

DECLARATION OF POLICIES AND PLAN OF OPERATION
OF THE
HOOPA DEVELOPMENT FUND
CREDIT DIVISION
OF THE
HOOPA VALLEY TRIBE

1. DEFINITIONS - Wherever used herein, the following terms will have the described meanings:

- (a) "Secretary" - The Secretary of the Interior.
- (b) "Credit Office" - The headquarters office of the Hoopa Development Fund Credit Division of the Hoopa Valley Tribe
- (c) "Tribe" - The Hoopa Valley Tribe of the Hoopa Valley Indian Reservation in California.
- (d) "Council" - The governing body of the Tribe consisting of eight members of the Tribe elected in accordance with the Tribe's Constitution and Bylaws.
- (e) "Committee" - The Credit Committee appointed in accordance with section 7 hereof.
- (f) "Manager" - The tribal employee hired as Manager of Credit Department.
- (g) "Declaration" - This declaration of policies and plan of operation.
- (h) "Credit Purposes" - Loans to individuals.
- (i) "Second Time Home Buyers" - Individuals who have purchased a home in the past or any individual(s) currently living in a home that he/she/they are purchasing, including but not limited to
 - (1) HUD home
 - (2) Manufactured home
 - (3) Home purchase with funds from Hoopa Development Fund or other lenders.
- (j) Line of Credit- A line of credit is a limit of credit to cover a series of transactions. It does not give the lender a responsibility to loan up to a limit or a responsibility of the borrower to borrow up to the limit. A line of credit allows a lender to adjust the agreement. Lender may request at any time Financial reports from borrower, or may run a credit check on

borrower to keep HDF advised of borrowers credit status. Lender may adjust interest rate as necessary.
(k) Joint Borrower-Joint borrowers are equal borrowers to a loan or line of credit and are equally responsible for repaying loans or lines of credit.

2. **PURPOSE AND EFFECT** - This Declaration supersedes wholly all previous Declarations of Policies and Plan of Operation of the Credit Division. The purpose of the Declaration is to establish procedures to govern all future loans by the Tribe to members. This Declaration will be used by the committee in day-to-day credit operations. In all instances in which the provisions of the Declaration depart from the instructions of the Secretary contained in the manual of the Bureau of Indian Affairs, the provisions of the Declaration will govern. The Declaration shall be in full force and effect upon the approval of the Council.
3. **POLICY** - It shall be the policy of the Tribe to make all loans and advances only under the procedures herein. Loans heretofore made by the Tribe will not be disturbed so long as the borrowers adhere to their loan agreements, but all future loans will be made as provided herein. Loans may be made irrespective of the availability of loans from banks, building and loan associations, insurance companies, federal and state agencies making loans and other similar lenders.
4. **SCOPE** - This Declaration applies to all tribal trust funds heretofore or hereafter advanced to the Tribe for credit purposes and to all tribal funds used for credit purposes.
5. **REGULATIONS AND INSTRUCTIONS** - All credit activities of the Tribe will be administered as provided herein.
6. **ACCOUNTING** - All costs of administration and supplies of the Credit Division will be paid from the internal funds of and be reflected in the internal accounting of the program as set forth by Tribal Resolution Number 71-102 adopted by the Council September 18, 1971.
7. **CREDIT COMMITTEE** - All credit activities of the Tribe will be administered by a committee of five tribal members appointed by the Hoopa Valley Tribal Council.

- (a) TERM OF OFFICE-Each regular appointment to the Committee shall be for a period of two years from the date of expiration of the expired or expiring term, consistent with the Hoopa Development Fund Charter. Each appointment to fill a vacancy in an unexpired term shall be for the unexpired portion only. All vacancies, whether created by expiration of regular term or otherwise, shall be filled as soon as practicable and in no case later than 60 days from the occurrence of such vacancy. Incumbents whose terms have expired will continue to serve with full rights and authority until successors are appointed.
- (b) Expiration of terms -. The date of expiration of regular terms shall be on September 30th of each successive year. To insure that the committee is composed of at least two experienced members at all times, expiration of terms will alternate two members and then three members
- (c) Record of Appointment - A record of all appointments to the committee will be documented as prescribed by the Council.
- (d) Officers - Each period following the appointment of committee members, the members will select a chairman, a vice-chairman, and a secretary from within the committee membership. The chairman will preside at meetings of the committee utilizing adopted parliamentary procedures, and perform duties customary to that office. The chairman will participate as a voting member of the committee only in the event of a tie. In the absence of the chairman, the vice-chairman shall have full authority and responsibility of chairman.
- (e) Record of Meetings - A secretary, appointed by the Committee, will keep or cause to be kept, a full and complete record of all meetings. Copies of meetings will be furnished to staff.
- (f) Quorum-Three members including a chairman or a vice-chairman will constitute a quorum at any duly called meeting. An affirmative vote of three members will be required in order for any action to be effective.
- (g) Suspension and Removal - The Council may suspend or remove committee member(s) for cause. The committee may recommend suspension and/or removal of a member to the Council for cause. Notice of such suspension or removal including a clear and concise statement of the charges resulting in the suspension or removal will be forwarded to the member to be suspended or removed by certified or registered mail. Such member will have

thirty days from the date of the notice to request a hearing before the council. A hearing will be held at the next regular or special meeting of the Council after receipt of request for hearing. The Council may remove such member from the Committee. Failure to attend three (3) consecutive meetings shall be grounds for automatic removal from the Committee. The decision of the Council shall be final.

