

# STUDENT LOANS

## II-A. PURPOSE AND OBJECTIVES

1. The Stockbridge-Munsee Community, through the Mohican Loan Department, provides secured loans to enrolled tribal members for educational advancement.
2. Student loan financing is intended to meet the following objectives.
  - Increase the number of tribal members with education beyond high school.
  - Provide financial assistance to tribal members, who are enrolled in classes at an accredited educational institution.

## II-B. DEFINITIONS

1. “Department” means the Mohican Loan Department.
2. “Loan Closing” means the time when the borrower executes the promissory note and security agreement and other required documents in order to accept a loan.
3. “Member” means an enrolled member of the Stockbridge-Munsee Community.
4. “Marital Property Statement” means a form identifying whether a debt was incurred in the interest of the family.
5. “Promissory Note and Security Agreement” means the agreement containing the borrower’s promise to repay the loan from the Tribe and the borrower’s grant of a security interest in the borrower’s right to receive a share of any distribution from the Tribe’s enterprises.
6. “Semester” means the length of time to complete a class and includes semesters, trimesters and other course terms.
7. “Tribe” means the Stockbridge-Munsee Community, a federally recognized Indian tribe.

## II-C. ELIGIBILITY CRITERIA

1. ELIGIBLE APPLICANTS.
  - A. Applicant must be at least 18 years of age and an enrolled tribal member.
  - B. The applicant shall be the student. If the student is less than 18 years old, the parent of the student may apply. If the applicant is the parent of the student, the student must also be an enrolled tribal member.
  - C. Applicant shall not have an existing account in arrears with the Department nor had a tribal loan discharged through bankruptcy.
  - D. Application must be for a student who is enrolled in classes with an accredited educational institution on a minimum of a half-time basis.

E. An applicant, who previously received a discharge in bankruptcy of a debt owed to the Tribe, **is not eligible** for a loan **unless** the person has cured that bankruptcy discharge with the Tribe.

2. ELIGIBLE LOAN PURPOSES. Loans are available for expenses related to attending accredited institutions of higher learning.

## II-D. LOAN PROCESS

### 1. APPLICATION.

- A. Applicants shall submit the following information to be considered for a student loan.
  - (1) Completed loan application, which is available from the Department.
  - (2) If applicant is married, all information relating to the applicant's spouse must be completed.
  - (3) Evidence that the student is enrolled at least a half-time basis in an accredited school.
  - (4) Additional information that the Loan Review Panel may deem necessary.
- B. Borrowers must reapply each semester to receive a loan.
- C. Applications for student loans will be available until the completion of the semester. Once the semester is over, student loans for that semester will not be available.
- D. Once the Department has received all required application materials and completed verification, the application will be forwarded to the Loan Review Panel for consideration in a timely fashion.

### 2. APPLICATION ASSISTANCE.

- A. Department staff will explain the loan process and requirements to the prospective applicant, assist the applicant with completing the loan application, and process the loan application for review by the Loan Review Panel.

### 3. LOAN REVIEW PANEL.

- A. A Loan Review Panel shall review student loan applications. Each application requires Panel review to assure the integrity of the loan process.
- B. The Panel shall have access to all documents pertaining to the application. The Panel may consult with other resources as necessary to assess the application.
- C. The Panel shall review all loan documentation for compliance with Tribal Council approved loan policies and procedures. If the Panel determines non-compliance with policies and procedures, the loan will be denied until remedied.
- D. The Loan Review Panel shall decide on whether the loan application is approved, conditionally approved, or denied within fifteen (15) working days of receiving the application and all requested supporting materials.
- E. The Loan Review Panel will consist of at least two persons from the following representation: the Executive Director, Chief Financial Officer, Financial Manager, Accounts Receivable or a member of the Tribal Investment Committee. No participating member of the Panel may have a close personal relationship to the loan

