



DECLARATION OF POLICIES AND PLAN OF OPERATION

SILETZ TRIBE REVOLVING CREDIT

PROGRAM

(STRCP)

OCTOBER 9, 2000
Amended April 17, 2009
Amended September 26, 2014
Amended February 20, 2015
Amended August 21, 2015
Amended August 19, 2016
Amended July 19, 2019

1. DEFINITIONS

WHEREVER THE FOLLOWING TERMS ARE USED HEREIN, THEY WILL HAVE THE MEANINGS INDICATED:

- a. "BOARD OF DIRECTORS" means the governing body of the Siletz Tribe Revolving Credit Program (STRCP) officers: Chairman, Vice Chairman, and Secretary.
- b. "TRIBE" means the Confederated Tribes of Siletz Indians.
- c. "COUNCIL" or "TRIBAL COUNCIL" means the governing body of the Tribe elected in accordance with the Tribe's constitution.
- d. "DECLARATION" means this Declaration of Policies and Plan of Operation.
- e. "CREDIT PURPOSES" means loans to individuals, corporations, LLCs, cooperatives and to partnerships owned by the tribal members, and financing of tribal enterprises.
- f. "CREDIT ADMINISTRATOR" means an individual hired under contract or an employee to provide technical services of the program.

2. PURPOSE

The purpose of this Declaration is to establish policies and procedures to govern all future loans made by the Tribe under this program. The Revolving Credit Program was developed in response to a number of goals and objectives established in the Comprehensive Plan of the Confederated Tribes of Siletz Indians. The Board of Directors shall use this Declaration in their day-to-day operations.

Loans shall be made for the purpose of raising the social and economic status, as well as credit worthiness, of members of the Tribe to a point where they can secure adequate financing on reasonable terms from another lender, and to finance developments for which other financing is not available through education and credit rehabilitation. Additionally, subsequent loans may be approved for applicants who successfully met all the conditions of their previous loans per these policies. Loans may be made only upon the determination that repayments can be made, based upon accepted credit analysis.

This Declaration will apply to all Tribal funds used for credit purposes hereafter advanced or granted to the STRCP.

3. BOARD OF DIRECTORS

The Board shall consist of five (5) Directors. Four (4) of the Directors shall be appointed by Tribal Council and shall retain their positions until their replacement is approved by Tribal Council. One (1) Board of Director position shall automatically be filled by the current Confederated Tribes of Siletz Indians Administration Chief Financial Officer (CFO). *One (1) member will be an enrolled Tribal member.* Notices of Board member termination or resignation shall be addressed to the Board orally or in writing. Removal of the Board shall require 2/3 votes of the Tribal Council.

- A. RECORD OF THE MEETING. The Secretary will keep, or cause to be kept, a full and complete record of all STRCP meetings, and confidential copies of which will be furnished to Tribal Council within five (5) business days from date of approval of minutes.
- B. QUORUM. Quorum shall constitute at least three (3) Board Members.

C. MEETINGS. The Board of Directors will meet as business demands and requires its attention. The Chairman may call meetings provided at least three days' written notice will be given for all meetings, unless the members unanimously agree to a waiver of such notice. The number of meetings held will be kept to the minimum necessary to conduct credit operations.

1. Electronic Meetings. Electronic meetings may be allowed by the majority of the Board and provided that the following rules be adhered to:

- a. All participating directors must be informed that a meeting is taking place of which official business may be transacted.
- b. All directors participating in the meeting must be able to simultaneously read one another's communication during the meeting.
- c. Each Board Member is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or interpose an objection to a specific action to be taken by the Board.