- (h) Qualification of Members - The members must have a reputation for industry, dependability, honesty and financial integrity; be at least eighteen years of age; and must be bondable. Each appointee shall take an oath of office as stated in Article VI, Section 7 of the Constitution and Bylaws of the Tribe.
- (i) Restrictions on Membership - No person will be eligible for membership who has a loan from the *Hoopa Development Fund* who is delinquent or in default, and members will not be eligible to receive loans from Hoopa Development Fund during the time they are committee members, unless his/her/their short term applications are approved by the Chairman or Vice-Chairman of the Hoopa Valley Tribe and his/her/their Education, Intermediate, or Long Term applications are approved by a majority vote of the Hoopa Valley Tribal Council.
- (j) Compensation - Compensation of members will be determined by the Council. The rate of per diem will be established by the Council
- (k) Meetings - The committee will meet when business require its attention. Meetings may be called by the Committee chairman. Meetings will be called by the Credit Committee chairman upon the request in writing by the chairman of the Council. In the event the chairman fails to call a meeting within five days after receipt of a written notification by the Hoopa Valley Tribal Council's Secretary or a legal representative, any three members may call a meeting. At least three days written notice will be given of all meetings, unless the members agree to waiver of such notice. All meetings will be in executive session, and with the exception of the credit manager and other credit employees, attendance at meetings will be by invitation only. All voting on applications, requests for modifications, declaring loans in default, disbursement authorizations, and other actions, will be taken only at meetings. The applicants or borrowers will not be present when such actions are taken.
- (l) Resignation - In the event of resignation, a committee member will give the Council 30 days written notice.

8. AUTHORITY AND DUTIES OF CREDIT COMMITTEE

Action for the Tribe on all credit matters will be taken by the committee including, but not limited to: Applications for loans; requests for modification, and satisfactions of real estate mortgages. The Committee will approve applications or requests for modifications, in whole or in part, conditionally or unconditionally, or deny the applications or issue requests for modification or information to the applicants or borrowers, with advice as to why the same cannot be approved. The Chairman will sign all approval documents. The committee will have full authority to carry out the policy of the Council in all phases of its credit operations. Specific individual actions of the Committee shall be incontestable. The Committee will review active loans to insure that payments are made when due and that borrowers are making proper use of funds loaned to them. If it becomes apparent that a borrower will become delinquent, the committee will take steps necessary to prevent the delinquency, by obtaining a payment, extending the repayment terms, or by declaring the loan in default and placing it in liquidation. Advice of the Tribal Attorney will be requested when any legal action is contemplated. The authority as set forth in this section will not be interpreted as placing any restrictions on the committee's authority to act on behalf of the Tribe in any phase of its credit operations.

- 9. CREDIT MANAGER** - The principal executive of the Credit Division shall be an employee of the Tribe. Title of the position shall be Credit Manager. Incumbent will be responsible to the committee for execution of actions necessary to the conduct of the day-to-day operations of Credit Division. The Credit Manager must be current on any loans from the Hoopa Development Fund. A ninety (90) day delinquency will result in disciplinary action and/or termination. It will be the responsibility of the Credit Manager to see that loans are paid when due and to do the necessary follow-up with each borrower to see that proper use is made of funds borrowed. If it becomes apparent that borrower will become delinquent, the Credit Manager will counsel the borrower on options available to prevent the delinquency, by obtaining payment, extensions of terms or the possibility of default and liquidation. Advice of the Tribal Attorney will be requested when any legal action is contemplated. The Credit Manager shall be employed and discharged by the Council, on recommendations from, and consultation with the committee. Manager will assist

applicants and borrowers in the preparation of loan applications and other documents. Manager will advise the committee, applicants, and borrowers of conformance or nonconformance to terms and agreements in applications and other documents, to the provisions of this Declaration and other applicable statutes and policies or instructions of the Council. The Credit Manager will attend all meetings of the committee insofar as practicable, and advise of actions necessary. The Credit Manager will be responsible that bookkeeping, clerical work, record-keeping, reports, securing of required forms, filing, recording and administrative details necessary for the operation of The Hoopa Valley Tribe's Credit Division are properly performed. The Credit Manager will check property purchased with or given as security for loans from the Tribe. The Credit Manager will insure that minutes are kept of meetings of the committee in accordance with Section 7 (e) and that all actions and authorizations are adequately reflected in the minutes. The Credit Manager will make such recommendations to the committee or the Council as deemed in the best interest of the Credit Division. The Credit Manager will be responsible for prompt filing or recording of all documents taken as security for loans. The Credit Manager will insure that borrowers are notified when payments are in arrears and that these notifications are properly made a matter of record. The Credit Manager will serve as collection and disbursement agent to the Credit Division, and as such may be bonded in a manner and amount required by the Council. The Credit Manager will reconcile the depository accounts monthly.

