

MILLE LACS BAND OF OJIBWE REVOLVING LOAN FUND POLICY

A. General Information

1. **General.** Under Title 17, Chapter 1, the Mille Lacs Band of Ojibwe (“MLBO” or “Band”) offers a Revolving Loan Fund program. This program is intended to serve enrolled Band members employed full-time or part-time who are able to make payments through direct debit from their payroll. The Office of Management and Budget (“OMB”) is responsible for matters involving interpretation of the loan guidelines established within this policy. OMB shall follow Title 17, Chapter 1 and this policy when approving and distributing loans under this program.
2. **Loan Specialist.** A Loan Specialist within OMB shall be assigned to assist OMB in their duties as described in 17 MLBS § 3. Duties of the Loan Specialist may be executed by other members of OMB staff as deemed necessary by the Commissioner of Finance.
 - a. **Duties.** The Loan Specialist shall have the following duties:
 - i. to administer day-to-day functions for the revolving loan fund;
 - ii. to approve or deny loan requests pursuant to the guidelines in Title 17 and this policy;
 - iii. to maintain confidential loan documentation to include but not be limited to, the loan applications along with all relevant information, amortization schedule on loan repayment, the promissory note, payroll deduction form, and any delinquency follow-up notices, which shall be kept in OMB for a minimum of 4 years; and
 - iv. to recommend changes to OMB regarding this policy.
3. **Conflict of Interest.**
 - a. **Loan Specialist.** The Loan Specialist shall not participate in processing a loan application when there is a conflict of interest. Where there is a conflict of interest, the Commissioner of Finance shall process the loan application.
 - b. **Definition of Conflict of Interest.** Conflict of interest exists when a spouse or an immediate family member’s application is being considered. Immediate family member shall include a biological or adopted child, members of the same household, mother, father, sister, or brother.

B. Loan Application Process

1. **Application.** For enrolled Band members employed full-time or part-time requesting a loan, the following procedures must be followed:

- a. All applicants must complete a standard loan application which may be obtained from the MLBO's OMB webpage, the office of OMB, the Government Center receptionist, District II or III administrative assistants, or the Urban Office. Loan policies shall be posted on the MLBO's OMB webpage.
- b. All applicants agree to comply with the loan policies and applicable Band Statutes.
- c. All loans shall have an annual percentage rate ("APR") of 5%.
- d. All applicants must be at least 18 years of age.
- e. All applicants must be enrolled Mille Lacs Band Members and employed full-time or part-time.
- f. Upon OMB approving a loan application, if delinquent debt exists with the MLBO government including debt to the Housing Department, tribal court, motor vehicles, or any political subdivision, the loan applicant shall enter into an agreement with MLBO to setup a repayment plan for delinquent debt prior to OMB issuing the loan. Twenty-five percent (25%) of loan proceeds will first be applied to delinquent MLBO debt with the remaining loan proceeds to be paid to the loan applicant.
- g. Loan applicants shall receive a copy of this policy upon request for a loan application.
- h. If funds become limited, OMB shall approve qualified loan applications from first-time borrowers before approving those of repeat borrowers.

2. **Loan application timeline.**

- a. **Application.** The Loan Specialist shall review loan applications on a rolling basis in the order they are received.
 - i. Loan application decisions will be made by OMB within 7 business days after the Loan Specialist has received all required loan application documentation. Failure of the applicant to submit all required documentation may result in denial of the application.
- b. **Denial.** OMB shall deny any loan application that does not meet the requirements set forth in this policy. The Loan Specialist shall mail and electronically deliver the denial to the loan applicant within 10 business days of denial. All denial

notices shall inform the loan applicant of the option to appeal by including the policy's appeal language set forth below in section B(2)(c).

- c. **Appeal.** If a loan application is denied, the loan applicant may appeal to the Commissioner of Finance by submitting a written explanation why the loan denial was in error and any supporting documentary evidence.
 - i. Appeals shall be filed with OMB within 30 calendar days after OMB notifies the applicant their loan application is denied. The Commissioner of Finance shall issue a final decision no more than 15 calendar days after the appeal reaches OMB. All final decisions shall be made in writing and served by the Loan Specialist to the loan applicant within 5 business days of the final decision being made.

All decisions on appeals are final and unappealable to any court or tribunal.

