

## **Chapter 55 Small Business Loans**

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### **55.1. Purpose and Policy**

55.1-1. The Small Business Loans Law exists in a cooperative arrangement between the Oneida Tribe of Indians of Wisconsin and Tribally owned Bay Bank (hereafter "Bank"). The purpose of such arrangement is the promotion of Oneida economic development through the enhancement of credit made available to Tribal members engaged or proposing to engage in business ventures.

55.1-2. It shall also be the purpose of the Small Business Loans Law to identify other programs fostering credit made available for Tribal members, utilizing the Bank's knowledge and experience with such programs; e.g., government programs for minority and/or women's business development.

55.1-3. It is the policy of the Oneida Tribe of Indians of Wisconsin to promote economic development and to assist Tribal members engaged in or proposing to engage in business ventures.

### **55.2. Adoption, Amendment, Repeal**

55.2-1. This law was first adopted by the Oneida Business Committee by resolution BC# 06-06-01-A, and was further amended by the following Oneida Business Committee resolutions: BC-04-17-02-A, BC-11-20-02-A, BC-10-06-04-C, BC-09-27-06-D, and BC-08-28-13-C.

55.2-2. This law may be amended or repealed by the Oneida Business Committee and/or Oneida General Tribal Council pursuant to the procedures set out in the Legislative Procedures Act.

55.2-3. Should a provision of this law or the application thereof to any person or circumstances be held as invalid, such invalidity shall not affect other provisions of this law which are considered to have legal force without the invalid portions.

55.2-4. In the event of a conflict between a provision of this law and a provision of another law, the provisions of this law shall control.

55.2-5. This law is adopted under the authority of the Constitution of the Oneida Tribe of Indians of Wisconsin.

### **55.3. Definitions**

55.3-1. This section shall govern the definitions of words and phrases used within this law. All words not defined herein shall be used in their ordinary and everyday sense.

(a) "Amortization Schedule" shall mean the schedule of loan payments that shows due dates and the amount of money that shall be applied to the principal and the amount of money that shall be applied to interest.

(b) "Applicant" shall mean the individual(s) or business that is applying for a loan under

this program.

(c) "Assumable loan" shall mean an outstanding loan and its terms that can be transferred from the current owner to the buyer.

(d) "Audit" shall mean the process of gathering, reviewing, testing and evaluating the facts of financial, operational, compliance or management issues. This includes necessary industry-specific research.

(e) "Bank" shall mean Bay Bank which is owned by the Tribe and whose main office is located at 2555 Packerland Drive, Green Bay, WI 54313.

(f) "Borrower" shall mean the individual(s) or business that receives a loan through this program and who has entered into an agreement for repayment.

(g) "Business financial statement" shall mean the document(s) that report the business' financial performance and resources. These statements shall include, but are not limited to balance sheets, income statement and cash flow statement.

(h) "Business progress report" shall mean a written report of work or goals accomplished during a specified time period.

(i) "Confidential" shall mean treated as private and available on a limited basis only to authorized personnel.

(j) "Default" shall mean the failure of the Borrower to abide by the loan agreement, including but not limited to, the failure to make a timely payment of interest or principal.

(k) "Oneida Liaison" shall mean the specific individual or office designated by the Oneida Business Committee who shall receive all communications from the Bank and who is responsible for the transmission of all tribal communications to the Bank regarding the loan program and fund.

(l) "Oneida Revolving Loan Fund" (Loan Fund) shall mean the Bank's fund available for loaning money to qualifying Tribal members.

(m) "Reservation" shall mean all lands within the exterior boundaries of the Reservation of the Oneida Tribe of Indians of Wisconsin, as created pursuant to the 1838 Treaty with the Oneida, 7 Stat. 566, and any lands added thereto pursuant to federal law.

(n) "Tribal" or "Tribe" shall mean the Oneida Tribe of Indians of Wisconsin.

(o) "Tribal member" shall mean an individual who is enrolled in the Oneida Tribe of Indians of Wisconsin.

(p) "Uniform Commercial Code" (UCC) shall mean the standard set of federal laws regulating commercial transactions, especially ones involving the sale of goods and secured transactions.

