

CHAPTER 8 ONEIDA NATION HOME LOAN GUARANTY PROGRAM

801. HOME LOAN GUARANTY

The Nation shall guaranty the repayment of loans made by Qualified Lenders to Eligible Borrowers to construct, improve, rehabilitate and/or purchase an interest in Eligible Housing.

802. DEFINITIONS

A. Eligible Borrower.

An "Eligible Borrower" for purposes of this Chapter is a member in good standing of the Nation who is at least 21 years of age and will occupy the Home as the principal residence and who meets the credit and underwriting requirements of a Qualified Lender.

B. Qualified Lender.

A "Qualified Lender" is any of the following: (i) a Lender approved by the Nation or the Nation Housing Corporation; (ii) Lenders who are already approved by the Federal Housing Authority, U.S. Department of Housing and Urban Development for participation in the single family mortgage insurance program under Title II of the National Housing Act; (iii) Lenders authorized by the U.S. Department of Veterans Affairs to originate automatically guaranteed housing loans under section 1802(d), chapter 37, title 38 of the U.S. Code; or (iv) Lenders approved by the U.S. Department of Agriculture to make loans for single family housing under the Housing Act of 1949.

C. Eligible Housing.

"Eligible Housing" is any single family residential dwelling other than a house trailer located or to be located on Nation land to be used solely as an Eligible Borrower's principal residence. The proposed housing must comply with all applicable Nation laws, including, without limitation, Nation construction and safety codes and regulations.

D. Eligible Activities.

Eligible Borrowers may use a Nation loan guaranty for the following "Eligible Activities:"

1. Acquisition of the rights to use and occupy Eligible Housing;
2. Rehabilitation or improvement of Eligible Housing; or
3. Construction of Eligible Housing.

803. USE RIGHTS AND OWNERSHIP AGREEMENT.

To obtain a home loan guaranty, a Nation member must enter into a Use Rights and Homeowner Agreement (“Agreement”) with the Nation. The Agreement grants the Nation member the right to construct improve, rehabilitate and/or purchase the rights to use and occupy Eligible Housing on certain Nation land for the term of the Agreement. The Nation shall retain all ownership rights in the land and the improvements thereon. The Agreement shall be for a period of not more than fifty (50) years. At the end of the Agreement’s term, the Nation member may remain on the Nation land in the Eligible Housing if such member and the Nation enter into a new Agreement. The Agreement is assignable on a limited basis in accordance with Nation laws and with the approval of the Nation. The Agreement must be entered into before a loan can be closed and the Agreement’s effectiveness shall be contingent upon the Nation member’s obtaining the loan from a Qualified Lender. The Agreement must be recorded with the Nation Court Clerk consistent with the recordation requirements of Section 502 of this Code.

804. GUARANTY COVERAGE

The Nation will guaranty the repayment of single family residential loans made to Eligible Borrowers by Qualified Lenders for Eligible Activities provided the loan terms fully comply with the following:

1. The term of the loan may not exceed 30 years.
2. Interest rates must be a fixed rate no greater than the current market rate.
3. The loan may be prepaid without penalty.
4. The loan cannot be secured with any interest in the Eligible Housing, except for a mortgage on the Eligible Borrower’s right to use and occupy the Eligible Housing pursuant to a Use Rights and Homeowner Agreement.
5. The loan cannot be secured with any mortgage on Nation land.

The Nation will guaranty up to 100 percent of the outstanding principal balance and interest on the loan as well as other necessary and allowable expenses as determined by the Nation. Loans insured by the United States government are not eligible for this program.

805. NATION NOTIFICATIONS

A. Upon application by an Eligible Borrower to a Qualified Lender, the Eligible Borrower must give written notice of such application to the Nation Housing Corporation.

B. In addition to the requirements of Section 805.A. of this Chapter, the following information, whether or not requested by the Qualified Lender, must be submitted by the Borrower to the Nation Housing Entity before a decision will be made on the guaranty:

1. Pre-qualification letter from Qualified Lender;
2. Statement from Qualified Lender as to amount of the loan, the terms, the monthly payment amount, and any special conditions;
3. Executed Use Rights and Ownership Agreement; and
4. Detailed plans and specifications for the Home, if applicable.

Provided the Eligible Borrower has complied with Section 805.A. of this Chapter, the Nation shall make a decision regarding the guaranty within ten (10) business days after receipt of all of the foregoing material.

806. NATION GUARANTY COMMITMENT

The Nation or the Nation Housing Corporation has absolute and final discretion to determine whether a proposed loan will be guaranteed by the Nation.

807. REIMBURSEMENT

In order to secure the Nation's guaranty of the Nation member's obligation, the Nation member shall grant the Nation, at the Nation's request, a security interest in the member's interest in the Eligible Housing, the member's Distribution Proceeds from the Nation, and/or such other collateral as requested by the Nation. The Nation member agrees that if the Nation shall be obligated to pay on the guaranty, the Nation may, among other things, withhold or set off the Nation member's Distribution Proceeds (as defined in Section 102 of Chapter 1) until the Note has been satisfied. A sample Note and Pledge appear at Appendix II and III to this Code.