- applicant that would make impartial consideration difficult. A panelist who recuses himself or herself shall not be present when the application is considered.
- F. The Loan Review Panel shall meet as needed for review of loan applications.
4. **PRIORITY.** Applications will only begin the loan review process once a complete loan application with all required documentation is received. Applications will then be processed in the order that they were received.
5. **NOTIFICATION OF APPROVAL DECISION.**
- A. Applicants shall be notified in writing whether or not they are approved for the loan by the Department within five (5) working days of the Department receipt of Loan Review Panel's decision.
  - B. If there are any conditions that the applicant needs to satisfy in order to receive the loan, the applicant will be notified of the conditions in the approval letter.
  - C. If the loan is denied, the applicant will be notified of the reasons for the denial.
  - D. Upon approval, the Loan Manager will set a date by which the loan must be closed. If both parties agree, the deadline for closing may be extended. If the loan closing does not occur by this date and the parties have not agreed to an extension, the loan approval shall be withdrawn, and the applicant shall be required to submit a new loan application.
  - E. The Department is not authorized to grant immediate approval of any applications to meet an applicant's emergency needs.
6. **LOAN CLOSING.**
- A. The Loan Manager will prepare the loan documents and coordinate with the Tribe's Legal Department, as necessary.
  - B. The loan documents are as follows:
    - (1) a Promissory Note and Security Agreement.
    - (2) a Marital Property Statement, if required.
    - (3) and such other documents as the Department may require.
  - C. The Department staff and the borrower(s) shall jointly review the loan documents.
  - D. The borrower shall sign the loan documents.
  - E. Copies of the signed Loan Agreement and the marital property statement will be provided to the borrower. A copy of the marital property statement will also be provided to the borrower's spouse.
  - F. Following closing, the Department shall perfect the Tribe's security interest in the borrower's right to receive distributions from the Tribe's enterprises, such as a tribal per capita payment, by filing a UCC-1 financing statement with the Wisconsin Department of Financial Institutions. In the event the term of the loan exceeds five (5) years, the Department shall file a renewal statement.
7. **DISBURSEMENT OF LOAN PROCEEDS.** Loan proceeds will not be disbursed any earlier than ten (10) days before the start of the semester. Loan funds will be disbursed to the borrower or, upon the borrower's request, may be disbursed directly to the educational institution.

## 8. REPORTING.

- A. If borrower drops out, fails to complete his or her courses, or otherwise changes enrollment status for the semester in which a loan was approved, the borrower must report that information to the Department in writing within 15 days.
- B. Borrower must inform the Department in writing of any change in personal information (e.g., name, address, or telephone number) or other information that would affect the loan's status or repayment within 30 days after the change occurred.
- C. Report of Identity Theft.
  - (1) If the Department receives notice of identity theft regarding a tribal loan, the Department will work with the borrower to investigate and resolve the issue.
  - (2) As appropriate, the Department can recommend that the borrower contact the credit bureau to place a fraud alert and consider placing a credit freeze on their credit report.
  - (3) Borrowers can go to the Federal Trade Commission's <https://www.identitytheft.gov> website for additional information about addressing identity theft.

## 9. RECORDS AND FILES.

- A. The following records shall be maintained in a student loan file for each applicant and/or borrower.
  - (1) Loan Application. Completed loan application, verification of student status, and other supporting loan information submitted. Documentation of all fees paid by borrower as part of the application process will also be maintained.
  - (2) Loan Review Panel Documentation. Recommended actions on the loan application and a copy of the Loan Review Panel's decision, including any documented reasons in support of the decision.
  - (3) Loan Document. A copy of the loan documents signed by the borrower
  - (4) Consolidated Balance and Repayment Documents. A copy of the notice provided prior to repayment beginning.
  - (5) Annual Statement. A copy of the annual statement identifying balance of principal and interest owed and once payment begins, payment history provided to the borrower.
  - (6) Correspondence. All letters sent by the borrower and copies of any letters sent by Department, including any default or other notices.
- B. The Department shall maintain all records and files in a secure fashion.
- C. The Department shall retain its files for the life of the loan and for a period of three (3) years after the final payment is received. At the end of this retention period, the Department may have the files destroyed in a manner that protects any confidential information and complies with applicable law.

## II-E. LOAN TERMS AND CONDITIONS

### 1. LOAN AMOUNT.

- A. The minimum amount extended on a student loan is Two Hundred Fifty Dollars (\$250.00) per semester.
- B. The following are the maximum amounts extended on a student loan.
  - (1) Full-time student: up to \$1,250.00 per semester.
  - (2) Three-quarter (¾) time student: up to \$937.50 per semester.
  - (3) Half (½) time student: up to \$625.00 per semester.
- C. Members enrolled on less than a half-time basis are not eligible for a student loan.
- D. The maximum student loan credit extended to any enrolled tribal member over their lifetime is Seventeen Thousand Five Hundred Dollars (\$17,500.00). Of this the member may use up to \$12,500 for undergraduate education. Amounts borrowed by a parent for the student's education are counted against that student's lifetime cap.