#### **55.4 The Tribe's Role in the Program**

55.4-1. *Money Deposit.* The Tribe shall deposit a significant sum of money in the Bank which shall constitute the Oneida Revolving Loan Fund (Loan Fund).

55.4-2. *Audit.* The Oneida Business Committee shall select an independent auditing firm to conduct an annual audit of the Loan Fund, and report its findings to the Tribe and the Bank.

(a) The costs of such audit shall be borne by the Loan Fund.

(b) The Oneida Audit Committee shall conduct periodic review of the Bank's monthly statements and semi-annual reports of Loan Fund performance and report any concerns to the Oneida Business Committee.

55.4-3. *Registers.* The Oneida Liaison shall maintain two (2) Loan Fund registers, as follows:

(a) A monthly updated register recording each individual deposit, including repayments, and each disbursement, including administrative fees, taken from the Bank's monthly statements, and maintained confidentially.

(b) A similar monthly updated register, except that repayments by and disbursements to individual loan recipients shall only be registered in summarized fashion.

55.4-4. *Confidentiality.* The Oneida Business Committee, the Oneida Liaison and any other Tribal official or body authorized to hold or review individual Loan Fund records shall handle and maintain such records in a secure and confidential manner. All Loan Fund records shall be held and maintained separately from other Tribal financial records.

## **55.5 The Bank's Role in the Program**

55.5-1. The Bank shall be responsible for the administration of the Loan Fund and shall employ established lending policies and procedures, subject to such specific rules and procedures as are stated further herein. Except where otherwise provided herein, these aforementioned duties shall be performed according to the Bank's established policies and practices.

55.5-2. For their services in administering the foregoing Loan Fund(s), the Bank shall receive a prescribed fee similar to that paid by the Small Business Administration or any other Federal or State Small Business Development Program, and the fee shall be collected from the Loan Fund. This fee is in addition to expenses or service charges customarily charged by such lending institutions.

55.5-3. *Application Process.* The Bank shall be responsible for developing and/or providing all forms necessary for application, together with informational brochures describing and explaining the application process and the elements of an acceptable business plan.

55.5-4. *Consultation and Assistance.* The Bank shall provide consultation and such assistance as is feasible relating to completion of the application and business plan; e.g., informing applicants of resources to assist in business planning or estimations; and in addition, informing applicants of such alternative programs or funding/credit resources as may fit their circumstances.

55.5-5. *Loan Review and Decision.* The Bank, through their loan manager or other designated personnel, shall conduct the entire loan application process from the initial consultation through application to the review and decision, as set forth in the following sections.

55.5-6. *Loan Closing.* The Bank shall be responsible for conducting the entire loan closing and issuance process, including prescribing and approving all loan and security documents, and assuring that other promised funds and financing are in place and in compliance with Loan Fund requirements.

55.5-7. *Loan Monitoring.* The Bank shall require the Borrower to file periodic post-closing financial statements and business progress reports, and shall conduct periodic site visits on the businesses to verify the information provided in these documents.

55.5-8. *Loan Collection and Enforcement.* The Bank shall be responsible for receiving all loan repayments and depositing such payments in the Loan Fund, and shall ensure enforcement of loan terms and covenants.

55.5-9. *Records.* Written records of all program activities, including program meetings, loan applications and related documents, shall be maintained in appropriate files at the Bank. All such files shall be maintained in a secure place and remain confidential. The following files shall be established and maintained for each loan recipient:

(a) *Loan Application File.* All applications, business financial statements, personal

financial statements, credit reports, business plan documents, and all other supporting loan information submitted by the applicant to the Bank in the process of obtaining, or seeking to obtain a loan, including all applicable correspondence, shall be placed in a permanent file held and maintained at the Bank.

(b) *Loan Recommendation File.* This file shall contain a summary of the loan analysis, recommended actions on the application, a copy of the minutes for the loan review(s) performed by the Bank, and any other document summarizing the action(s) taken on the loan request.

(c) *Loan Closing File.* This file shall contain all loan closing documents, including legal instruments, e.g., mortgages and other security documents, promissory notes, etc., together with applicable correspondence, which shall be held secure in a fireproof safe.

