information Loan Originator Organization Name	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES Component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Was the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Fine Demographic Information was provided through: D Face-to-Face Interview (includes Electronic Media w/ Video Section 8: Loan Originator Information Loan Originator Information Loan Originator Organization Name Address	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet ion.
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Vas the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the visual of Visual of Visual o Was the visual of Visual of Visual o Was the ethnicity of Visual o Was the visual of Visual o Was the ethnicity of Visual	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet ion.
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Vas the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the visual of Visual of Visual o Was the visual of Visual of Visual o Was the ethnicity of Visual o Was the visual of Visual o Was the ethnicity of Visual o Was the ethnicity of Visual o Was the ethnicity of Visual o Was the visual o Was the visual o Was the ethnicity of Visual o Was the ethnici	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet On. State License ID#
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Vas the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the visual	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet On. State License ID# State License ID#
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Vas the sex of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the race of the Borrower collected on the basis of visual o Was the visual of Visual of Visual o Was the visual of Visual of Visual o Was the ethnicity of Visual o Was the visual of Visual o Was the ethnicity of Visual o Was the ethnicity of Visual o Was the ethnicity of Visual o Was the visual o Was the visual o Was the ethnicity of Visual o Was the ethnici	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet On. State License ID#
To Be Completed by Financial Institution (for application Was the ethnicity of the Borrower collected on the basis of vi Was the sex of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race of the Borrower collected on the basis of visual or Was the race o	□ I do not wish to provide this information taken in person): sual observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES observation or surname? ○ NO ○ YES component) ○ Telephone Interview ○ Fax or Mail ○ Email or Internet On. State License ID# State License ID#

Highlights of URLA

Mortgage applied for

Ask your loan representative if you don't know what type of mortgage you need.

Agency Case Number

You won't have an Agency Case Number unless you apply for a government-backed loan.

Lender Case No.

The lender will assign your application a Lender Case Number when your application is received.

Subject property address

Double-check the address of the home you want to buy and enter it here.

Legal description of property

Don't complete now. The lender will add this information when it receives a formal property report.

Complete if construction loan

Leave this blank unless you apply for a loan to build a house.

Complete if refinance loan

Leave this blank unless you refinance your existing mortgage.

Title in what name(s)

Enter your legal name and the name of any co-buyer exactly as you want them to appear on all documents.

Source of down payment

Sample entries include "savings," "sale of present home," "sale of investments," and "gift from parents."

Estate held in

Check "Fee Simple" if you'll own the land as well as the home.

Borrower's name

Enter your full legal name.

Social Security number

The lender requires your Social Security number to report all mortgage interest charges to the IRS.

Previous addresses

If residing at present address for less than two years, the lender may check with your previous lenders or landlords to see if you paid your bills on time.

Name and address of employer

If you check "self-employed," show the lender a current profit and loss statement in addition to copies of your past two tax returns.

Net rental income

Enter the amount you earn (or lose) each month from any rental property you own, excluding depreciation expenses.

Other income

Include any other income you receive that doesn't fit in the categories above.

Assets/Cash deposit held by

Enter the name of the person or company that holds the deposit on your home, such as your agent, holding officer, or a title company.

Liabilities/Name and address of company

First list any mortgage lenders you owe, followed by credit card companies and other creditors. If you routinely pay them off, write "varies" in the monthly payment column and enter "0" for unpaid balance.

Assets/Checking and savings accounts

List the financial institutions where you have money deposited.

Assets/Real estate owned

Enter the market value of any other real estate you own.

Assets/Vested interest in retirement fund

Enter the present value of all your retirement funds, including any IRA, Keogh, or 401(k) plans.

Assets/Automobiles owned

Enter the current market value of your automobiles, not what you originally paid for them.

Assets/Other assets (itemize)

Enter the current value of any furniture, jewelry, boats, campers, and collectibles.

Liabilities/Job-related expense

If you're self-employed, you can ignore this box.

Appendix D

Loan Estimate

FICUS BANK 321 Random Boulevard • Somecity, S	T 12340		Save this Loa	ın Estimate to c	ompare with your Closing Disclosure.
LOAN Estimate 2/15/2013 AMICHAEL JONES and Mary Stone 123 Anywhere Street Anytown, ST 12345 PROPERTY 456 Somewhere Avenue Anytown, ST 12345 ALE PRICE \$180,000		LOAN TERM 30 years PURPOSE PURCHASE PRODUCT Fixed Rate LOAN TYPE SE Conventional □ FHA □ VA □ LOAN ID # 123456789 RATE LOCK □ NO SE YES, until 4/16/2013 at 5:00 p.m. EDT Before closing, your interest rate, points, and lender credits cochange unless you lock the interest rate. All other estimated closing costs expire on 3/4/2013 at 5:00 p.m. EDT			
Loan Terms			Can this an	nount increas	e after closing?
Loan Amount	\$162,000		NO		
Interest Rate	3.875%		NO		
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$761.78		NO		
			Does the lo	an have thes	e features?
Prepayment Penalty				s high as \$3,2 st 2 years	40 if you pay off the loan during the
Balloon Payment			NO		
Projected Payments Payment Calculation		Years	1_7		Years 8-30
,					
Principal & Interest		\$761.	.78		\$761.78
Mortgage Insurance	+	82			+ -
Estimated Escrow Amount can increase over time	+	206			+ 206
Estimated Total Monthly Payment		\$1,0	50		\$968
			This estimate		In escrow?
Estimated Taxes, Insurance & Assessments Amount can increase over time	\$206 a month	[] :	■ Property Tax ■ Homeowner □ Other: See Section G on property costs se	's Insurance page 2 for escro	YES YES wed property costs. You must pay for other
Costs at Closing					
Estimated Closing Costs	\$8,054		es \$5,672 in Lo der Credits. <i>See</i>		382 in Other Costs – \$0 s.
	\$16,054				ing Cash to Close on page 2 for details.

Appendix D (cont.)

	Other Costs	
\$1,802	E. Taxes and Other Government Fees	\$85
\$405	Recording Fees and Other Taxes	\$85
\$300 \$1,097	Transfer Taxes	****
	· · · · ·	\$867 \$605
	Mortgage Insurance Premium (months) Prepaid Interest (\$17.44 per day for 15 days @ 3.875%) Property Taxes (months)	\$262
	G. Initial Escrow Payment at Closing	\$413
		\$202
\$672		\$211
\$405 \$30 \$20 \$32 \$75	. ,	
\$110	H. Other	\$1,017
	Title – Owner's Title Policy (optional)	\$1,017
\$3,198 \$135 \$65	J. TOTAL CLOSING COSTS D+I	\$8,054 \$8,054
\$65 \$700 \$535	Lender Credits	\$8,054
. ,		\$8,054
	<u>-</u>	\$19.000
	·	\$18,000
	Funds for Borrower	\$10,000
	Seller Credits	\$(
	Adjustments and Other Credits	\$(
\$5,672	Estimated Cash to Close	\$16,054
	\$672 \$405 \$30 \$20 \$32 \$75 \$110 \$3,198 \$135 \$65 \$700 \$535 \$502 \$1,261	F. Prepaids Homeowner's Insurance Premium (6 months) Mortgage Insurance Premium (months) Prepaid Interest (\$17.44 per day for 15 days @ 3.875%) Property Taxes (months) G. Initial Escrow Payment at Closing Homeowner's Insurance \$100.83 per month for 2 mo. Mortgage Insurance per month for mo. Property Taxes \$105.30 per month for 2 mo. \$405 \$30 \$20 \$32 \$32 \$75 \$110 H. Other Title – Owner's Title Policy (optional) I. TOTAL OTHER COSTS (E+F+G+H) \$3,198 \$135 \$65 \$700 \$535 \$502 \$1,261 Calculating Cash to Close Total Closing Costs (J) Closing Costs Financed (Paid from your Loan Amount) Down Payment/Funds from Borrower Deposit Funds for Borrower Seller Credits Adjustments and Other Credits

Additional Information About This Loan

123-456-7890

LENDER Ficus Bank MORTGAGE BROKER

NMLS/__ LICENSE ID NMLS/__ LICENSE ID LOAN OFFICER LOAN OFFICER Joe Smith NMLS/__ LICENSE ID NMLS/__LICENSE ID 12345 **EMAIL** joesmith@ficusbank.com **EMAIL** PHONE

Comparisons	Use these measures to compare this loan with other loans.
In 5 Years	\$56,582 Total you will have paid in principal, interest, mortgage insurance, and loan costs. \$15,773 Principal you will have paid off.
Annual Percentage Rate (APR)	4.274% Your costs over the loan term expressed as a rate. This is not your interest rate.
Total Interest Percentage (TIP)	69.45% The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations

We may order an appraisal to determine the property's value and charge you for this **Appraisal**

appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.

You can pay for an additional appraisal for your own use at your own cost.

Assumption If you sell or transfer this property to another person, we

 \square will allow, under certain conditions, this person to assume this loan on the original terms.

x will not allow assumption of this loan on the original terms.

Homeowner's Insurance

This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.

Late Payment If your payment is more than 15 days late, we will charge a late fee of 5% of the monthly

principal and interest payment.

Refinance Refinancing this loan will depend on your future financial situation, the property value, and

market conditions. You may not be able to refinance this loan.

Servicing

x to transfer servicing of your loan.

Con	firm	Recei	рt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Co-Applicant Signature **Applicant Signature** Date Date

LOAN ESTIMATE PAGE 3 OF 3 • LOAN ID #123456789



Closing Disclosure

File#

Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information 4/15/2013 Date Issued 4/15/2013 **Closing Date** Disbursement Date 4/15/2013 Settlement Agent

Epsilon Title Co. 12-3456

456 Somewhere Ave Property Anytown, ST 12345 Sale Price \$180,000

Transaction Information

Seller

Lender

Michael Jones and Mary Stone Borrower 123 Anywhere Street

Anytown, ST 12345 Steve Cole and Amy Doe

321 Somewhere Drive

Anytown, ST 12345 Ficus Bank

Loan Information Loan Term 30 years Purpose Purchase

Product Fixed Rate

■ Conventional □ FHA Loan Type □VA □

Loan ID# 123456789 MIC# 000654321

Loan Terms		Can this amount increase after closing?
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest See Projected Payments below for your Estimated Total Monthly Payment	\$761.78	NO
		Does the loan have these features?
Prepayment Penalty		YES • As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment		NO

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ -
Estimated Escrow Amount can increase over time	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91

		This estimate includes	In escrow?
Estimated Taxes, Insurance	sments \$356.13 an increase over time a month	▼ Property Taxes	YES
& Assessments		▼ Homeowner's Insurance	YES
Amount can increase over time		■ Other: Homeowner's Association Dues	NO
See page 4 for details		See Escrow Account on page 4 for details. You must pay for other property costs separately.	

Costs at Closing		
Closing Costs	\$9,712.10	Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. <i>See page 2 for details.</i>
Cash to Close	\$14,147.26	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE PAGE 1 OF 5 • LOAN ID # 123456789

		Borrowe	er-Paid	Seller-P	aid	Paid by
Loan Costs		At Closing	Before Closing	At Closing Be	Others	
A. Origination Charges		\$1,80	2.00		ĺ	
01 0.25 % of Loan Amount (Point	rs)	\$405.00				
02 Application Fee		\$300.00				
03 Underwriting Fee		\$1,097.00				
04		-				
05 06						
07						
08						
B. Services Borrower Did Not Sh	op For	\$236	5.55			
01 Appraisal Fee	to John Smith Appraisers Inc.					\$405.0
02 Credit Report Fee	to Information Inc.		\$29.80			
03 Flood Determination Fee	to Info Co.	\$20.00				
04 Flood Monitoring Fee	to Info Co.	\$31.75				
05 Tax Monitoring Fee	to Info Co.	\$75.00				
06 Tax Status Research Fee	to Info Co.	\$80.00				
07						
08						
10						
C. Services Borrower Did Shop F	or	\$2,65	5.50			
01 Pest Inspection Fee	to Pests Co.	\$120.50				
02 Survey Fee	to Surveys Co.	\$85.00				
03 Title – Insurance Binder	to Epsilon Title Co.	\$650.00				
04 Title – Lender's Title Insurance	to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee	to Epsilon Title Co.	\$500.00				
06 Title – Title Search	to Epsilon Title Co.	\$800.00				
07						
08						
D. TOTAL LOAN COSTS (Borrows Loan Costs Subtotals (A + B + C)	er-Paid)	\$4,69				
Other Costs		\$4,664.25	\$29.80			
E. Taxes and Other Government		\$85				
E. Taxes and Other Government 01 Recording Fees	Deed: \$40.00 Mortgage: \$45.00			\$950.00		
E. Taxes and Other Government 1 Recording Fees 2 Transfer Tax		\$ 85 .00	.00	\$950.00		
E. Taxes and Other Government 01 Recording Fees 02 Transfer Tax F. Prepaids	Deed: \$40.00 Mortgage: \$45.00 to Any State	\$85	.00	\$950.00		
E. Taxes and Other Government 01 Recording Fees 02 Transfer Tax F. Prepaids 01 Homeowner's Insurance Premi	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co.	\$85.00 \$85.00 \$2,12	.00	\$950.00		
E. Taxes and Other Government 11 Recording Fees 102 Transfer Tax F. Prepaids 11 Homeowner's Insurance Premium (12 Mortgage Insurance Premium (13 Prepaid Interest (\$17.44 per d	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13)	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04	.00	\$950.00		
E. Taxes and Other Government I 01 Recording Fees 02 Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium (02 Mortgage Insurance Premium (03 Prepaid Interest (\$17.44 per d 04 Property Taxes (6 mo.) to Any	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13)	\$85.00 \$85.00 \$2,12 \$1,209.96	.00	\$950.00		
E. Taxes and Other Government I 01 Recording Fees 02 Transfer Tax F. Prepaids 01 Homeowner's Insurance Premiu 02 Mortgage Insurance Premium 03 Prepaid Interest (\$17.44 per d 04 Property Taxes (6 mo.) to Any 05	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) to from 4/15/13 to 5/1/13) y County USA	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80	0.80	\$950.00		
E. Taxes and Other Government 01 Recording Fees 02 Transfer Tax F. Prepaids 01 Homeowner's Insurance Premio 02 Mortgage Insurance Premium (03 Prepaid Interest (\$17.44 per d 04 Property Taxes (6 mo.) to Any 05 G. Initial Escrow Payment at Clos	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) / County USA	\$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80	0.80	\$950.00		
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax F. Prepaids 11 Homeowner's Insurance Premium 12 Mortgage Insurance Premium 13 Prepaid Interest (\$17.44 per d) 14 Property Taxes (6 mo.) to Any 15 G. Initial Escrow Payment at Clos 11 Homeowner's Insurance \$100.8	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) v County USA sing 3 per month for 2 mo.	\$85 \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80	0.80	\$950.00		
E. Taxes and Other Government I 01 Recording Fees 02 Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium I 02 Mortgage Insurance Premium I 03 Prepaid Interest (\$17.44 per d 04 Property Taxes (6 mo.) to Any 05 G. Initial Escrow Payment at Clos 01 Homeowner's Insurance \$100.8 02 Mortgage Insurance	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo.	\$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80	0.80	\$950.00		
E. Taxes and Other Government I 01 Recording Fees 02 Transfer Tax F. Prepaids 01 Homeowner's Insurance Premium (03 Prepaid Interest (\$17.44 per d 04 Property Taxes (6 mo.) to Any 05 G. Initial Escrow Payment at Clos 01 Homeowner's Insurance 02 Mortgage Insurance 03 Property Taxes \$105.3	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) v County USA sing 3 per month for 2 mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66	0.80	\$950.00		
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax 13 Frepaids 14 Mortgage Insurance Premium 15 Mortgage Insurance Premium 16 Prepaid Interest (\$17.44 per dought of the per dought of th	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66	0.80	\$950.00		
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax F. Prepaids 13 Homeowner's Insurance Premium 14 Mortgage Insurance Premium 15 Mortgage Insurance Premium 16 Property Taxes (6 mo.) to Any 17 September 18 Mortgage Insurance 19 Mortgage Insurance 10 Homeowner's Insurance 10 Mortgage Ins	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66	0.80	\$950.00		
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax P. Prepaids 13 Homeowner's Insurance Premium 14 Mortgage Insurance Premium 15 Mortgage Insurance Premium 16 Prepaid Interest (\$17.44 per decorate of the mount of the m	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60	0.80	\$950.00		
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium (103 Prepaid Interest (\$17.44 per d 104 Property Taxes (6 mo.) to Any 105 105 106 Homeowner's Insurance \$100.8 107 108 Aggregate Adjustment	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60	0.80	\$950.00		
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 103 Prepaid Interest (\$17.44 per d 104 Property Taxes (6 mo.) to Any 105 G. Initial Escrow Payment at Clos 101 Homeowner's Insurance \$100.8 102 Mortgage Insurance 103 Property Taxes \$105.30 104 105 106 107 108 Aggregate Adjustment H. Other	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60	0.80	\$950.00		
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax F. Prepaids 13 Homeowner's Insurance Premium 14 Mortgage Insurance Premium 15 Prepaid Interest (\$17.44 per d) 16 Property Taxes (6 mo.) to Any 17 Mortgage Insurance \$100.8 18 Mortgage Insurance \$100.8 19 Mortgage Insurance \$100.8 10 Mortgage Insurance \$100.8 11 Mortgage Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Mortgage Insurance \$100.8 14 Mortgage Insurance \$100.8 15 Mortgage Insurance \$100.8 16 Mortgage Insurance \$100.8 17 Mortgage Insurance \$100.8 18 Mortgage Insurance \$100.8 19 Mortgage Insurance \$100.8 10	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60	0.80	\$950.00		
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax F. Prepaids 13 Homeowner's Insurance Premium 14 Mortgage Insurance Premium 15 Mortgage Insurance Premium 16 Property Taxes (6 mo.) to Any 17 Mortgage Insurance 18 Homeowner's Insurance 19 Mortgage Insurance 10 Homeowner's Insurance 10 Mortgage Insurance 11 Mortgage Insurance 12 Mortgage Insurance 13 Mortgage Insurance 14 Mortgage Insurance 15 Mortgage Insurance 16 Mortgage Insurance 17 Mortgage Insurance 18 Mortgage Insurance 19 Mortgage Insurance 10	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$210.66 \$210.60	0.80	\$950.00	\$750.00	
E. Taxes and Other Government 11 Recording Fees 12 Transfer Tax F. Prepaids 13 Homeowner's Insurance Premium 14 Mortgage Insurance Premium 15 Prepaid Interest (\$17.44 per d) 16 Property Taxes (6 mo.) to Any 17 Mortgage Insurance \$100.8 18 Mortgage Insurance \$100.8 19 Mortgage Insurance \$100.8 10 Mortgage Insurance \$100.8 11 Mortgage Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Mortgage Insurance \$100.8 14 Mortgage Insurance \$100.8 15 Mortgage Insurance \$100.8 16 Mortgage Insurance \$100.8 17 Mortgage Insurance \$100.8 18 Mortgage Insurance \$100.8 19 Mortgage Insurance \$100.8 10	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60	0.80	\$950.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium (103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 11 Homeowner's Insurance \$100.8 (100.8) 106 11 Homeowner's Insurance \$100.8 (100.8) 107 108 Aggregate Adjustment 109 11 HOA Capital Contribution 12 HOA Processing Fee 13 Home Inspection Fee	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$210.66 \$210.60	0.80		\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 102 Mortgage Insurance Premium 103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 106 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Property Taxes \$105.30 14 Property Taxes \$105.30 16 Property Taxes \$105.30 17 Property Taxes \$105.30 18 Aggregate Adjustment 19 H.OA Capital Contribution 10 HOA Processing Fee 10 HOA Processing Fee 10 Home Inspection Fee 10 Home Warranty Fee	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$210.66 \$210.60	0.80	\$450.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium (103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 106 11 Homeowner's Insurance \$100.8 (100.8) 11 Homeowner's Insurance \$100.8 (100.8) 12 Mortgage Insurance \$100.8 (100.8) 13 Property Taxes \$105.30 (100.8) 14 HOMEOWNER'S INSURANCE \$100.8 (100.8) 15 HOMEOWNER'S INSURANCE \$100.8 (100.8) 16 HOMEOWNER'S INSURANCE \$100.8 (100.8) 17 HOMEOWNER'S INSURANCE \$100.8 (100.8) 18 HOMEOWNER'S INSURANCE \$100.8 (100.8) 19 HOMEOWNER'S INSURANCE \$100.8 (100.8) 10 HOMEOWNER'S IN	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$210.66 \$210.60	0.80	\$450.00 \$5,700.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 106 11 Homeowner's Insurance \$100.8 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Property Taxes \$105.30 14 Homeowner's Insurance \$100.8 16 Homeowner's Insurance \$100.8 17 Property Taxes \$105.30 18 Aggregate Adjustment 19 HOA Capital Contribution 10 HOA Processing Fee 10 HOA Processing Fee 11 HOA Capital Contribution Fee 12 Home Warranty Fee 13 Real Estate Commission 14 Real Estate Commission 15 Real Estate Commission 16 Real Estate Commission 17 Title – Owner's Title Insurance (6) 18 Prepaids Premission Prem	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker optional) to Epsilon Title Co.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60 \$500.00 \$150.00 \$750.00	0.80	\$450.00 \$5,700.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 106 11 Homeowner's Insurance \$100.8 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Property Taxes \$105.3 14 15 16 16 17 17 18 Aggregate Adjustment 19 HOA Capital Contribution 10 HOA Processing Fee 10 HOA Processing Fee 11 HOA Capital Contribution 12 HOA Processing Fee 13 Home Warranty Fee 14 Home Warranty Fee 15 Real Estate Commission 16 Real Estate Commission 17 Title – Owner's Title Insurance (10) 18 Insurance (10) 19 Total Other Costs (Borrowe	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker optional) to Epsilon Title Co.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60 \$500.00 \$150.00 \$750.00 \$1,000.00	0.80	\$450.00 \$5,700.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 106 11 Homeowner's Insurance \$100.8 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Property Taxes \$105.30 14 Homeowner's Insurance \$100.8 16 Homeowner's Insurance \$100.8 17 Property Taxes \$105.30 18 Aggregate Adjustment 19 HOA Capital Contribution 10 HOA Processing Fee 10 HOA Processing Fee 11 HOA Capital Contribution Fee 12 Home Warranty Fee 13 Real Estate Commission 14 Real Estate Commission 15 Real Estate Commission 16 Real Estate Commission 17 Title – Owner's Title Insurance (6) 18 Prepaids Premission Prem	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) lay from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker optional) to Epsilon Title Co.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60 \$500.00 \$150.00 \$750.00	0.80	\$450.00 \$5,700.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 106 11 Homeowner's Insurance \$100.8 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Property Taxes \$105.3 14 15 16 16 17 17 18 Aggregate Adjustment 19 HOA Capital Contribution 10 HOA Processing Fee 10 HOA Processing Fee 11 HOA Capital Contribution 12 HOA Processing Fee 13 Home Warranty Fee 14 Home Warranty Fee 15 Real Estate Commission 16 Real Estate Commission 17 Title – Owner's Title Insurance (10) 18 Insurance (10) 19 Total Other Costs (Borrowe	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker optional) to Epsilon Title Co.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60 \$500.00 \$150.00 \$750.00 \$1,000.00	0.80	\$450.00 \$5,700.00	\$750.00	
E. Taxes and Other Government 101 Recording Fees 102 Transfer Tax F. Prepaids 101 Homeowner's Insurance Premium 102 Mortgage Insurance Premium 103 Prepaid Interest (\$17.44 per d) 104 Property Taxes (6 mo.) to Any 105 105 11 Homeowner's Insurance \$100.8 12 Mortgage Insurance \$100.8 13 Mortgage Insurance \$100.8 14 Homeowner's Insurance \$100.8 16 Mortgage Insurance \$100.8 17 Ho A Capital Contribution 18 Mortgage Insurance 100.8 18 Aggregate Adjustment 19 HOA Capital Contribution 10 HOA Capital Contribution 11 HOA Capital Contribution 12 HOA Capital Contribution 13 Home Inspection Fee 14 Home Warranty Fee 15 Real Estate Commission 16 Real Estate Commission 17 Title — Owner's Title Insurance (contribution 18 HOTAL OTHER COSTS (Borrow) 18 HOTAL OTHER COSTS (Borrow) 18 HOTAL OTHER COSTS (Borrow) 19 HOTAL OTHER COSTS (Borrow) 10 HOTAL OTHER COSTS (Borrow) 10 HOTAL OTHER COSTS (Borrow) 11 HOTAL OTHER COSTS (Borrow) 12 HOTAL OTHER COSTS (BORTOW) 13 HOTAL OTHER COSTS (BORTOW) 14 HOTAL OTHER COSTS (BORTOW) 15 HOTAL OTHER COSTS (BORTOW) 16 HOTAL OTHER COSTS (BORTOW) 17 HOTAL OTHER COSTS (BORTOW)	Deed: \$40.00 Mortgage: \$45.00 to Any State um (12 mo.) to Insurance Co. (mo.) day from 4/15/13 to 5/1/13) / County USA sing 3 per month for 2 mo. per month for mo. 0 per month for 2 mo. to HOA Acre Inc. to HOA Acre Inc. to Engineers Inc. to XYZ Warranty Inc. to Alpha Real Estate Broker to Omega Real Estate Broker optional) to Epsilon Title Co.	\$85. \$85.00 \$2,12 \$1,209.96 \$279.04 \$631.80 \$412 \$201.66 \$210.60 \$500.00 \$150.00 \$750.00 \$1,000.00 \$5,018.05	0.80	\$450.00 \$5,700.00	\$750.00	\$405.00

	Loan Estimate	Final	Did this change?	
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)	
Closing Costs Paid Before Closing	\$0	- \$29.80	YES • You paid these Closing Costs before closing	
Closing Costs Financed			·	
(Paid from your Loan Amount)	\$0	\$0	NO	
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO	
Deposit	- \$10,000.00	- \$10,000.00	NO	
Funds for Borrower	\$0	\$0	NO	
Seller Credits	\$0	- \$2,500.00	YES • See Seller Credits in Section L	
Adjustments and Other Credits	\$0	- \$1,035.04	YES • See details in Sections K and L	
Cash to Close	\$16,054.00	\$14,147.26		
Summaries of Transactions	Use this tak	ole to see a sum	mary of your transaction. SELLER'S TRANSACTION	
K. Due from Borrower at Closing		\$189,762.30	M. Due to Seller at Closing	\$180,080.00
21 Sale Price of Property		\$189,762.30	01 Sale Price of Property	\$180,080.00
22 Sale Price of Any Personal Property Inc	cluded in Sale	\$100,000.00	02 Sale Price of Any Personal Property Included in Sale	¥100,000.00
3 Closing Costs Paid at Closing (J)		\$9,682.30	03	
04			04	
Adjustments			05 06	
05 06			06	
07			08	
Adjustments for Items Paid by Seller in	Advance		Adjustments for Items Paid by Seller in Advance	
O8 City/Town Taxes to			09 City/Town Taxes to	
O9 County Taxes to			10 County Taxes to	
10 Assessments to			11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/	/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
13			14	
14			15	
15			16	
L. Paid Already by or on Behalf of Borro	wer at Closing	\$175,615.04	N. Due from Seller at Closing	\$115,665.04
1 Deposit		\$10,000.00	01 Excess Deposit	
22 Loan Amount		\$162,000.00	02 Closing Costs Paid at Closing (J)	\$12,800.00
33 Existing Loan(s) Assumed or Taken Su	bject to		03 Existing Loan(s) Assumed or Taken Subject to	*****
04 05 Seller Credit		\$2,500.00	04 Payoff of First Mortgage Loan05 Payoff of Second Mortgage Loan	\$100,000.00
Other Credits		\$2,300.00	06	
06 Rebate from Epsilon Title Co.		\$750.00	07	
07			08 Seller Credit	\$2,500.00
Adjustments			09	
08			10	
09 10			12	
11			13	
Adjustments for Items Unpaid by Sellei	•		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/	13	\$365.04	14 City/Town Taxes 1/1/13 to 4/14/13	\$365.04
13 County Taxes to			15 County Taxes to	
14 Assessments to			16 Assessments to	
16			17 18	
			19	
17			CALCULATION	
CALCULATION		\$189,762.30	Total Due to Seller at Closing (M)	S180.080 00
17 CALCULATION Total Due from Borrower at Closing (K) Total Paid Already by or on Behalf of Borro	wer at Closing (I)	\$189,762.30 - \$175,615.04	Total Due to Seller at Closing (M) Total Due from Seller at Closing (N)	\$180,080.00 - \$115,665.04

Additional Information About This Loan Loan Disclosures Assumption Fscrow Account If you sell or transfer this property to another person, your lender For now, your loan $\hfill \square$ will allow, under certain conditions, this person to assume this ■ will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow loan on the original terms. account, you would pay them directly, possibly in one or two large 🗷 will not allow assumption of this loan on the original terms. payments a year. Your lender may be liable for penalties and interest for failing to make a payment. **Demand Feature** Your loan Escrow $\ \square$ has a demand feature, which permits your lender to require early \$2,473.56 repayment of the loan. You should review your note for details. Escrowed Estimated total amount over year 1 for Property Costs your escrowed property costs: X does not have a demand feature. over Year 1 . Homeowner's Insurance **Property Taxes** Late Payment If your payment is more than 15 days late, your lender will charge a Non-Escrowed \$1,800.00 Estimated total amount over year 1 for late fee of 5% of the monthly principal and interest payment. Property Costs over Year 1 your non-escrowed property costs: Homeowner's Association Dues Negative Amortization (Increase in Loan Amount) Under your loan terms, you You may have other property costs. $\hfill \square$ are scheduled to make monthly payments that do not pay all of Initial Escrow \$412.25 A cushion for the escrow account you the interest due that month. As a result, your loan amount will pay at closing. See Section G on page 2. Payment increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your Monthly Escrow The amount included in your total loan amount lower the equity you have in this property. Payment monthly payment. may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may \square will not have an escrow account because \square you declined it \square your become larger than your original loan amount. Increases in your lender does not offer one. You must directly pay your property loan amount lower the equity you have in this property. costs, such as taxes and homeowner's insurance. Contact your X do not have a negative amortization feature. lender to ask if your loan can have an escrow account. **Partial Payments** No Escrow Your lender Estimated total amount over year 1. You must pay these costs directly, possibly Estimated **Property Costs** x may accept payments that are less than the full amount due over Year 1 in one or two large payments a year. (partial payments) and apply them to your loan. Escrow Waiver Fee \square may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan. In the future, ☐ does not accept any partial payments. Your property costs may change and, as a result, your escrow pay-If this loan is sold, your new lender may have a different policy. ment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail **Security Interest** to pay your property taxes, your state or local government may (1) You are granting a security interest in impose fines and penalties or (2) place a tax lien on this property. If 456 Somewhere Ave., Anytown, ST 12345 you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender You may lose this property if you do not make your payments or buys on your behalf, which likely would cost more and provide fewer satisfy other obligations for this loan. benefits than what you could buy on your own.