C. Lending Guidelines

1. Payroll Deduction Secured Loans

- a. **Eligibility for Payroll Deduction.** The loan applicant's employer must be willing to make payroll deductions and send loan payments directly to OMB. If an applicant's employer is unable or unwilling to make payroll deduction payments, the loan application will be denied. All Per Capita, General Welfare Exclusion Assistance, Bonus, and any other cash payments issued by OMB on behalf of the Band, must be garnished if a loan becomes delinquent. The following are requirements based on employment status.
 - i. **Full-time, permanent employment.** A full-time, permanent status loan applicant who has been employed for at least ninety (90) calendar days is eligible for a loan.
 - ii. **Part-time employment.** A part-time loan applicant who has been employed for at least six (6) months is eligible for a loan.

Full-time employees who transfer from one MLBO job to another are not required to wait an additional ninety (90) calendar days before being eligible to receive a loan. Part-time employees who transfer from one MLBO job to another are not required to wait an additional (6) months before being eligible to receive a loan.

- b. **Lending Guidelines.** The following are loan amount guidelines.

<u>Lending Guidelines</u>	<u>Loan Amount</u>	<u>Repayment Term</u>
Maximum first loan	\$ 1,000.00	Six months

Maximum second loan*	\$ 1,500.00	Twelve months
Maximum third loan*	\$ 3,000.00	Eighteen months
Maximum loan amount* *	\$ 4,000.00	Twenty-four months

* In order to qualify for the next level of loan amount, good payment history must have been demonstrated for the stated repayment term sought
 * * Only Band members employed full time are eligible for this amount; the maximum loan amount for part-time workers is \$3,000.

- i. Borrowers become eligible for subsequent loans once they pay their current loans down to one-quarter of the original loan balance.
- ii. OMB is not obligated to grant a loan for the maximum amount unless they deem the loan to be sound and appropriate.
- iii. OMB shall consider previous loan history with the Band when determining whether to grant a loan.
- iv. A loan applicant shall not be limited to the amount of loans they receive throughout their lifetime from MLBO.

2. Promissory Note and Notice Requirements

a. **Promissory note.** For all loans granted, a formal promissory note must be signed by the loan recipient. A payroll deduction form shall also be signed by the loan recipient.

b. **Notices.**

- i. Notice of the delinquent loan follow-up and garnishment procedure shall be given to the loan recipient at the time of the loan disbursement.
- ii. Applicants must receive a copy of this policy prior to the disbursement of their loan and acknowledgement receipt via their signature.

3. Delinquent Loan Follow-up. All loan balances will be maintained on a timely basis by the Loan Specialist. If loan payments are not received, the Loan Specialist, with approval by the Commissioner of Finance will initiate the following collection procedures:

- a. Follow-up with payroll specialist to check on payroll deduction status if the first payment due is not received within 15 calendar days of expected payment date.
- b. Contact the loan recipient when payment is 30 calendar days overdue.
- c. When a payment is 60 calendar days overdue, send a written notice indicating that the borrower must come into OMB and make payments to bring the loan balance

current. If the borrower fails to bring their loan to current status, her or his future Per Capita, Bonus, General Welfare Exclusion, and any cash payments issued by OMB on behalf of the Band, will be garnished until their loan is repaid in full.

- d. When a payment is 90 calendar days overdue, a motion seeking judgment may be filed in the Court of Central Jurisdiction. OMB may also seek to garnish any bonus due to the borrower. Debts owed to MLBO shall have priority for repayment with garnishments. If more than one MLBO debt is owed, garnishment will be prorated to the outstanding debts based on the ratio of total outstanding balances.
- e. The Loan Specialist may arrange revised repayment plans for borrowers if it is deemed to be in the best interest of the Band.
- f. In the unfortunate event that an individual with an outstanding loan balance passes away, the remaining balance of the loan will be written off and not collected.
- g. In the event that an individual with a loan balance becomes totally disabled, their loan payments shall be put on hold until such time that they are able to return to work. Loan payments shall resume upon their return to work and there shall be no change in the amount of loan this individual will be eligible to receive in the future.
- h. Interest on delinquent loans will continue to accrue at the rate stated in the promissory note.
- i. If the borrower becomes unemployed, they shall contact the loan specialist to establish a new repayment plan.

4. **Rebuilding Process.** Once a loan recipient's money is garnished for loan repayment, credit must be rebuilt from the beginning.

RATIFICATION

This policy was presented to the Band Assembly pursuant to 17 MLBS, Chapter 1 § 7 and ratified by Act 43-24 on August 1, 2024.

By:



Sheldon Boyd
Speaker of the Assembly