(d) *Follow-up ("Tickler File") System.* A follow-up file system shall be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required. The system shall include the following monthly coded index files:

- (1) Expiration dates for property, casualty and life insurance policies;
- (2) Due dates for all financial statements;
- (3) Expiration dates for UCC financing statements, the reminder to update shall be at least forty-five (45) calendar days prior to the expiration of the UCC filing on hand;
- (4) Scheduled dates of annual loan performance and covenant reviews;
- (5) Due dates for required business site visits;
- (6) Due dates for property tax payments and dates by which the taxing authority expects to hear from the Borrower regarding confirmation of payment of taxes;
- (7) Review dates for job monitoring; and
- (8) Dates on which loan recipients are to be notified of scheduled changes in the loan amortization schedule per loan agreements.

(e) *Financial Statement File.* This file shall contain the business' periodic financial statements and copies of tax returns as required by the loan covenants, as well as a statement verifying that the loan administrator has reviewed the data.

(f) *Progress Report File.* This file shall contain the periodic progress reports that loan recipients are required to submit during the outstanding term of the loan, together with reports on the Bank's periodic site visits, and a statement that the loan administrator has reviewed the documents.

(g) *Repayment Monitoring File.* This file shall include the loan amortization schedule, status of payments, the outstanding balance of the loan, and all notices and correspondence with the Borrower concerning repayment deficiencies. Observations suggesting concerns or problems shall be placed in the Follow-up File, to assure that loan administrators are aware of an enhanced need for continued monitoring; such observations shall also be provided to the Oneida Liaison.

(h) *Loan Review File.* This file shall contain all reports of the Bank's post-closing loan reviews.

55.5-10. *Reporting to the Tribe.* The Bank shall submit to the Oneida Liaison monthly statements of all loan fund deposits and disbursements, identifying each disbursement recipient

and deposit source, and in addition supply the following notices:

- (a) Notice of Loan Approval, with description of loan purpose, amount, duration and interest rate.
- (b) Notice of Loan Rejection, with statement of reasons.
- (c) Notice of repayment deficiency or other problem in meeting loan obligations that shall be treated as a default if not promptly remedied.
- (d) Notice of Loan Restructuring or Workout.
- (e) Notice of a Borrower's Default.
- (f) Upon written instruction from the Oneida Liaison the Bank shall use numbers or other code(s) to identify loans, in place of individual names.

55.5-11. *Operation of the Loan Fund.* The Bank shall submit semi-annual reports on the operation of the Loan Fund, with emphasis on the Loan Fund's progress toward self-sustaining status, together with such recommendations as the Bank may make on improving the Loan Fund's performance.

55.5-12. *Audit.* The Bank shall make its files available for an annual audit of the Loan Fund, conducted by an auditor selected by the Tribe, whose report shall be submitted to both the Tribe and the Bank.

55.5-13. *Ordinary Bank Loans.* Nothing in this Law shall be understood as preventing a Tribal member from applying for or receiving an ordinary loan, to be issued from the Bank's funds and reviewed and administered according to Bank's terms, policies and procedures. Nor shall anything in this Law be understood as waiving or absolving the Bank's duties to provide fair and equal treatment to Tribal members who apply for ordinary loans.

## **55.6. Eligibility and Requirements for Application and Receipt of a Program Loan**

55.6-1. To be eligible for a loan under this Law, a business shall be owned by a Tribal member or members and located within the Reservation or elsewhere in the State of Wisconsin.

- (a) A business is to be deemed owned by a Tribal member if the member(s) own and control at least fifty-one percent (51%) of the business venture.
- (b) To be eligible an applicant shall be at least eighteen (18) years of age. No applicant shall be eligible who is assigned, associated, employed by or acts in any official capacity for the Bank, nor shall any applicant be eligible who is in arrears on money owed to the Tribe, or a subsidiary of the Tribe, in any form or capacity.

55.6-2. A Tribal member who seeks a loan under this Law shall begin by securing a loan application and such informational brochures as the Bank shall supply pertaining to its requirements. All further dealings relating to the loan shall be with the Bank, through its loan manager(s).