CLOSING DISCLOSURE

PAGE 4 OF 5 • LOAN ID # 123456789

	Loan Estimate	Final	Did this change?	
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)	
Closing Costs Paid Before Closing	\$0	- \$29.80	YES • You paid these Closing Costs before closing	
Closing Costs Financed			·	
(Paid from your Loan Amount)	\$0	\$0	NO	
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO	
Deposit	- \$10,000.00	- \$10,000.00	NO	
Funds for Borrower	\$0	\$0	NO	
Seller Credits	\$0	- \$2,500.00	YES • See Seller Credits in Section L	
Adjustments and Other Credits	\$0	- \$1,035.04	YES • See details in Sections K and L	
Cash to Close	\$16,054.00	\$14,147.26		
Summaries of Transactions	Use this tak	ole to see a sum	mary of your transaction. SELLER'S TRANSACTION	
K. Due from Borrower at Closing		\$189,762.30	M. Due to Seller at Closing	\$180,080.00
21 Sale Price of Property		\$189,762.30	01 Sale Price of Property	\$180,080.00
22 Sale Price of Any Personal Property Inc	cluded in Sale	\$100,000.00	02 Sale Price of Any Personal Property Included in Sale	¥100,000.00
3 Closing Costs Paid at Closing (J)		\$9,682.30	03	
04			04	
Adjustments			05 06	
05 06			06	
07			08	
Adjustments for Items Paid by Seller in	Advance		Adjustments for Items Paid by Seller in Advance	
O8 City/Town Taxes to			09 City/Town Taxes to	
O9 County Taxes to			10 County Taxes to	
10 Assessments to			11 Assessments to	
11 HOA Dues 4/15/13 to 4/30/	/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
13			14	
14			15	
15			16	
L. Paid Already by or on Behalf of Borro	wer at Closing	\$175,615.04	N. Due from Seller at Closing	\$115,665.04
1 Deposit		\$10,000.00	01 Excess Deposit	
22 Loan Amount		\$162,000.00	02 Closing Costs Paid at Closing (J)	\$12,800.00
33 Existing Loan(s) Assumed or Taken Su	bject to		03 Existing Loan(s) Assumed or Taken Subject to	*****
04 05 Seller Credit		\$2,500.00	04 Payoff of First Mortgage Loan05 Payoff of Second Mortgage Loan	\$100,000.00
Other Credits		\$2,300.00	06	
06 Rebate from Epsilon Title Co.		\$750.00	07	
07			08 Seller Credit	\$2,500.00
Adjustments			09	
08			10	
09 10			12	
11			13	
Adjustments for Items Unpaid by Sellei	•		Adjustments for Items Unpaid by Seller	
12 City/Town Taxes 1/1/13 to 4/14/	13	\$365.04	14 City/Town Taxes 1/1/13 to 4/14/13	\$365.04
13 County Taxes to			15 County Taxes to	
14 Assessments to			16 Assessments to	
16			17 18	
			19	
17			CALCULATION	
CALCULATION		\$189,762.30	Total Due to Seller at Closing (M)	S180.080 00
17 CALCULATION Total Due from Borrower at Closing (K) Total Paid Already by or on Behalf of Borro	wer at Closing (I)	\$189,762.30 - \$175,615.04	Total Due to Seller at Closing (M) Total Due from Seller at Closing (N)	\$180,080.00 - \$115,665.04



Seller Property Disclosure Statement

Seller's Name: Seller's Address:	ANY TRIBAL HOUSING P. O. Box 007, Boone, I			
Section 55-256 condition disclosur		requires Sellers of reside	ntial real property to comple	ete a property
		statement of the conditio	ns and information concerni	ing the property
			possess any expertise in the	
			onstruction or condition of t	
			the Seller possesses no great	
			property by the potential bu	
			enerally inaccessible areas su	
			by any agent representing a	
			couraged to obtain his/her c	
			ential real property that pre-	
			5-2505, Florida Code, Sellers	
			ding annexation and city ser	
	uestions 1, 2, and 3.	selose illomation regard	mig annexation and enty ser	vices in the form
		of city impact adjacent or	contiguous to a city limits,	and thus legally
	ion by the city?X		configuous to a city infines,	and thus legally
			services, thus making it lega	lly subject to
	city? Yes		pervices, trus making it regu	ny subject to
			d in the county recorder's of	ffice, thus making
	annexation by the city?			
			ch as refrigerator/freezer, ran	ige/oven, hood/
			cept: (please list and explair	
5. Specify pr	oblems with the following	g:		
Basement water:				
Foundation:				
	2:			
	City System			
problem:				
	e): City System			
Plumbing:				
				
			title (such as encroachment	s, easements,
-	lot line disputes, etc.):			
•	ware of any hazardous m	-		None
	substantial additions or a			No No
	-	l, physical or other not li	sted above that you know o	concerning the
property:	None			C .1 . 1 .
			the best of Seller's knowleds	
			roperty and each act perform	ned in making a
	em of information is made		raiul.	
1/ we acknow.	ledge receipt of a copy of	i uns statement.		
A 77 1 1 7 7 1	A 1 2 0 11			
Any Tribal Housin	g Authority, Seller	Jamie Johns, Buyer		
Date:	, 2003	Date:	, 2003	



Verification Forms

Form RD 1910-5 (Rev. 6-99)

UNITED STATES DEPARTMENT OF AGRICULTURE HOUSING AND URBAN DEVELOPMENT VETERANS ADMINISTRATION

(Community Planning and Development, and Housing - Federal Housing Commissioner)

Form Approved OMB No. 0575-0172

		H	ousing - Federal	Hοι	using Commission	oner)					
	F	REQUEST	FOR VERIFI	CA	TION OF E	MPLO	YMENT	•			
LENDER, LOCAL PROCES form directly to the employer directly to the USDA or lend item 2 of Part I.	named in item 1.	CONTRACTOR: C	omplete items 1 throug	gh 7.	Have applicant or bor	rower comp	olete item 8 aı	nd sign. Forward l	the con	npleted form	
			PART	I-R	EQUEST						
TO: (Name and Address of)	Employer)				FROM: (Name a This item must I.			Local Processing Iding to employe		cy)	
I certify that this verification has not passed through the linterested party.			er and		4. TITLE OF LENDER OFFICIAL OF LPA, USDA OFFICIAL, MFH PROJECT MGR.,			5. DATE			
					OR USDA LOAM		ER	6. HUD/FHA	CPD, \	/A OR USDA NO.	
(Signature of Lender, Official of LF	A, USDA Official/U	JSDA Loan Packager o	r Government contractor)								
7. NAME AND ADDRESS OF	APPLICANT				I have applied for a min an MFH project an below authorizes ver	d stated tha rification of	t lam or was my employme	employed by you. ent information.	. My sig	nature in the block	
					SIGNATURE OF AP	PLICANT					
		PART II - V	ERIFICATION OF	PRE	SENT EMPLOYN						
	MENTDATA		101.01	05.5	1111111		DATA				
9. APPLICANT'S DATE OF E	:MPLOYMENT		\$[·					For Military Personnel Only		
10. PRESENT POSITION			_	_	Nonthly \$ Other (Specify)		☐ Weekly	Type		Monthly Amount	
		45.17	,		12B. FARNINGS			BASEPAY		*	
11. PROBABILITY OF CONTIN	NOED EMPLOYN	MENI						RATIONS FLIGHT OR		\$	
			Туре		Year to Date as	Pa	st Year	HAZARD		\$	
13. IF OVERTIME OR BONUS		E		_	of			CLOTHING		\$	
IS ITS CONTINUANCE LIK	ELY?		BASEPAY	\$		\$		QUARTERS		\$	
OVERTIME	Yes	☐ No	OVERTIME	\$		\$		PRO PAY		\$	
BONUS	Yes	☐ No	COMMISSIONS	\$			OVERSEAS	OR			
14. REMARKS (If paid hourly, p.	oloaco indicato a	varaga haure warka	BONUS	\$	and pacturar)	\$		COMBAI		\$	
14. NEMIANNO (II pala liburiy, p	rease muicate av	rerage nours worker	reacti week dui ing cui	rent	ани разі уеаі)						
Number of hours worked per week		in	nticipated increase or d salary in next 12 mont	hs				vertime hours to next 12 months			
		PART	III - VERIFICATION	IOF	PREVIOUS EMPL	OYMENT					
15. DATES OF EMPLOYMENT	Γ		16. SALARY/WAG	E AT	TERMINATION PER	☐ YEA	AR MONT	H WEEK			
			BASE PAY		OVERTIME \$	COMMISS \$		SIONS B		US	
17. REASONS FOR LEAVING			, ,	18. POSITION HEL							
			F	PAR	TIV						
Federal statutes provide seve agency or officer with the int			or any person who kr	owi	ngly makes false or	fraudulen	t statements	or representat	ions to	a government	
19. SIGNATURE			20. TITLE OF EMP	PLOY	'ER			21. DATE			
Printed name and phone numbe	r										
			1								

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimatged to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SEE ATTACHED PRIVACY ACT NOTICE

NOTICE TO APPLICANT REGARDING PRIVACY ACT INFORMATION

The information requested on this form is authorized to be collected by the Rural Housing Service (RHS) or the Farm Service Agency (FSA) by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.) or by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) for FSA, respectively, or by other laws administered by RHS or FSA.

Disclosure of information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Identification Number, may result in a delay in the processing of an application or its rejection. Information provided may be used outside of RHS or FSA for the following purposes:

- 1. When a record on its face, or in conjunction with other records, indicates a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule, or order issued pursuant thereto, disclosure may be made to the appropriate agency, whether Federal, foreign, state, local, or tribal, or other public authority responsible for enforcing, investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation, or order issued pursuant thereto, if the information disclosed is relevant to any enforcement, regulatory, investigative, or prosecutive responsibility of the receiving entity.
- 2. A record from this system of records may be disclosed to a Member of Congress or to a Congressional staff member in response to an inquiry of the Congressional office made at the written request of the constituent about whom the record is maintained.
- 3. Disclosures may be made of names, home addresses, social security numbers, and financial information to business firms in a trade area that buy chattel or crops or sell them for commission. This is in order that FSA may benefit from the purchaser notification provisions of section 1324 of the Food Security Act of 1985 (7 U.S.C. 163(e)). The Act requires that potential purchasers of farm commodities must be advised ahead of time that a lien exists in order for the creditor to perfect its lien against such purchases.
- 4. Disclosures may be made from this system to consumer reporting agencies as defined in the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) or the Federal Claims Collection Act (31 U.S.C. 3701(a)(3)).
- 5. Disclosure of the name, home address, and information concerning default on loan repayment when the default involves a security interest in tribal allotted or trust land. Pursuant to 42 U.S.C. 1479(d), liquidation may be pursued only after offering to transfer the account to an eligible tribal member, the tribe, or the Indian Housing Authority serving the tribe(s).
- 6. Referral of names, home addresses, social security numbers, and financial information to a collection or servicing contractor, financial institution, or a local, State, or Federal agency, when RHS determines such referral is appropriate for servicing or collecting the borrower's account or has provided for in contracts with servicing or collection agencies.
- 7. It shall be a routine use of the records in this system of records to disclose them in a proceeding before a court or adjudicative body, when: (a) The agency or any component thereof; or (b) any employee of the agency in his or her official capacity; or (c) any employee of the agency in his or her individual capacity where the agency has agreed to represent the employee; or (d) the United States is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation, provided, however, that in each case, the agency determines that disclosure of the records is a use of the information contained in the records that is compatible with the purpose for which the agency collected the records.
- 8. Referral of name, home address, and financial information for selected borrowers to financial consultants, advisors, lending institutions, packagers, agents, and private or commercial credit sources, when RHS determines such referral is appropriate to encourage the borrower to refinance their RHS indebtedness as required by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471).
- 9. Referral of legally enforceable debts to the Department of the Treasury, Internal Revenue Service (IRS), to be offset against any tax refund that may become due the debtor for the tax year in which the referral is made, in accordance with the IRS regulations and under the authority contained in 31 U.S.C. 3720A.
- 10. Referral of information regarding indebtedness to the Defense Manpower Data Center, Department of Defense, and the United States Postal Service for the purpose of conducting computer matching programs to identify and locate individuals receiving Federal salary or benefit payments and who are delinquent in their repayment of debts owed to the U.S. Government under certain programs administered by RHS in order to collect debt under the provisions of the Debt Collection Act of 1982 (5 U.S.C. 5514) by voluntary repayment, administrative or salary offset procedures, or by collection agencies.
- 11. Referral of names, home addresses, and financial information to lending institutions when RHS determines the individual may be financially capable of qualifying for credit with or without a guarantee.
- 12. Disclosure of names, home addresses, social security numbers, and financial information to lending institutions that have a lien against the same property as RHS for the purpose of the collection of the debt by RHS or the other lender. These loans can be under the direct and guaranteed loan programs.
- 13. Referral to private attorneys under contract with either RHS or with the Department of Justice for the purpose of foreclosure and possession actions and collection of past due accounts in connection with RHS.
- 14. It shall be a routine use of the records in this system of records to disclose them to the Department of Justice when: (a) The agency or any component thereof, or (b) any employee of the agency in his or her official capacity where the Department of Justice has agreed to represent the employee; or (c) the United States Government, is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation and the use of such records by the Department of Justice is therefore deemed by the agency to be for a purpose that is compatible with the purpose for which the agency collected the records.
- 15. Referral of names, home addresses, social security numbers, and financial information to the Department of Housing and Urban Development as a record of location utilized by Federal agencies for an automatic credit prescreening system.
- 16. Referral of names, home addresses, social security numbers, and financial information to the Department of Labor, state wage information collection agencies, and other Federal, state, and local agencies, as well as those responsible for verifying information furnished to qualify for Federal benefits, to conduct wage and benefit matching through manual or automated means, for the purpose of determining compliance with Federal regulations and appropriate servicing actions against those not entitled to program benefits, including possible recovery of improper benefits.
- 17. Referral of names, home addresses, and financial information to financial consultants, advisors, or underwriters, when RHS determines such referral is appropriate for developing packaging and marketing strategies involving the sale of RHS loan assets.

USDA Form RD 1944-60 (Rev. 01-03)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL HOUSING SERVICE

Form Approved OMB No. 0575-0172

USDA, Rural Development Rural Housing Service

LANDLORD'S VERIFICATION

The Rural Housing Service (RHS) is evaluating the below named applicant's eligibility for a home ownership loan and we need to evaluate the applicant's rental payment history and care of the rental property. Please see the attached Form RD 3550-1, "Authorization to Release Information." RHS appreciates your assistance in helping us evaluate the applicant's credit history. A postage paid return envelope is provided for convenience in returning this verification. Please return this complete form to:

Applicant's Name and Address:

	Telephone:
NDLORD—Please complete all of the	following information:
ite of initial occupancy:	Current rent amount:
ent due date:	
subsidized, amount: \$	Who pays subsidy?
ease expiration date:	
pes rent include utilities or allowances?	
st names and approximate ages of all persons occupying the p	
st names and approximate ages of all persons occupying the p ENTAL HISTORY DURING THE LAST 12 MONTHS: lease check one)	CURRENT STATUS OF RENT:
ENTAL HISTORY DURING THE LAST 12 MONTHS:	
ENTAL HISTORY DURING THE LAST 12 MONTHS:	CURRENT STATUS OF RENT:
ENTAL HISTORY DURING THE LAST 12 MONTHS: lease check one) Always pays by the due date	CURRENT STATUS OF RENT: Current? Behind? Amount behind: \$
ENTAL HISTORY DURING THE LAST 12 MONTHS: lease check one) Always pays by the due date Pays within 1 - 10 days of due date	CURRENT STATUS OF RENT: Current? Behind?
ENTAL HISTORY DURING THE LAST 12 MONTHS: lease check one) Always pays by the due date Pays within 1 - 10 days of due date Pays over 30 days late	CURRENT STATUS OF RENT: Current? Behind? Amount behind: \$ Date last paid:

SEE ATTACHED PRIVACY ACT NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

NOTICE TO APPLICANT REGARDING PRIVACY ACT INFORMATION

The information requested on this form is authorized to be collected by the Rural Housing Service (RHS) or the Farm Service Agency (FSA) by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.) or by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) for FSA, respectively, or by other laws administered by RHS or FSA.

Disclosure of information requested is voluntary. However, failure to disclose certain items of information requested, including your Social Security Number or Federal Identification Number, may result in a delay in the processing of an application or its rejection. Information provided may be used outside of RHS or FSA for the following purposes:

- 1. When a record on its face, or in conjunction with other records, indicates a violation or potential violation of law, whether civil, criminal or regulatory in nature, and whether arising by general statute or particular program statute, or by regulation, rule, or order issued pursuant thereto, disclosure may be made to the appropriate agency, whether Federal, foreign, state, local, or tribal, or other public authority responsible for enforcing, investigating or prosecuting such violation or charged with enforcing or implementing the statute, or rule, regulation, or order issued pursuant thereto, if the information disclosed is relevant to any enforcement, regulatory, investigative, or prosecutive responsibility of the receiving entity.
- 2. A record from this system of records may be disclosed to a Member of Congress or to a Congressional staff member in response to an inquiry of the Congressional office made at the written request of the constituent about whom the record is maintained.
- 3. Disclosures may be made of names, home addresses, social security numbers, and financial information to business firms in a trade area that buy chattel or crops or sell them for commission. This is in order that FSA may benefit from the purchaser notification provisions of section 1324 of the Food Security Act of 1985 (7 U.S.C. 163(c)). The Act requires that potential purchasers of farm commodities must be advised ahead of time that a lien exists in order for the creditor to perfect its lien against such purchases.
- 4. Disclosures may be made from this system to consumer reporting agencies as defined in the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) or the Federal Claims Collection Act (31 U.S.C. 3701(a)(3)).
- 5. Disclosure of the name, home address, and information concerning default on loan repayment when the default involves a security interest in tribal allotted or trust land. Pursuant to 42 U.S.C. 1479(d), liquidation may be pursued only after offering to transfer the account to an eligible tribal member, the tribe, or the Indian Housing Authority serving the tribe(s).
- 6. Referral of names, home addresses, social security numbers, and financial information to a collection or servicing contractor, financial institution, or a local, State, or Federal agency, when RHS determines such referral is appropriate for servicing or collecting the borrower's account or has provided for in contracts with servicing or collection agencies.
- 7. It shall be a routine use of the records in this system of records to disclose them in a proceeding before a court or adjudicative body, when: (a) The agency or any component thereof; or (b) any employee of the agency in his or her official capacity; or (c) any employee of the agency in his or her individual capacity where the agency has agreed to represent the employee; or (d) the United States is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation, provided, however, that in each case, the agency determines that disclosure of the records is a use of the information contained in the records that is compatible with the purpose for which the agency collected the records.
- 8. Referral of name, home address, and financial information for selected borrowers to financial consultants, advisors, lending institutions, packagers, agents, and private or commercial credit sources, when RHS determines such referral is appropriate to encourage the borrower to refinance their RHS indebtedness as required by title V of the Housing Act of 1949, as amended (42 U.S.C. 1471).
- 9. Referral of legally enforceable debts to the Department of the Treasury, Internal Revenue Service (IRS), to be offset against any tax refund that may become due the debtor for the tax year in which the referral is made, in accordance with the IRS regulations and under the authority contained in 31 U.S.C. 3720A.
- 10. Referral of information regarding indebtedness to the Defense Manpower Data Center, Department of Defense, and the United States Postal Service for the purpose of conducting computer matching programs to identify and locate individuals receiving Federal salary or benefit payments and who are delinquent in their repayment of debts owed to the U.S. Government under certain programs administered by RHS in order to collect debt under the provisions of the Debt Collection Act of 1982 (5 U.S.C. 5514) by voluntary repayment, administrative or salary offset procedures, or by collection agencies.
- 11. Referral of names, home addresses, and financial information to lending institutions when RHS determines the individual may be financially capable of qualifying for credit with or without a guarantee.
- 12. Disclosure of names, home addresses, social security numbers, and financial information to lending institutions that have a lien against the same property as RHS for the purpose of the collection of the debt by RHS or the other lender. These loans can be under the direct and guaranteed loan programs.
- 13. Referral to private attorneys under contract with either RHS or with the Department of Justice for the purpose of foreclosure and possession actions and collection of past due accounts in connection with RHS.
- 14. It shall be a routine use of the records in this system of records to disclose them to the Department of Justice when: (a) The agency or any component thereof, or (b) any employee of the agency in his or her official capacity where the Department of Justice has agreed to represent the employee; or (c) the United States Government, is a party to litigation or has an interest in such litigation, and by careful review, the agency determines that the records are both relevant and necessary to the litigation and the use of such records by the Department of Justice is therefore deemed by the agency to be for a purpose that is compatible with the purpose for which the agency collected the records.
- 15. Referral of names, home addresses, social security numbers, and financial information to the Department of Housing and Urban Development as a record of location utilized by Federal agencies for an automatic credit prescreening system.
- 16. Referral of names, home addresses, social security numbers, and financial information to the Department of Labor, state wage information collection agencies, and other Federal, state, and local agencies, as well as those responsible for verifying information furnished to qualify for Federal benefits, to conduct wage and benefit matching through manual or automated means, for the purpose of determining compliance with Federal regulations and appropriate servicing actions against those not entitled to program benefits, including possible recovery of improper benefits.
- 17. Referral of names, home addresses, and financial information to financial consultants, advisors, or underwriters, when RHS determines such referral is appropriate for developing packaging and marketing strategies involving the sale of RHS loan assets.

Form RD 1944-62 (Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL HOUSING SERVICE

Form Approved OMB No. 0575-0172

	,											
			RE	EQUEST FO	OR VER	IFIC	ATION OF	DEF	POSIT			
A P		LENDER -	Complet	e items 1 throu	igh 8. Have	e appl	icant complete	item 9	. Forward dire			s noted in block 2. y named in block 1
his	form is to be trar	nsmitted dir	ectly to the	ne lender and is	not to be to	ransm	itted through the	e appli	cant or any ot	her party.		
- Par	t I – Request								· ·			
1.	To (Name and addre	ess of deposi	itory)			2.	From (Name an	d addre	ss of lender or R	HS Office)		
his	tify that this verificat also certifies that th 978, Public Law 95-6	e U.S. Depart	ment of Ag	riculture, acting thre	ough RHS, ha	s comp	lied with the applic					al Privacy Act
	Signature of Lender			4. Title					5. Date		6. Len	ders No. (Optional)
	nformation To Be V	erified										
	e of Account		count in Na	ame of				Acco	unt Number		Balan	ce
											\$	
											\$	
	Depository: I have ap										\$	
	Name and Address	of Applicant						9. Si	gnature of Applio	cant		
	Part II - Verific			,								
3	10. Deposit Account	nts of Applica		t Number	Curre	\$ \$		Average Balance For Previous Two Months			Date Opened	
					\$							
								\$	*			
					\$			\$				
11. Loans Outstanding To Applicants Loan Number Date of Loan Origin:		Original Amount	Amount Current Balance		Installments ce (Monthly/Quarte			Secured By		Number of Late Payments (Last 12 Months)		
					\$		\$	per				
			9		\$		\$	per				
	12. Please include Item 11 above					ce in d				l e include inf	formatio	l n on loans paid-in-full
	13. If the names or	n the account	ts differ fro	m those listed in It	em 7, please	supply	the names on ac	counts a	as reflected by y	our records.		
)	Part III – Autho											alse or fraudulent
	14. Signature of D	epository Re	presentativ	/e	15. Ti	itle (Ple	ease print or type)				16. Da	ate
3	17. Please print or	type name s	igned in it	em 14	18. P	hone N	0.					