4. AUTHORITY AND DUTIES OF THE BOARD OF DIRECTORS

- A. The Board of Directors will have full authority to act for and on behalf of the STRCP in all phases of its credit operations,
- B. It will be the responsibility of the Board to see that loans are repaid when due and to do the necessary follow-up with borrowers to see that they make proper use of funds loaned to them. If it becomes apparent that a borrower cannot keep the loan commitment, the Board will take steps necessary to prevent the delinquency with approval of the Board, either: by assisting the borrower, by obtaining payment from other potential sources, or by extending the repayment terms.
- C. The Board of Directors shall prepare an Annual Report at the end of each calendar year. The report shall be submitted to Tribal Council by March 31st of the following year.
- D. The Board of Directors shall set the interest rates at the beginning of each calendar year. The Board may set multiple interest rates based on credit score and determination of overall risk of each application based on set criteria.
- E. The Board of Directors may change the interest rates during the year to reflect current market rates.

5. CREDIT ADMINISTRATOR

Siletz Management, LLC (SMLLC) will provide Credit Administration services to STRCP. SMLLC staff, hereafter, ("Credit Administrator"), none of whom are a Board Member, will work in close cooperation with the Board and assist applicants and borrowers in the preparation of the loan applications and other papers. The Credit Administrator will advise the Board and applicants and borrowers of the conformance or nonconformance to terms and conditions in applications and other papers. The Credit Administrator shall attend all meetings of the Board insofar as practicable. The Credit Administrator will be responsible in ascertaining that the records, reports, securing of required forms, filing, recording, and other administrative details necessary for proper operation of the STRCP credit program are handled properly. The Credit Administrator shall check on property purchased with or given as security for the loan from the Tribe in conjunction with the Board. The Credit Administrator shall be responsible for the prompt filing or recording of all documents given as security for the loans in compliance with the Fair Credit Reporting Act. The Credit Administrator shall see that the borrowers are notified when payments are in arrears and that these notifications are properly made a matter of record.

6. LEGAL ASSISTANCE

The Board of Directors shall have the authority to employ legal counsel to protect the STRCP's security interest in loans and to implement foreclosure action when deemed necessary.

7. OFFICIAL DEPOSITORY

The depository of the STRCP credit funds will be in a separate account. Any bonded staff of Siletz Management, LLC and/or Siletz Tribal Business Corporation is hereby authorized by the Board to receive and issue receipt for credit funds for and on behalf of the STRCP.

8. DISBURSEMENTS

All disbursements from the official depository will be by check. The Accounting Department may make disbursement upon receipt of an authorized check request. Disbursements on loans will not be made until the loans have been approved in accordance with this Declaration, and until the loan agreements are completed which shall include, but are not limited to, the clear legal title reports.

9. RECORDS, REPORTS AND AUDITS

The year-end of STRCP shall be in accordance with the calendar year. Records and accounts will be maintained in a manner and in accordance with an accounting system satisfactory to the funding entity.

Siletz Management, LLC's accounting department shall maintain the accounting records for this program. The Tribal Council is authorized to engage an external auditor, however, for the purpose of economy, efficiency and effectiveness, the Tribal Council may utilize the tribally selected external auditors per CTSI Resolution 99-395.

The Credit Administrator maintains a list of the loans outstanding that includes the original amount of the loan, the disbursement date, the interest rate, the outstanding balance of the loan, any disbursements to be made in the future under the existing Loan Documents, and the delinquency status.

The Credit Administrator retains copies of all applicant documentation in a fire-resistant locking filing cabinet or safe for seven years after successful payback of approval loan by the borrower or date of letter of denial from STRCP Credit Administrator. When a loan is paid in full, the Credit Administrator sends the Promissory Note stamped "PAID IN FULL" back to the borrower and releases all liens on collateral within two weeks.

The Credit Administrator shall retain all active loan documents on file in a fire-resistant locking filing cabinet or safe. All loan documents of closed loans and denials shall be archived digitally and retained in perpetuity. Once loan documents are digitized; all paper loan documentation shall be securely disposed.