55.6-3. To initiate consideration, a Tribal member shall submit to the Bank a completed loan application, accompanied with a business plan meeting the Bank's criteria, and evidence of the applicant's completion of a small business course, as defined by the Bank, or a business related degree from an accredited college or university, or evidence of three (3) years of small business operation experience as determined by the Bank.

- (a) The business plan shall identify the applicant's funds that are available to meet the required minimum owner's contribution and other proposed sources of funds needed to leverage the loan.

(b) The business plan shall demonstrate that the proposed business venture has the economic ability to repay the Loan Fund.

(c) The business plan shall demonstrate that the proposed business project can be completed within eighteen (18) months. Should the applicant desire a longer time, he/she shall be prepared to demonstrate why special consideration is reasonable and necessary.

55.6-4. *Eligible Loan Activities.* Loans under this Law shall be available to eligible applicants for the following activities:

(a) The acquisition of business/commercial land, buildings or fixed equipment, whether it is a new mortgage/loan or an assumable mortgage/loan. Where land or buildings on the Reservation are purchased with Loan Fund proceeds, the Borrower shall execute a Right to Purchase at fair market value, in favor of the Tribe, to be filed along with other recordable documents, such right to be executable upon the land or building being offered for sale, and to have priority over any offer to purchase.

(b) Site preparation, construction or reconstruction of buildings or the installation of fixed equipment.

(c) Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements.

(d) The payment of assessments for sewer, water, street, and other public utilities if the provision of the facilities will directly assist the business operations or, create or retain jobs.

(e) Working Capital.

55.6-5. *In-eligible Loan Activities.* Loan Funds shall not be available for the following activities:

(a) Refinancing or consolidating of existing debt.

(b) Reimbursement for expenditures prior to loan approval.

(c) Specialized equipment that is not essential to the business operation.

(d) Residential building construction or reconstruction (unless such reconstruction is intended to convert the building to a business or industrial operation).

(e) Routine maintenance.

(f) Professional services such as feasibility and marketing studies, accounting, management services, and other similar services. Legal services for closing a loan are eligible.

(g) Other activities that the Bank's Loan Review may identify during the administration of the loan program.

55.6-6. *Ineligible Businesses.* The following businesses shall not be eligible for loans under this chapter:

(a) Tribal Enterprises and Tribally-owned or managed corporations.

(b) Speculative investment companies, i.e., marketing securities and related private investments such as mutual funds, hedge funds, etc.

(c) Real Estate investment companies.

(d) Lending institutions.

(e) Gambling operations. (Exempt is service, equipment, and supply firms, subject to review and approval of primary lender).

(f) Non-public recreation facilities.

55.6-7. *Loan Priority.* In the event that the numbers of qualifying loans requested exceed

available funds, the following criteria shall be used to determine which businesses will receive a loan:

- (a) Eligibility of the applicant(s).
- (b) Eligibility of the project to be undertaken.
- (c) The extent to which private funds are to be contributed to the project.
- (d) The extent to which the loan can be secured.
- (e) Evidence of ability to repay the loan.
- (f) Size of the loan requested.
- (g) Timing of the proposed expenditures.
- (h) Completeness of loan application.
- (i) Completeness and quality of the business plan.
- (j) Other factors affecting the business or deemed appropriate and identified by the Bank.

### **55.7. Loan Terms and Conditions**

55.7-1. Loan terms and conditions shall be structured on the need and ability of the business venture to repay. The following are the minimum standards applicable to a loan given under this Law:

- (a) The actual loan amount shall be determined by the Bank.
- (b) The applicant shall provide, at a minimum, his or her funds in the following amounts:
  - (1) Five percent (5%) of the loan for all loans under fifty thousand dollars (\$50,000).
  - (2) Ten percent (10%) of the loan for all loans of at least fifty thousand dollars (\$50,000) but no more than one hundred thousand dollars (\$100,000).
  - (3) Fifteen percent (15%) of the loan for all loans over one hundred thousand dollars (\$100,000).
- (c) The Oneida Business Committee shall establish, through resolution, the interest rate to be charged on the loan.
- (d) Prior Bank approval shall be obtained in writing by the current loan holder prior to a third party assuming any loan given under this law.