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data source gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of 1 collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, OIRM, STOP 7602, 1400 Independence Avenue, S. Washington, D.C. 2025-7602Please DO NOT RETURN this form to this addressforward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

SEE ATTACHED PRIVACY ACT NOTICE

Notes	
	_
	_
	_



Paling Family Native Hawaiian

Before they bought their new home on the Wai'anae Valley

Homestead, Stephen and Darnell Paling were living with

Stephen's parents in a converted one-room garage with four children. "We wanted to have our own house to bring our family closer together," explained Darnell. With assistance from the Department of Hawaiian Home Lands, they were able to purchase a home using FHA financing from the Homestreet Bank. Now that they have moved into their new energy-efficient, four-bedroom home, they have five children, but they have plenty of space to breathe and stronger relationships. Planning for homeownership was a family affair for the Palings. "Our kids were saving things to hang on the walls for when they had their own rooms," says Darnell. "We dreamed big because our God is big. Even when obstacles got in the way, we never lost our focus."

Meeting Your Financial Obligations

The Hawaiians constructed their homes, called Hales, using various types of wood, rope made from coconut husks, leaves, and cloth made from the bark of trees.

Objectives

In this module we will discuss:

- meeting your financial obligations
- prioritizing homeownership expenses
- understanding foreclosure
- understanding foreclosure rescue scams
- taking advantage of post-counseling services
- building equity

Meeting Your Financial Obligations

As you prepare to become a homeowner, you learn about the costs of homeownership and the necessity of preparing a spending plan to meet your financial obligations. We live in a world where slight changes can have a global effect. Your ability to maintain your monthly mortgage payments depends on advance preparation for unexpected circumstances. What happens if you lose your job? Do you have a plan to meet your financial obligations in hard economic times? This module will help you develop a plan to manage your mortgage loan obligations, avoid foreclosure, and take full advantage of equity building strategies by:

- understanding the importance of making a timely mortgage payment
- understanding foreclosure
- being prepared to cope with hardship
- learning about the benefit of loan prepayment



Native Hawaiian Homestead

Making a Timely Mortgage Payment

Most mortgage payments are due on the first day of every month. The lender expects to receive your check for the full amount by the due date. Lenders generally give you a grace period of 10 to 15 days, but if the lender has not received your full payment by the end of the grace period, you will be charged a late fee. The late fee is typically five percent of the payment. If your payment is \$450, the late fee would be \$22.50. You will receive a notice telling you to send the payment and the late fee as soon as possible.

Typically, 30 days of nonpayment triggers a report of delinquency from the lender to the three largest credit reporting agencies. Several 30-day late notices will restrict your ability to access credit in the future. Failure to make two mortgage payments in a row is regarded as very serious. Expect to receive a phone call or letter from your lender. After 120 days, or four missed payments, lenders will begin the legal process of foreclosure.

If your income is reduced and you are faced with a choice of which bills to pay, always pay the mortgage first. Credit card companies may call you, and other creditors may send threatening letters, but they do not have the ability to take your house. Your house payment should be your number one priority.

"Lenders use the four Cs. There is another C - choice. 2se have provided you with the information to make informed decisions. The choice is now yours."

- Donna Fairbanks, Native Training Specialist

Prioritizing Homeownership Expenses

In Module 3, we learned about fixed and flexible expenses. It is imperative that you develop your spending plan to anticipate your homeownership expenses. Estimate how much you will be paying each year to own your home in terms of which costs are fixed or flexible. In most cases, fixed expenses are essential and must be paid monthly. Flexible expenses may vary depending on need and funds available. Planning is critical to ensure you have enough money to pay your essential homeownership expenses.

Fixed versus Flexible Homeownership Costs Exercise

Identify whether the category of costs listed below are fixed or flexible expenses.

·	<i>8</i> 7	•
Category	Fixed or Flexible	Rationale
Monthly Mortgage		
Property Taxes		
Homeowners' Insurance		
Life Insurance		
Contents Insurance		
Car Insurance		
Electric		
Phone		
Utilities		
Solid Waste		
Cable Services		
New Alarm System		
Maintenance		
Landscaping		
Decorating		
Room Addition		
New Furnace		
Prepayment of Mortgage		

Understanding Foreclosure

Families facing the threat of home foreclosure are often experiencing a lifechanging event beyond their control, such as a loss of employment, illness, divorce, or a death in the family. History also shows that economic downturns leave many families more vulnerable to foreclosure.

First, you need to understand some definitions of mortgage delinquency. You are **delinquent** on your mortgage when you fail to make a payment by the end of a grace period following the due date. The mortgage remains delinquent as long as one payment remains due but unpaid. **Default** occurs when the inability to make timely payments or fulfill legal obligations of loan terms is demonstrated. Mortgage loans are typically considered in default when a payment has not been made after 60 to 90 days.

Your house is security for your mortgage. When you signed your note and mortgage, you gave the lender the right to take your house and sell it to repay the loan if you stop making your monthly payments. Through foreclosure you are in danger of losing your home and all its accumulated equity. There is also a negative impact on your credit which could adversely affect your employability and access to insurance. In addition, you may be faced with the financial burden of penalties and fees related to the foreclosure process.

On some reservations, tribal law includes provisions to limit the use of tribal trust land to tribal members. However, in the event of foreclosure, these provisions won't protect you from losing your home and your leasehold interest in the land.







All photos: Native Hawaiian Homesteads

The laws governing foreclosure may vary by state. You need to check with your housing counselor to find out the applicable procedures. For example, it can take as little as 90 days in one area, or as long as two years in another area for a lender to foreclose and take ownership of your house. The result is the same everywhere – foreclosure results in the loss of your home, down payment, and equity, and can limit your family's immediate access to stable and safe housing.

The important thing to remember is that lenders do not want to foreclose. Lenders are in the business to make loans, not to own and sell homes. The legal process of foreclosure is expensive and on average takes six to nine months. During this time, the lender is not earning any interest. After foreclosure, the lender has to pay property taxes, insurance, maintenance, utilities, and other expenses of owning and selling the house. In almost every case, lenders lose money when they foreclose on a home. If there is any way to avoid foreclosure, a lender will usually try to help you find it.

Even though families could lose their home and the right to use their homesite lease in a foreclosure, tribal trust land will never lose its trust status. An allotment, on the other hand, may convert to fee simple and leave Native control in a foreclosure if the allotted land rather than a leasehold interest in the land is offered as collateral for a mortgage loan.

Land Status and Foreclosure

Trust Property. Module 5 describes the options available for obtaining a mortgage on tribal trust property. In most cases, whenever a foreclosure issue arises on tribal trust property, the agency or the lender which made, insured, or guaranteed the mortgage loan may assume title to the leasehold interest without tribal approval of such transfer. However, anyone who subsequently purchases or rents the leasehold property must be approved by the tribe, except as otherwise provided in the lease. Typically, there is a right of first refusal provision in the lease intended to ensure the home will be occupied by a tribal member.

Unfortunately, the same is not true of individual allotted land. An act of foreclosure on individual allotted trust property could result in loss of the land. Unlike tribal trust land, allotted trust land is part of the collateral for the mortgage. The property being conveyed is the land rather than a lease. An exception exists when the allottee leases the allotment to another individual.

Because allotted land may be lost in the event of foreclosure, the BIA, federal trustee for allotted trust lands, takes extra precaution to examine all the loan documents. For this reason, as explained in Module 5, the mortgage on allotted trust property involves more steps to safeguard the property and the allottees.

Fee Land. Foreclosure on fee land is subject to the legal system having jurisdiction over the mortgage loan. Check with your housing counselor to find out more about the process in that jurisdiction.

Hawaiian Home Lands. Although foreclosure issues may occur on Hawaiian Home Lands, the process for handling these issues results in a cancellation of the lease rather than foreclosure. The Department of Hawaiian Home Lands (DHHL), through its Home Ownership Assistance Program (HOAP), will help you with Lease Cancellation Prevention Services that will help families carry out a work plan. In the event the family is unable to satisfy the workout plan, the Hawaiian Homes Commission may proceed with cancellation and eventually execute a new lease with a qualified family.

Avoiding Foreclosure

If you are facing foreclosure or feel that you may not be able to make your mortgage payment you need to ACT NOW! Remember, free help is a phone call away, and the sooner you call for help the greater the possibility that you will be able to work things out with your lender to keep your home. The **Consumer Financial Protection Bureau (CFPB)** issued mortgage servicing guidelines regarding the foreclosure process, including details about timelines and consumer options. The new rule further protects borrowers at risk of foreclosure. It requires servicers to provide certain borrowers with foreclosure protections, such as the right to be evaluated for loss mitigation options, more than once over the life of the loan. While the foreclosure process is regulated at the state level and varies greatly from one state to another, national guidelines will supersede state regulations. These guidelines are intended to help you learn about workout options and foreclosure alternatives and provide sufficient time to file an application for mortgage assistance. Consider the following steps to avoid foreclosure.

Contact a HUD Approved Housing Counseling Agency. You do not need to pay anyone for housing counseling services nor should you pay for any service that promises to save your home. Instead, locate a reputable housing counseling agency near you by calling the U.S. Department of Housing and Urban Development's (HUD) interactive voice response system at (800) 569-4287 or go to the HUD website at www.HUD.gov or the Homeowner's HOPE hotline at 888-995-HOPE.

If you seek assistance from your housing counselor, be prepared to provide the following information:

- · copies of the loan documents and payment information
- name of the mortgage lender/servicer to whom you make your mortgage payments
- a brief explanation of your present circumstances and why you need help
- a list of your monthly income and expenses

You will work with your housing counselor to prepare an emergency budget, which requires creating a household budget to increase savings, reduce expenses, and/or pay down debt in financial emergency situations. Preparation of your emergency budget requires that you consider the following:

- ways to increase your income
- ways to decrease expenses

Communicate with Your Lender. Most lenders will try to help you keep your home while you work through the hardship you are experiencing. The sooner you communicate with your lender, the greater the likelihood that alternative action will be taken. Few, if any, options work if you are already several months behind in your mortgage payments.

Explore Loan Workouts. If your financial problems are temporary and you want to keep your home, the lender may suggest one of the following:

- Payment plan. An agreement through which you promise to make up any missed payments by sending one full payment and one partial payment (a half or a quarter of the regular amount due) each month until you are caught up. This is the first option almost every lender will suggest.
- Forbearance. An agreement by the lender to allow you to skip one or more payments completely and make them up later through a payment plan. Forbearance is usually agreed to in writing and there has to be a good reason why you cannot make a payment, such as hospitalization. You also need to prove that you will be able to make payments again at the end of the forbearance period.

- Loan modification. This agreement actually changes the terms of your loan. The modification can lower the interest rate and payments to an amount you can afford. The lender can use a modification to bring your loan current by adding the missed payments to your current loan amount. This can increase your monthly payments, so you will need to prove you can handle the higher payment without defaulting again.
- Partial claim. If your loan has mortgage insurance, the insurance company stands to lose if you default. To help keep you in your home, the mortgage insurance company may loan you the money to bring the loan current. They will take a second loan on your property, usually at a very low interest rate. Often, the payments on the second loan do not start until you have had time to recover from the hardship. You will need to prove that you have solved your financial problems and are able to make your full mortgage payments in the future.

Payment Assistance. Federal, state, and local funds have been allocated to programs that help homeowners facing foreclosure. These programs include options such as modification, forbearance, and principal reduction. Check with your housing counselor to find out more about these programs,

Consider Giving Up the Home. Sometimes the financial problems that caused you to stop making payments are permanent. For example, a death or a divorce can leave you without the income needed to pay the mortgage, or illness can result in the need to find other housing. Your lender can help you move on without the stress and embarrassment of a foreclosure. There are several options available to you.

- *Preforeclosure sale or short sale.* If you have some equity in your home, but not enough to pay all the selling costs, your lender may agree to:
 - delay the foreclosure and give you time to sell the house
 - forgive the difference if you get less from the sale than you owe on the loan (this costs the lender much less than a foreclosure and is better for you and your family than being forced out by a court order)
 - allow you to keep the money on the sale if you make more money than you owe
- Deed in lieu. If you do not want to sell your house and just want to get out from under
 the responsibility, you can offer to give the lender a deed in lieu (DIL) of foreclosure.
 This is an agreement through which you give the lender the deed and the keys and move
 out. In exchange, the lender agrees to forgive the loan. There may be some requirements
 that must be met prior to a lender agreeing to a DIL.

Recognizing Foreclosure Rescue Scams

The devastating experience encountered with potential foreclosure propels families into a state of hopelessness. Foreclosure rescue companies prey on the vulnerability of desperate homeowners who only hear the promise that the foreclosure can be stopped for a fee. Unfortunately, predatory schemes only benefit the scam artist and leave the client destitute and homeless. The following advertisements typify the messages used to lure families facing foreclosure.

"Stop Foreclosure Now!"

"We guarantee to stop your foreclosure."

"Keep Your Home. We know your home is scheduled to be sold. No Problem!"

"We have special relationships with many banks that can speed up case approvals."

"We Can Save Your Home. Guaranteed. Free Consultation."

"We stop foreclosures every day. Our team of professionals can stop yours this week!"

Be wary of foreclosure rescue scams. Signing away your property under the guise of foreclosure avoidance or accepting unsolicited foreclosure assistance programs that claim to fix your credit problems often for a large up-front fee should be avoided. Consult your housing counselor first and avoid scams that promise to stop your foreclosure. Remember only the lender can stop a foreclosure.

Reporting Fraud

If you think you've been a victim of foreclosure fraud, you should contact any of the following:

- Consumer Finance Protection Bureau at www.consumerfinance.gov
- Federal Trade Commission 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261; www.ftccomplaintassistant.gov
- your state Attorney General
- your local Better Business Bureau
- your housing counselor





Pueblo of Picuris

Pueblo of San Juan

Post-Purchase Counseling

Post-purchase counseling plays a vital part of the home purchase process. Avoiding foreclosure and sustaining homeownership is best achieved by addressing delinquency issues before they warrant drastic action. Typically, your housing counselor will assist you as often as you take advantage of the service. Federally regulated HUD housing counseling agencies may be available in your area to help meet your obligations after the home purchase. There is no need to pay for post-purchase counseling services when services provided by your housing counselor and HUD housing counseling agencies are free. Services typically include:

- budget planning and preparation
- spending plan review
- warranty issues
- maintenance counseling
- default counseling
- foreclosure prevention
- predatory loan prevention

You can also get help from:

- a nonprofit housing organization
- the government agency that insured your loan
- a local nonprofit credit counseling service
- a local legal aid office
- the mortgage insurance company that insures your loan

It is also important to know that your lender may have sold your loan to an investor, such as another bank or the secondary mortgage market. In that case, the lender must abide by the investor's requirements, which impacts the type of help available to you. Because investors purchase loans, preventing foreclosure is to their advantage. When you call your lender to discuss your financial problem, ask if your loan has been sold to an investor and if it has been sold, ask for the investor's contact information.

Usually, HUD housing counseling agencies and your housing counselor will offer delinquency counseling at no cost to you. They will ask you questions about your financial situation and your mortgage loan, and then contact your lender to create a payment plan or other option to prevent foreclosure. Housing counselors can also help you solve problems with other creditors and can often provide referrals to legal and social services. To receive assistance, you must be:

- honest about your problems
- cooperative about providing information and documents the lender will need to consider your situation
- willing to make sacrifices and changes in your spending in order to keep your home

If the cause of your financial problem is not a hardship beyond your control, you probably need to obtain assistance with debt management. The prequalifying and homebuyer education process has proved to be very effective in preventing foreclosure. However, situations occur that challenge every homeowner. How you survive the unexpected will be determined by how well you planned for the future. A wise person said, "Failing to plan, is planning to fail." Following this philosophy will help you to be a successful homeowner.

"2 were all living together in the smallest one-room place. There were nine of us. I can remember the snowflakes coming through the roof at night... little by little it would come through the holes in the roof as we tried to sleep. It was so cold. 2 were happy; we didn't know anything else. But it is better today to watch the snow through the windows."

Joe Bradley, Mutual Help homeowner, former Board of Commissioners,
 Eastern Band of Cherokee Indians

Foreclosure Prevention Exercise

Consider the following scenario and answer the questions below.

After going through the homebuyer education course and one-on-one counseling for several years, the Moons purchased their dream home. Years later the Moons divorced. They agreed to a settlement in which Mrs. Moon assumed total responsibility for the mortgage payment and support of their three children. Mr. Moon became unemployable and unable to provide any support.

Mrs. Moon's employment as a teacher for the last five years enables her to produce a reliable income, but it only covers half her current living expenses. One month's late mortgage payment turned into eight months of late payments. In spite of intentions to get caught up, notices of foreclosure threats accumulated. Mrs. Moon immediately responded to an advertisement promising foreclosure stoppage and the continued occupancy of her home upon meeting certain conditions. Excited about this opportunity, Mrs. Moon jumped at the opportunity and contacted Save Your Home Now (SYHN) Foreclosure Prevention Professionals.

Mrs. Moon's overall situation:

- Mr. and Mrs. Moon received a fixed rate mortgage loan at 6 percent for a 30-year term. The monthly mortgage payment is \$750.
- The Moons received a conditional down payment assistance of \$18,000 provided by a TDHE/nonprofit housing organization.
- Late fees are assessed at 15 percent of the delinquent principal amount plus any outstanding late fees.
- Mrs. Moon juggled bills to pay \$350 each month toward the mortgage payment.
- Her current expenses include the following:
 - mortgage payment
 - utilities
 - internet service
 - satellite radio
 - private child care

- new car monthly payment plus car insurance
- cable TV
- cell phone and land line phone
- monthly landscaping services
- entertainment and eating out
- The lender applied Mrs. Moon's \$350 monthly payment first to the accumulated late fees and then to the principal.
- Overwhelmed with despair, Mrs. Moon turned to the Internet for solutions and responded to the following promise: "We Can Stop Foreclosure and Save Your Home NOW"
- Mrs. Moon signed an agreement with SYHN Foreclosure Prevention
 Professionals which required a large processing fee, transfer of title to the
 SYHN Foreclosure Prevention Professionals, and a monthly rental payment
 for which default would result in eviction.
- Eviction occurred one year later.

1. How many months behind is Mrs. Moon?
2. Prioritize Mrs. Moon's expenses.
3. Identify at least three resources Mrs. Moon should have contacted prior to making an agreement with SYHN Foreclosure Prevention Professionals.
4. Identify at least two requirements imposed by SYHN Foreclosure Prevention Professionals that indicate a foreclosure rescue scam.
5. Imagine you are Mrs. Moon's housing counselor and she came to you when the third delinquent notice arrived. Outline a strategy that you would propose to help Mrs. Moon avoid foreclosure.

Building Equity

While post-purchase counseling provides assistance during difficult times, it also offers services to help you develop a plan to build equity to pay off the amount you owe more quickly or by prepaying the loan. You can do this by paying more money each month than is required by your mortgage payment. This will reduce your overall cost of financing. In other words, an additional \$25 principal payment plus your monthly mortgage payment can make a substantial difference in the amount of interest you will pay over the life of the loan.

EXAMPLE

insurance, prepaying

principal will help you get

more quickly to the point

(20 percent equity) at

Carolyn and Mark have a new \$200,000, 30-year mortgage at 8 percent and make monthly payments of \$1,468. In 30 years, they will have paid \$328,310 in interest. If they add just \$50 to their monthly payments for the first year, the mortgage will be paid off four months early and the total interest paid will be reduced by \$6,463. If they continue the extra payments over the life of the loan, it will be paid off in 26 years,

If you're currently

and they will have saved \$47,067.

paying for private mortgage

Add to monthly payment	Save in 30 years
\$ 25	\$ 26,490
\$ 50	\$ 47,067
\$100	\$ 79,938
\$200	\$124,831

which you can drop it.

A biweekly mortgage achieves similar results to those accomplished by regular prepayments. Under a biweekly mortgage, one-half of the regular amortized monthly payment is payable every two weeks. By the end of the year, 13 full payments are made, allowing a 30-year loan to retire in approximately 18 years with comparatively less interest costs.

Making prepayments or getting a biweekly mortgage is a good idea if you expect to live in your house for a long time. It may not be a good idea if home prices in your area are going down or you expect to move within the next few years. In that case, you may be better off taking the money and putting it in a savings account.

Module Highlights

- Preparing a spending plan that anticipates your homeownership expenses is imperative.
- Foreclosure can be prevented when you make your home mortgage payment your number one priority.
- No one can stop a foreclosure except the lender. Talking to your housing counselor first will prevent you from being victimized by a foreclosure rescue scam.
- Post-purchase counseling is an opportunity to obtain personalized support as you adjust to the responsibilities of homeownership. Check with your housing counselor for continued assistance.
- When you work with a housing counselor on foreclosure prevention be:
 - honest about your problems
 - cooperative about providing information and documents the lender will need to consider your situation
 - willing to make sacrifices and changes in your spending in order to keep your home
- Prepaying your mortgage will build equity and reduce the total amount of interest you pay.

Module Review



Reflection

	t several ideas that you learned in this module that will be helpful in achieving ur goals.
Ex	kercise
	True or False? Your mortgage payment, including applicable taxes and surance, should be your priority in meeting your financial obligations.
	☐ a. True ☐ b. False
2.	After 90 days, or three missed payments, you are in and many lenders will begin the legal process of foreclosure.
3.	List three strategies you have learned to avoid foreclosure.
4.	Post-purchase counseling can assist you with which of the following?
	 □ a. debt management □ b. budgeting □ c. maintenance counseling □ d. all of the above
5.	True or False? Prepaying a loan decreases the amount of interest you pay over the life of the mortgage.
	□ a. True □ b. False

Notes	
	_
	_



Long Family

Menominee Indian Tribe of Wisconsin

"Finding lenders to finance people residing on reservation land was almost impossible," explained Connie Long. She and her family had a high-cost mortgage for their manufactured home and they wanted to take advantage of falling interest rates. Thanks to the Fannie Mae Native American Conventional Lending Initiative, they were able to get an affordable mortgage with more favorable terms from Associated Bank in Shawano, Wisc. After attending homebuyer education classes sponsored by the Menominee Tribal Housing Department and obtaining private mortgage insurance from PMI, the Longs successfully lowered their monthly mortgage payments. "I am grateful to all those involved who made my family's experience in

home buying a reality!"



Protecting Your Investment

Objectives

In this module we will discuss:

- creating a home inventory
- insurance
- warranty protection
- preparing for emergencies
- preventing crime and ensuring safety
- green proofing
- home maintenance and improvements
- housekeeping for a healthy home
- arranging for a will

Creating a Home Inventory

A home is more than just a shelter. It is the place where you live, spend time, and return at the end of the day. It is a center for community, family, spirituality, and safety. The way you protect it, care for it, and improve it reflects your values and character.

Create a Home Inventory. Once you have purchased your home, you should take stock of your assets and document the contents of your home. Create organized files to ensure the safekeeping of vital documents and make the processing of any claims easier and faster. You will need most of these documents and receipts annually for tax and spending plan purposes, and periodically to:

- file an insurance claim
- file a police report in the event of a burglary
- provide your insurance company with a complete list of your household goods and personal belongings so you are sure to receive compensation for everything your policy covers
- apply for personal contents insurance
- apply for refinancing or a home equity loan



Wigwams are a type of traditional home used by Native communities throughout the East and Southeast. A wigwam has a curved surface that is made by arching 10- to 15-foot saplings over a circle that is drawn on the ground. Another set of saplings is then wrapped around the structure to provide support. After the two sets of saplings are tied together, tree bark is used to build the sides and roof.

• provide a record of serial numbers, model numbers, and purchase date of appliances and other items for preventive maintenance planning or accessing warranty provisions

A sample form to track information about your appliances and major home systems is provided in Appendix A: My Service Record.

Your home inventory files should be organized according to the following categories:

- Home spending plan. This should include all your personal financial data.
- *Home purchase*. Your home purchase documents such as your promissory note, deed of trust, and lease should be included in this file.
- *Home improvement*. Records of all the details for planning and completing home improvement projects are to be included in this category.
- *Home maintenance*. Records of all maintenance tasks planned and completed are to be included in this category.
- *Home inventory.* This file should include a list of your personal property, its estimated value, and any relevant characteristics.
- Home insurance. All your insurance policies should be kept in this file.
- *Home building data*. All information related to the physical characteristics of your home, the location on your homesite, the materials used, the builder, etc. should be included in this category.

Without an inventory of your belongings, you will be at a loss to remember important details in the event of a burglary or other catastrophe. Organized home files can help protect your investment and allow you to claim the full benefits of owning your own home. After you have completed your inventory, you will need to:

In order to be reimbursed for a loss resulting from theft, an itemization of the items stolen, including the value, date of purchase, model number, color, etc., must be provided to the insurance company.

- copy everything
- store one inventory packet off premises
- update your inventory packet every year
- update your inventory regularly and remember to delete items you no longer need to include
- appraise valuables as needed

Home Inventory Exercise



Below are the categories of files to be used in organizing a home inventory. In work groups, develop a list of items to be included in each category.

Category 1: Home Spending Plan	
Category 2: Home Purchase	
Category 3: Home Improvement	
Category 4: Home Maintenance	

Category 5: Home Inventory		
Category 6: Home Insurance		
Category 7: Home Building Data		







Upper Sioux Community, Minnesota

Understanding Insurance Basics

Because nature makes unannounced calls, homebuyers need to be prepared. **Homeowner's insurance** and other insurance policies are designed to protect your investment. While you were renting, your landlord provided insurance coverage in case of structural damage to the rental property. Your personal property, such as furnishings, appliances, and clothing were not covered by the landowner's insurance policy. Insurance coverage varies widely, as do costs. In order to have maximum protection, you as a homeowner need to become familiar with benefits of at least the following types of insurance:

- hazard or homeowner's insurance
- contents insurance
- life insurance

Homeowner's or "Hazard" Insurance. As discussed in Module 6, homeowner's insurance is a requirement for homeowners. Since your home serves as collateral or "security" to cover your debt, the insurance protects the lender's interest in your home as well as yours. A homeowner's insurance policy also assures that your home will be replaced or repaired if a loss occurs due to a fire or storm.

By shopping for your own insurance, you may be able to find less expensive coverage than your lender will offer.

Many factors influence how your homeowner's insurance premiums are calculated. As with mortgage financing, the greater the risk, the higher the cost. The location of your property is one of the risk factors that is considered. For example, property located in an area designed with fire hydrants and easy access to a fire department will be considered a lower risk.

A basic homeowner's insurance package includes:

- *Dwelling coverage*. This policy provision protects your home against damage or destruction caused by fires, storms, and other weather-related events.
- Other structures. This feature insures structures such as outbuildings, storage sheds, garages, and barns.
- *Personal property.* Your personal belongings such as clothing, furniture, and appliances need to be protected against loss. Generally, the personal property coverage should be approximately 40 to 60 percent of the value of your home.
- Loss of use. This feature reimburses you for the necessary increase in your living expenses when something happens to your home and you must temporarily live somewhere else.
- *Personal liability*. This feature protects you from being sued and having to pay money for accidents that may occur on your property. Generally, your coverage amount should be at least \$100,000 per accident.
- *Medical payments coverage*. If there is an accident and someone gets hurt on your property, your insurer may pay to cover the injured person's medical

care. Generally, the coverage amount is between \$1,000 and \$5,000 per person. There may be a limit on the total amount that may be covered per accident. The standard **deductible**, or out-of-pocket expense, for most policies is about \$250. This means that if someone gets hurt on your property and their medical bill is \$350, the insurance company is only going to pay \$100 (\$350 - \$250 = \$100) and you are going to have to pay \$250. It may be beneficial to find out how much your insurance premiums will be if you accept a higher deductible.

• Replacement coverage. This is an optional feature that you may wish to consider. You can get replacement protection for both your house and its contents. With home replacement coverage, the home is replaced or restored to its exact original condition. With contents replacement coverage, the contents are replaced by similar contents and your insurer will not consider depreciation or lost value.