10. OTHER EMPLOYEES - All employees of the Credit Division shall be Tribal employees in number and category of skill as shall be determined from time to time by the Committee and Credit Manager. Employment will be in accordance with requirements and procedures governing other employment by the Tribe. All employees of the Hoopa Development Fund must be current on any loans from the Hoopa Development Fund. A ninety (90) day delinquency will result in disciplinary action and/or termination. Employment and discharge of subordinate Credit Division employees shall be by the Credit Manager after consultation and concurrence of the committee.

9. TECHNICAL ASSISTANCE - The manager or other credit employees may provide assistance to applicants in completing application forms at the request of the applicants.

10. LEGAL ASSISTANCE - On behalf of the Tribe, the Tribe's attorney will handle such legal work as may be necessary to administer the Credit Division. In the event that the Office of Tribal of Attorney is not available, the Hoopa Development Fund reserves the right to seek outside legal counsel.

11. LOAN GUARANTY - Wherever possible, the benefits of various loan guaranty or insurance provisions will be obtained on loans to veterans and other applicable and eligible borrowers.

14. DEPOSITORY - A national or federally insured financial institution will be used as the depository for credit funds. The bank or banks selected will be members of the Federal Deposits Insurance Corporation.

15. ADVANCES, DISBURSEMENTS AND REPAYMENTS

- (a) Advances - All advances to the credit account, from whatever source, will be made payable to the Hoopa Development Fund for deposit in a financial depository.
- (b) Disbursements - No disbursements will be made on loans unless they have been properly approved in accordance with the provisions of this Declaration. Loan agreements and the securing documents must be completed properly and must be ready for immediate filing or recording. A promissory note shall be used in all loans. Disbursements will be made as described in this paragraph. Disbursements will be by pre-numbered check peculiar to the Credit Division. All checks drawn for disbursement will bear the signature of the Deputy CFO and the committee chairman, vice-chairman, or Secretary. Numbered check vouchers peculiar to the account, upon which will be shown the date, the amount disbursed, the purpose, and other pertinent information, will be prepared at the time each check is drawn. Necessary copies will be made and retained.
- (c) Repayments - Repayments on loans and other receipts will be made payable to the Hoopa Development Fund and shall be received by the manager or other credit employee. Payments will be accepted by mail at any reasonable time during the usual daily tour of duty. All repayments other receipts shall be deposited promptly, but in no event later than 24 hours from receipt, excepting intervening weekends or holidays.

16. RECORDS, REPORTS AND AUDITS - Records and accounts will be maintained in a manner and in accordance with an accounting system satisfactory to the Committee. An annual audit will be completed by a certified public accountant. Copies of the audit reports will be furnished to the Committee and Council. Access to records of the Credit Office will be restricted to the Loan Fund Committee and the Hoopa Valley Tribal Council provided by formal written request only. The committee will review each request for appropriateness to avoid a breach of confidentiality or improprieties to the borrower.

17. APPROVAL OF LOANS - Applications of individuals that have been approved by the committee will be signed by the committee chairman when the total cash indebtedness of the borrower to the Tribe does not exceed \$100,000. Applications not exceeding \$5,000.00 for educational loans and approved by the Committee will be signed by the committee chairman. Maximum indebtedness for Intermediate Loans will be \$10,000.00. Applications for Intermediate loans will be approved by the committee and signed by the committee chairman.

All applications for Loans exceeding \$100,000.00 and recommended for approval by the Committee will require approval by Tribal resolution with the majority vote of the Tribal Council. All approvals will be given subject to the availability of funds.

18. RESTRICTIONS ON APPROVAL OF LOANS - Loans will not be approved if they come under any one of the following categories:

- (a) If the loan involves undue risk to the Tribe and/or the borrower.
- (b) If the applicant has falsified his application or concealed his liabilities.
- (c) When the loan is for the purchase of unrestricted real property, unless the applicant accompanies the application with an up-to-date abstract of title showing a clear and marketable title, or furnishes a title report.
- (d) If the applicant is delinquent in repayment of any tribal loan, a borrower may request refinancing of a delinquent loan to cure the delinquency only.

- (e) When the amount of the loan requested is less than \$300.00
- (f) When the property to be purchased with the loan will not be utilized by the borrower personally within a reasonable time after the loan is made.
- (g) When the loan is for the purchase of an automobile.