55.7-2. *Duration of Loans.*

- (a) Working capital loans shall have a maximum term of seven (7) years.
- (b) Loans for machinery, equipment and fixtures shall have a maximum term of ten (10) years.
- (c) Real estate loans shall have a maximum term of twenty (20) years which may be amortized over a thirty (30) year basis with the option of refinancing for an additional ten (10) years.
- (d) The foregoing terms notwithstanding, the loan shall not have a term longer than the terms of any other private financing in the business venture.

55.7-3. *Amortization Schedules.* Amortization schedules shall be set up for monthly payments. At the option of the loan manager, monthly payments may be calculated upon longer term amortization schedules.

55.7-4. *Prepayment.* No prepayment clauses or penalties shall apply to these loans.

55.7-5. *Collateral.* With respect to secured collateral, the loan under this Law shall have priority over any other financing for the venture, except where other governmental loans have priority as a matter of law.

55.7-6. *Loan Cap.* No loan shall exceed three hundred thousand dollars (\$300,000) per individual or business if the loan includes real estate, or two hundred thousand dollars (\$200,000) per individual or business if the loan does not include real estate. All loans are based on the availability of funds.

## **55.8 Loan Review Process**

55.8-1. All contacts and submissions regarding a loan under this chapter shall be with the Bank, including the initial contact through application review, loan decision, post-loan monitoring and collection.

55.8-2. *Preliminary Review.* The loan manager shall review the application for completeness and verify that the proposed business venture meets the minimum requirements.

(a) Where the loan manager finds the application is complete and meets the minimum requirements herein, he/she shall forward the completed application and attached documents to the Bank's Loan Review Committee for decision.

(b) Where a submitted application is incomplete, the loan manager shall inform the applicant of the deficiencies and render such assistance as is feasible toward the completion of the application.

55.8-3. *Formal Review.* The Bank's Loan Review Committee shall meet to review an application within the Bank's normal scope of business, but no later than thirty (30) calendar days following its receipt of the completed application. The formal review shall include the following:

(a) The Committee shall decide whether the proposed business is acceptable for funding, unacceptable, or that further documentation, modification or clarification is needed.

(b) Where the Committee decides either that the venture is acceptable or unacceptable for funding, the loan manager shall promptly notify the applicant and forward a copy of the decision to the Oneida Liaison.

(c) Where the decision is to reject the loan request, the notice of decision shall state the reasons for rejection and indicate that the loan manager is available to meet with the applicant to identify and explore alternative funding sources.

(d) Where the Committee requires clarification, modification or further documentation, the loan manager shall promptly notify the applicant of the additional requirements in writing.

## **55.9. Loan Closing Procedures**

55.9-1. Upon negotiation of the final terms of the loan, and prior to releasing Loan Funds the loan manager shall provide the Borrower with a list of all documents he/she is required to provide prior to or at the closing, as well as a list of the documents the Borrower shall be required to execute, and other documents he or she will be furnished with at the time of closing. Such notice shall be provided at least twenty (20) calendar days prior to closing unless such requirement is waived in writing by the Borrower. The following documentation shall be in place, provided at the closing, or executed by the Borrower as required:

(a) *Loan Agreement.* The Bank shall prepare and execute a loan agreement, employing its standard loan agreement with such modifications as are required by these policies and procedures. The Borrower shall execute the loan agreement at the time of closing.

(b) *Promissory Note.* A promissory note shall be prepared by the Bank and executed

at the closing by the Borrower. The promissory note shall be dated, shall reference the agreement between the Bank and the Borrower, and shall specify the amount and terms of the Loan Funds approved and to be delivered.

(c) *Repayment Schedule.* A loan repayment or amortization schedule shall be prepared by the Bank, and dated and signed by all parties involved. The repayment schedule shall be attached to all parties' copies of the agreement.

(d) *Security Documentation.* Mortgage, security instruments, third party and/or personal guarantees provided as security for the loan shall be prepared by the Bank and executed by the Borrower at the time of the loan closing. Following the closing the Bank shall promptly record with the Register of Deeds or Secretary of State all instruments subject to recording and, where not returned, place a copy in the Loan Closing File, including, where applicable, the following:

- (1) Mortgage and/or security agreement.
- (2) UCC searches and filing.
- (3) Guarantee agreements.
- (4) Assignments of life insurance.
- (5) Other documents determined by the Bank to be appropriate.