Purchasing insurance that includes replacement coverage will cost you more, yet it will likely cost less than replacing your valuables should an accident occur. Your homeowner's insurance premiums will depend upon the specific coverage you need. If your home is worth more than the balance on your mortgage, then you may need to purchase more coverage than your lender requires.

Flood Insurance. Homes located in federally designated flood areas will require flood insurance and a flood certificate. Insurance is provided through the Federal Emergency Management Agency.

Contents Insurance. This type of insurance protects your personal belongings, such as clothing, TV, stereo, furniture, etc.

Life Insurance. Life insurance is another way of protecting your investment. Life insurance provides the means for your family to retain ownership of your house in the event you die before you pay off your mortgage. Without this protection, your family can lose its home.

A lender may try to talk you into buying **mortgage credit life insurance** that pays off the mortgage in the event of your death. Even if your lender does not offer it, you will receive mail urging you to buy it soon after you have closed the loan. Although you are not legally required to purchase mortgage credit life insurance, it is a way to protect your family's investment. This is especially true if there is no one in the family who could assume the remaining mortgage according to the lender's qualifications.

The cost of mortgage credit life insurance varies by provider, so be sure to shop around. When purchasing life insurance, consider the following questions:

• How much coverage do I need? The coverage amount should be enough to continue paying the mortgage and other basic living expenses.

- What type of insurance should I buy? If your objective is to protect your family in the event that you do not live long enough to repay your mortgage, then you will want to purchase mortgage credit life insurance at the lowest possible cost. In addition, the following types of life insurance are available:
 - **Term insurance** offers you coverage for a specific period of time. It is often the least expensive option, but the cost increases as you age.
 - Cash-value insurance provides your dependents with a cash payoff at your death, as well as providing you with a tax-deferred savings program. There are a variety of programs, such as whole life, universal life, and variable life.

Because your life circumstances will probably continue to change, you should review your coverage annually to make sure your needs are being met.

Insurance Coverage Exercise



Smoke damage	
Partial roof collapse due to a storm	
Clothing destroyed during a fire	
Accidental electrical damage	
Vandalism and theft	
Flooding	

"I raised my family in a trailer. Aurricane Andrew came along and tore up our double-wide. My insurance and disaster relief tunds gave me back the joy of homeownership."

- Larry Burgess, Homeowner, Chitimacha Tribe, Louisiana

Failure to keep your smoke detector operational at all times may affect your insurance coverage.

Understanding Warranty Protection

When you use a builder for new home construction or home rehab, make sure to obtain the various warranties that cover the equipment, materials, and workmanship provided. Basically, you must become familiar with two types of warranties:

- Warranty certificates. Materials and equipment used in building or repairing your home are typically protected by a warranty certificate, which is good for a specific period of time. Warranty certificates are issued to assist you in getting warranty service on selected items. The supplier's name and address and other relevant information are included in the warranty certificate. As a homeowner, you must contact the supplier/manufacturer directly to obtain assistance for any items under warranty. Keep in mind that items protected by a warranty do not include the cost for a service call or labor, unless it is specifically noted in the warranty.
- General construction warranty. Other items not protected under a warranty are covered by a one-year general construction warranty from the date the work is completed with respect to rehab or the date of the acceptance of occupancy with respect to new construction. The general construction warranty covers any material defect or workmanship flaw. Assistance in addressing problems due to defects or workmanship may be obtained by contacting the builder. When you hire a builder, make sure to include a contract provision for inspecting the work and ensuring quality. (Refer to Module 5 for further detail.)

Please understand that **no part of any warranty will cover damage to an item that has been deemed damaged due to negligence or lack of maintenance**. Also, after the one-year warranty period, all major and/or minor repairs are the homeowner's responsibility, and assistance for repair must be obtained by either performing the work yourself or by hiring a contractor.

Doing the repair work yourself on a warranted item can invalidate your warranty protection.





Oneida Nation of New York

Preparing for Emergencies

Because your home is your biggest investment, it is wise to have a plan in place to deal with flooding, fire, frozen water pipes, and other emergencies. Although you have insurance to protect your investment, a little planning can go a long way to minimize the havoc created by a natural disaster.

For this reason, always keep emergency supplies on hand such as:

- water (a three-day supply/one gallon per person)
- canned food
- fresh batteries, head lamps, and flashlights
- candles
- blankets
- · a medical kit
- a portable radio
- a cellular phone

Being prepared could make a difference in life or death. In addition to the supplies listed above, special precautions can be taken to prepare for specific types of events.

- *Earthquakes*. If you live in an earthquake-prone area, anchor shelves and cabinets and strap in your hot-water heater as well as any other appliances or equipment. Consider purchasing earthquake insurance if you live in a vulnerable area.
- Floods. Make sure your lot drains away from your house properly and your basement's sump pump, if you have one, is in good working condition. If your basement tends to take on some water, make sure you do not store anything at floor level. Place power outlets high on walls and know how to cut the power to them. Most importantly, obtain flood insurance to protect you from water damage if you live in a vulnerable area.
- *Tornados*. Determine the best place to take shelter in your home (such as your basement or bathroom) and in your community (such as your local shelter).
- *Hurricanes*. Hurricanes usually take time to develop and offer ample warning. If you don't evacuate to higher or safer ground, board up windows and secure all doors. Determine the best place to take shelter in your home (away from windows).









Oneida Nation of New York

Upper Sioux Community, Minnesota

Oneida Nation of New York

You will also want to be prepared to deal with common emergencies such as:

- Gas leaks. If the smell of gas seems to be coming from an appliance such as a stove, make sure the pilot light is lit and all burners are turned off. Open your windows and doors for ventilation. If the smell of gas is strong throughout the house, exit the house immediately and call your local gas company. Do not light a match or candle and put out any other open flame. Do not touch any electrical switches or outlets.
- Power outages. Check the main electrical service box and reset circuit breakers or change a burned-out fuse. If there is a local power outage, make sure you have your major appliances and computer equipment disconnected to prevent further damage from potential power surges. Keep your refrigerator and freezer closed to preserve food.
- Frozen water pipes. To prevent serious damage from bursting pipes, be sure to insulate pipes and allow a trickle of water to run during cold weather. This will keep the pipes clear until the cold weather subsides. If a pipe is frozen but has not burst, turn off the water supply to that pipe and use a portable room heater to heat the area around the pipe. When the blockage melts, turn the water back on and keep it running through faucets at a trickle.
- *Carbon monoxide buildup*. Carbon monoxide is an invisible, toxic gas that can come from automobile emissions, a faulty furnace, or a generator. Because generators are a common source of carbon monoxide buildup, never use one in your home. Install a carbon monoxide detector in your home. If it goes off, immediately open every window in the house, then exit the house and call your local fire department to assess the danger.

Preventing Crime and Ensuring Safety

Practicing certain habits can help make your home safe and prevent crime. In the case of a fire, medical emergency, or robbery, seconds could mean the difference between life and death. The following is a list of safety tips that should be followed.

- *Smoke detectors*. The leading cause of death in home fires is smoke inhalation. Installing audible, flashing smoke alarms in bedrooms, kitchens, and living areas can provide warning in the event of a fire. If your smoke detectors are battery-operated, replace the batteries routinely every 60 days.
- *Fire extinguisher*. There should be at least one fire extinguisher on every floor of your home and always in the kitchen and garage. Fire extinguishers often can contain small fires before they get out of control.
- Safety ladders. Safety ladders can be very useful for two-story homes if an exit is blocked by fire or heavy smoke. Most are compact and can be hooked to windowsills for quick exit.
- *Fire inspections*. Many local fire departments offer residential fire inspection tours that can alert you to any hazardous situations in your home. Always keep combustible materials away from electrical outlets and heat-generating devices.
- First aid kit. Keep a first aid kit containing bandages, tourniquets, and ointments in an easily accessible place. Be certain that everyone in the home is aware of its location. Prepackaged first aid kits are available at most discount stores. Periodically examine and replace any outdated supplies.
- Theft prevention. You may want to consider changing your locks on your new home to prevent theft. Several sets of keys could be in circulation for existing locks. If you are planning to be away for an extended period of time, arrange for the post office to hold your mail. Keep all windows and doors locked when you are not at home. Develop or join a "Neighborhood Watch" program.

• *Emergency phone numbers*. Post all emergency telephone numbers (fire, police, ambulance, etc.) by all telephones in the house.

• Landscaping and lighting. Studies show that keeping well-maintained home exteriors with adequate lighting is a useful crime prevention technique. Another physical enhancement that helps to deter crime is fencing or an alarm system.

If you do nothing else, the most important safety tip is to install and maintain smoke detectors in your home.

Understanding Green Proofing Your Home

The terms "going green," "eco-wise," "eco-friendly," and "green proofing" are invading all areas of our lives. What exactly does it mean to go green? All these terms share a common denominator: people share a mutual responsibility for conserving energy and protecting the environment. Going green is the favored choice when building, repairing, cleaning, driving, etc. However, it may require that you look at spending more upfront and saving more over the long term.

Benefits of Going Green. Whether you buy or build your own home, the benefits of going green are generally the same. A green building will save you money by reducing the following:

- energy consumption
- water consumption
- waste generation
- maintenance time

Using renewable technologies in the building and repair of homes contribute to the goals of saving the planet and promoting safe and healthy homes.

Maintaining Your Home

Home repairs are tasks that keep your home in good working order. If you embrace the idea of developing and carrying out a preventive home maintenance plan, your home will either maintain or increase in value. Meeting your home maintenance obligations requires your commitment to:

- understanding green proofing your home
- understanding the physical features of your home
- developing and updating home records for all equipment, fixtures, and appliances in your home
- developing a schedule for routine and non-routine maintenance and repairs
- prioritizing repairs as needed
- budgeting to meet future obligations

Understanding Your Home's Features

You should become familiar with the major systems in your home. Do you know the location of the main cut-off valves for the water and gas supply? The location of the fuse or circuit breaker box? The reset button for the hot water heater? It is important for you and your family to know where these features are located and when they need to be accessed.

The best way to acquire this information is to arrange a visit with the seller so you can learn from the seller's experience. It is highly recommended that you label fuses, switches, and cut-off valves and record the information in a notebook at an alternate location.

Be sure to obtain the following information from the seller or the builder:

- energy efficiency features
- home plans and specifications
- utility consumption information
- solid waste pick-up schedule
- · warranty information and certificates

The information you were provided during the prepurchase inspection of your new home can be used as a starting point to gather information about your home. A checklist is included in Appendix B: Baseline Condition to record essential information about the condition of your home.

Scheduling Home Maintenance and Repairs

Develop a schedule for home maintenance and repairs according to:

- the useful life or life expectancy of the equipment, material, or structure
- the seasons of the year
- the manufacturer's suggested maintenance plan
- the need to make environmentally wise improvements
- the requirements of any **covenants** or property restrictions

Making Eco-wise Improvements. Believe it or not, minor adjustments in our lifestyle can collectively create an enormous impact on the environment as well as result in cost savings. As the need arises to replace items in your home, select products which are eco-friendly. Consider the following ways to make your home green and save money.

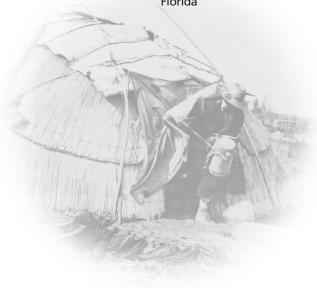
Simple Solutions to a Greener Home

Repair Item	Simple Solution
Weatherproofing and Insulation	 Weather-strip all operable windows, doors, and where the siding meets the foundation. Use an eco-wise caulk around hose bibs and at the electrical service entrance. An eco-wise expandable foam is great for large holes or gaps. Install foam gaskets behind faceplates of electrical outlets and light switches. Check the attic to make sure you have enough insulation. If it is less than a foot deep you are ready for more. Make sure insulation is not loose and that it is evenly spread out by using a rake.
Windows	 Replace single glazed windows with an eco-wise window. Install storm windows to add another layer for dead air space and generate additional cost savings.
Air Ducts	 Check air ducts at the point where they join or change direction to feel for air leaks. Use an eco-wise non-toxic product to coat the places where there are leaks. Get the air ducts cleaned annually. Clean out clothes dryer vent ducts.
Lighting	 Install compact fluorescent bulbs and save 20-25% off the monthly bill. Another alternative is LED light bulbs which give off directional light and generate a light similar to day light. Use dimmers and occupancy sensors.
Water Systems .	 Replace toilets with dual-flush or low-flow models. Add flow reducers to all faucets and showerheads. Wrap the hot water heater tank with a fiberglass and vinyl jacket. Lower the temperature of water heaters to 120 degrees. Wrap all hot and cold water pipes. Drain the water heater at least once or twice a year to reduce mineral deposits and sediment build-up. This simple maintenance practice prolongs the water heater's useful life and saves energy and money. Convert to a tankless water heater.
Appliances	Use Energy Star labeled appliances.Install and use programmable thermostats.

Considering Useful Life or Life Expectancy. Almost every part of your home has a life expectancy that can be extended or shortened depending on the amount of care and attention you put forth. The roof, appliances, heating, cooling, plumbing, and electrical systems can be very costly to replace if you avoid or ignore regular upkeep. There are many home improvement manuals that provide information regarding the useful life of the components of residential structures. Estimates of the life of most components of a residential structure are provided for you in Appendix C: Item Useful Life. These estimates are used by technicians who evaluate buildings for rehabilitation and in educating homeowners on long-term maintenance needs.

"I spent most of my childhood living with my family in a one-room chickee, which required practically no maintenance. Now we can provide our people with homes that have walls, rooms for all occasions, and appliances that will do just about everything. Today we provide a counseling program to teach our people how to make caring for these new homes a part of our tradition."

 Joel Frank, former Seminole Housing Authority Director, Seminole Tribe, Hollywood, Florida





Season-by-Season Schedule. A sample schedule of seasonal home repairs is included in Appendix D: Seasonal Maintenance Planner. Generally, a seasonal approach to home repairs is as follows:

Summer. Complete major home improvement projects and repairs such as:

- roofing
- painting
- landscaping
- decks, patios, porches
- foundation repair
- fencing
- siding
- windows
- doors
- driveway
- sidewalks, walkways



Fall. This is the time of the year to begin making preparations for the coming winter months. Complete repairs such as:

- weatherization
- chimney and fireplace cleaning
- heating system check
- insulation
- roof repairs
- drainage check
- gutter check
- insulate pipes
- shut off outdoor water



Winter. This is an excellent time to tackle indoor improvements or repairs such as:

- indoor remodeling
- flooring/carpet replacement or repair
- painting
- tiling
- plastering
- bathroom caulking
- countertop repair/replacement
- appliance maintenance
- insulation

Spring.

Spring. Spend the spring performing maintenance tasks that will get you ready for the summer. Complete tasks such as:

- spring cleaning
- organizing and storing winter items
- tune-up of fans and air conditioners
- repairing winter damage
- planting and yard work
- cleaning windows

Manufacturer's Suggested Maintenance. Regular maintenance of equipment and fixtures will prevent the need for more costly repairs or replacement in the future. Knowing your home means knowing your appliance and major systems needs. Manufacturers' warranties typically provide you with information to care for your appliances and systems. There are many home maintenance repair books on the market today that cover just about every repair detail you can imagine. Below is a sample of preventive maintenance tasks.

Appliance/System	Maintenance Concerns	Frequency
Heating system	Filter	Monthly
	Check-up	Annually
Wood stove	Clean flue and chimney	Annually
Air conditioning system	Filter	Monthly
	Check-up	Annually
	Condensing unit	Regularly
Floor vents	Dust vent covers	Monthly
Bathroom exhaust fan	Ceiling vent	Monthly
Water heater	Drain tank and flush it out	Annually
Tub and sink drains	Drain screen	After use
Septic tank	Pump	Annually
Humidifiers	Water level check	Monthly
Microwave	Clean	Monthly
Refrigerator	Clean shelves and gaskets	1 to 3 months
Range	Clean drip pan	After use
	Element	As needed
	Underneath stove top	Monthly
Oven	Clean shelves and interior	1 to 3 months
Range hood	Hood top – clean build-up Monthly	
	Hood screen – clean build-up	Monthly
Garbage disposal	Clean	Daily
	Disinfect	Weekly
Washer and dryer	Lint screen	After each use
Fireplace	Ashes	Regularly
	Clean chimney	Annually
Carpet	Vacuum	Regularly

Ensuring Property Protection through Covenants. Many home sites have covenants that restrict your use of the property. Covenants are made a part of the lease or the deed. Consequently, the use and care of the land remains the same even when a house is sold. Covenants are rules designed to protect the neighborhood and residents' rights to peaceful enjoyment.

Several Native communities have adopted covenants addressing an array of issues, including eco-wise controls. Covenants are made a part of the lease for trust property and the deed for fee property. They generally reflect the priorities of the community and govern the following:

- sweat houses
- home site requirements and maintenance
- waste management
- water conservation
- building materials
- energy conservation
- parking for residents and guests
- new construction
- manufactured homes
- abandoned vehicles
- landscaping
- business use of the home
- home improvements
- preservation of land corners
- pets/animals

Because the lease must be approved by the BIA, any covenants attached to the lease must be approved by the BIA as well. The value of having covenants is illustrated by the following example.

EXAMPLE

Joseph Majors is a member of the Yankton Sioux Tribe. He and his wife purchased a four-bedroom home on the reservation using the Section 184 Loan Guarantee in the Grassy Plains Subdivision. Covenants in the Grassy Plains Subdivision lease stated the following:

"The Resident is responsible for keeping all landscaping mowed, trimmed, watered, and, due to fire hazard, weeded and well maintained within their Homesite. If landscaping is not properly maintained and has reached 6 inches, the Yankton Sioux Tribal Housing Authority (YSHA) or the Tribe reserves the right to perform whatever landscape maintenance may be required and charge the Resident per established policy."

Summer months passed without rainfall, while the temperatures continued to rise. Mr. Majors's neighbor, Mr. Archambeau, typically neglected to keep his acre lot maintained, which created a fire hazard for the subdivision. Brush fires were threatening the area and the situation was being ignored by Mr. Archambeau. Mr. Majors requested that the YSHA require his neighbor to take immediate action because he was fearful of the quickly spreading fires. A disaster was averted because a covenant empowered the YSHA to intervene.

Prioritizing Home Repairs

Understanding the potential impact of postponing a repair will help you determine your priorities as unanticipated problems arise. Damage that presents a threat to health, safety and the enviornment should be repaired immediately. Consider making eco-wise repairs and replacements. The following types of damage, if ignored, could lead to more serious and costly problems:

- Water. Slight water damage leads to severe damage in very little time.
- Foundation. Foundation damage can quickly cause serious structural damage.
- Electric. Faulty wiring can cause a fire, resulting in loss of life and property.
- *Environmental*. Minor mold presence can lead to entire wall, framing, or ceiling replacement.
- Solid waste. Septic tank problems can lead to drainfield complications.

Other common types of repairs include:

- drainage
- roofs
- insulation
- heating system
- energy efficiency
- plumbing
- wall patching
- doors and door jams
- cabinet drawers and covers





Mohawk Nation of Akwesasne

Oneida Nation of New York

Prioritizing Home Repairs Exercise



You have discovered that you have several major repair projects requiring your attention. Although your spending plan will dictate which projects you begin first, some repairs are more urgent than others. In work groups, prioritize the following repairs, identify eco-wise solutions, and explain your reasons:

Priority	Home Repair Item	Eco-Wise Suggestions	Explanation
	Roof is leaking		
	Water heater is old and water consumption is high		
	Faulty electric wiring		
	Signs of mold around the windows and the bathroom		
	Doors are not properly sealed		
	Windows old and drafty		
	Mice infestation		

Budgeting to Meet Future Obligations

It has been said that if you fail to fix a leak, expect your money to drain away. It cannot be overstated how important it is to develop a spending plan for future maintenance expenditures. You should establish a savings account to use as a maintenance reserve fund.

- save one percent of the purchase price annually, or
- prepare an annual spending plan based on the home baseline data collected

Preparing an annual spending plan based on the life expectancy of your home's features and equipment provides a realistic way of scheduling maintenance and estimating costs. You need to:

- study the prepurchase inspection report
- list all repair items noted
- study the inventory data you collected
- sort items that need to be repaired by date
- obtain estimates of the cost
- save according to annual spending plan needs determined from your analysis

Home Improvements

During the course of owning your home, more than likely you will consider making a home improvement, such as adding a room or modernizing your kitchen. Whatever you decide to do, making improvements will typically add value to your home, particularly when the improvements make your home greener. If you are looking to sell your home in the future, keep in mind that some improvements have greater potential than others to increase your property value.

Home Improvement Property Value Increase Estimates*

Project	Potential Increase in Property Value
Add a new heating or air-conditioning system	Great
Minor kitchen remodeling	Great
Major kitchen remodeling	Great
Add a bathroom	Great
Add a family room	Great
Remodel bathroom	Very Good
Add a fireplace	Very Good
Build a deck	Very Good
Remodel home office	Good
Replace windows	Good
Build a pool	Moderate
Install or upgrade landscaping	Moderate
Finish basement	Very little

^{*}Costs vary depending on location and materials used.

Planning a home improvement project can be quite an undertaking. As we discussed in Module 4, doing the work yourself has many advantages as long as you have the expertise and experience to complete the project to code. Consider the following before undertaking a home improvement project:

- Do you have the expertise to do the particular work?
- Do you have all the tools necessary to do the work?
- Can you afford to do the work yourself?
- If you can't complete the work, do you have an alternative plan?
- How long will it take for you to complete the work?
- Who will inspect your work?
- Will you need special permits or community approvals?

Housekeeping for a Healthy Home

No house can keep itself safe, clean, and sanitary without your continuous care. Did you know that a poorly maintained home can cause illness? Remember as you read the following section, an environmentally friendly home promotes a safe and healthy home.

Why Do You Need to Clean?

Many people do not realize the connection between cleaning and good health. Housekeeping is about an ongoing lifestyle of home hygiene to prevent the spread of infectious diseases, which are caused by various types of microscopic germs such as:

- viruses
- bacteria
- parasites
- fungi

According to the Centers for Disease Control, these germs cause illnesses that range from common ailments like a cold and the flu, to disabling conditions such as Lyme disease and polio, to deadly diseases like hantavirus. The good news is that many of them can be prevented through amazingly simple and extremely inexpensive methods, such as washing your hands. It is important to practice three basic hygiene steps:

- cleaning
- disinfecting
- discarding

The primary sources for the spread of germs throughout the home are people, food, insects, water, pets, and air. Places where stagnant water accumulates are havens for the presence and growth of germs. These areas include:

- sinks
- u-bends
- toilets
- sponges and dishcloths these are major sources for spreading germs

The three areas of the home that the Centers for Disease Control has labeled as "hot zones" or contaminated areas in the home are the kitchen, the bathroom, and the laundry area.

What Is the Difference between Cleaning and Disinfecting?

Cleaning and disinfecting are not the same thing. In most cases, cleaning with soap and water is adequate. It removes dirt and most of the germs. However, in other situations, disinfecting provides an extra margin of safety.

Areas where there are both high concentrations of dangerous germs and a possibility that they will be spread to others should be disinfected. Disinfectants, including solutions of household bleach, have ingredients that destroy bacteria and other germs. Be sure to look for products that are eco-wise. Although surfaces may look clean, many infectious germs may be lurking around. Given the right conditions, some germs can live on surfaces for hours and even for days, especially in the "hot zone" areas listed below.

- *Kitchen*. Infectious bacteria are sometimes found in raw food, and the kitchen is where food is prepared. Also, kitchen sink areas (particularly sink surfaces, draining boards, U-tubes) are heavily contaminated areas.
- *Bathroom.* The moisture found in bathrooms is excellent for the growth and spread of infectious bacteria. It has also been found that baths, basins, cleaning cloths, and face cloths may form semi-permanent reservoirs of bacteria.
- Laundry area. Germs are picked up from people and things we encounter. A pile of dirty clothes combined with damp towels produces a dark, moist environment, which is ideal for the harbor, growth, and spread of germs. Numerous studies have shown that washing laundry with detergent alone permitted bacteria and viruses to survive in significant numbers. The addition of bleach killed at least 99.99 percent of all test viruses and bacteria in laundry.

How Do You Apply Home Hygiene?

Effective household hygiene is critical to the maintenance of a healthy family. Application of the following practices can do much to prevent infection and limit the spread of illness in the home.

Cleaning and Disinfecting Surfaces

- Follow the directions on the cleaning product labels and read safety precautions as well.
- Clean the surface thoroughly with soap and water or another cleaner.
- Apply disinfectant to the area and let it stand for a few minutes or longer, depending on the manufacturer's recommendations. This keeps the germs in contact with the disinfectant longer.

V

Remember,
green proof
your home by
using eco-wise

products.

- Wipe the surface with paper towels that can be thrown away or cloth towels that can be washed afterward.
- Wash your hands after cleaning or disinfecting surfaces, even if you use gloves.

Keeping a Pet

- To reduce the chance that your pet could get sick and pass an infection to you or your family, keep your pet under a veterinarian's care for regularly scheduled shots and treatment for worms.
- Clean your pet's living area at least once a week. Bury the feces, or place them in a plastic bag and then put it in the trash.
- Litter boxes should be cleaned daily and the dirty litter placed in a plastic bag. Areas that have been contaminated with dog or cat feces should be off limits to children not only at home but also in public areas such as parks or playgrounds. And because toddlers naturally explore their environment, teach children not to eat dirt or eat off the floor.
- Wash your hands with soap and water after handling or cleaning up after animals, especially reptiles. Teach your children to do the same. This is also important after contacting dirt because hookworms from animal feces in the soil can enter through your skin.

Discouraging Animals from Nesting Near Your Home

Avoid circumstances that could attract wild animals because they can carry some very deadly diseases.

- Rodents can transmit hantavirus and plague.
- Ticks can transmit Rocky Mountain Spotted Fever and Lyme disease.
- Mammals such as raccoons, skunks, and foxes can transmit rabies. In fact, bats cause most of the human rabies cases in this country.

You need to:

- Keep your home clean.
- Keep tight-fitting lids on food containers and garbage containers.
- Discard any excess food and take up pet water bowls when not in use.

Preventing Animals from Entering Your Home

- Eliminate any possible nesting sites and items that provide a water source.
- Seal entrances on the inside and the outside of your home because a mouse can squeeze through an opening as small as a dime.
- One pair of mice can produce over 15,000 offspring a year. Keep rodent populations low by continually setting traps inside and outside your home. Keep baits and traps out of reach of children and pets.

Preventing Mildew Growth

- Use an air conditioner, dehumidifier, or heater, if available, to remove moisture. Use fans to circulate air and open all windows.
- Turn on lights in closets and leave doors open to dry the dampness and humidity.
- Spray humid closed-in areas with a fungicide or other mildew preventive product. Read and follow instructions and precautions on product label. Dry thoroughly.
- Do not use blankets or sheets to cover windows since they prohibit air circulation.

Removing Mold and Mildew

- Brush off mold and mildew growth on household items outdoors to prevent scattering of spores in the house.
- Vacuum floors, ceilings, and walls to remove mildew. Then wash surfaces with a detergent/household cleaner and water solution.
- Wipe mildew-stained areas with a cloth dampened with a solution of one cup of chlorine bleach or rubbing or denatured alcohol to one gallon of water. Pine-based or phenolic products also work well.
- If mold recurs, infected areas must be removed and replaced.

"21hen I was a kid, I drew a picture of my dream home: it was a chickee with walls, three windows, and a door. By the time I turned 25 years old and had a job, I bought the material and added walls, two windows, and a door to make my dream chickee. I didn't know that there was anything beyond this until the tribe started building modern homes for us. Now I am middle aged and I finally got a modern home for my five kids and my wife. It's bigger, but it takes a lot more work to keep it nice."