## 2. PAYMENT TERM AND PAYMENTS.

- A. If the student is the borrower, repayment of the loan begins on the first (1<sup>st</sup>) day of the sixth (6<sup>th</sup>) month following the end of the student's enrollment on at least a half-time basis.
  - (1) The Department will consolidate the amounts that the borrower owes on all outstanding student loans into a combined principal balance owed.
  - (2) The Department will send borrower a letter notifying them of combined balance owed, the date when they are required to begin making payments and what the monthly payment will be.
  - (3) This letter will be sent two months prior to the first payment due for budgeting purposes.
- B. If the parent is the borrower, repayment of the loan begins sixty (60) days after the date of the final disbursement.
- C. The cumulative student loan shall have a Ten (10) year payment term. However, all borrowers shall be required to make at least a minimum payment of \$100 per month.
- D. The principal and interest will be fully amortized over the term of the loan.
- E. The Department shall not assess penalties for early payment.
- F. Borrowers shall make monthly payments in accordance with the Loan Agreement. Payments shall be due on the first (1<sup>st</sup>) day of the month.
- G. Advances on tribal per capita payments may not be utilized as a form of payment.
- H. The Department will appropriately report borrower's payment history to TransUnion and /or one of the other major credit reporting agencies.
  - (1) Borrowers are provided notice that negative information such as collections and account delinquencies may be furnished to a credit agency as part of reporting payment history.
  - (2) Disputes.
    - i. If borrowers believe there is an error on their credit report regarding their loan payment history, they can contact the credit agency and/or the Department to dispute the error.
    - ii. If contacting the Department, then a letter identifying all disputed information that the borrower wants fixed as well as copies of documents that support their request must be provided.
    - iii. The Department will investigate the identified dispute. If the information is found to be inaccurate or incomplete, then the

Department will inform the credit agency to update or delete the information. If the disputed information is accurate, it will be reverified.

- iv. A letter documenting the Department's determination and any follow-up actions will be provided to the borrower.

### 3. INTEREST RATE.

- A. Student loans will accrue interest at the rate of two percent (2%).
- B. Interest is calculated and added to the unpaid balance daily once it begins to accrue.
  - (1) When the borrower is the student, interest will begin to accrue after a six (6) month grace period, which begins on the day the student is no longer enrolled on at least a half-time basis.
  - (2) When the borrower is the parent, interest will begin to accrue on the day the loan check(s) are disbursed.

### 4. DEFERMENT.

- A. The borrower may be eligible for a deferment. A deferment is a postponement of repayment that is allowed in the following circumstances. A borrower is only eligible for a deferment during the period that he or she is in school or immediately thereafter.
- B. During the term of the deferment, interest on the borrower's loan will accrue; except that interest does not accrue while the borrower has an in-school deferment.
- C. The borrower must submit a written request for a deferment to the Department Manager. The request must include the borrower's name, address, the reason for the deferment request, and documentation supporting the request.
- D. Upon receipt of the request, the Loan Review Panel will verify that the borrower's request is true, accurate and make the determination of approval/denial.
- E. Borrowers are eligible for a deferment in the following situations.
  - (1) In-School Deferment. Borrower is enrolled for at least half-time study in a post-secondary school, an approved graduate fellowship program, or an approved rehabilitation training program for the disabled. The loan will be deferred until the borrower is no longer enrolled.
  - (2) Unemployed Deferment. Borrower is unable to find full-time employment. The loan may be deferred during the period up to two (2) years immediately following school.
  - (3) Economic Hardship Deferment. Borrower has economic hardship (income below the low standard of living as determined by the federal government). The loan may be deferred during the period up to two (2) years immediately following school.

### 5. FORBEARANCE.

- A. When a borrower is unable to make the scheduled payments, the Department may allow the borrower to reduce the amount of the payments or to stop making payments for a limited period of time. This action is called forbearance. The Department is not required to grant forbearance.