(e) *Business Protection Documentation.* At or prior to the closing, the Borrower shall provide, and the Bank shall examine, evidence of insurance and other documents required for normal business protection, and assure that such protections are in force, including, where applicable, the following:

- (1) Title insurance or opinion on abstract of title.
- (2) Casualty, liability and other applicable insurance binders.
- (3) Necessary permits, licenses, registrations, etc.
- (4) Other business protection documentation as may be appropriate.

(f) *Evidence of Additional Funds and Business Expenditures.* To demonstrate that the projected loan is properly leveraged and does not exceed the allowable percentage of the project investment, the Borrower shall supply, and the Bank shall examine and determine the adequacy of, the following:

- (1) Documentation of the availability of additional financing.
- (2) Documentation of the availability of personal or business funds.
- (3) Documentation of prior business project expenditures, including paid bills, invoices and other forms of clearly identified and dated receipts, bills of sale and/or canceled checks.
- (4) With respect to fixed equipment already purchased with leverage funds, the loan manager shall secure assurance that the equipment has not only been purchased but has been delivered and installed.

(g) *Other Documentation.* As appropriate or necessary, the applicant may be required to provide the following:

- (1) A certificate of status from the Bank.
- (2) Where the Borrower's business is incorporated, the Articles of Incorporation and by-laws, and the letter from the Bank official authorizing the borrowing of the funds, certified by the business' Corporate Secretary.
- (3) Where the business is already in operation, current financial statements.
- (4) Where a real estate loan is involved, an Environmental Assessment may be

required, depending on the environmental condition of the site.

55.9-2. The loan manager shall not schedule the closing until he/she receives evidence that the documentation the Borrower is required to provide is already in place or assurance that it will be available at the closing.

55.9-3. Where circumstances require, the loan manager may supplement the list of documents the Borrower is to provide, and reschedule the closing to provide additional time.

55.9-4. Copies of the loan closing documents and an amortization schedule shall be provided to the loan recipient, along with an invoice, if applicable, for loan closing and servicing fees.

#### **55.10. Post-Closing Procedures**

55.10-1. *Financial Statements.* During the duration of the loan, the Bank shall require and review the Borrower's periodic business financial statements, together with applicable tax returns. Such periods shall be no longer than annual.

55.10--2. *Progress Reports.* During the duration of the loan, the Bank shall require and review the Borrower's periodic business progress reports. Such periods shall be no longer than annual.

55.10-3. *Site Visits.* The Bank shall schedule periodic site visits, particularly following receipt of financial statements and progress reports, for purposes of verifying information supplied by the Borrower, and to continue to monitor the expenditure of Loan Fund proceeds, other loan proceeds, and grants and private funds used as leverage to comply with the requirements of contributions to the project funds. The site visits shall be at such a time that the Borrower is able to make his/her business premises, records, and equipment available for inspection by the Bank's authorized agents. A report shall be prepared after each site visit, which shall highlight any information that may help in rating the overall condition/risk of the loan. Said report shall be placed in the business' file held at the Bank, and shall also be provided to the Borrower and the Oneida Liaison.

55.10-4. *Periodic Loan Reviews.* All loans are to be reviewed on an annual basis, and at such other times as may be deemed necessary by the Bank. The review shall follow receipt of the fiscal year-end financial statements, the year-end progress reports, and site visit reports. A written report of the loan review shall be prepared and shall address the following: timeliness of monthly payments; condition of collateral securing the loan; status of security documents; overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants with suggested corrective actions. Said report shall be placed in the business' file held at the Bank, and shall also be provided to the Borrower and the Oneida Liaison.

#### **55.11. Obligations of the Loan Recipient**

55.11-1. In addition to the terms and conditions of the loan, all Borrowers shall agree to comply with the following:

(a) To not discriminate on the basis of age, religion, color, handicap, sex, physical condition, development disability, sexual orientation or national origin, as defined in Tribal, federal laws, in any employment or construction activity related to the use of the Loan Fund proceeds.