- Dino Cypress, Miccosukee Tribe

Cleaning Suggestions for Healthy Living

The following cleaning suggestions for the home are based on the practices used by the Seattle Cancer Care Alliance, Fred Hutchinson Cancer Research Center, and the Centers for Disease Control.

Cleaning Work Surfaces and Kitchen Equipment

- Use separate cutting boards (plastic suggested) for cooked foods and raw foods.
- Wash cutting boards after each use in hot, soapy water or in the dishwasher. Sanitize boards weekly using a diluted bleach solution (mix one part household bleach to 10 parts water). Let the boards air dry.
- Keep appliances free of food particles. Check the microwave oven, toaster, can
 opener, and blender and mixer blades. Blender blades and bottom ring should
 always be removed when washing the jar. Wash can openers before and after
 use. Sanitize these items with a diluted bleach solution or disinfectant.
- Keep counter and kitchen surfaces free of food particles. Sanitize using a diluted bleach solution or disinfectant.

Cleaning the Sink Area

- Have soap available for hand washing.
- Use paper towels for drying hands.
- Replace dishcloths and dish towels daily.
- Replace sponges at least weekly.
- Sanitize sponges daily in the diluted bleach solution or wash in the dishwasher.
- Do not store food supplies under the sink. Do not store chemicals and cleaning solutions near or over food supplies.
- Use liquid dish soap when washing dishes, pans, and utensils by hand.

Cleaning the Refrigerator and Freezer

- Keep the refrigerator clean. Clean spills immediately. Sanitize shelves and doors weekly using a diluted bleach solution or disinfectant.
- Maintain refrigerator temperature between 35 and 40 degrees F.
- Maintain freezer temperature below five degrees F.
- Store all food in covered containers after cooling. First, cool hot foods uncovered in the refrigerator; cover storage containers after cooling. Make sure that covers seal tightly. Freeze what will not be used within the next two to three days. Discard all refrigerated prepared foods after 72 hours (three days).
- Throw away eggs with cracked shells.
- Throw away foods older than their "use by" or expiration dates.
- Throw away entire food packages or containers with any mold present, including yogurt, cheese, cottage cheese, fruits (especially berries), vegetables, jelly, and bread and pastry products.
- Throw away freezer-burned foods.

Cleaning Cupboards and Pantry

- Make sure food storage areas remain clean.
- Throw away without tasting or opening all bulging, leaking, or cracked cans, or those deeply dented in the seam area.
- Rotate food stock so older items are used first. Check expiration dates. Do not use foods past the expiration dates.
- Do not consume any home-canned foods with bulging lids or broken seals, or any food that has a bad odor or unusual characteristics after opening. Home-canned foods need to be used within one year of canning.

Cleaning Play Areas

- Keep toys stored in designated areas and away from hot zone areas.
- Clean and disinfect toys regularly.

Either you spend the time now to keep your home in a clean condition or you spend more time and more money making repairs and paying medical bills. If the condition of the property creates a hazard to the life, health, or safety of the occupants and the homeowner fails to correct the deficiency promptly, you may be subject to costly repairs or any combination of the following:

- health hazards
- environmental hazards
- safety hazards
- violation of covenants or codes
- depreciation of property
- condemnation of property
- monetary fines

When you purchase your home, check to see if there are any covenants that may apply. Although you own your home, the lender has the right to take steps to ensure that the property is being maintained in accordance with the covenants.

Additional housekeeping standards and various checklists to help you in tackling your housekeeping tasks are included in Appendix F: Housekeeping Checklist.





In work groups, review the situations listed below and describe the possible consequences if the situation is not corrected. Also, identify the corrective action or actions you would take to remedy the situation.

Situation	Possible Consequences	Resolution
Bathroom vents are dusty and clogged		
Mold buildup on walls		
Dishes rinsed rather than cleaned thoroughly		
0 7		
Trash cluttered throughout the home		
Countertops aren't cleaned after cooking		
Wet rags, towels are bunched up and		
thrown into the laundry		
Food containers and empty soda cans		
are left throughout the house rather than discarded		
Wet mop stored on the floor by food supply and scattered children's toys		
osppij und sentered elimeteris tojs		
		:

Arranging for a Will

Now that you are a homeowner, you need to consider what will happen to your home in the event of your death. In establishing a will, it is important to consider the following:

- Is there a **beneficiary** who is capable of assuming the mortgage?
- Is there a life insurance policy that will enable the beneficiary to pay off the debt?
- Is there a beneficiary who would want to assume the responsibilities of owning the property?
- Is there a guardian who would assume the responsibilities of caring for the home until the surviving children are grown?

Although this type of planning is unpleasant, it is far more unpleasant when there is no will. Many Native communities do not have codes governing inheritance. Consequently, the process goes through **probate** with the BIA at the helm. The process can take years and can cause tremendous stress on the remaining family members. If you purchase on fee simple property, state laws will prevail.

Some communities have life estate codes, which were discussed in Module 5. This type of code is particularly useful for families composed of an enrolled community member and non-enrolled members. Check with your community leaders to see what codes apply to you.

If you own the property with a so-called joint tenant, usually a spouse, the property automatically passes to them.

Module Highlights



- Once you purchase your home, you should first take stock of your assets and document the contents of your home. Organized files of your home inventory will ensure the safekeeping of vital documents and make the processing of any claims easier.
- When you purchase a home, the lender will require that you have homeowner's insurance.
- Protecting your home and family requires that you be prepared for unexpected natural disasters or emergencies, implement basic safety measures, and maintain your property.
- Green proofing your home ensures a safe and healthy home, reduces overall consumer costs, and protects our planet's precious resources.
- Housekeeping is about an ongoing lifestyle of home hygiene to prevent the spread of infectious diseases.

Module Review

Reflection

Reflection
List several ideas that you learned in this module that will be helpful in achieving your goals.
Exercise
1. List three reasons to organize your files.
1
2

2.	The type of insurance that is absorbed	lutely	required by the lender is:
	 □ a. hazard or homeowner's insurance □ b. contents insurance □ c. life insurance □ d. car insurance 	rance	
3.	Match the following insurance pro-	ovisions	s with the best description.
	a. Dwelling Coverage		protects personal belongings such as clothing, furniture, and appliances against loss
	b. Personal Property		reimburses you for the necessary increase in your living expenses when something happens to your home and you must temporarily live out of your home
	c. Personal Liability		reimburses medical care if there is an accident and someone gets hurt on your property
	d. Replacement Coverage		protects you from being sued and having to pay money for accidents that may occur on your property
	e. Loss of Use		pays the cost for restoring or replacing the home to its original condition exactly
	f. Medical Payments Coverage		protects your home against damage or destruction caused by fires, storms, or other weather-related events
4.	True or False? As a homeowner, y directly to obtain assistance for ite		st contact the supplier/manufacturer der warranty.
	☐ a. True☐ b. False☐		
5.	True or False? Carrying out a prev maintain or increase a home's valu		home maintenance plan will help to
	☐ a. True☐ b. False		

6.	True or False? Going green may cost more up front but saves money over the long term.
	☐ a. True☐ b. False☐
7.	True or False? Home improvement projects are more important to complete than making home repairs.
	☐ a. True☐ b. False☐
8.	True or False? One of the primary purposes of keeping a house clean is to prevent the spread of infectious disease.
	☐ a. True☐ b. False☐
9.	True or False? Mold can be prevented by ensuring that there is proper air circulation and practicing good housekeeping.
	☐ a. True☐ b. False☐
10.	True or False? The primary sources for the spread of germs throughout the home are people, food, insects, water, pets, and air.
	☐ a. True☐ b. False☐

Appendix A My Service Record

APPLIANCE/SYSTEM	BRAND	MODEL	SERIAL#	DATE OF PURCHASE	AGE	WARRANTY EXPIRATION
Heating System						
Water Heater	: : : :		: : : :		<u>:</u>	
Flooring System						
Wood Stove						
Plumbing System						
Air Conditioning System						
Microwave						
Refrigerator						
Range/Oven	:					
Dishwasher						
Garbage Disposal						
Washer						
Dryer						
Septic Tank						
Windows						

Appendix B

Baseline Condition

My Service Record

Item	Check For	Туре	Age	Maintenance Condition	Estimated Action	Estimated Repair Date	Cost
ELECTRICAL		:	:			:	:
Foundation	Widening cracks; signs of water seepage or flooding; uneven settling						
Roof	Worn shingles; broken tiles; loose flashing						
Driveway/sidewalks	Crumbling concrete or brick; cracks in blacktop						
Patio/deck	Damaged wood; crumbling concrete or brick		•			•	:
Siding	Pest or weather damage	:	• •	: :		•	:
Paint	Flaking paint					:	
Window trim	Flaking paint; loose trim		:			:	:
Windows	Loose, cracked, or broken panes; crooked framing						:
Vents/soffits	Pest or weather damage						:
Gutters	Rust; weather damage; missing parts						:
Central AC unit	Rust; weather damage; clogged intake					•	:
Chimney	Crumbling mortar between bricks; loose flashing between chimney and roof					:	:
Well	Age; poor pumping capacity; bad taste						:
Septic system	Age; spongy soil over tank; poor previous maintenance; date of last service		•				
INTERIOR							
Ceilings	Widening cracks; water stains; bulges; mildew damage	•	•				
Walls	Cracks or holes; bulges; mildew damage					· · ·	: : :
Floors	Sloping surface; poor condition					:	
Windows	Loose, cracked, or broken panes; crooked framing	:				:	:
Doors	Crooked framing; sticking door	:	:			:	
Attic	Signs of water leakage from roof		•			•	:
Basement/crawl space	Signs of water seepage or flooding; sump pump failure	· · ·	· · ·			: : :	
Basement walls	Signs of water seepage or flooding; mildew damage						

W	Objects Fee			O a stable	Maintenance	Estimated	Estimated
Item ELECTRICAL	Check For	Type	Age	Condition	Action	Repair Date	Cost
ELECTRICAL		:	:	:	:	:	
Main power box	Age; failure to provide power		•	• • • •			
Interior outlets	Broken outlet; failure to provide power		•	•	•		
Exterior outlets	Broken outlet; failure to provide power		•	· · ·	· ·	:	
Exterior light fixtures	Broken; failure to light	:					
Interior light fixtures	Broken; failure to light						
PLUMBING							
Toilets	Poor water pressure; failure to empty or fill entirely		•	•			
Sinks/faucets	Poor water pressure; cracks in basins; water seepage from around faucets			•			
Drains	Failure to drain properly						
Pipes	Age; leaks; crumbling insulation (call a professional if asbestos is present)	:		•	•	•	
Hot water heater	Age; date of last service		•	•		:	
HEATING/COOLING			•				
Furnace	Age; date of last service						
Air conditioner	Age; date of last service	:	•	:	:	:	<u> </u>
Ductwork	Dusty or broken ducts	:	•	· · ·		:	
Vents	Dusty or clogged vents	:	·	· · ·	· · · · · · · · · · · · · · · · · · ·	:	<u>. </u>

Appendix C

Itam	ICATII	llita
	Usefu	

CATEGORY	TERM	COMMENTS
FOOTINGS AND FOUNDATIONS		
Footings	· life	
Concrete block	ilife	: Structural defects can result from poor soil conditions
Termite-proofing	5 years	Less in damp climates
		· ·
ROUGH STRUCTURE		
Floor system (basement)	: life	
Framing exterior walls	life	
Framing interior walls	: life	
CONCRETE WORK		
Slab	life	
Precast decks, porches	: 10-15 yrs	
Site-built porches	20 yrs	
SHEET METAL	:	
Gutter, downspouts, and flashing:	:	
Aluminum	: 20-30 yrs	
Copper	: life	: Very durable and expensive;
	:	regular cleaning and alignment required
Galvanized iron	: 15-25 yrs.	: Rusts easily and must be kept painted every 3 to 4 yrs
	:	
ROUGH ELECTRICAL	:	
Copper, aluminum, romex wiring	: life	
Breaker panel wiring	30-40 yrs.	
Individual breaker	25-30 yrs.	
ROUGH PLUMBING	:	
Pressure pipes: Copper	: life	: Strongest; needs no maintenance
Pressure pipes: Copper Pressure pipes: Galvanized iron	30-50 yrs.	Rusts easily; major expense in older homes
Pressure pipes: Plastic	: 30-30 yrs.	: Rusts easily; major expense in older nomes
Waste pipe: Concrete	20 yrs.	
Waste pipe: Vitreous china	: 25-30 yrs.	
Waste pipe: Plastic	50-70 yrs.	Acid in soils can eat through plastic
Waste pipe: Cast iron	: life	Acta in sons can cat unough plastic
Waste pipe: Lead	50 yrs.	Joints can deteriorate and cannot be patched;
waste pipe. Zeac	: 50 /10.	: lead must be replaced if remodel
	<u>:</u>	
HEATING AND VENTING		
Duct Work: Galvanized	: 50-70 yrs.	
Plastic, fiberglass	: 40-60 yrs.	
ROOF		
Asphalt shingles	: 15-25 yrs.	: Climate affects useful life
Wood shingles and shakes	10-40 yrs.	Expensive. Contracts and expands due to climate
Tile	: 30-50 yrs.	Tendency to crack on sides
Slate	ilife	: Maintain every 5 yrs as nails rust
Metal	: life	Shorter life if allowed to rust. Aluminum paint often
	:	used to recoat
Felt	: 30-40 yrs.	
Tar and gravel	10-15 yrs.	

CATEGORY	TERM	COMMENTS
MASONRY	:	
Chimney	life	
Fireplace	: 20-30 yrs.	:
Fire brick	life	
Metal fireplace	life	
Flue tile	life	<u> </u>
Brick veneer	life	Joints should be pointed every 5 to 10 yrs.
Brick-solid, stone, block wall	life	Porous grade stone, limestone, will deteriorate
Masonry floors	life	Must be kept waxed every 1 to 2 yrs.
Stucco	life	Requires painting every 8 to 10 yrs.
WINDOWS AND DOORS		
Window glazing	5-10 yrs.	<u>:</u> :
Storm windows and gaskets	: 15-50 yrs	Depends on quality of materials and climate
Screen doors	5-10 yrs.	:
Storm doors	10-15 yrs.	:
Interior doors	: 10-50 yrs.	Depends on amount of wear and tear
Sliding doors	30-50 yrs.	:
Folding doors	: 30-40 yrs.	<u> </u>
Sliding screens	30 yrs.	<u>:</u>
Garage doors	: 20-25 yrs.	Depends upon initial placement of springs, tracks,
	:	and rollers; Should be periodically adjusted
Steel casement windows	40-50 yrs.	Have leakage and condensation problems; installed mostly in 1940s and 1950s
Wood casement windows	: 40-50 yrs.	Older types very drafty
Wood double-hung windows	40-100 yrs.	Depends on amount of maintenance and climate
INSULATION		
Foundation, roof, ceiling, walls, flo		
Weatherstripping: metal	10-30 yrs.	<u>:</u>
Weatherstripping: plastic gasket	: 5-10 yrs.	
EXTERIOR TRIM		
Wood siding	life	Must be painted regularly – every 5–7 yrs.
Metal siding	: life	May rust due to climate and need repainting.
Aluminum siding	40 yrslife	Maintenance free if baked-on finish, but can dent and become unsightly
Shutters:	:	:
Wood	20-40 yrs.	Depends on climate and maintenance
Metal	: 20-30 yrs.	:
Plastic, aluminum	life	
Posts and columns	: life	-
Gable vents: Wood	10-40 yrs.	Depends on maintenance
Gable vents: Aluminum	: life	
Trellis	20 yrs.	Will rot in back even if painted because of moisture
EXTERIOR PAINT		
On wood, brick	5-7 yrs.	On aluminum 10-12 yrs
		,
Gutters, downspouts, and flashing	Į: :	•
Gutters, downspouts, and flashing Aluminum	g: : : 10-12 yrs.	

CATEGORY	TERM	COMMENTS
STAIRS		
Stringer, risers, treads, baluster	50 yrs.	
Rails	: 30-40 yrs.	<u>:</u>
-		
DRYWALL AND PLASTER	:	
Drywall	: 40-50 yrs.	Cracks must be regularly spackled
Plaster	life	Thicker and more durable than drywall
Ceiling suspension	: life	· · · · · · · · · · · · · · · · · · ·
Acoustical ceiling	life	
Luminous ceiling	10-20 yrs.	Discolors easily
	:	:
CERAMIC TILE	:	Proper installation and maintenance required
Tub alcove and shower stall	life	Grouted every 5 yrs.
Bath wainscot	life	
Ceramic floor	: life	
	:	
FINISH CARPENTRY		Useful life depends on wear and maintenance
Baseboard and shoe, door and		
window trim	40 yrslife	
Wood paneling	: 40 yrslife	:
Closet shelves	40 yrslife	
Fireplace mantel	: 40 yrslife.	
	:	
FLOORING	:	
Oak, hard pine floor	life	Useful life subject to water damage, heavy scuffing, or
	:	lack of periodic refinishing
Slate flagstone floor	40-50 yrs.	
Resilient (vinyl)	10-15 yrs.	Because of scuffing may have to be replaced earlier
Carpeting	5-20 yrs.	Depends on usage, and regularity of cleaning
CABINETS AND VANITIES	:	<u>:</u>
Kitchen cabinets, bath vanities	20-30 yrs.	
Countertop	20-30 yrs.	
Medicine cabinets	15-20 yrs.	
Mirrors	10-15 yrs.	
Tub enclosures	10-25 yrs.	
Shower doors	20-25 yrs.	
Bookshelves	life	Depends on quality of wood and construction
INTERIOR DAINTING	<u>:</u>	:
INTERIOR PAINTING	2.10	Useful life depends on usage
Wall paint, trim, and doors	3-10 yrs.	<u> </u>
Wallpaper	3-10 yrs.	<u>:</u>
	<u>:</u>	
ELECTRICAL FINISH		
Electric range and oven	10-20 yrs.	_
Vent hood	15-20 yrs.	<u> </u>
Disposal	5-12 yrs.	
Exhaust fan	8-10 yrs.	<u> </u>
Water heater	5-12 yrs.	
Electric fixtures	20-50 yrs.	-
Doorbell and chimes	: 10-25 yrs.	<u>:</u>
Fluorescent bulbs	3-5 yrs.	<u> </u>

CATEGORY	TERM	COMMENTS
PLUMBING FINISH	:	
Dishwasher	5-15 yrs.	
Gas water heater	: 8-12 yrs.	
Gas refrigerator	15-25 yrs.	-
Toilet seats	: 8-10 yrs.	
Commode	15-25 yrs.	
Steel sinks	: 15-20 yrs.	
China sinks	15-20 yrs.	 _
Faucets	: life	
Flush valves	20-25 yrs.	 _
Well and septic system	: 15-50 yrs	Depends on soil, rock formations, and maintenance
Hot water boilers	30-50 yrs.	: Inefficiency increases with age
	•	
HEATING FINISH	12 17	
Wall heaters	12-17 yrs.	<u>:</u>
Warm air furnaces	25-30 yrs.	
Radiant heating:		
Ceiling	20-30 yrs.	
Baseboard	20-40 yrs.	
AC unit	8-18 yrs.	 _
AC compressors	10-18 yrs.	Regular maintenance required
Humidifier	7-8 yrs.	<u>:</u>
Electric air cleaners	8-10 yrs.	
APPLIANCES		
Refrigerator	15-25 yrs.	
Washer	8-12 yrs.	
Dryer	8-12 yrs.	
Combo washer and dryer	: 7-10 yrs.	
Garage door opener	8-10 yrs.	
Disposal units	: 8-12 yrs.	
Dishwasher	8-12 yrs.	
Music system (intercom)	30-40 yrs.	
APPOINTMENTS		
Closet rods	life	
Blinds	: 10-15 yrs.	
Drapes	5-10 yrs.	
Towel bars	: 10-15 yrs.	- :
Soap grab	: 10-12 yrs.	
OTHERO		
OTHERS	: 20.20	
Fences and screens	20-30 yrs.	<u>:</u>
Splash blocks	6-7 yrs.	
Patios (concrete)	15-50 yrs.	
Gravel walks	3-5 yrs.	
Concrete walks	10-50 yrs.	
Sprinkler system	15-25 yrs.	<u>:</u>
Asphalt driveway	: 5-20 yrs	: With patchwork may last 15-20 yrs

Appendix D

Seasonal Maintenance Planner

SUMMER

This is the season for undertaking major home improvement projects and tending your ever-changing landscape.

• Maintain lawn and garden tools.

Sharpen blades, change oil, and replace filters on the lawn mower. Make sure weed trimmers are in good condition. Oil garden tools and sharpen blades.

• Inspect locks on doors and windows.

Make sure your home is safe and secure. Oil any testy locks and install a home security system if desired. Consider installing outdoor lighting to increase security.

• Inspect for termites and other pests.

Inspect the basement or crawl space, eaves, and attic for termites, carpenter ants, and other wood pests. If you see signs of wood damage, call a professional exterminator. Look under the eaves for wasp or hornet nests. Handle wasp or hornet nests with care and call in a professional if necessary.

• Primp patios and porches.

Clean the barbecue and hose down brick or concrete patio surfaces. Replace any broken bricks; patch concrete cracks. Wash outdoor or screened-in porch floors. Plant annuals in pots, or replant existing planters. Oil patio doors. Bring out patio or porch furniture.

• Complete painting projects.

If you're painting your house yourself, rent a power washer and wash your house first. Scrape off crumbling paint, smooth rough areas with sandpaper, and fill in damaged areas with wood putty. Choose the best paint you can afford. Schedule interior painting projects, too; warm temperatures allow for ventilation and quick drying times.

• Build or repair fences.

Repair any damaged areas of existing fencing and refinish as necessary. If you're building a new fence, get at least three bids and look carefully at the increasing variety of fencing materials. Make sure your fence abides by local codes and doesn't encroach on neighboring properties.

Inspect siding.

Check siding and trim around windows and doors for holes, dents, and gaps. Repair with wood filler or according to manufacturer's instructions. If your home's siding needs to be replaced entirely, summer is the best time for this one- to two-week project.

Replace your roof.

If you need a new roof, have it installed during summer's warm, dry weather. Consider fire-resistant roof material if you live in an area prone to wildfire and your current roof is not fireproof.

• Repair and seal driveways.

Renew the surface of asphalt driveways with sealer. Repair damage to concrete driveways as soon as possible (this project may require a professional).

FALL

Especially in cold-winter areas of the country, fall is the time to prepare your house for extreme temperature changes and heavy precipitation.

• Inspect the roof.

Hire a licensed roofer to replace missing or broken shingles, shake pieces, or tiles. Make sure the flashing around vent pipes, skylights, and the chimney is secure.

• Clean the chimney and fireplace.

Hire a chimney sweep to remove build-up of combustible creosote from the chimney, hearth, and firebox. If you don't use your fireplace more than a few times a year, do this every couple of years instead of annually.

• Unclog the gutters.

Clean the gutter channels, clear downspouts of debris. Make sure that the downspouts funnel water away from the foundation. Replace broken or deteriorating gutters or downspouts.

• Inspect the foundation.

Look for signs of water damage. Make sure that dirt around the house is graded to drain water away from the foundation. If you have an underground drainage system or sump pump, make sure it operates properly.

• Check the heating system.

Change filters and check registers and ducts for blockages. Hire a professional to have your furnace inspected for leaks and burner efficiency. Regularly dust registers and intake grills using your vacuum's crevice tool.

• Insulate.

Replace or add caulk or weather stripping around doors and windows, between the foundation and siding, and wherever bricks and wood make contact. Both of these flexible sealants degrade over time. Make sure you have sufficient attic insulation: Most areas require at least six inches of insulation material.

• Shut off the outdoor water supply after the first freeze.

In areas where temperatures drop below freezing in the winter, shut off the outdoor water supply or sprinkler system. Store garden hoses indoors.

• Winterize your windows.

If you have window units or doors with combination screen/storm windows, remove screens, wash and store, and install storm windows. Remove window air-conditioning units.

• Prepare your yard.

Rake leaves and add them to the compost heap. Prune trees and shrubs. Mow and fertilize the lawn. Store patio furniture, summer sports equipment, and garden tools. Plant spring bulbs, and divide and replant perennials.

• Lubricate binges.

Apply oil to door and window hinges. Don't forget garage doors.

• Tidy the garage.

Move indoors anything that might freeze, such as paint, caulk, and adhesives. Discard hazardous materials (such as paints and solvents) according to local rules; call your local waste-disposal department for information.

WINTER

This is the ideal time to prepare for the onslaught of extreme winter temperatures and to take care of indoor maintenance needs.

• Install extra insulation.

Weather strip as needed and install plastic sheets on windows.

• Prepare for snow.

Now's the time to make sure all your tools and equipment for snow removal are in good condition.

• Patch and paint.

Patch and paint interior walls and ceilings as needed.

• Repair indoor woodwork.

Fill holes with wood putty, then sand and finish the surface.

• Maintain appliances.

Unplug the refrigerator and clean it thoroughly with soap and hot water. Vacuum the condenser coil in the back or bottom of the refrigerator for better energy efficiency. If the drain pan is removable, clean it in soapy water. Clean the insides of the dishwasher, stove exhaust fan, oven, and microwave.

• Inspect bathroom caulking.

Remove and replace crumbling caulk around the bathtub, sink, or toilet. Make sure no moisture is leaking under the bathtub or shower stall.

• Protect pipes from freezing.

Insulate any water pipes that are exposed to extreme cold (check pipes on the north side of house particularly). Cover outdoor water faucets.

• Plan home improvement projects.

Plan major home improvement projects, such as painting the exterior of the house, building a patio, or making landscape changes. Check with your local building department to see if your projects require permits. In late winter, call contractors to submit bids.

• Clean and organize the basement.

Sweep the floor and clear out cobwebs. Check stored items for moisture damage. Build or purchase storage shelves. Tidy up work areas. Start flower and vegetable seeds in seed trays under lights.

SPRING

Spring is the time to get your landscape ready to bloom and ready yourself for outdoor home improvement projects.

• Repair winter damage.

Look for sagging gutters, loose window frames or siding, deteriorating concrete or brickwork, missing roof shingles, or water damage under eaves or soffits. Schedule repairs promptly.

• Yard work.

Clear away fallen branches and leaves. Use a mulching mower to spread clippings evenly over the lawn and fertilize naturally. Loosen the soil around perennials; plant annuals or a vegetable garden. Prune shrubs and trees.

• Patch and paint.

Check exterior walls for holes or cracks; patch and paint as necessary.

• Fans and air conditioners.

Clean fan blades using mild soapy water. Check the central air-conditioning unit for debris and obstructions; vacuum the main condenser coil on top of the unit. Check the operating condition of window air-conditioning units; remove and wash filters in mild soapy water.

• Turn on outdoor water supply.

Hook up the garden hose and inspect it for cracks or leaks. Replace old washers.

• Clean windows.

Wash windows, screens, and windowsills; repair any winter damage.

• Check exhaust fans and vents.

Make sure all exhaust fans and vents are clean and clear. Remove lint buildup from the clothes dryer vent.

• Remove winter ashes.

Sweep ashes into your fireplace's ash pit or into a dustpan. Clean and lightly oil fireplace tools. Remove ashes from wood-burning stoves and inspect all moving parts and gaskets to make sure they seal tightly.

• Condition your deck.

Hammer in any loose nails, or replace them with galvanized deck screws. Replace any broken boards or rails. Rent a power washer to clean dirt and mildew from the wood, then apply an all-weather sealer or stain. Set up patio furniture.