19. APPROVAL OF MODIFICATIONS - Requests for modifications of loans, including extensions of repayment terms may be approved by the Committee if the total indebtedness of the borrower to the Tribe will not exceed \$100,000.00 except as otherwise provided in Section 17. Requests for modifications exceeding \$100,000.00 to total indebtedness to the Tribe will require approval by the Council. All approval of requests for modification will be given subject to the availability of funds.

20. ELIGIBILITY FOR LOANS - Loans will be made only to enrolled members of the Tribe. Applications for loans submitted by tribal members who are recipients of welfare benefits will not be considered except in instances when authorized and is in cooperation with the Welfare Department. Proper documentation of authorization will be submitted by the potential borrower prior to disbursement of the loan. In the event of death of the member-borrower, the loan will not be disturbed so long as the surviving spouse adheres to the terms of the loan agreement, and the loan continues to benefit tribal members. In the event the loan is considered no longer beneficial to the membership by the Committee, the Committee at its discretion, may declare the entire remaining balance of the loan due and payable, or otherwise modify repayment terms as in its judgment circumstances warrant. Applicants must be *eighteen* years of age to enter into valid contracts. When a co-signer is required, the co-signer must prove financial stability. The applicants must disclose all financial liabilities and/or all responsibilities on the loan application. The applicants or co-signer must possess a debt ratio of no more than 45%.

21. OBJECTIVE OF LOANS - The objective of loans by the Tribe shall be of maximum benefit to the members. Attainment of the objective will require due consideration of the following:

- (a) Soundness of Loans - First Consideration shall be given to soundness of loans assuring that there will be reasonable probability of regular repayment resulting

in financial gain to the general membership as well as to the borrowers.

- (b) Home Loans or Improvements- Loans to assist tribal members in obtaining good quality, adequate housing consistent with their repayment ability.
- (c) Education - To assist in obtaining educational training opportunities.
- (d) Intermediate - Loan to assist tribal members with the purchase of furniture, home improvements, consolidation of debts, etc.

22. PRIORITY OF CONSIDERATION - Applications shall receive priority in action by the Committee in the chronological order of filing (otherwise first come, first serve.)

23. LOAN PROCEDURE

- (a) Applications - Applications will be submitted on the form provided by the Credit Office. Applications will be completed by the applicants, or filled out for them, and must be manually signed by applicants
- (b) All applications will be date stamped and initialed by two credit employees when received.
- (c) Married Applicants - If married, both member-borrower and spouse must sign application documents, where applicable, in the loan process. With regards to Section 35 Short Term Loan Program, a member-borrower may apply and be approved for a loan without his or her spouse so long as the member applicant has sufficient income to make all debt payments.
- (d) Appraisal - A physical appraisal showing the value of assets of the applicant will be made when such assets are taken as security, unless waived by the Committee.
 - 1. The Appraisal of real property and permanent structures will only be accepted when completed by a certified real-estate appraiser. The responsibility of payment will be to the potential borrower.
 - 2. An approved appraiser list may be provided at the Credit office by request.
- (e) Unrestricted Real Property - Applications for the purchase of unrestricted real property will be accompanied by an up-to-date abstract of title or a report of application for title insurance showing clear and marketable title.
- (f) Restricted Real Property - Applications for purchase of restricted real property will be accompanied by a title

certificate issued by the Bureau of Indian Affairs. All real property will have a clear title before disbursement, naming the borrower(s) as land owners.

(g) A minimum down payment of five percent of the purchase price or of the appraised value, which ever is lower, is required with the exception that the Committee may require more than five percent equity in the property price or of the appraised value, which ever is lower.

(h) Housing Loans - Applications for housing will be accompanied by:

1. A plan showing the type, dimensions, floor area of the house to be constructed accompanied by construction drawings as deemed necessary, for satisfactory completion. The construction drawings will contain or be accompanied by specifications showing types, qualities and amounts of materials to be used, estimated cost of construction, and will be signed by the contractor and applicant. The contractor must be licensed and bondable. The plans and specifications must meet tribal or Federal Housing Administration Building Codes. Construction contracts will be negotiated by the borrower with the contractor whether a commercial firm or the tribal construction program is used. A qualified building inspector will be named in each contract as the owner's representative. The contractor will be required to agree to permit the owner, the owner's representative, or the committee to inspect the construction from time to time; 10% will be withheld of the final payment and will be disbursed only after the house has been certified as complete by the inspector and accepted by the owner. Contractors will be required to furnish a bond for liability and other insurance coverage during the course of construction; and the contractor may be required by the committee to file a lien waiver prior to or at the time of final payment. The contractor will be required to furnish a one-year guarantee on materials and workmanship on the dwelling constructed; this to be contained in the contract. The one-year guarantee will commence on completion date of contract or on date of final acceptance by owner.
2. In the case of permanent dwellings or improvements to be built on individually owned trust land, the applicant will obtain a title status report that reflects the applicant owns an undivided or specific interest therein. The loan will be secured by a deed of trust mortgage and recorded in the proper county records and the Bureau of Indian Affairs Title Plant.