(b) To use the Loan Fund proceeds solely to pay the cost of property acquisition, services and materials necessary to complete the project or activity for which the Loan Funds were awarded.

- (c) To permit inspections of all projects and properties assisted by Loan Funds by persons authorized by the Bank. Related project materials shall also be open to inspections, which include, but may not be limited to, contracts, materials, equipment, payrolls, and conditions of employment. The Borrower shall cooperate and comply with such requests.
- (d) To maintain records on the project as may be requested by the Tribe, and upon request, provide the Tribe with copies of such records. These records shall be maintained as long as the loan is active, or for at least three (3) years after completion of the work and activities for which the loan has been obtained, whichever is longer.
- (e) To submit periodic progress reports to the Bank in accordance with the schedule in the loan agreement. These reports shall report on project progress and/or completion.
- (f) To maintain fire, casualty and extended coverage insurance on the business property during the term of the loan, and to deposit all proceeds necessary to cover loan deficiencies or default in the Loan Fund. The Bank shall be listed as Loss Payee, Mortgagee, or "additional" insured on the policy,
- (g) Where required by the Bank, the Borrower shall also maintain a life insurance policy sufficient to cover the loan balance through the life of the loan.
- (h) To abide by all Federal laws, where applicable to the business. These may include such Federal laws as the Civil Rights Act of 1964; the Age Discrimination Act of 1975; the Davis-Bacon Act, as amended; the Contract Work Hours and Safety Standards Act; the Copeland "Anti-Kickback" Act; and any regulations pursuant to these Acts.
- (i) If the business is located on the reservation, the Borrower shall comply with all laws of the Tribe, including, but not limited to, zoning, building code, environmental ordinances and policies, cultural heritage, on-site waste disposal, and land use plan.

## **55.12. Collection and Enforcement**

55.12-1. *Default.* Should a loan payment be overdue or should there be any other deficiency in the performance of loan covenants, the Borrower shall be deemed in default. The Bank shall notify the Borrower in writing of the nature of the deficiency, the penalties incurred as a result of the default, and the action that is required to cure the deficiency. Said notice shall include the date, not less than thirty (30) calendar days from the date of the notice, by which the default shall be cured to avoid foreclosure or other collection action.

55.12-2. When a payment is made on an overdue payment, all payments shall be applied first to late payment penalties, then to accrued interest and lastly to principal, until the penalties and accrued interest are paid in full.

55.12-3. Where the Borrower is experiencing ongoing problems with meeting his or her loan obligations, the loan administrator shall meet and work with the Borrower to identify changes that are needed to correct the problem(s), including possible restructuring or work-out of the loan to protect the Loan Fund's interest and meet the needs of the Borrower.

55.12-4. *Collection and Foreclosure.* In the event that the Borrower fails to cure the default within the prescribed time, the Bank may take such foreclosure or other collection action as it deems appropriate, acting pursuant to its ordinary policies and practices. All recovery in excess of the collection costs shall be deposited in the Loan Fund.

### **55.13. Grant Program**

55.13-1. *Grant Program.* In addition to the Loan Fund, a grant program shall be established and grants awarded to eligible applicants. The proceeds for the grants shall come from the Loan Fund.

55.13-2. *Eligibility.* Grant applicants shall meet the same eligibility requirements required for the Loan Fund as set forth in section 55.6. No more than one (1) grant may be awarded to successful applicants under the Grant Program.

55.13-3. *Grant Amount.* A grant not to exceed three thousand dollars (\$3,000) may be awarded to eligible applicants.

55.13-4. *Approved Purposes.* A grant may be used for professional services such as feasibility and marketing studies, accounting, management services, advertising or legal services.

*End.*

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Adopted – BC-06-06-01-A  
(Also see BC-04-10-02-B)  
Amendments – BC-04-17-02-A  
Amendments – BC-11-20-02-A  
Amendments – BC-10-06-04-C  
Emergency Amendments - BC-06-21-06-P  
Amended - BC-09-27-06-D (adoption of emergency amendments)  
Amended – BC-08-28-13-C