- B. The borrower must submit a written request for forbearance to the Department Manager. The request must include the borrower's name, address, reason for request, and the term of the requested forbearance.
- C. Upon receipt of the request, the Loan Review Panel will verify that the borrower's request is true, accurate and make the determination of approval/denial. If approved, the borrower will be required to sign an agreement containing the terms of the forbearance. The forbearance agreement will identify whether the forbearance will have the effect of extending the final payment date by the time covered by the forbearance or whether the monthly payments will be increased when the forbearance period ends so that the final payment date is unchanged.
- D. The term of a forbearance agreement may not exceed six (6) months.
- E. Forbearance may be granted only if the borrower meets one or more of the following criteria:
  - (1) Borrower is hospitalized followed by a period of therapy/rehabilitation.
  - (2) Borrower is on an approved family/medical leave of absence from work.
  - (3) Borrower is involuntarily laid off or terminated from employment. This does not include seasonal employment.
  - (4) Borrower has encountered a natural disaster to his or her real property that affects his or her ability to repay the debt.
  - (5) Borrower divorces during the repayment period.
  - (6) Borrower is an active-duty or active-service s servicemember or dependent of a servicemember per the Servicemembers Civil Relief Act (50 U.S.C. 3901 *et seq.*).
- F. During the period of forbearance, interest continues to accrue, and the borrower is permitted to delay or temporarily reduce the monthly payment.

## 6. DEATH.

- A. In the event of death of borrower, the Department will work with the Legal Department and attempt to collect the monies due from the borrower's estate.
- B. If the amount due exceeds the property disposal value and further collection is not possible from the borrower's estate, the Department will make a recommendation to the Tribal Council on how to proceed.

## 7. DEFAULT.

- A. A borrower defaults on his or her loan when the borrower violates any term of the Loan Agreement or these policies.
- B. A borrower is in default on his or her payments when the borrower has failed to make a payment in full within forty (40) days of its scheduled or deferred due date or when the borrower has outstanding an amount exceeding two (2) full payments which has remained unpaid for more than ten (10) days after the scheduled or deferred due date.
- C. A borrower is also in default if the student fails to enroll as at least a half-time student or obtained a loan for a semester in which they failed to complete the required credits.
- D. In the event of a default, the Department will send the borrower written notice identifying the default and providing the borrower with an opportunity to cure the default.
  - (1) The notice will be sent by US Mail to the last address reported to the Department by the borrower.

- (2) The notice shall contain the name, address and telephone number for the Department, a brief identification of the loan and the default, a clear statement of the total payment (including an itemization of any delinquency charges) or other performance necessary to cure the default, and the exact date by which the amount must be paid.
  - E. If borrower fails to make satisfactory payment and/or payment arrangements on their default loan account within fifteen (15) days of the notice, the Department may contact the tribal Legal Department to bring a collection action in Stockbridge-Munsee Tribal Court. Possible collection action remedies include having the borrower's wages garnished, interception of state income tax refund, and/or attaching any per capita payment paid to tribal members in accordance with tribal law.
  - F. During any period of default, the borrower will be barred from obtaining any loans from the Tribe until the account arrears have been satisfied.
  - G. If the Tribe brought a collection action against the borrower in court or exercised its right to attach the borrower's per capita payment on two (2) or more years during the loan term, then the borrower shall be ineligible to obtain any other loan from the Tribe during the time until the loan is paid in full, as well as a period of five (5) years from the date the loan has been paid in full.
8. **LOAN SATISFACTION.** Within seven (7) days of receiving a borrower's final payment on a loan, the Department shall send the borrower a notice confirming that the loan has been paid in full.

## **II-F. COSTS AND FEES**

1. **ADMINISTRATIVE FEES.** Reasonable administrative fees may be collected to cover costs incurred processing the application. Any such fees will be equal to the costs incurred by the Tribe.
2. **COLLECTION COSTS AND FEES.**
  - A. Late Payment Fee. The Department will collect a late fee of \$10.00, if borrower fails to make any part of an installment payment within ten (10) days after it becomes due. If 10<sup>th</sup> day falls on a weekend or holiday, the receipt date is next business day, and a late fee will be assessed.
  - B. Worthless Check Fee. The Department will collect a worthless check fee, equal to charges incurred when the check is rejected for payment, if borrower issues a check for payment that is not honored by the financial institution for any reason.
  - C. Default Costs. The Department will collect reasonable collection fees and costs, which include court costs and attorney fees, if a loan account is processed for collection.