10. LOAN PROCEDURES

A. Application Procedures

Applications shall be in writing in forms approved by the Board. Applications must first be presented to the Credit Administrator and then to the Board. The Credit Administrator will see that the applications are complete before the Board reviews and acts upon the applications. The

Credit Administrator processes the application, performs a credit check and calculates the Debt to Income Ratio (DIR).

1. A non-refundable application fee must accompany the submission of completed applications. The Board shall set the fee annually at the beginning of each calendar year.
2. Completed applications must be received by the corresponding monthly deadline as defined by the STRCP Board
3. Applications will not be presented to the Board until complete.

B. Prepayment of Expenses

The Chairman of the Board, with approval of the Board, is authorized to disburse credit funds for the purpose of paying filing or recording fees on securing documents, for payment of insurance premiums, lien searches, delinquent or deferred taxes, other expense necessary for protection of the STRCP's interests, and for the prudent operation of its credit program without further authorization.

11. OBJECTIVES OF LOANS

The objectives of loans by the Tribe through the STRCP subject to the priorities set by the Board are to fund:

- Consumer Loans
- Home Improvement Loans
- Business Loans

12. ELIGIBILITY FOR LOANS

To be eligible for a loan under this program a primary borrower must:

- Be a member of the Confederated Tribes of Siletz Indians as evidenced by the records of the CTSI Enrollment Department.
- Be of legal age and a resident of the United States.
- Be in good, current standing with the STRCP.
- A Co-signer who is not a CTSI Enrolled Tribal Member must have a minimum FICO score of at least 700 or if the co-signer is an Enrolled CTSI Tribal Member they must meet the eligibility requirements set forth in this policy manual.

13. APPROVAL OF LOANS

All loan applications presented to the Board will be approved or denied solely by the discretion of the Board including any exception to the policy. Exceptions may be made when, in the judgment of the STRCP Board, a loan should be approved or ongoing requirements waived in order to allow the organization to meet its mission. Loans may also be denied, even if minimum requirements are met, based on risky credit behavior or history. Exceptions should be documented and monitored on an ongoing basis.

All approvals shall be subject to availability of funds.

Any approved loan must be executed within thirty (30) days of approval.

The borrower may not have two (2) active loans of the same type. However, a borrower may have a combination of the different types of loans as explained below. The total amount borrowed cannot exceed the combined limits of each applicable loan type.

The Board may require direct payment of approved loan funds to secure payment of borrower's accounts.

All current borrowers as of January 1, 2015 will be considered first-time borrowers even if they have had multiple previous loans through STRCP.

14. EXPLANATION OF LOAN TYPES AND QUALIFICATIONS

A. CONSUMER LOAN

1. Loan Amount:

a. First time borrower: \$500 - \$3,000

b. Second time borrower: \$500 - \$5,000

All current borrowers as of January 1, 2015 will be considered first-time borrowers even if they have had multiple previous loans through STRCP.

2. Requirements for first time borrower:

a. Proposed Debt to Income Ratio (DIR) must be 50% or lower

b. If DIR is higher than 50%, applicant must have co-signer

c. FICO equal to 430 or better

(1). The Board reserves the ability to waive the FICO requirement when one is unavailable. The loan request may be approved to build credit worthiness of client.

(2). The Board reserves the right to adjust the interest rate for loan applicants based on their credit score & overall credit risk based on Table 1. Applicant must meet all criteria to qualify for tier:

Table 1

	DIR	FICO	Loan Amount	APR
Premium Tier	40%	700+	Based on loan type	1% discount from base rate
Tier 1	47%	530-699	Based on loan type	Base rate
Tier 2	50%	430-529	Up to \$1,500	2% increase from base rate

d. Applicant must have at least six months of consecutive employment and the income to repay the loan.

e. Loan request will not be approved if the applicant knowingly falsifies his/her application or conceals his/her liabilities.

f. Loan request may not be approved if the applicant is delinquent in repayment of any Tribal loan; however, a borrower may request refinancing of a delinquent loan.