If in the opinion of the Committee the value of the property is of an amount equal to or greater than five percent of the total construction costs, this value may be established as the borrower's equity thus eliminating the requirement of a cash down payment; except that the Committee may require more than five percent equity

3. In the case of permanent dwellings or improvements to be built on Council (assignments), the applicant must have or be assured of obtaining a fifty year Council Residential Land Assignment with an option for renewal. The loan will be secured by a mortgage on the Council Residential Land Assignment interest including improvements already in place or to be placed thereon. The mortgage will be recorded in the proper records of the Hoopa Tribal Real Estate Office and with the Humboldt County Recorder. For loans to be secured by valid tribal assignments, assigned to the individual through the 1955 referendum, the loan will be secured by a leasehold mortgage and will be recorded in the proper records of the Hoopa Tribal Realty and with Bureau of Indian Affairs titles and records.
4. All improvements, whether newly constructed dwellings or the placement of manufactured or modular housing where a minimum down payment of five percent of the total construction costs is required, except the Committee may require more than five percent equity in the property. Land held as Tribal Assignment or Council Assignment will be considered as an asset to the borrower but will not be considered towards monetary value as a down payment.
5. In the case of permanent dwellings or improvements to be built on unrestricted land, evidence of ownership of the land in the form of a current abstract of title showing clean and marketable title, or policy of title insurance must be obtained. A minimum down payment of five percent of the total construction cost is required, except that the Committee may require more than a five percent equity. If in the opinion of the Committee the value of the property is of an amount equal to or greater than five percent of the total construction costs, this value may be established as the borrower's equity and down payment may be waived.
6. Loans to purchase or to refinance existing homes or for construction on property outside the exterior boundaries of the Hoopa Valley Indian Reservation must be fully secured. Such loans will be closed through escrow and a policy of title insurance will be required. Applications for purchase of existing homes

will be accompanied by an appraisal completed by a recognized, licensed Real Estate appraiser.

(i) Educational Loans - Loans to members for educational purposes will be made after evidence of need is shown. Application will be on a form prescribed by the Committee and will be accompanied by:

1. An official transcript of High School credits (and College credits, if any);
2. Evidence of acceptance by the institution to be entered;
3. The institution to be attended;
4. The course of study to be pursued; Loans may be made for any approved length of course of study. Loans may be made to finance up to the entire course of study contemplated by the applicant upon proof of financial need. Any change in institutions or courses after the loan is approved, must be approved by the Committee. Funds may not be included to refinance loans made by other lenders. Disbursements of funds will be made in accordance with provisions of the approved loan agreements. Repayment will be made in accordance with the approved loan agreements. A minimum monthly payment of \$25.00 per month must be made on education loans of less than \$2,500.00. For education loans of \$2,500 or more, repayment will be a minimum of \$25.00 per month per thousand. (Example-An education loan in the amount of \$3,000.00 will require a minimum \$75.00 monthly payment.)

(j). House Repair and Improvement Loans - In the case of loans for house repairs and improvements, the Committee may require information similar to that required by Section 23 (g) (1) through (5), before taking action on the application. If the improvements are made on an applicant's unrestricted real property upon which there is a lien, the Committee may lend an amount sufficient to discharge the lien in addition to the cost of the proposed improvements. A first mortgage is required as security on such loans.

(k). Manufactured Homes - Loans may be made for the purchase of manufactured homes in accordance with the following provisions:

1. The loan will be adequately secured.
2. The term of the loan will not exceed the following:

- A. Loans for an amount up to \$25,000 10 years
 - B. Loans for an amount of between \$25,000 and \$50,000 20 years
 - C. Loans for a maximum of \$100,000.00 30 years
3. A minimum down payment of five percent of the purchase price which can include the value of owned property, including trust property (not tribal assignment) is required. The Committee may require more than five percent equity at their discretion.
 4. Filing of securing documents will be as set forth in Section 29.
 5. Insurance will be as set forth in Section 24.
 6. All units will be permanently affixed to property.

(1). Intermediate Loans - Approval and disbursement for Intermediate Loans will be based primarily on the applicants financial stability, and ability to repay. The applicant(s) maybe required to provide adequate security for the loan and must meet guidelines as set forth in section 20.

1. Debt Consolidation Loans - Payoff balances with account number and address of creditor for each debt paid out of loans funds, will be submitted to the Credit Manager. All debts to be paid out of loans funds will be disbursed from Credit Division funds with receipts(s) for each debt paid to be delivered directly to the agency or creditor. Loan amounts will be limited to the amount of debts provided by documentation submitted by the borrower.

(2) Home improvements and house repairs loans - a detailed list of all items necessary to complete the project will be submitted to the credit manager. Disbursement will be out of loans funds as direct payment. Receipts for disbursement will be delivered to the borrower(s).