• Check fences and pool.

Repair any broken fence boards and paint or seal them as needed. Clean the pool if it has been covered all winter.

• Spring cleaning.

Dust walls and ceilings to remove cobwebs and wash any grimy areas. Dust or wash registers. Wash window curtains or remove drapes for dry cleaning. Clean rugs and carpeting. Dust and polish wood or laminate floors. Polish woodwork. Clean the garage and bring out the garden tools and lawn mower.

Appendix E

Housekeeping Checklist

Housekeeping Standards: Inside the Unit

Gener	al
Yes No	TWY 11 1 11 1 1 C C 11
	Walls should be clean, free of dirt, grease, holes, cobwebs, and
	fingerprints.
	Floors should be clean, clear, dry, and free of hazards. Ceilings should be clean and free of cobwebs.
	Windows should be clean and not nailed shut, with shades or blinds intact.
	Woodwork should be clean, and free of dust, gouges, or scratches.
	Doors should be clean, free of grease and fingerprints, with functional locks
	Heating units should be dusted and access uncluttered.
	Trash shall be disposed of properly and not left in the unit.
	Entire unit should be free of rodent or insect infestation.
Kitche	n
Yes No	
	Stove should be clean and free of food and grease.
	Refrigerator should be clean. Freezer door should close properly and
	gaskets should be clean.
	Cabinets should be clean and neat. Cabinet surfaces and counter
	tops should be free of grease and spilled food. Cabinets should not
	be overloaded. Storage under the sink should be limited to small or
	lightweight items to permit access for repairs.
	Exhaust fan filters should be free of grease and dust. Sink should be clean, free of grease and garbage. Dirty dishes should be
	washed and not stored in the sink.
	Food storage areas should be neat and clean without spilled food.
	Trash/garbage should be stored in a covered container until removed to
	the disposal area.
	the thepoth theth
Bathre	00m
Yes No	
	Toilet and tank should be clean and odor-free. Condensation should be
	wiped regularly.
	Tub and shower should be clean and free of mold and mildew. Where
	applicable, shower curtains should be in place, and of adequate length to
	prevent spillage.
	Sink should be clean.
	Vanities should be kept clean and free of water leakage.
	Exhaust fan should be free of dust.
	Floor should be clean and dry.

_	ge Areas			
	Linen closet should be clean. Other closets should be clean. No highly flammable materials should be stored in the unit. Other storage areas should be clean and free of hazards.			
Housekeeping Standards: Outside the Unit				
Yes No				
	Yards should be free of debris, trash, and inoperable vehicles and vehicle			
	parts.			
	Exterior walls should be free of graffiti.			
	Porches (front and rear) should be clean and free of hazards. No items			
	should be stored on the porch. Outdoor porch furnishings should not			
	impede access to the unit.			
	Steps (front and rear) should be clean and free of hazards.			
	Sidewalks should be clean and free of hazards.			
	Storm doors should be clean, with glass or screens intact.			
	Hallways should be clean and free of hazards.			
	Yards should be neatly maintained.			
	Laundry areas should be clean and neat. Lint should be removed from			
	dryers after use.			
	Utility room should be free of debris, motor vehicle parts, and flammable			
	materials.			



Abstract (of Title) – A summary of the public records relating to the title to a piece of land. An attorney or title insurance company reviews an abstract of title to determine whether there are any title defects that must be cleared before a buyer can purchase a clear, marketable, and insurable title.

Abatement – Measures to permanently (at least 20 years) control lead-based paint or lead-based paint hazards.

Acceleration Clause – A provision in a mortgage that gives the lender the right to demand payment of the entire outstanding balance if a monthly payment is missed.

Accessory Dwelling Unit (ADU) – A self-contained housing unit incorporated within a single- family dwelling (not within accessory structures, except with a Special Permit) that is clearly a subordinate part of the single-family dwelling.

Account – An account represents a relationship between a company (the account owner) and consumer, through which the consumer purchases a product or service and makes payment for it over time.

Account Number – A reference number assigned to accounts, by the creditor or collection agency, to uniquely identify a consumer as the owner of that account. Account Reviews – Inquiries made into a consumer's credit history by creditors with whom the consumer has a current relationship. These inquiries are not included in the business version of a consumer's credit report.

Adjustable-Rate Mortgage (ARM) – A mortgage that permits the lender to adjust its interest rate periodically based pm changes in a specified index.

Adverse Action – An unfavorable action, such as the denial of credit, insurance, or employment, taken by a creditor or other entity, affecting a consumer. Under the Fair Credit Reporting Act, creditors must disclose the reasons for any adverse action.

Adverse Information – Information about a consumer that a creditor or other entity considers a risk or unacceptable, such as a past due account.

Adjusted Gross Income – Adjusted income is annual (gross) income reduced by deductions. Adjusted income is used to compute the actual tenant payment in NAHASDA-assisted housing, Tenant-Based Rental Assistance, low-rent programs, and homebuyer programs.

Affordability – The process of calculating how much a borrower can afford to commit to a mortgage payment based on their income and debt.

Affordability Period (Useful Life) – The period that a unit must remain available as a low-income home with HUD funding. See Useful Life for IHBG. The HOME program has alternate rules.

Affordable Housing Activities – Affordable housing activities identified in Section 202 of NAHASDA.

Glossary (cont.)

Agent – One who legally represents another, called a principal, from whom authority has been derived.

Agreement for Sale – A written document in which the purchaser agrees to purchase a home and the seller agrees to sell a home under stated terms and conditions. Also referred to as a Purchase and Sales Agreement or Contract, Purchase Agreement, Earnest Money Contract, or offer to Purchase Contract.

Allotted Land – Land owned by the United States and held in trust for individual Indians. Also referred to as Individual Allotted Trust Land.

Amortization – The gradual repayment of a mortgage by installments, calculated to pay off the obligation at the end of a fixed period.

Amortization Schedule – A timetable for payment of a mortgage showing the amount of each payment applied to interest, principal, and the remaining balance.

Annual Income – Total amount of income earned annually. Gross annual income represents the amount of money a person earns in one year from all sources before taxes.

Annual Percentage Rate (APR) – The total annual cost of a mortgage stated as a percentage of the loan amount; including the base interest rate, primary mortgage insurance, and loan origination fee (points).

Annexation – A change in existing community boundaries resulting from the incorporation of additional land.

Application Agreement – An agreement between the lender and the borrower which summarizes the general terms that will comprise the loan agreement.

Appraisal – An expert judgment or estimate of the quality or value of real estate as of a given date.

Appraisal Fees – The cost charged for obtaining an appraisal. Costs vary by region.

Appraisal Report and Conditions – If an appraisal is subject to repairs or conditions, a condition sheet must be attached or appraisal must contain specific information as to repairs required.

Appraiser – An expert who conducts appraisals.

Appreciation – An increase in the value of a house due to changes in market conditions or other causes.

Assessed Value – The valuation placed upon property by a public tax assessor for purposes of taxation.

Assumable Mortgage – A mortgage that can be taken over ("assumed") by the buyer when a home is sold.

Assumption – The transfer of the seller's existing mortgage to the buyer.

Authorized User – Someone authorized to use an individual credit account by the person who opened the account.

Automated Underwriting – A computerized system that analyzes your loan application information and arrives at a loan decision.

Back End Ratio – The percentage of income set by the lender that is available for principal, interest, taxes, insurance, plus all recurring debts.

Balloon Mortgage – Loan that requires a payment in full at the end of a set period. Typically, the term is five, seven, or 10 years. The borrower makes regular monthly payments based on a 30-year term. At the end of the balloon period, the borrower pays the principal balance to the lender. At this point, the borrower has the option to sell the home or refinance the amount that is due on the principal. Balloon mortgage programs are ideal for a homebuyer who wants the security of a fixed rate but does not intend to own the home beyond the date the balloon term ends. Typically, these mortgages provide the benefit of below-market interest rates during the balloon period.

Bank Card – A credit card issued through a bank.

Bankruptcy – A legal proceeding to give a person or business some relief from debts.

Beneficiary – The person who receives the benefits of a trust or the recipient of the proceeds of a will or a life insurance policy.

Binder – A preliminary agreement, secured by the payment of earnest money, under which a buyer offers to purchase real estate.

Biweekly Mortgages – These mortgages provide a built-in prepayment feature. The borrower pays half of the monthly mortgage payment every two weeks, thus making 13 payments per year and paying off a 30-year mortgage in 20 years. Many people who get paid every two weeks prefer biweekly mortgages because they can payroll-deduct their payments.

Blight – Physical and economic conditions within an area that cause a reduction of or lack of proper utilization of that area. A blighted area is one that has deteriorated or been arrested in its development by physical, economic, or social forces.

Borrower Native American ID – Proof that a borrower is Indian (tribal membership card, Certificate of Indian Blood, etc.).

Break-even Point – When the sales/revenue exactly equals the total expense.

Buffer Zone – A strip of land created to separate and protect one type of land use from another; for example, as a screen of planting or fencing to insulate the surroundings from the noise, smoke, or visual aspects of an industrial zone or junkyard.

Glossary (cont.)

Building Line or Setback – Distances from the ends and/or sides of the lot beyond which construction may not extend. The building line may be established by a filed plat of subdivision, restrictive covenants in deeds or leases, building codes, or zoning ordinances.

Building Codes – A series of codes and standards that specify how rehabilitation work and new construction is to be carried out. Building codes inform contractors how to carry out the work and are used by inspectors when checking completed work.

Building Permit – A written document issued by the appropriate government authority permitting construction to begin on a specific project in accordance with drawings and specifications approved by the government authority.

Bureau of Indian Affairs (BIA) – The agency within the Department of the Interior that is delegated the responsibility to administer and oversee trust responsibilities of the United States in Indian affairs.

Buydown – Permanent: Prepaid interest that brings the note rate on the loan down to a lower, permanent rate. Temporary: Prepaid interest that lowers the note rate temporarily on the loan, allowing the buyer to more readily qualify for the loan. The mortgage payments increase as the borrower's income increases. (A common example of a temporary buydown is the 3-2-1 plan: 3 percent interest the first year, 2 percent the second, and 1 percent the third.) TDHE or tribal buydown programs typically prepay the principal to lower the first mortgage to a loan amount enabling the participant to qualify.

Cap – A provision of an ARM limiting how much the interest rate or mortgage payments may increase.

Capacity – One of the four Cs of credit. A person's financial capability to make payments on a mortgage loan, based on their income and other financial responsibilities.

Capital – One of the four Cs of credit. Wealth in the form of money or property. Most lenders consider the borrower's capital an alternative repayment source.

Cash Reserve – A requirement of some lenders that buyers have sufficient cash remaining after closing to make the first two mortgage payments.

Cash-Value Insurance – Provides the borrower's dependents with a cash payoff at the borrower's death, as well as providing a tax-deferred savings program.

Certificate of Occupancy – A document issued by the contractor certifying that all work has been completed to specification and is ready for occupancy. This document should be signed by the owner, indicating acceptance of the work.

Certificate of Title – A certificate issued by a title company or a written opinion rendered by an attorney that the seller has good marketable and insurable title to the property that he is offering for sale. A certificate of title offers no protection against any hidden defects in the title that an examination of the records could not reveal. The issuer of a certificate of title is liable only for damages due to negligence. The protection offered to a homeowner under a certificate of title is not as great as that offered by a title insurance policy.

Chapter 7 Bankruptcy – The chapter of the United States Bankruptcy Code that provides for court-administered liquidation of the assets of a financially troubled individual or business.

Chapter 11 Bankruptcy – The chapter of the United States Bankruptcy Code that is usually used for the reorganization of a financially troubled business. Used as an alternative to liquidation under Chapter 7.

Chapter 12 Bankruptcy – The chapter of the United States Bankruptcy Code adopted to address financial difficulties of the nation's farming community.

Chapter 13 Bankruptcy – The chapter of the United States Bankruptcy Code under which debtors repay debts according to a plan accepted by the debtor, the creditors, and the court.

Character – One of the four Cs of credit. In the loan evaluation process, the lender evaluates how well the applicant handles financial obligations. In this aspect of the evaluation, an applicant's credit history is one of the most important factors in establishing his or her ability to repay a loan.

Charge Card – A credit card that requires full payment of the bill each month; no interest is charged. The American Express® card and Diners Club® card are examples.

Charge-Offs – An accounting term used to indicate that the creditor does not expect to collect the balance owed on an account. However, most creditors will continue to pursue collection of the debt.

Chattel Mortgage – This a mortgage loan to an individual for movable personal property. It consists of two parts: the chattel and the mortgage. For example, the chattel is a mobile home – the asset the loan is financing.

Clear Title – A title that is free of liens and legal questions as to ownership of the property.

Closing Costs – Expenses (over and above the price of the property) incurred by buyers and sellers in transferring ownership of a property. Also called "settlement costs."

Client Action Plan – A plan of action to remove obstacles to mortgage readiness.

Glossary (cont.)

Closed-End Credit – An agreement under which an amount advanced as credit plus any finance charges are expected to be repaid in full over a definite time. Most real estate and automobile loans are closed-end credit agreements.

Closing – The occasion where a sale is finalized; the buyer signs the mortgage, and closing costs are paid. Also called "settlement."

Closing Day – The day on which the formalities of a real estate sale are concluded. The certificates of title, abstract, and deed are generally prepared for the closing by an attorney and this cost charged to the buyer. The buyer signs the mortgage, and closing costs are paid. The final closing merely confirms the original agreement reached in the agreement of sale.

Closing Disclosure – A financial disclosure accounting for all funds received and expected at the closing, including the escrow deposits for taxes, hazard insurance, mortgage insurance for the escrow account, and the total costs.

Cloud (on Title) – An outstanding claim or encumbrance that adversely affects the marketability of title.

Cluster Development – A pattern of development in which industrial and commercial facilities and homes are grouped together on parcels of land to leave parts of the land undeveloped. Cluster development is often used in areas that require large lot sizes, and typically involves density transfer. Zoning ordinances permit cluster development by allowing smaller lot sizes when part of the land is left as open space.

Coastal Management Zone – HUD-assisted activities are subject to the requirements of the Coastal Barrier Resources Act and Coastal Zone Management Act. The environmental review must give special consideration to the protection and management of coastal areas if the HUD-assisted project is located within a coastal barrier designated on a current Federal Emergency Management Agency flood map or Department of Interior coastal barrier resources map, or within a coastal zone management (CZM) area designated by the state CZM agency. Information is available from the state and local government agency responsible for implementing the coastal zone protection and management. Coastal barrier resources are designated on maps issued by the Fish and Wildlife Service of the Department of Interior. This information is also provided on the flood insurance rate maps issued by the Federal Emergency Management Agency.

Co-Borrowers – Two or more persons who legally agree to apply for and repay a loan.

Collateral – One of the four Cs of credit. Any property pledged as security for a debt.

Collection – Procedure followed to bring an account current and file the necessary notices to proceed with legal action to collect payment due.

Commission – Money paid to a real estate agent or broker by the seller as compensation for finding a buyer and completing the sale. Usually it is a percentage of the sale price – six to seven percent on houses, 10 percent on land.

Commitment Letter – A formal offer by a lender stating the terms under which it agrees to loan money to a homebuyer.

Community Based Development Organizations – CBDOs are a type of nonprofit corporation that are described in the federal regulations. To be a CBDO a nonprofit must have a certain specified purpose stated in its articles of incorporation and must have a certain structure to its board of directors specified in its bylaws.

Community Housing Development Organization (CHDO) – A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations 24 CFR Part 92.2. A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs.

Community Development Financial Institution (CDFI) – A CDFI is a financial institution whose purpose is community development through the creation of programs and strategies designed to meet the needs of low-income communities. CDFIs make loans to entities or individuals unable to get approved by traditional banking institutions.

Community Land Trust Mortgage Loan – An alternative financing option that allows low- and moderate-income homebuyers to purchase housing that has been improved by a nonprofit Community Land Trust and to lease the land on which the property stands.

Comparative Market Analysis – The estimated value of property based on the comparison of like properties.

Compensating Factors – Compelling factors that exceed a lender's requirements that either make up for or offset a deficiency.

Comprehensive Plan – Regional, state, or local documents that describe community visions for future development.

Condemnation – The taking of private property for public use by a government unit, against the will of the owner, but with payment of just compensation under the government's power of eminent domain. Condemnation may also be a determination by a governmental agency that a building is unsafe or unfit for use.

Condominium – A form of property ownership in which the homeowner holds title to an individual dwelling unit plus an interest in common areas of a multi-unit project.

Conforming Loan – A loan which meets the standards set by Fannie Mae's and Freddie Mac's regulator and meets Fannie Mae's and Freddie Mac's funding criteria. The terms "conforming" and conventional are often used interchangeably.

Glossary (cont.)

Conservation Areas – Environmentally sensitive and valuable lands protected from any activity that would significantly alter their ecological integrity, balance, or character, except in cases of overriding public interest.

Conservation Easements – Voluntary, legally binding agreements for landowners that limit parcels of land or pieces of property to certain uses. Land under conservation easements remains privately owned and most easements are permanent.

Construction Contract – An agreement between a general contractor and an owner or owner-developer stating the specific duties the general contractor will perform according to blueprints and specifications at a stipulated price and terms of payment.

Construction Draw – The partial disbursement of the construction loan, based on the schedule of payments agreed to in the loan agreement.

Construction Loan – A short-term, interim loan for financing the cost of construction. The lender makes payments to the builder at periodic intervals as the work progresses.

Consumer Financial Protection Bureau (CFPB) - A U.S. government agency that makes sure banks, lenders, and other financial companies treat consumers fairly.

Contiguous – Adjoining property.

Contingency – A condition that must be met before a contract is legally binding.

Contract for Deed – An installment sale. You buy today but take possession of the title after all payments are made. It is a contract between a purchaser and a seller of real estate to convey title after certain conditions have been met. If you miss a payment, you could lose some or all your equity. Because the title has not been transferred, there is nothing on which to foreclose. Some states, however, have special provisions protecting those who buy property with a land contract. State rules regarding land contracts vary extensively and such arrangements should be reviewed by an attorney or legal clinic before acceptance. See also Land Contract and Agreement for Sale.

Contractor – In the construction industry, a contractor is one who contracts to erect buildings or portions of them. There are also contractors for each phase of construction: heating, electrical, plumbing, air conditioning, road building, bridge and dam erection, and others.

Conventional Mortgage – Any mortgage that is not insured or guaranteed by the federal government. It is subject to conditions established by the lending institution and state statutes. The mortgage rates may vary with different institutions and between states.

Convertible ARM – An adjustable-rate mortgage that can be converted to a fixed-rate mortgage under specified conditions.

Convey – The process of selling or transferring property to a Mutual Help homebuyer who has satisfied all the obligations of the Mutual Help and Occupancy Agreement.

Cooperative – A form of common property ownership in which the residents of an apartment building do not own their own units, but rather own shares in the corporation that owns the property.

Co-Signer – A person who signs a legal instrument and therefore becomes individually and jointly liable for repayment or performance of an obligation.

Cost Estimate – A summary of the expected cost of providing the materials, labor, and equipment to complete a construction job.

Covenant – A clause in a mortgage that obligates or restricts the borrower and which, if violated, can result in foreclosure. Also pertains to restrictions in a lease.

Credit – A consumer's ability to make purchases, obtain services, or borrow money based on his or her promise, ability, and demonstrated willingness to repay. Credit Bureau – A company that gathers information about how consumers use credit, which the credit bureau in turn provides to potential creditors, employers, and others who have a legally recognized reason to request such information.

Credit Card – Any card, plate, or coupon book that may be used repeatedly to borrow money or buy goods or services on credit.

Credit Check – An inquiry to confirm a consumer's credit payment history.

Credit Fraud – A case when someone fraudulently uses another person's Social Security number or other personal information to acquire credit in his or her name.

Credit History – The record of a consumer's credit accounts and manner of payment.

Credit Inquiry – When you apply for credit, the lender will request a copy of your credit report. Each time your credit report is requested from the credit bureau, it is documented on your report as an "inquiry."

Credit Limit – The maximum balance that can be carried on a credit account.

Credit Report – A report of an individual's credit history prepared by a credit bureau and used by a lender in determining a loan applicant's creditworthiness.

Credit Risk – An assessment of a consumer's likelihood of fulfilling the terms of a credit agreement.

Credit Score – A mathematical calculation that reflects a consumer's credit behavior. The score is an assessment of how likely a consumer is to pay his or her debts.

Creditor – Person or business to whom a debt is owed.

Glossary (cont.)

Creditworthiness – A description of a consumer's credit behavior and management that leads to a creditor's decision to make an offer of credit.

Currency – Exchange rate policy that does not limit the range of the market rate.

Date of Full Availability (DOFA) – The last day of the month in which substantially all the units in a housing development are available for occupancy.

Debt Consolidation – A process through which a new loan is structured that is used to combine and finance payments on other loans.

Debt Service – The periodic payment of principal and interest on mortgage loans.

Debt Coverage Ratio – A comparison of the net income of a property with the costs of payments (principal and interest) on the mortgage on the property, used to assess the ability of the property to generate enough income to pay for itself. Basically, can the project to cover its expenses using the profits from operations.

Debt-to-Income Ratio – The relationship between income and debt that compares an individual's debt payment to his or her overall income.

Deductible – The amount of cash payment required under an insurance policy to be made by the homeowner to cover a portion of a damage or loss. Typically, the higher deductible, the lower the cost of the policy. Also called "out-of-pocket expenses."

Deed – A formal written instrument by which title to real property is transferred from one owner to another. The deed should contain an accurate description of the property being conveyed, signed and witnessed according to the laws of the state where the property is located, and delivered to the purchaser at closing. There are two parties to a deed: the grantor and the grantee. See also Deed of Trust, General Warranty Deed, Quitclaim Deed, and Special Warranty Deed.

Deed-in-Lieu of Foreclosure – A deed given by a mortgager to a mortgagee to satisfy a debt and avoid foreclosure.

Deed of Trust – The document used in some states instead of a mortgage. The title is conveyed to a trustee rather than to the borrower. Like a mortgage, a security instrument whereby real property is given as security for a debt. However, in a deed of trust, there are three parties to the instrument: the borrower, the trustee, and the lender (or beneficiary). In such a transaction, the borrower transfers the legal title for the property to the trustee, who holds the property in trust as security for the payment of the debt to the lender or beneficiary. If the borrower pays the debt as agreed, the deed of trust becomes void. If, however, he defaults in the payment of the debt, the trustee may sell the property at a public sale, under the terms of the deed of trust. In most jurisdictions where the deed of trust is in force, the borrower is subject to having his property sold without benefit of legal proceedings.

Deed Restriction – A legally binding restriction on the use, activity, and/or limitation of property rights, recorded at the registry of deeds.

Default – Failure of a consumer to make loan or credit repayments as agreed in a loan or credit agreement or to comply with other conditions of a mortgage.

Delinquency – A situation in which payment on a loan is overdue but not yet in default.

Density – The average number of people, families, or housing units on one unit of land. Density is also expressed as dwelling units per acre.

Department of Hawaiian Home Lands (DHHL) – The agency created by the Hawaii State Legislature in 1960 to administer the Hawaiian Home Lands program and manage the Hawaiian Home Lands trust.

Department or HUD – Department or HUD refers to the Department of Housing and Urban Development.

Deposit – Cash paid to the seller when a formal sales contract is signed.

Depreciation – A decrease in the value of a house due to changes in market conditions or other causes. The opposite of "Appreciation."

Design Standards – Can serve as a community's desire to control its appearance, from within and without, through a series of standards that govern site planning policies, densities, building heights, traffic and lighting.

Development Rights – Gives property owners the right to develop land in ways that comply with local land use regulation.

Dilapidated Housing – A unit that does not provide safe and adequate shelter, and in its present condition, can endanger the health, safety, or well-being of a family; includes a unit that has one or more critical defects; or contains a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding. The defects may involve original construction or they may result from continued neglect or lack of repair or from serious damage to the structure.

Disclosure – A requirement that all information regarding a specific property be disclosed to the buyer prior the buyer purchasing the property.

Discount Points – See Points.

Discretionary Income – Income remaining after all expenses have been met.

Dispute – Questions the accuracy of information in a credit report.

Documentary Stamps – A state tax, in the forms of stamps, required on deeds and mortgages when real estate title passes from one owner to another. The number of stamps required varies with each state.

Down Payment – The part of the purchase price that the buyer pays in cash and does not finance with a mortgage.

.....

Due-on-Sale Clause – A provision in a mortgage allowing the lender to demand repayment in full if the borrower sells the property securing the mortgage.

Earnest Money – The deposit money given to the seller or his agent by the potential buyer upon the signing of the agreement of sale to show that he is serious about buying the house. If the sale goes through, the earnest money is applied against the down payment. If the sale does not go through, the earnest money will be forfeited or lost unless the binder or offer to purchase expressly provides that it is refundable.

Easement – Right or interest in the land of another entitling the holder to a specific limited use, privilege, or benefit, such as installing utilities or crossing the property.

Effective Gross Income (EGI) – The Gross Income minus uncollectible rents and vacancies. Vacancy is expressed as a percentage and is determined by market factors for the type of project.

Egress – The legal right to exit or leave a property.

Elderly Person – The term elderly person means a person who is at least 62 years of age.

Eminent Domain – The legal right of government to take private property for public use, provided the owner is offered just compensation for taking the property.

Encroachment – An obstruction, building, or part of a building that intrudes beyond a legal boundary onto neighboring private or public land, or a building extending beyond the building line.

Encumbrance – A legal right or interest in land that affects a good or clear title and diminishes the land's value. It can take numerous forms, such as zoning ordinances, easement rights, claims, mortgages, liens, charges, a pending legal action, unpaid taxes, or restrictive covenants.

Endangered – Species that are in danger of extinction. It also is a category that denotes protection under federal law (Endangered Species Act).

Environmental Protection Agency (EPA) – The federal body charged with responsibility for natural resource protection and oversight of the release of toxins and other threats to the environment.

Environmental Review – The evaluation of the environmental consequences of acquiring or constructing a home. The review is performed according to a statutory checklist and must be signed by a tribal official.

Equal Credit Opportunity Act (ECOA) – A federal law that prohibits lenders from denying mortgages based on the borrower's race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

Equity – The difference between the market value of a property and the homeowner's outstanding mortgage balance. Equity is computed by subtracting from the property's fair market value the total of the unpaid mortgage balance and any outstanding liens or other debts against the property. A homeowner's equity increases as he pays off his mortgage or as the property appreciates in value. When the mortgage and all other debts against the property are paid in full, the homeowner has 100 percent equity in his property.

Equity Loan – See Home Equity Loan.

Escrow – The holding of documents and money by a neutral third party prior to closing; also, an account held by the lender into which a homeowner pays money for taxes and insurance.

Escrow Account Statement – A description of the funds held in escrow, an account that is set up by the lender to collect and hold monthly payments toward annual property taxes and homeowner's insurance.

Escrow Payment – The portion of a mortgagor's monthly payment held by the lender to pay for taxes, hazard insurance, mortgage insurance, lease payments, and other items as they become due.

Eviction – The lawful expulsion of an occupant from real property.

Factor Table – A table that can be used to calculate a monthly mortgage amount or monthly payment amount.

Fair Credit Reporting Act (FCRA) – The FCRA protects consumers' privacy by defining the permission a business or individual must have when requesting a credit report; provides consumers with the right to obtain copies of their credit reports for free if denied credit; defines obsolete information; and declares that reasonable procedures must be used to ensure accuracy.