3. Requirements for second time or more borrower:
 - a. Proposed DIR and FICO should meet the standards listed in Table 1.
 - b. Previous loan(s) successfully paid back in full with no more than five delinquent payments over the course of the loan. In case of previous loan default and/or default payment(s) through per capita garnishment, applicant must wait three years from the date the loan is paid back in full to be eligible to apply for next loan.
 - c. Or, if the previous loan has less than 10% principal balance remaining and the borrower(s) meets all necessary requirements listed in these policies they may apply for a another loan. The remaining balance on previous loan (payoff amount) will be paid for (and loan closed out) utilizing principal from the loan.

B. HOME IMPROVEMENT LOAN

1. Loan Amount: \$1,000 - \$10,000
2. Requirements: Consumer Loan requirements are applicable to the Home Improvement Loan with the following additions.
 - a. Application must be accompanied by at least two (2) written bids from an independent contractor clearly defining what work is going to be performed. Contractor must provide permit. The Bid shall include a detailed description of materials, number of units, price per unit and the total cost of material cost. The bid shall also include a listing of workers indicating their trade, hourly rate and total labor costs.
 - b. The application includes clear evidence of title, proof of insurance, proof of property tax payment, as well as existing lien if any.
 - c. Application will be accompanied by adequate supporting documentation showing evidence of clear title with no encumbrances, or agreement of lien release by mortgagee.
 - d. A lien shall be placed on the home for the duration of the loan term until the loan is fully paid back.
 - e. At the discretion of the Board, the monthly repayment on housing loans and loans for home improvements and repairs will be scheduled to include payments required for insurance premiums and taxes.

C. SMALL BUSINESS LOAN

1. Loan Amount: \$1,000 - \$10,000
2. Requirements: Consumer Loan requirements are applicable to the Small Business Loan with below modifications and additions.
 - a. Proposed DIR must the guidelines listed in Table 1.
 - b. FICO equal to Columbia Bank Commercial Loan FICO Score minimum requirement minus 100 points or better. The minimum Columbia Bank Commercial Loan FICO Score will be assigned to loan applicant upon receipt of application by Credit Administrator.
 - c. Applicant must have one (1) year of consecutive employment in same or related field.
 - d. When borrowing funds for a Business Loan, applicant must have the necessary business experience through training, managerial ability, and the income to repay the loan. Applicant must provide proof of completed ONABEN Indianpreneurship business education course or equivalent with submission of loan application to the Board of Directors.
 - e. Shall provide financial reports to the Board as follows:
 - (1). Quarterly balance sheet and budget variance report for the first year.
 - (2). Semiannually for the second year.

- (3). Annually thereafter.
- (4). The Board of Directors or the Credit Administrator may require additional reports or change the frequency of the report.
- (5). Failure to submit reports may cause the loan to become defaulted, applicable fees and penalties will be imposed.

3. Loans to individuals guaranteeing to establish commercial enterprise shall be made in a rehabilitation or conventional basis and only to those applicants who:
 - a. Own or have a leasehold interest covering the business site that can be mortgaged
 - b. Agree to follow a plan of operation in the management of the business
 - c. Demonstrate thrift, industry, and management ability
 - d. Have necessary training or experience or both in the type of business to be financed
 - e. Shall maintain accounting of all income and expenses
4. An authorized representative of the Board may make an annual inspection of the business premises. There will be no charge to the borrower for said inspection. Each borrower shall be notified in writing by the Board of the date of inspection ten (10) days in advance, unless otherwise agreed upon by the parties involved.

15. TECHNICAL ASSISTANCE

Except for business loans which are fully secured, and those under \$1,000.00, applicants shall be required to submit business plans of enterprises for which financing is requested, in the form satisfactory to the Board. Plans will be worked out with representatives of the program and must bear the signature of the applicant or applicants. The Credit Administrator will follow-up and supervise the plan and loan, and make or cause to be made, a written report, at least quarterly, regarding adherence or non-adherence to the plan, which shall be filed in the borrowers' loan file. Copy of the report shall be furnished to holders of the loan agreement.