(3) Loans for any other purpose - Loans for any other purpose will be disbursed and managed at the discretion of the credit committee or manager.

(4) Sale of Property -. Subject to provisions in Section 27, sale or attempted sale or any other diminishment of any property, which has been purchased from proceeds of a loan, without prior approval of the Committee may, at the discretion of the Committee, subject the loan to be declared immediately due and payable.

(m). Credit Ratings - Credit reports may be obtained on applicants or co-signers to determine established repayment patterns and credit ratings for information to the Committee in reaching a decision. Credit history will be submitted to the Credit Bureau.

24. Insurance - Fire insurance with a loss payable clause in favor of the Hoopa Development Fund will be required on all loans for the construction or purchase of homes or other buildings, Manufactured homes, and on all loans in excess of \$2,000.00 for the repair or improvement of homes and other buildings, and homes or other buildings given as security for loans. The amount of the insurance will equal or exceed the unpaid balance of the loan. Failure to be adequately insured will subject them to the default penalties of their loan agreements. In the event a borrower does not maintain adequate insurance, he will agree that the Hoopa Development Fund-Credit Division may do so and charge the borrower thereafter. Premiums for such insurance will be paid from credit funds and will be entered in accounts receivable to the borrower. Borrowers will be required to deposit insurance policies with the Credit Office for filing in the individual's loan docket. Unless otherwise provided for in the loan agreement, payments for insurance premiums and property taxes will be made through the Credit office.

25. Interest Rates- Interest rates will be charged in accordance with Attachment No. 1 and will be no less than 2 ½% over the ten year treasury. Interest rates may be changed by the Committee. Changes in interest rates will not change the rates charged on loans already approved but would apply to all new loans and modifications of existing loans. A .25% rate reduction will be made available on the Credit Division's interest rate to those borrowers willing to execute an automatic payment agreement or payroll deduction plan.

26. FEES - Fees will be charged on all loans to defray costs for physical inspection of property and security offered for loans, for the preparation of applications, maintenance Credit Division's accounting records and for other expenses. The fee will be established by the Committee and modified from time to time as costs warrant due to inflation based on recommendation by the Credit Manager. Applicability of the fee will be determined by the Committee when the amount of fee is established. Direct out-of-pocket costs for loan processing shall be borne by the applicant.

- 27. DISPOSITION OF PROPERTY** - Security may be released by the Committee only if the loan is paid in full or if prior to release, the loan is adequately secured by other property which meets the requirements for security contained in Paragraph 23 of these policies for the remaining balance of the loan.
- 28. ANNUAL INSPECTIONS** - The Credit Manager and/or representative of the Committee will make an annual inspection of each borrower's assets except that in the case of fully secured loans which are not delinquent, the committee may waive this requirement. All such waivers shall be reflected in the record of meetings of the Committee in accordance with Section 7 (e). Each borrower will be notified in writing by the Credit Office of the date of the inspection ten days in advance, unless otherwise agreed upon by the parties involved.
- 29. FILING AND RECORDING** - All recording of documents and filing costs, including costs of lien searches, will be at the expense of the borrower. Securing documents, except assignments of income from trust land, will be filed or recorded in accordance with tribal and State laws. Assignments of income from trust land may be filed in the Agency Office. When Manufactured homes are financed or taken as security, the registration or title will be taken or filed indicating the Hoopa Development Fund as legal owner; security agreements and financing statements will be taken and filing requirements adhered to in accordance with tribal and State laws.
- 30. TITLE OF PROPERTY** - Title to property purchased with loans will be taken in the name of the borrower, except land, title which is in trust or restricted status prior to purchase, may, with the approval of the Area Director be taken in the name of the United States in trust for the borrower. Mortgages on trust land also require approval of the Area Director. Deeds of Trust for Fee Simple property will be recorded in the county and state in which the encumbered property is situated.
- 31. SECURITY** - Borrowers with security to offer will be required to fully collateralize the loan amount to adequately protect the loan.

- (a) Unless other adequate security is available, property purchased with the loan will be mortgaged to the Tribe for security.
- (b) Lack of security will not prevent approval of a loan provided the borrower's plan shows reasonable assurance that it can be repaid and credit worthiness are satisfactory.

32. MATURITY - The maturity of loans to individuals for the purchase of land, for the purchase or construction of homes or other buildings, for land improvements, and for other items customarily requiring long term financing, will be scheduled for repayment at the earliest possible date consistent with the borrower's ability to repay. The maturity of loans guaranteed or insured will be in accordance with the requirements thereof.

- (a) Education loans will be in accordance with 23.(i). Repayments will start on the first day of the month following six months from the date of completion of the program for which the loan is made.
- (b) In the event of non-completion of the program, the entire loan will be due and payable on the first day of the month following the date the borrower leaves school.
- (c) If upon completion of the course for which the loan is made, the borrower enrolls in a school of higher learning or enters the Armed Forces of the United States, the requirement of monthly payments will be suspended as long as the borrower is enrolled in the school of higher learning and during the first two years of service in the Armed Forces of the United States. Monthly payments will again be due on the first day of the month after the borrower completes the program, or otherwise leaves the school of higher learning, or upon discharge from or completion of two years in the Armed Forces. All repayments will be applied first on interest and balance on principal.
- (d) Maturity of all other loans will be scheduled by the Committee consistent with good business practice.