Fair and Accurate Credit Transaction Act (FACTA) – The FACTA amends the FCRA and allows consumers to request and obtain a free credit report once every twelve months from each of the three nationwide consumer credit reporting companies. In cooperation with the Federal Trade Commission (FTC), the three major credit reporting agencies provide free access to annual credit reports through the government sponsored website, www.AnnualCreditReport.com. The law also requires all creditors and financial institutions to maintain an Identity Theft Prevention Program that reduces the theft or misuse of a consumer's identity.

Fair Credit Billing Act (FCBA) – Consumer protection law that provides the right for consumers to dispute billing errors associated with credit card accounts.

Fair Debt Collection Practices Act (FDCPA) – The FDCPA is a consumer protection law designed to eliminate abusive debt collection practices by debt collectors, to ensure that those debt collectors who refrain from using abusive debt collection practices are not competitively disadvantaged and to promote consistent State action to protect consumers against debt collection abuses.

Fair Housing Act – A federal law that prohibits discrimination in residential real estate transactions based on race, color, religion, sex, handicap, familial status, or national origin.

Fair Market Rent – Rents published annually by HUD based on survey data collected to determine the prevailing market rent for various size rental units by county.

Fair Market Value – The price at which property is transferred between a willing buyer and a willing seller, each of whom has a reasonable knowledge of all pertinent facts and neither of whom is under any compulsion to buy or sell.

Family – The term family includes, but is not limited to, a family with or without children, an elderly family, a near-elderly family, a disabled family, a single person, as determined by Indian tribes.

Fee Simple Absolute – The maximum possible estate or right of ownership of real property. When a person owns a fee simple absolute estate interest, that person has the absolute right to use the land, possess it, dispose of it (through sale, will, gift, or in any other manner), and even damage it. There are no restrictions and the estate does not terminate automatically. There is no event that will cause ownership of the property to revert to the grantor.

Federal Housing Administration (FHA) – The government agency that sets standards for construction and underwriting and insures loans made by banks and other private lenders for home building.

Fees – Charges or assessments for costs incurred in originating, processing, preparing, and recording documents associated with a home mortgage loan.

FHA Loan – A mortgage that is insured by the Federal Housing Administration.

FHA Section 247A Mortgage Insurance Program – A loan program that can be used by eligible native Hawaiians to construct a home, refinance (includes FHA streamline refinancing), purchase and rehabilitate a home, or refinance and rehabilitate a home on Hawaiian Home Lands.

FHA Section 248 Mortgage Insurance Program – A loan program that can be used on trust property for Natives to buy an existing home (including a manufactured or mobile home, providing it meets certain FHA requirements) or build a home.

Finance Companies – A company whose business and primary function is to make loans to individuals, while not receiving deposits like a bank.

.....

Final Design Phase – The designation used by engineers for the last portion of the design process prior to bidding.

Final Inspection – A final site review of the project by the owner usually with contractor and owner's authorized representative prior to issuing the final certificate for payment.

First Lienholder – The holder of a first mortgage of a beneficial real property interest in land given by a mortgage to secure a loan.

First Mortgage – The mortgage that has first claim in the event of default.

Fixed-Rate Mortgage – A mortgage in which the interest rate does not change during the entire term of the loan.

Float – An interest rate that is tied to some variable (floating) interest rate benchmark, such as a specific-maturity Treasury yield.

Floating Rate – Interest rate that is reset periodically, usually every couple of months or sometimes daily.

Flood Certificate – A certificate issued by a licensed surveyor indicating that a specific property is not located in a federally designated flood zone.

Flood Insurance – Insurance required for properties in federally designated flood areas. This type of insurance compensates for physical property damage resulting from flooding. It is required for properties located in a federally designated flood zone.

Flood Zone – A federal designation for areas that are located within a Special Flood Hazard Area (SFHA) or for properties within the 500-year floodplain.

Forbearance – The lender's postponement of foreclosure to give the borrower time to catch up on overdue payments.

Force Account – The TDHE acts as the general contractor and hires its own crew called force account crew.

Foreclosure – The process by which a mortgaged property may be sold when a mortgage is in default.

Fractionated Land – Allotted trust property that is not divided among all the owners.

Fraud – Intentional perversion of truth to induce another to part with something of value or to surrender a legal right.

Frontage – The continuous linear distance along any approved way, measured on the street line, between the side lot lines.

Front End Ratio – The percentage of income set by the lender that is available for principal, interest, taxes, and insurance.

Gap Analysis – An analysis of the gap between requirements that are met and not met; a deficiency assessment.

GAP Financing – An interim loan made to provide funding during the time between the end of loans extended during the development stage of a project and the beginning of the permanent mortgage extended to the buyer.

Garnishment – A process through which part of a debtor's wages are withheld and paid to creditors. This can happen only after a creditor takes legal action.

General Conditions – A portion of the contract documents stipulating the contractor's performance requirements.

General Contractor – An individual or company having "primary" responsibility for the work. A General Contractor can perform work with its own contractors or can provide some or all services to owners using subcontractors.

General Warranty Deed – A deed that conveys not only all the grantor's interests in and title to the property to the grantee, but also warrants that if the title is defective or has a "cloud" on it (such as mortgage claims, tax liens, title claims, judgments, or mechanic's liens against it) the grantee may hold the grantor liable.

Gift Letter – A letter that documents the source/relationship and source of funds provided by a third party to help a homebuyer purchase a home. Examples are funds from a tribe, a TDHE, a gift from a relative, or a grant from a government or nonprofit program.

GIS (**Graphic Information Systems**) – GIS technology is used to develop maps that depict resources or features such as soil types, population densities, land uses, transportation corridors, waterways, etc. GIS computer programs link features commonly seen on maps (such as roads, town boundaries, water bodies) with related information not usually presented on maps, such as type of road surface, population, type of agriculture, type of vegetation, or water quality information. A GIS is a unique information system in which individual observations can be spatially referenced to each other.

Goal – A goal is a measure that is used to guide and motivate an organization toward achieving its mission.

Government Bond – Negotiable U.S. securities, such as Treasury bills, bonds, notes, and savings bonds. Government securities are considered among the safest investments available as they are backed by the U.S. government.

Government Insured Mortgage – a loan that is backed by the Federal Housing Administration. FHA borrowers pay for mortgage insurance thereby protecting the lender if a borrower defaults on the loan.

Graduated Payment Mortgage – A mortgage that starts with low monthly payments that increase at a predetermined rate.

Grant Beneficiary – The Indian tribe or tribes on whose behalf a grant is made under NAHASDA to a recipient.

Green Building or Green Design – Building design that yields environmental benefits, such as savings in energy, building materials, and water consumption, or reduced waste generation.

Green Proofing – Green Proofing is a movement that seeks to encourage communities and government to move toward greater environmental controls to restore and preserve the Earth's resources for future generations and ensure healthy and sustainable communities.

Greenway – A linear open space; a corridor composed of natural vegetation. Greenways can be used to create connected networks of open space that include traditional parks and natural areas.

Gross Income – All income before taxes and any other deductions.

Groundwater – All water below the surface of the land. It is water found in the pore spaces of bedrock or soil and it reaches the land surface through springs or it can be pumped using wells.

Guarantor – A person or entity that agrees to be responsible for another's debt if the other party fails to pay the unpaid purchase price of a home.

Hard Costs – The direct cost to construct a building/project, also known as "bricks and mortar" costs, as distinguished from soft cost.

Hawaiian Home Lands – In 1921, the federal government set aside in the Territory of Hawaii 200,000 acres as a land trust for homesteading by native Hawaiians, known as the Hawaiian Home Lands.

Hazard Insurance – Insurance to protect the homeowner and the lender against physical damage to a property from fire, wind, vandalism, or other hazards.

Historic Area – An area or building in which historic events occurred, or one which has special value due to architectural or cultural features relating to the heritage of the community. Elements in historic areas have significance that necessitates preservation or conservation.

HOME-Assisted Units – A term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

Homebuyer – A family that is purchasing a home pursuant to a lease purchase agreement. Upon completion of all required homebuyer payments and transfer of title to the housing unit, the family becomes a homeowner.

Homebuyer Program – A program designed as a lease-purchase program structured to assist families become mortgage-ready within a period of time so they assume the lease-purchase home.

Homebuyer Counseling Agreement – An agreement between the homebuyer and the housing entity regarding respective responsibilities in fulfilling housing counseling requirements.

Homebuyer Payment – Payment by a family purchasing a home pursuant to a lease purchase agreement. Upon completion of all required homebuyer payments and transfer of title to the housing unit, the family becomes a homeowner.

Home Equity Loan – A loan (sometimes called a line of credit) under which a property owner uses his or her residence as collateral and can then draw funds up to a prearranged amount against the property.

Home Inspection Form – Borrower must sign an acknowledgment form regarding the importance of a home inspection and that the lender/HUD does not warrant condition of property.

Home Inspector – A professional inspector who performs pre-purchase home inspections and/or periodic and move-out inspections.

Homeland Security Act (HSA) of 2002 – HSA created the Department of Homeland Security (DHS) in response to the aftermath of the September 11, 2001 terrorist attacks. The DHS works in the civilian sphere to carry out its primary responsibility of protecting the territory of the United States from terrorist attacks and responding to natural disasters.

Homeless Family – A family who does not have safe, sanitary, and affordable housing even though it may have temporary shelter provided by the community; or a family who is homeless as determined by the Indian tribe.

Homeless Housing – Any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for homesite specific populations of the homeless.

Homeowner's Insurance – An insurance policy that combines liability coverage and hazard insurance.

Homeowner – An individual or family who has a mortgage, holds title to a housing unit, or will have a mortgage through NAHASDA assistance to a housing unit.

Homeowner's Warranty – A type of insurance that covers repairs to specified parts of a house for a specific time.

Household – One or more persons occupying a housing unit.

Housing Counselor – The staff who works provides homebuyer education, one-on-one counseling, including pre-purchase and post-purchase counseling.

Housing Element – A comprehensive assessment of current and projected housing needs for all economic segments of the community. It sets forth local housing policies and programs to implement those policies.

Housing Improvement Program (HIP) – A program offered by the BIA to assist the neediest families in obtaining home rehabilitation or home replacement assistance. This program has experienced serious reductions in funding over the past 15 years and selection for assistance is now based on a national pool.

Housing Management Services – Includes the provision of management services for affordable housing, including preparation of work specifications, loan processing, inspections, maintenance, tenant selection, management of tenant based rental assistance, and management of affordable housing projects

Housing Quality Standards (i.e., HUD's HQS) – A series of standards that specify the basic living and structural conditions for existing properties.

Housing Ratio – The percentage of a mortgage borrower's income that would be used to pay for mortgage costs.

Housing Services – Includes the provision of housing-related services for affordable housing, such as housing counseling in connection with rental or homeownership assistance, establishment and support of resident organizations and resident management corporations, energy auditing, activities related to the provision of self-sufficiency and other services, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in other housing assisted pursuant to section 202 of NAHASDA.

HUD (U.S. Department of Housing and Urban Development) – The government agency that includes the Federal Housing Administration, which insures certain home mortgage loans made by lenders and sets minimum standards for such homes.

HUD-1 Settlement Statement – Required by Real Estate Settlement Procedures Act, this is a two-page form that lists all the charges paid by both the seller and the buyer. Both parties must sign this form and the lender will keep the original in the loan file.

HVAC – Heating, ventilation, and air conditioning systems.

IHA Homeownership Financing – IHA financing for purchase of a home by an eligible homebuyer who gives the IHA a promissory note and mortgage for the balance of the purchase price.

Impact Fees – Costs imposed on new developments to fund public facility improvements required by new development and ease fiscal burdens on localities.

Income – Under NAHASDA income is derived from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary, except that the following amounts may not be considered as income under this paragraph:

- (A) Any amounts not actually received by the family.
- (B) Any amounts that would be eligible for exclusion under section 1613(a)(7) of the Social Security Act. in this glossary.

Indian Health Service (IHS) – An operating division within the U.S. Department of Health and Human Services and is responsible for providing direct medical and public health services to members of federally-recognized Native American Tribes and Alaska Native people. Their mission is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives to the highest level.

Ingress – The legal right to come in or enter a property.

Indian – Any person recognized as being Indian or Alaska Native by an Indian Tribe, the federal government, or any state, and includes the term "Native American."

Indian Area – The area within which an Indian Housing Authority is authorized to provide housing.

Indian Housing Authority (IHA) – Any entity that was authorized under the 1937 Housing Act to engage or assist in the development or operation of low-income housing for Indians and that is established either (1) by exercise of the power of self-government of an Indian Tribe independent of State law; or (2) by operation of State Law providing specifically for housing authorities for Indians, including regional housing authorities in the State of Alaska.

Indian Housing Block Grant (IHBG) – A formula grant that provides a range of affordable housing activities on Indian reservations and Indian areas.

Indian Tribe – Any tribe, band, pueblo, group, community, or nation of Indians or Alaska Natives.

- (A) IN GENERAL The term "Indian tribe" means a tribe that is a federally recognized tribe or a State recognized tribe.
- (B) FEDERALLY RECOGNIZED TRIBE The term "federally recognized tribe" means any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act,

that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self Determination and Education Assistance Act of 1975.

- (C) STATE RECOGNIZED TRIBE
 - (i) IN GENERAL The term "State recognized tribe" means any tribe, band, nation, pueblo, village, or community
 - (a) that has been recognized as an Indian tribe by any State; and
 - (b) for which an IHA has, before the effective date under section 705, entered into a contract with the Secretary pursuant to the United States Housing Act of 1937 for housing for Indian families and has received funding pursuant to such contract within the 5 year period ending upon such effective date.

Individual Account – A credit account established by an individual for that individual's use only.

Individual Allotted Trust Land – Land owned by the United States and held in trust for the benefit of an individual Indian. Also referred to as Allotted Trust.

Individual Development Account (IDA) – Matched restricted savings account designed to help low-income families accumulate savings. It enables participants to save on a regular basis and obtain an economic asset for the long term.

Individual Retirement Account (IRA) – A retirement plan through which your payroll contributions are invested and result in a reduction of the income tax you owe for the year in which the contribution is made.

Inflation Rider – An assurance that the insurance coverage increases automatically as the property's value increases.

Infrastructure – Water and sewer lines, roads, urban transit lines, schools and other public facilities needed to support developed areas.

Inquiry – An examination of a consumer's credit history.

Inspection Fees – The costs charged for performing an inspection.

Installment Loan – A type of credit in which the debt is divided into amounts to be paid successively at specified intervals set by the terms of the loan.

Interest Rate – The fee charged for borrowing money.

Interest Rate Cap – A provision of an ARM limiting how much interest rates may increase per adjustment period. See also Lifetime Cap.

Internal Revenue Service's Adjusted Gross Income – Used to determine program eligibility from IRS form 1040 Series for Individual Federal Income tax purposes. The IRS definition of AGI is defined as gross income minus deductions.

Intestate – To die leaving no valid will.

Invitation for Bids (IFB) - A solicitation document which explains what the owner is buying and requests bids, proposals, or quotas from potential contractors.

.....

Joint Account – An account shared by two or more people.

Joint Tenancy – A form of co-ownership giving each tenant equal interests and equal rights in the property, including the right of survivorship.

Judgment – The formal decision of a court upon the respective rights and claims of the parties to an action or suit. After a judgment has been entered and recorded with the county recorder, it usually becomes a general lien on the defendant's property.

Jurisdiction – A unit of general local government. This can be the Tribal Court system. If the Tribal Court system does not have an ordinance regarding certain subject matter the court can reference Federal and State codes, but those codes are not necessarily binding in the Tribal Courts.

Jurisdiction – As used in NAHASDA, it shall mean "Indian Area," except where specific reference is made to the jurisdiction of a court.

Keogh Account – A plan that allows people to make tax-deductible contributions from their income into a retirement savings account.

Land Contract – A form of seller financing. It is like a mortgage, but rather than borrowing money from a lender or bank to buy real estate, the buyer makes payments to the real estate owner, or seller, until the purchase price is paid in full. See also Contract for Deed.

Land Trusts – Nonprofit organizations interested in the protection of natural resources and historic areas. Activities include public education, purchase, and coordination of conservation easements and planning services.

Land Use – The way a parcel of land is used or occupied.

Late Charge – The penalty or fee a borrower must pay when a payment is made after the due date.

Lead-Based Paint Hazards – Any condition that causes exposure to lead from dust hazards, soil-lead hazards, or lead-based paint that is deteriorated or present in chewable surfaces, friction surfaces, or impact surfaces, and that would result in adverse human health effects.

Lead-Based Paint Inspection – A surface-by-surface investigation to determine the presence of lead-based paint and the provision of a report explaining the results of the investigation performed by a certified paint inspector or risk assessor.

.....

Lead Hazard Screen – A limited risk assessment activity that can be performed instead of a risk assessment in units that meet certain criteria (e.g., good condition). The screen must be performed by a certified risk assessor. If the unit fails the lead hazard screen, a full risk assessment must be performed (40 CFR 745.227(c)).

Lease or Lease Contract – This is the complete agreement between the parties as it exists at any given time. It is the original lease as it has been modified to date.

Lease/Purchase Mortgage Loan – An alternative financing option that allows low- and moderate-income homebuyers to lease a home from a nonprofit organization with an option to buy. Each month's rent payment consists of PITI payments on the first mortgage, plus an extra amount that is earmarked for a savings account in which money for a down payment accumulates. See also Lease with Option to Purchase.

Leasehold Encumbrance – A mortgage, deed of trust, or other lien on the leasehold interest given to secure the repayment of a loan obtained by the lessee.

Leasehold Interest – The interest conveyed by the lessor to the lessee under the lease; in other words, the lessee's interest in the land. It consists of the right to the quiet enjoyment of the leased premises for the term of the lease, subject to the requirements of the contract.

Leasehold Mortgage – A loan to a lessee secured by a leasehold interest in a property.

Lease with Option to Purchase – A type of financing option that allows a potential homebuyer to lease a home with an exclusive option to buy within a specified time frame. Typically, each month's rent payments include an extra amount that is deposited into a savings account to accumulate money for down payment and closing costs. See also Lease/Purchase Mortgage Loan.

Legal Description – A property description recognized by law that is sufficient to locate and identify the property without oral testimony.

Legal Jurisdiction – The area in which the legal governing body can enact and enforce its laws.

Lender – One who loans money to a borrower.

Lessee (tenant) – The person(s) holding rights of possession and use of property under terms of a lease.

Lessor (landlord) – The one leasing property to a lessee.

Lien – A legal claim by one person on the property of another as security for money owed. Such claims may include obligations not met or satisfied, judgments, unpaid taxes, materials, or labor, and the claim lasts until the satisfaction of some debt or duty.

Lien, Mechanic's Lien – A guarantee of payment to builders, contractors, and construction firms that build or repair structures. Mechanic's liens also extend to suppliers of materials and subcontractors and cover building repairs as well. The lien ensures that the workmen are paid before anyone else in the event of liquidation.

Lien Release (also called a lien waiver) – A written release from contractors to owners and property owners that releases any mechanic lien or rights contractor and suppliers might have.

Life Estate – A provision that allows for the transfer of interests in property to heirs in the event of death.

Lifetime Cap – A provision of an ARM that limits the total increase in interest rates over the life of the loan.

Line of Credit – An agreement by a commercial bank or other financial institution to extend credit up to a certain amount for a certain time to a specific borrower.

Liquidated Damages – a sum of money whose amount the parties designate during the formation of a contract that specifies compensation for an aggrieved party if the other party breaches certain part(s) of the contract. (e.g., late performance).

Loan – A sum of money provided to a borrower in exchange for repayment of the amount loaned plus interest.

Loan Amount -- the amount you borrow. Also referred to as principal.

Loan Commitment – See Commitment Letter.

Loan Estimate – An estimate of closing costs, which must be provided by the lender within three business days of the loan application. This estimate does not have to be exact but must be a good faith estimate.

Loan Guarantee – A commitment by a guarantor for all or part of a mortgage loan from a lender to a Participant. It is a promise by one party (the guarantor) to assume the debt obligation of a borrower if that borrower defaults.

Loan Modification – An agreement between the borrower and the lender that changes the terms of the loan.

Loan Origination – See Origination.

Loan Origination Fee – See Origination Fee.

Loan Processing – The steps a lender takes to decide if a buyer can qualify for a loan.

Loan Servicing – The collection of mortgage payments from borrowers and performance of related responsibilities by a loan servicer.

Loan-to-Value (LTV) – the maximum amount of credit that a lender may lend against collateral.

Loan-to-Value Ratio – The relationship between the amount of a mortgage and the total value of the property by which the mortgage is secured.

Lock-In – A written agreement guaranteeing the homebuyer a specified interest rate, provided the loan is closed within a set period. The lock-in also usually specifies the number of points to be paid at closing.

Loss Payable Clause – A clause in a fire insurance policy listing the priority of claims in the event of destruction of the insured property. Generally, a mortgagee, or beneficiary under a deed of trust, is the party specified in the clause to be paid the amount owed under the mortgage or deed of trust before the owner is paid.

Lot Area – Area is the total square footage of horizontal area included within the property lines. Zoning ordinances typically set a minimum required lot area for building in a zoning district.

Low-Income Family – A family whose annual income does not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families. HUD may establish income limits higher or lower than 80 percent of the median income for an Indian area based on its finding that such variations are necessary because of the prevailing levels of construction costs or unusually high or low family incomes.

Low-Rent Housing – In the context of this material, this refers to a HUD 1937 Act program under which IHAs built either single-family homes or multifamily housing to rent to low-income families. These homes are now operated and maintained by TDHEs under NAHASDA.

Lump Sum Agreement – A written agreement in which a specific amount is set forth as the total payment for completing the contract, within the development outlining program requirements and restrictions.

Maintenance Costs – Costs associated with maintaining your home, including replacing appliances, fixing the roof, landscaping. A good rule of thumb is to save between one and four percent for home maintenance costs.

Margin – The set percentage the lender adds to the index rate to determine the interest rate of an ARM.

Market Value – The expected sale price of something.

Marketable Title – A title that is free and clear of objectionable liens, clouds, or other title defects; a title that enables an owner to sell his property freely to others and that others will accept without objection.

Master Plan – A statement, through text, maps, illustrations, or other forms of communication, that is designed to provide a basis for decision making regarding the long-term physical development of the municipality.

Match – A contribution from a recipient that is required to access a source of financing. Match can be in the form of cash, donated services and materials, or other assets, such as land depending on the requirements of Program. Match requirements vary by the source or program in terms of percentage and type; federal or non-federal.

Maximum Rents – The most that a family may pay in rents under NAHASDA. Low-income families can pay no more than 30 percent of their adjusted income.

Mechanic's Lien - See Lien.

Median Income – Is the greater of the median income for the Indian area, which the Secretary shall determine, or the median income for the United States.

Minimum Rents – A rent that a recipient may establish that represents the minimum payment a family may make.

Mission Statement – A concise, written statement that communicates an organization's reason for existence, its purpose.

Mitigation – Process or projects replacing lost or degraded resources, such as wetlands or habitat, at another location.

Mixed Use Development – Development that is created in response to patterns of separate uses that are typical in suburban areas necessitating reliance on cars. Mixed use developments include residential, commercial, and business accommodations in one area.

Moderate-Income – A family whose income falls within 80 percent to 100 percent of the HUD National Median Income Limits or the County Area Income Limits published annually.

Mortgage – A legal document that pledges a property to the lender as security for payment of a debt.

Mortgage (Open-End) – A mortgage with a provision that permits borrowing additional money in the future without refinancing the loan or paying additional financing charges. Open-end provisions often limit such borrowing to no more than would raise the balance to the original loan figure.

Mortgage Banker – A company that originates mortgages exclusively for resale in the secondary market.

Mortgage Broker – A firm or individual that brings borrowers and lenders together and receives a commission.

Mortgage Commitment – A written notice from the bank or other lending institution saying it will advance mortgage funds in a specified amount to enable a buyer to

Mortgage Credit Life Insurance – Insurance that will pay off the mortgage in the event of the homeowner's death.

Mortgage Financing Assistance – A program offered by a tribe, TDHE, nonprofit housing organization, lender, or governmental entity that provides funding assistance to pay all or part of the closing costs on purchase of a home.

Mortgage Insurance – See Private Mortgage Insurance.

purchase a house.

Mortgage Insurance Premium (MIP) – The fee paid by a borrower to FHA or a private insurer for mortgage insurance to protect lenders against loss in insured mortgage transactions. In FHA insured mortgages, this represents an annual rate of one-half of one percent paid by the mortgagor monthly.

Mortgage Note – A written agreement to repay a loan. The agreement is secured by a mortgage, serves as proof of an indebtedness, and states the how it must be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

Mortgage Recordation – The noting in the registrar's office in the county or the BIA Title Recording Plant of the details of a properly executed legal document, such as a deed, mortgage, a satisfaction of mortgage, or an extension of mortgage, thereby making it a part of the public record. See Recording.

Mortgage Payment – A regularly scheduled payment which includes principal and interest paid by borrower to lender of home loan. The payment amount may or may not include real estate taxes and property insurance. The principal portion is used to pay off the original loan amount; the interest is paid to the lender.

Mortgagee – The lender in a mortgage agreement.

Mortgagor – The borrower in a mortgage agreement.

Mutual Help Homeownership Opportunity Program – A lease-purchase program for low-income Indian households.

Mutual Help and Occupancy Agreement – A Mutual Help and Occupancy Agreement between an IHA and a homebuyer.

Mutual Help Occupancy Program – A HUD-funded low-income homeownership opportunity program.

NAHASDA-Assisted Units – Refers to the units within a project for which rent, occupancy and/or resale, or other NAHASDA restrictions apply because of using NAHASDA to finance or subsidize or otherwise assist the units.

National Environmental Policy Act (NEPA) – A comprehensive federal law requiring analysis of the environmental impacts of federal actions such as the approval of grants; also requiring preparation of an Environmental Impact Statement (EIS) for every major federal action significantly affecting the quality of the human environment.

.....

Native American Housing Assistance and Self-Determination Act (NAHASDA) – Designed to recognize the unique relationship and history of the United States and the sovereign American Indian nations. It is intended to address the need of affordable housing on tribal lands for low income people and families as part of the federal government's responsibility to promote the general well-being of the country.

Native Hawaiians – Individuals having at least 50 percent Hawaiian blood.

Negative Amortization – Payment terms under which the borrower's monthly payments do not cover the interest due; as a result, the loan balance increases.

Net Income – Total income after taxes and other deductions are taken out.

Net Income Before Debt Service – The Net Income before Debt Service is calculated by subtracting the operating expenses of the project from the Effective Gross Income.

Net Operating Income (NOI) – The amount of income remaining after total operating expenses have been paid out of EGI.

NIMBY – The acronym for the "Not in my backyard" sentiment that exists among some people who do not want any type of change in their neighborhood.

Non-Conforming Loan – A loan that caters to people who cannot meet the standard income verification and credit history criteria established by a lender.

Nontraditional Credit History – A credit history that can be established by a person who does not have credit cards or has never had a loan. It can include receipts and cancelled checks from monthly payments for rent, utilities, and other bills.

Notarized – To certify a document through a notary public.

Note – See Mortgage Note. Also called a Promissory Note.

Notice of Default – A formal written notice to a borrower that a default has occurred and that legal action may be taken.

Notice of Transfer of Mortgage Servicing – A notice informing the applicant that the lender may sell or transfer the mortgage.

Offer to Purchase Contract – See Agreement for Sale and Purchase and Sales Agreement.

Office of Native American Programs (ONAP) – The Office of HUD that has been delegated authority to administer certain programs to benefit Indians.

.....

Open Account – An account that is active, still in use, or is still being paid.