16. INSURANCE

When funds are borrowed for home improvement purposes, fire and extended coverage insurance including flood, with a loss payable clause in favor of the Tribe as its interest appears will be required on all loans for the construction, improvement or purchase of homes or other buildings; also if obtainable, on all loans in excess of \$1,000 for the repair or improvement of homes and other buildings; and on other buildings given as security.

The Board may require some type of loan insurance as part of the requirements for loan approval. The loan insurance shall cover for the monthly loan payments in case of sickness, death and short term and long term disability. As an alternative to loan insurance, the creditor may be made a life insurance beneficiary up to the decreasing balance of the loan. When required, current proof of insurance must be submitted and filed.

The amount of insurance when required will equal or exceed the unpaid balance of the loan. Borrowers will be required to fully insure buildings owned by the, for their own protection. Borrowers will be required to agree to obtain and maintain adequate insurance and failure to do so will subject them to the default penalties of their loan agreements. A copy of the insurance policy shall be filed at the revolving credit office,

- A. Business Loans: When life insurance is required, the Confederated Tribes of Siletz Indians must be added/named as a beneficiary on said insurance policy.
- B. Equipment: UCC-1
- C. Home Improvement

17. FEES

- A. The Board of Directors shall set the fee amounts at the beginning of each calendar year.
- B. The Board of Directors may change the fee amounts during the year to reflect current market rates.

Table 2: List of applicable fees

Non- refundable application fee; must be submitted for application to be considered complete
Loan origination fee
Loan origination fee on modified or refinanced existing loans
Late fees which will assessed ten (10) days after the payment due date
NSF fee on all returned or NSF payments
Business loan fee if financial reports are not submitted by deadlines outlined in section 14.C.e(5).
Home Improvement loan filing fee; includes lien searches

18. INTEREST

- A. The Board of Directors shall set the base interest rates at the beginning of each calendar year.
- B. The Board of Directors may change the base interest rates during the year to reflect current market rates.

Once approved by the Board of Directors, the loan interest rate will remain set until the loan is paid in full, refinanced or modified to extend the repayment terms.

19. REPAYMENTS

Repayments of loans shall be pursuant to the terms of the Loan Agreement executed by the borrower.

20. MATURITY

The maturity of loans for individuals will be determined by the purpose for which the loan is requested, and will be determined by the Board but will not extend more than ten (10) years from the date of loan execution.

21. DELINQUENCIES

Loans will not be permitted to remain delinquent for more than ninety days at any particular time. In the event of failure to comply with the provisions of this section at any time, it is agreed that no further loans

will be made until they are in compliance. Delinquencies shall be segregated from current loans so as not to disrupt the aging analysis report.

- The Board and Credit Administrator shall review delinquent loans quarterly.
- A delinquent notice shall be sent if payment is not received within ten (10) days after due date of the payment.
- If the payment is not received within 30 days after notice is sent the Credit Administrator will request a meeting via phone or in person.
- If the payment is not received within the next 30 days, a second notice will be sent. The notice will advise that the loan will be placed in default status.
- If a borrower is late or defaulted, the Credit Administrator may submit the loan to Tribal Court for per capita garnishment.
- In cases of disenrollment of the borrower, or when per capita cannot be obtained, the defaulted loan will be turned over to legal counsel and collection agency.

22. CREDIT REPORTING

Loan status reports may be issued to at least one of the three credit reporting agencies on a monthly basis to help improve borrowers FICO credit score and report negative accounts.

23. APPROVAL OF MODIFICATIONS

All modifications to the loan agreements will be approved by the Board and witnessed by the Credit Administrator. The written modification must be signed by the borrower.

24. MODIFICATION OF PLAN

This Declaration of Policies and Plan of Operations may be modified or amended by the STRCP Board of Directors and must be approved by the Tribal Council.