33. LAND PURCHASE LOANS - The Hoopa Development Fund-Credit Division may make loans to individual members for the purchase of land. Loans for the purchase of land will be approved only to members who will utilize the land.

33. DELINQUENCIES - Loans will not be permitted to remain delinquent for more than ninety days at any particular time, except loans which are in the process of liquidation, and loans on which there are unpaid balances but which have been charged off on the Tribe's active accounting records.

35. SHORT TERM LOAN/LINE OF CREDIT PROGRAM - Hoopa Development Fund shall maintain records for individual accounts under the name of the borrower. Individual tribal member or joint applicants may apply. Individuals or Joint borrowers shall, if credit is approved, be eligible for either a Short Term loan or a Line of Credit, but not both.

I. SHORT TERM LOANS

Hoopa Development funds will be deposited in a bank or financial institution, meeting the requirements for a depository in accordance with Section 14 hereof. Separate accounting records will be maintained on the Short Term Loan Program. Loans may be made from this fund under the conditions set forth below. Where provisions of this section conflict with the provisions of other sections of this Declaration, the provisions of this section shall govern. The Short Term Loan Program will provide funds for the purpose of enhancing the social and economic status of the members of the Tribe. In addition, loans of a "personal" nature should be scrutinized carefully for validity of purpose.

- (a) Form - Applications will be submitted on the form attached hereto and identified as Exhibit B.
- (b) Procedure - Applications will be accepted by the Credit Manager, or authorized representative and presented to the Committee.
- (c) Maximum Amount - The maximum amount which may be loaned to any one borrower or combination of borrowers under this program is \$2000.00. The minimum amount which may be loaned to any one borrower is \$300.00.
- (d) Security - Short Term loans may be secured by assignment of forthcoming Tribal per capita payments on an amount to insure repayments of loan plus interest within two years.
- (e) Approval - Approval authority of applications for Short Term loans shall reside with the Committee.
- (f) Maturity - The maturity of loans will not exceed two years with the exception that loans in the amount of \$500.00 or less will have a maximum term of no longer

than one year. Any borrower who fails to meet the conditions set forth for repayment of the loan, will be ineligible to submit an application for a loan for a minimum period of one year from the date of final payment is received on the delinquent loan.

- (g) Refinancing - A Short Term loan may be refinanced by another Short Term loan. Borrower may have a Short Term loan and also be eligible to co-sign for one Short Term loan.
- (h) Interest - Interest on new Short Term loans will be in accordance with Attachment No. 1; interest rates may be raised or lowered at any time at the discretion of the Committee with concurrence of the Council. A reduction of 0.25% in the rate of interest may be granted provided the borrower agrees to an automatic payment or payroll deduction.
- (i) Fees - A loan fee will be charged on all Short Term loans at the rate of no less than one percent (1%) of the amount loaned rounded to the nearest dollar with minimum charge of \$20.00 and a \$10.00 application processing fee will be collected with every application submitted. Fees will be collected in cash.
- (j) Filing - Securing documents on Short Term loans will be filed or recorded in accordance with Section 29 hereof.
- (k) Audits - Audits of the Tribe's credit operations in accordance with section 16 will include a special section on the status and the ability to collect on loans made under the Short Term Loan Program.
- (l) Repayments - Repayments on loans will be made in accordance with Section 15(c). Interest and other earnings on short term loans will be credited to the Short Term Loan Program and return any funds in its account to the Hoopa Development
- (m) Security - Short Term loans may be secured by assignment of forthcoming Tribal per capita payments on an amount to insure repayments of loan plus interest within two years.

II. LINE OF CREDIT

Hoopa Development funds will be deposited in a bank or financial institution, meeting the requirements for a depository in accordance with Section 14 hereof. Separate accounting records will be maintained on the Line of Credit Program. Lines of Credit may be made from this fund under the conditions set forth below. Where provisions of this section conflict with the provisions of other sections of this Declaration, the provisions of

this section shall govern. The Line of Credit Program will provide funds for the purpose of enhancing the social and economic status of the members of the Tribe.