Operating Expenses – Operating expenses are those expenses incurred in the day-to-day operations of an income producing property.

Operating Proforma – An operating budget statement which predicts a project's expected income, operating costs, and net operating income for a 12-month period.

Option – A contract agreement granting a right to purchase, sell, or otherwise contract for the use of a property at a stated price during a stated period.

Option Period – The period in which an option to purchase must be exercised.

Origination – The process of originating mortgages. Solicitation may be from individual borrowers, builders, or brokers.

Origination Fee – A fee paid to a lender for the evaluation, preparation, and submission of a proposed mortgage loan (limited to 1 percent for FHA and VA loans). It is stated as a percentage of the mortgage amount or points.

Overcrowded Conditions – Overcrowded means households with more than 1.01 persons per room.

Overdraft Protection – The provision of instant credit by a lending institution.

Owner Financing – A purchase in which the seller provides all or part of the financing.

Paid as Agreed – A designation on a credit report that indicates the consumer is repaying the credit account according to the terms of the credit agreement.

Payment and Performance Bond – Insurance carried by a contractor that ensures completion of the job.

Payment Cap – A provision of some ARMs limiting how much a borrower's payments may increase regardless of how much the interest rate increases; may result in negative amortization.

Payment in Lieu of Taxes (PILOT) – An agreement between a non-profit or TDHE and the county or state assessor.

Per Capita Loan – a loan secured by future distributions.

Permissible Purpose – The circumstances under which a consumer credit report may be disclosed by a credit bureau in accordance with the Fair Credit Reporting Act.

PITI – Principal, interest, taxes, and insurance are the components of a monthly mortgage payment.

Plan – A statement of policies, including text and diagrams, setting forth objectives, principles, standards, and plan proposals for the future physical development of the city or county.

Planning – The process of setting development goals and policy, gathering and evaluating information, and developing alternatives for future actions based on the evaluation of the information.

Plans – Drawings of improvements.

Plans and Specifications – Explains what a contractor proposes to do, including model types, specifications for materials to be used, and other details. Plans should show elevations, location of structure with setbacks, location of driveways and water/sewer lines, and a floor plan.

Plat – A diagram drawn to scale showing all essential data pertaining to the boundaries and subdivisions of a tract of land, as determined by survey or protraction. A plat should show all data required for a complete and accurate description of the land that it delineates, including the bearings (or azimuths) and lengths of the boundaries of each subdivision. A plat may constitute a legal description of the land and be used in lieu of a written description.

Points – A one-time charge by a lender to increase the yield of the loan; a point is 1 percent of the amount of the mortgage. Sometimes called "discount points."

Post-Purchase Counseling – Services provided by a housing counselor to help new homeowners understand and adjust to their financial and home maintenance responsibilities.

Predatory Lender – A lender that directs a borrower away from loans with more affordable interest rates, without regard for whether the borrower can qualify for the lower rate. Instead, the applicant is offered a loan with a high interest rate, questionable fees, or unnecessary charges. Predatory lenders also target people who already own homes, often encouraging them to refinance their mortgage and possibly take out extra cash. Refinancing may not be in the homeowner's best interests, and/or the terms may be unfavorable.

Pre-Foreclosure Sale – This is a procedure in which a lender allows a borrower to avoid foreclosure by selling the property for less than the outstanding balance of the loan. Also referred to as a "short sale."

Prepayment – Payment of a mortgage loan, or part of it, before the due date. Mortgage agreements often restrict the right of prepayment either by limiting the amount that can be prepaid in any one year or charging a penalty for prepayment. The Federal Housing Administration does not permit such restrictions in FHA-insured mortgages.

Prepayment Penalty – A fee charged to a borrower who pays off a loan before it is due.

Pre-Purchase Home Inspection – An inspection of an existing home to ascertain the condition of the home. Usually ordered by the buyer and included as a contingency in the Purchase and Sales Agreement.

.....

Prequalify – The process of determining how much money a prospective home buyer will be eligible to borrow in addition to identifying and overcoming obstacles to mortgage readiness.

Principal – The basic element of the loan as distinguished from interest and mortgage insurance premium. In other words, principal is the amount upon which interest is paid. The amount borrowed or remaining to be paid; also, the part of the monthly payment that reduces the outstanding balance of a mortgage.

Principal Residence – The dwelling where the mortgagor maintains (or will maintain) his or her permanent place of abode, and typically spends (or will spend) most of the calendar year. A person may have only one principal residence at any one time.

Private Mortgage Insurance (PMI) – Insurance provided by nongovernment insurers that protects lenders against loss if a borrower default.

Probate – The official proving of a will as authentic or valid in a probate court.

Promissory Note – A written agreement to repay a loan. The agreement is secured by a mortgage, serves as proof of an indebtedness, and states the how it must be paid. The note states the actual amount of the debt that the mortgage secures and renders the mortgagor personally responsible for repayment.

Promotional Inquiry – An inquiry made into a consumer's credit report for purposes of a promotional offer.

Property Taxes – Taxes assessed based on the value of the property.

Public Records – Information that is available to the public, including tax liens, court judgments, and bankruptcy.

Punch List – A list prepared by the owner or his/her authorized representative of items of work requiring immediate corrective or completion action by the contractor.

Purchase and Sales Contract – A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold. Also referred to as Purchase Agreement.

Quality of Life – Those aspects of the economic, social, and physical environment that make a community a desirable place in which to live or do business. Quality of life factors include climate and natural features, access to schools, housing, employment opportunities, medical facilities, cultural and recreational amenities, and public services.

Qualifying Household – Household that meets all program requirements, making the household eligible for participation with the program.

Qualifying Ratios – Guidelines applied by lenders to determine how large a loan to grant a homebuyer, based on the percentage of monthly income that the borrower would need to spend for debt payments, including the mortgage payment.

Quitclaim Deed – Transfers whatever interest the maker of the deed may have in the parcel of land. A quitclaim deed is often given to clear the title when the grantor's interest in a property is questionable. By accepting such a deed, the buyer assumes all the risks. Such a deed makes no warranties as to the title, but simply transfers to the buyer whatever interest the grantor has. (See Deed.)

Quote – An offer that only contains a price for work or goods specified by the owner.

Rate Lock – See Lock-In.

Ratios – Guidelines applied by lenders to determine how large a loan to grant a homebuyer, based on the percentage of monthly income that the borrower would need to spend for debt payments, including the mortgage payment.

Real Estate Agent – A person licensed to negotiate and transact the sale of real estate on behalf of the owner.

Real Estate Broker – A middle man, or agent, who buys and sells real estate for a company, firm, or individual on a commission basis. The broker does not have title to the property, but generally represents the owner.

Real Estate Settlement Procedures Act (RESPA) – A consumer protection law that requires lenders to give borrowers notice of closing costs.

Real Property – A term commonly used in land law to denote any fixed property that is attached to land, the land itself and the associated rights.

Recording – See Mortgage Recordation.

Refinance – The process of paying off one loan with the proceeds from a new loan secured by the same property.

Regulations – Rules issued by government departments such as HUD that are authorized by statute and are a type of law.

Rehabilitate – The process of restoring and improving a property to a satisfactory condition by repair and renovation but not drastically changing the floor plan, form or style of architecture.

Rent with Option to Buy – See Lease/Purchase Mortgage Loan.

Repossessed – When a financial institution takes ownership of property (such as a home) that was purchased using credit because the borrower is not able to repay the loan.

Residential Lease – A written document containing the conditions under which the possession and use of real or personal property are given by the owner to another for a stated period and for a stated consideration. Most residential leases in Native communities are referred to as a "homesite" lease for which the consideration is usually \$1 per year. All homesite leases on trust property must be approved by the tribe and approved and recorded by the BIA.

Residential Mortgage Credit Report – The more inclusive credit report required for mortgages sold into the secondary mortgage market. Verifies employment and address and checks national credit repositories.

Restrictive Covenants – Private restrictions limiting the use of real property. Restrictive covenants are created by deed and may "run with the land," binding all subsequent purchasers of the land, or may be "personal" and binding only between the original seller and buyer. The determination of whether a covenant runs with the land or is personal is governed by the language of the covenant, the intent of the parties, and the tribal or state law, whichever is applicable, where the land is situated. Restrictive covenants that run with the land are encumbrances.

Retail Card – A credit card issued by a retail store.

Revolving Credit Account – Credit automatically available up to a predetermined limit as long as a consumer makes regular payments.

Rural Housing Service (RHS) – Offers a variety of programs to build or improve housing and essential community facilities in rural areas. They offer loans, grants, and loan guarantees for single-housing, and much more.

Right of First Refusal – Allows the tribe to purchase the home before it goes into foreclosure.

Risk Assessment – A comprehensive evaluation for lead-based paint hazards that includes paint testing, dust and soil sampling, and a visual evaluation. The risk assessment report identifies lead hazards and appropriate lead hazard reduction methods. A certified risk assessor must conduct the assessment.

Runoff – The water that flows off the surface of the land, ultimately into our streams and water bodies, without being absorbed into the soil.

Rural Development Section 502 Direct Loan – Loan available from the Rural Housing Service for low- and very-low income families to purchase an existing home or to build a home in accordance with Rural Development requirements.

Rural Development Section 502 Guaranteed Loans – Loans available from an authorized lender, which are guaranteed by Rural Development, for low- and very low-income households to obtain homeownership.

Rural Development Section 504 Direct Loans/Grants – Also known as Rural Housing Repair and Rehabilitation Loans. Funded directly by RD to very low-income rural residents who own and occupy a dwelling in need of repairs.

Rural Housing Repair and Rehabilitation Loans – See Rural Development Section 504 Direct Loan/Grant.

Schematic – A drawing made to scale. A preliminary sketch or diagram representing the proposed intent of the designer.

Scope of Work – A description of work or goods to be delivered by a contractor.

Secondary Financing – Financing real estate loans that are subordinate to a first mortgage or first trust deed.

Secondary Mortgage Market – The buying and selling of existing mortgages between lenders and investors. Most home loans are eventually sold to the secondary mortgage market.

Second Mortgage – A mortgage with rights that are subordinate to the rights of the first mortgage holder.

Section 184 Indian Housing Loan Guarantee Program – Authorized under the Housing and Community Development Act of 1992, the Section 184 Indian Loan Program is designed to offer homeownership, property rehabilitation, new construction, and refinance opportunities for eligible individual Native Americans, tribes, and Indian Housing authorities. Lenders participating under this program are provided a 100 percent guarantee by HUD for loans made under this program.

Section 184A Native Hawaiian Housing Loan Guarantee Program – The Hawaiian Homelands Homeownership Act of 2000 added a new Section 184A to the Housing and Community Development Act of 1992 which authorized the Native Hawaiian Housing Loan Guarantee Program. This program is designed to offer home ownership, property rehabilitation, and new construction opportunities for eligible native Hawaiian individuals and families wanting to own a home on Hawaiian Home Lands.

Section 8 – The Section 8 Leased Housing Assistance Payments Program gave assistance to low-income families who lived in or preferred to find housing in the private housing market. HUD provided a subsidy to help meet the costs for operating the program and the IHA paid that portion of the rent that the tenant is unable to pay because their income was too low.

Seller Take-Back – An agreement in which the owner of a property provides financing, often in combination with an assumed mortgage.

Settlement – See Closing.

Settlement Sheet – The computation of costs payable at closing that determines the seller's net proceeds and the buyer's net payment.

Short Sale – See Pre-Foreclosure Sale.

Short-Term Credit – Credit extended that requires payment within the year.

Signature Loan - A good faith loan that is unsecured and only requires the borrower's signature on the loan application.

Siltation – Process by which loose soil is transferred and builds up in streams, rivers, and lakes, causing changes in stream channels and in depth. It may result in filling in an area and/or causing flooding.

Single-Room Occupancy (SRO) – Housing consisting of single-room dwelling units that is the primary residence of its occupant or occupant(s). The unit must contain food preparation and/or sanitary facilities if the project involves new construction, conversion of non-residential space, or reconstruction. If the units do not contain sanitary facilities, the building must contain sanitary facilities shared by the tenants.

Site Map and Legal Description – Copy of plat/survey and legal description of property to be mortgaged.

Site Plan – A scaled plan showing proposed uses and structures for a parcel of land. A site plan could also show the location of lot lines, the layout of buildings, open space, parking areas, landscape features, and utility lines.

Smart Growth – Well-planned development that protects open space and farmland, revitalizes communities, keeps housing affordable, and provides more transportation choices.

Social Security Evidence – Documentation that a person has a valid Social Security number, usually contained on a pay stub or driver's license.

Soft Costs – Project costs that do not include the "bricks and mortar" of the development. These costs may include legal, architectural, financing, and environmental.

Special Assessments – A special tax imposed on property, individual lots, or all property in the immediate area for road construction, sidewalks, sewers, street lights, etc.

Special Districts – Geographic areas in which fees or taxes are collected to fund investments or services benefiting properties within the district.

Special Information Booklet – A booklet to help persons understand the nature and costs of settlement services.

Special Lien – A lien that binds a specified piece of property, unlike a general lien, which is levied against all a borrower's assets. It creates a right to retain something of value belonging to another person as compensation for labor, material, or money expended on that person's behalf. In some localities it is called "particular" lien or "specific" lien. (See Lien.)

Special Use Permit – Allows a land owner to develop a tract of land for use that does not fall directly under the permitted usage for that specifically zoned area provided the use meets certain conditions set out in the ordinance. Those conditions are generally related to avoiding adverse effects on the neighboring area. Such uses may be permitted in such zoning districts as special permits, where specific provision for such special permits is made in a town zoning bylaw or city zoning ordinance.

Special Warranty Deed – A deed in which the grantor conveys title to the grantee and agrees to protect the grantee against title defects or claims asserted by the grantor and those persons whose right to assert a claim against the title arose during the period the grantor held title to the property. Special warranty deeds do not provide a guarantee against any mistakes in a free and clear title that may have existed before the seller's ownership of the property. Thus, the grantor of a special warranty deed is only liable for debts or other encumbrances to the title which they caused, or which happened during their ownership of the property.

Spending Plan – A strategy for saving and spending money. It can be used as a guide to help a family track the flow of money through their household and how that money needs to be managed to meet expenses and savings goals.

Statute of Limitations – The period in which legal action must be brought for an alleged damage or injury.

Subdivision – A tract of land divided by the owner into blocks, building lots, and streets according to a recorded subdivision plat, which must comply with local ordinances and regulations.

Sublease – The leasing of premises by a lessee to a third party for part of the lessee's remaining term.

Subprime Loan – A loan designed to meet the needs of those who are unable to meet the standard income and credit history requirements. The interest is risk based.

Subdivision Rules and Regulations – Procedures, requirements, and provisions governing the subdivision of land that is specified in formal Rules and Regulations promulgated by a city or town. under the authority vested in the Planning Board by section 81-Q of Chapter 41 of the General Laws of Massachusetts.

Subsidized Second Mortgage – An alternative financing option for low- and moderate-income households that also includes a down payment and a first mortgage, with funds for the second mortgage provided by the tribe or TDHE; city, county, or state

housing agencies; foundations; or nonprofit housing corporations. Payment on the second mortgage is often deferred and it carries no or low interest rates, and part of the debt may be forgiven for each year the family remains in the home. Also referred to as a soft second or a deferred mortgage.

Substandard Housing – A housing unit that is dilapidated; does not have operable indoor plumbing; does not have a usable flush toilet inside the unit for the exclusive use of a family; does not have a usable bathtub or shower inside the unit for the exclusive use of the family; does not have electricity, or has inadequate or unsafe electrical service, does not have a safe or adequate source of heat; should but does not have a kitchen; or has been declared unfit for habitation by an agency or unit of government.

Supportive service housing – Supportive service includes housing units and group quarters that has a supportive environment and includes a planned supportive service component. A planned supportive service component includes services provided to residents of supportive service housing for the purposes of facilitating the independence of residents. Examples of services include case management, medical or psychological counseling and supervision, childcare, transportation, and job training.

Survey – A drawing showing the legal boundaries of a property.

Surveying – The act of performing a survey.

Sustainable Development – Development with the goal of preserving environmental quality, natural resources and livability for present and future generations. Sustainable initiatives work to ensure efficient use of resources.

Taking – Occurs when a government action violates the 5th Amendment of the U.S. Constitution by taking private property for public use without offering fair compensation. "Takings" include physical acquisitions of land and may include regulations that unduly deprive landowners of certain uses of their property or have the effect of diminishing the value of property.

Targeting – Requirements of a program relating to the income or other characteristics of households that may occupy the assisted units.

Tax – As applied to real estate, an enforced charge imposed on persons, property, or income, to be used to support a governmental entity. The governing body in turn utilizes the funds in the best interest of the public.

Total Development Cost (TDC) – As established by HUD, the maximum sales price for a property sold to an individual as a primary residence is limited to the total development costs, which includes the acquisition cost plus rehabilitation or redevelopment costs necessary to rehabilitate the property.

Tenancy by the Entirety – A type of joint ownership of property available only to spouses.

Tenancy in Common – A type of joint ownership in a property without right of survivorship.

Tenant-Based Rental Assistance (TBRA) – A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued assistance. Includes security and utility deposits associated with the rental of dwelling units.

Tenant Accounts Receivable (TAR) – Rents or other funds owned by a tenant to the property owner.

Term – The period between the commencement date and termination date of a note, mortgage, legal document, or other contract.

Term Insurance – Insurance coverage provided for a specific period.

Testate – The state or condition of leaving a will at death.

Three/Two (3/2) Option – An alternative financing plan that enables households whose earnings are no more than 115 percent of the median income in their regional area to make a three percent down payment with their own funds, coupled with a two percent gift from a relative or a two percent grant or unsecured loan from a nonprofit or state or local government program.

Title – A legal document establishing the right of ownership. As generally used, the rights of ownership and possession of property.

Title Company – A company that specializes in insuring title to a property.

Title Insurance – Insurance to protect the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property.

Title Search – A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

Title Status Report (TSR) – A report issued by the BIA after a title examination that shows the proper legal description of a tract of Indian land; current ownership, including any applicable conditions, exceptions, restrictions, or insurances of record; and whether the land is in unrestricted, restricted, trust, or other status as indicated by the records in a BIA Land Titles and Records Office.

Total Development Cost (TDC) – The maximum cost by bedroom size that may be spent under NAHASDA for a dwelling unit. TDC includes the dwelling unit construction costs and includes site grading and utilities within five feet of the structure and all administrative and planning costs associated with the development and sale of the home.

Tradeline – Any credit account such as a bank loan, credit card, or mortgage.

Transfer Tax – State or local tax payable when title passes from one owner to another.

Transitional Housing – Transitional housing is temporary housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months.

Tribal Transit Nodes – Stops along a public transportation route where people board and disembark, often where one or more routes intersect with each other. These sites can provide ideal locations for mixed-use development as well as transit-oriented development (TOD).

Transit-Oriented Development (TOD) – The development of housing, commercial space, services, and job opportunities close to public transportation. Reduces dependency on cars and time spent in traffic, which protects the environment and can ease traffic congestion, as well as increasing opportunity by linking residents to jobs and services.

Tribal Council – The governing body of a federally recognized Tribe.

Tribal Court – The body as it may now or hereafter be authorized by the Tribal Laws to exercise the powers and functions of a court of law.

Tribal Member – An enrolled member of a federally recognized tribe.

Tribal Trust – Land that is owned by the United States and held in trust for the benefit of a tribe.

Tribally Designated Housing Entity (TDHE) – The entity designated by the Tribal governing body to plan, develop, and implement housing assistance programs for the benefit of enrolled members.

Tri-Merged Credit Report – Provides data from all major credit reporting agencies and merges it into one comprehensive report.

Trust Land – Land held in trust by the BIA for the benefit of a tribe or an individual.

Trust Property – See Tribal Trust or Allotted Land.

Trustee – A party who is given legal responsibility to hold property in the best interest of or for the benefit of another. The trustee is placed in a position of responsibility for another, a responsibility enforceable in a court of law. (See Deed of Trust.)

Truth-in-Lending Act (TILA) – A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the APR and other charges.

Two-Step Loan – Two-Step mortgages have a fixed rate for a certain time, most often five or seven years, and then the interest rate changes to a current market rate. After that adjustment the mortgage maintains a new fixed rate for the remaining 23 or 25 years.

Underwriters – Trained professionals who conduct underwriting tasks.

Underwriting – A comparison to ensure a homeowner/homebuyer can afford additional debt through an analysis of a homeowner's monthly income versus monthly housing expenses and/or total monthly debt. Underwriting is the process of determining the financial feasibility and terms of a project. The objective of underwriting is to determine whether the ongoing revenues from a property will be sufficient to cover construction and operating costs. There is no one "right" way to do underwriting. However, following are some common elements among all approaches:

- Review project costs for constructing the project to determine both reasonableness and eligibility
- Review sources of financing for the project
- Review the projected profitability and financial health of the project and establish the financing and operating terms

Uniform Building Code (UBC) – The Uniform Building Code is one of the families of codes and related publications published by the International Conference of Building Officials (ICBO) and other organizations, such as the International Association of Plumbing and Mechanical Officials (IAPMO) and the National Fire Protection Association (NFPA), which have similar goals for code publications. The Uniform Building Code is designed to be compatible with these other codes, as together they comprise the enforcement tools of a jurisdiction.

Uniform Residential Loan Application (URLA) – (1) An initial application signed and dated by the borrower and lender and (2) a final unsigned application ready to be signed at closing with the updated/verified assets, debts, and other information after completing the loan package.

Uninvited Inquiries – An inquiry made when a company requests a copy of someone's credit report to be pre-approved for a credit card or special offer. This type of inquiry is recorded on the person's credit report separately from credit inquiries that the person requests. Potential creditors will see only the credit inquiries that were initiated by the person covered by the credit report.

United States Geological Survey (USGS) – A federal agency which provides mapping of topography, aquifer levels, and areas where aquifers are recharged.

Unit Inspection – A unit inspection is one of the first steps in any construction project. For rehabilitation projects, it helps determine feasibility, what work needs to be done, and whether that work can be financed with the available funding.

Units Needing Rehabilitation – Units which fail to meet the tribe's/TDHE's housing quality standards (HQS). The tribe's/TDHE's HQS must be at least as stringent as those used for the Section 8 program (see 24 CFR 982.401) unless the Area Office of Native American Programs (ONAP) approves less stringent standards based on a

determination that local conditions make the use of the Section 8 standards infeasible. Any less stringent standards must still, however, provide the following:

- That the house is safe, in a physically sound condition with all systems performing their intended design functions
- A livable home environment
- An energy efficient building and systems which incorporate energy conservation measures
- Adequate space and privacy for all intended household members

USDA – U.S. Department of Agriculture.

U.S. Department of Housing and Urban Development (HUD) – The government agency that includes the Federal Housing Administration, which insures certain home mortgage loans made by lenders and sets minimum standards for such homes.

Useful Life – The amount of time a property can remain affordable under NAHASDA.

Utilities – For purposes of determining utility allowances, utilities include electricity, gas, heating fuel, water, sewerage service, septic tank pumping/maintenance, and sewer system hookup charges (after development), and trash and garbage collection. Telephone service is not included as a utility.

Variance – The relaxation of requirements of a zoning district for a specific parcel or tract of land. Variances are often issued to avoid unnecessary hardships to a landowner.

VA – Veterans Administration.

VA Direct Home Loans – Loans that are guaranteed by the Veterans Administration to provide homeownership assistance on trust property to Native American veterans.

Variance – The relaxation of requirements of a zoning district for a specific parcel or tract of land. Variances are often issued to avoid unnecessary hardships to a landowner.

Verification of Deposit Form – Standard form used to assist in verifying and analyzing an applicant's funds.

Verification of Employment Form – Standard form used to assist in verifying and analyzing an applicant's employment history.

Verification of Rent/Mortgage Form – Standard form used to assist in verifying and analyzing an applicant's rent or mortgage payment history.

Very-Low-Income Families – Families whose annual incomes do not exceed 50 percent of the median income for the area (adjusted for family size).

Visual Assessment – A visual assessment involves looking for, as applicable, deteriorated paint; visible surface dust, debris, and residue as part of a risk assessment or clearance examination; or the completion or failure of a hazard reduction measure.

Wetlands – Area having specific hydric soil and water table characteristics supporting or capable of supporting wetlands vegetation.

Working Drawing – A drawing sufficiently complete with plan and section views, dimensions, details, and notes so that whatever is shown can be constructed and/or replicated without instructions but subject to clarifications.

Work Order (WO) – A written order, signed by the owner or his representative, of a contractual status requiring performance by the contractor without negotiation of any sort.

Work Write Up – A document prepared by the recipient's program staff responsible for inspecting and estimating project hard costs. It describes what construction work needs to be done in detail and specifies materials, methods, and quantities. It is used as the basis for a cost estimate.

Wrap Around – A contract for deed in which the seller keeps the original mortgage. The buyer makes payments to the seller, who forwards a portion to the lender holding the original mortgage. This can be very complicated and risky, especially when there are two or more buyers involved. To avoid being victimized, it is essential to have an attorney review all the documents.

Zero-lot-line Development – A development option where side yard restrictions are reduced and the building abuts a side lot line. Overall unit-lot densities are therefore increased. Zero-lot-line development can result in increased protection of natural resources.

Zoning – The acts of an authorized local government setting forth regulations for property land usage. Classification of land in a community into different areas and districts. Zoning is a legislative process that regulates building dimensions, density, design, placement and use within each district.

DEFINITIONS REGARDING LAND:

Allotted Trust Land – Real property that is held in trust by the federal government for an individual or family, and which may not be alienated or encumbered without the consent of the Secretary of the Interior.

Fee Simple Land – Real property that may be completely conveyed by purchase or other methods without restriction.

Restricted Land – Real property (trust or allotted land) that may not be alienated or encumbered without the consent of the Secretary of the Interior due to federal treaty, statue, Executive Order, or tribal law.

Trust Land – Real property held in trust for the use and benefits of the tribe, occupant, or lease.

NAIHC acknowledges and thanks the following contributors:

Project Coordinator

LindaLee Retka, National American Indian Housing Council

Author

2018

Cielo I. Gibson, Training and Management Services

2009

Cielo I. Gibson

2003

Cielo I. Gibson, Training and Management Services

Editor

Susie Mouri

Designer

Tina M. Cardosi, TM Design, Inc.

Distribution Manager

National American Indian Housing Council

Photo Contributors

Coeur d'Alene Tribe

Council for Native Hawaiian Advancement

Department of Hawaiian Home Lands

Joanna Donohoe

Cielo Gibson

Francis Harjo

Cary Herz Photography

Duncan McCall Advertising

Hawaii Community Loan Fund

Housing Authority of the Cherokee Nation

Housing Authority of the Choctaw Nation of Oklahoma

Menominee Tribal Housing Department

Metlakatla Housing Authority

Minnesota Housing Finance Agency

National American Indian Housing Council

Navajo Partnership for Housing, Inc.

Nez Perce Housing Authority

Office of Hawaiian Affairs

Oglala Sioux Tribe Partnership for Housing, Inc.

Oneida Indian Nation of New York

Dennis Smith

Spokane Housing Authority

Swinomish Housing Authority

U.S. Department of Agriculture - Rural Development

U.S. Department of Housing and Urban Development – Office of Native American Programs
Umatilla Reservation Housing Authority

Upper Sioux Community

David Vought

Historical Housing Photos:

National Anthropological Archives

Smithsonian National Museum of the American Indian



National American Indian Housing Council 50 F Street, NW Suite 3300 Washington, DC 20001 (202) 789-1754 or (800) 284-9165 (202) 789-1758 (fax) naihc.net