- (a) Form - Applications will be submitted on the form attached hereto and identified as Exhibit B.
 - (b) Procedure - Applications will be accepted by the Credit Manager, or authorized representative, and presented to the Committee for consideration.
 - (c) Maximum Amount - The maximum line of credit issued to any one borrower or combination of borrowers under this program is \$2000.00.
- (1) Eligibility for a Line of Credit will be based on a number of factors for evaluation including, but not limited to, the following:
- (a) Applicant must have two consecutive years of employment history with the same employer and show proof that he/she/they is/are permanent employee(s).
 - (b) Applicant must have clean credit history, i.e., no late pays and no unpaid derogatory accounts.
 - (c) A clear explanation will be submitted with supporting documentation for any paid collection accounts. Applicant must be able to secure repayment through a payroll deduction or automatic payment plan
 - (d) Security - Lines of Credit may be secured by assignment of forthcoming Tribal per capita payments on an amount to insure repayments of loan plus interest.
 - (e) Approval - Approval authority of applications for lines of credit shall reside with the Committee.
- (1) Line of Credit revaluation will be conducted quarterly by staff and every six months by the loan committee. This does not limit the staff from evaluating the line of credit at any time.
- (a) Staff may determine earlier than quarterly that a Line of Credit draw should be prohibited based on repayment history. In this event, a withdraw will be postponed for committee consideration. The LOC account holder will be informed of the committee decision, which will be final.

- (g) Maturity - Maturity can be continuous but will in no case exceed beyond a delinquency, whether the delinquency is brought to the attention of the line of credit holder or not. In the case that a Line of Credit account is deemed delinquent by the loan committee, the Lines of Credit will automatically convert to a Short Term loan and all provisions in the Short Term Loan program will be applicable to the newly converted loan.
- (h) Interest - Interest on any Line of Credit will be no less than 11% and may be increased at the discretion of the loan committee globally or on any given individual account when a quarterly evaluation reveals a decline in overall credit history; payroll deduction or other means of automatic payment are required for the Line of Credit holder; therefore rate reductions are prohibited in the line of credit program.
- (i) Fees - An initial application fee will be charged for all lines of credit applications. When the loan committee makes a favorable decision for a line of credit applicant, an additional fee will be charged for processing documents. Thereafter a processing fee, payable in cash, will be assessed for each line of credit draw. Fees will be set by loan committee. Per attachment 1.
- (j) Filing - Securing documents on Lines of Credit will be filed or recorded in accordance with Section 29 hereof.
- (k) Audits - Audits of the Tribe's credit operations in accordance with section 16 will include a special section on the status and the ability to collect on loans made under the Line of Credit Program.
- (l) Repayments - Repayments on Lines of Credit will be made in accordance with Section 15(c). Monthly repayment amounts will be adjusted quarterly based on the balance on file at the close of business for the last day of the quarter. In no case will monthly payments be less than accrued interest, plus one dollar.

36. AMENDMENTS - This declaration may be amended at any time by the Committee, and approved by the Council in accordance with the Legislative Procedures Act.

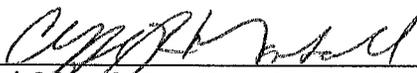
37. EFFECTIVE DATE - This Declaration of Policy and Plan shall become effective when approved by the Tribal Council and shall replace and supersede the Declaration of Policy and Plan of Operation approved June 25, 2001.

38. TERMINATION OF PROGRAM - In the event of termination of the Hoopa Development Fund, all Tribal trust funds invested in the Program will be returned to the United States Treasury to the credit of the Tribe.

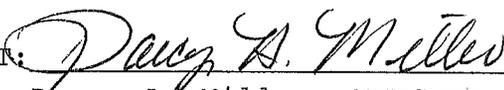
CERTIFICATION

I, the undersigned, as Chairman of the Hoopa Valley Tribal Council, do hereby certify that the Hoopa Valley Tribal Council is composed of eight members of which 8 were present, constituting a quorum, at a Regular Meeting thereof; duly and Regular called, noticed, convened and held this the 25th day of July, 2005; and that this resolution was adopted by a vote of seven (7) for with none (0) against; and that said resolution has not been rescinded or amended in any way.

DATED THIS TWENTY-FIFTH DAY OF JULY, 2005.



Clifford L. Marshall Sr., CHAIRMAN
HOOPA VALLEY TRIBAL COUNCIL

ATTEST: 

Darcy A. Miller, EXECUTIVE SECRETARY
HOOPA VALLEY TRIBAL COUNCIL

Attachment 1

Interest rates shall be set forth as follows:

Long Term Loans: The interest rate will be at a fixed rate to be confirmed the day the loan is approved by the loan committee at the close of the business day, at NO LESS THAN 2 ½% (250 basis points) over the ten year treasury. The rate will be matched to the treasury rate for the term assigned to the loan. (Treasury rates can be located at <http://federalreserve.gov/releases/h15/update/>)

Intermediate Loans:

Secured	8% FIXED
Unsecured	10% FIXED
Education loans	7% FIXED
Short Term Loans	11% FIXED

Line of Credit no less than 11% and may be adjusted upward by .25% increments at the discretion of the loan committee when evaluation of a line of credit holder reveals a decline in overall credit for each individual borrower.

Fees: Short Term	\$20.00 fixed
Education	1% per thousand
Intermediate	1% per thousand
Long Term	1% per thousand