

CHAPTER IV – HOME LOANS

IV-A. PURPOSE

The purpose of the Stockbridge-Munsee Community home loan program is to remediate historical barriers to home ownership by tribal members through a governmental program that provides home loans to members on favorable terms. These home loans are not intended to be below market rate loans that would cause borrowers to have taxable income by the Internal Revenue Service.

The Mohican Loan Program is a revolving loan fund, not guaranteed funding by the Stockbridge-Munsee Community (“Tribe”). This means the Tribe has a limited percentage of the loan fund capital that is considered to be cash available for home loan lending. The cash available for lending each fiscal year is 25% of the balance in the revolving loan fund as of October 1st of that same fiscal year. The balance in the revolving loan fund excludes outstanding funded loans as well as loans that have been committed or approved, but have not yet been funded.

IV-B. DEFINITIONS

“Applicable Federal Rate” means the rate used by the U.S. Internal Revenue Service (“IRS”) pursuant to IRC § 1274(d) to determine below market rate loans for the purpose of taxable income, as stated in Revenue Rulings published monthly by the IRS and available over the Internet.

“Appraised Value” means the estimated fair market value as determined by a Wisconsin state-licensed appraiser.

“Arrears” means any outstanding amount.

“Borrower” means a Member who applies for, or receives, a loan under this chapter. The term Borrower is also referred to as Applicant in this policy prior to the loan closing.

“Close Family Member” means a spouse, domestic partner, parent or step-parent, grandparent, child or step-child, sibling, niece, nephew, uncle or aunt.

“Consolidation” means combining home loan and home improvement loan principal due for the purposes of refinancing Mohican Loan Department debt. Consolidation is not intended to allow Borrower to consolidate non-tribal debt as part of the tribal home loan.

“Debt Ratio” means the ratio of a Borrower’s recurring monthly debt payments to gross monthly income.

“Department” means the Mohican Loan Department.

“Tribal Fair Market Value” is the bid amount accepted by the Tribal Council as the sales price when the Tribe is selling a tribally-owed house (where the land is to be held subject to a land assignment) through a bid process open to all members.

“Tribal Land” means Trust Land and Fee Land owned by the Tribe.

“Tribe” means the Stockbridge-Munsee Community, a federally recognized Indian tribe.

“Trust Land” means land that is held by the United States in trust for the Tribe or individual Tribal members.

IV-C. ELIGIBILITY CRITERIA

1. ELIGIBLE LOAN PURPOSES.

- A. Loan proceeds may be used only for the purchase, construction, improvement or refinancing of a home that the Borrower owns and will occupy as a Principal Residence and is located in one of the following counties: Shawano, Langlade, or Waupaca.
- B. In the event that the loan proceeds are used to refinance an existing home loan, the loan proceeds must be sufficient to permit the payoff of the note being refinanced so that the Tribe may secure a first mortgage lien interest in said property.
- C. Under no circumstances may the loan amount, together with any other loans secured with the same property, exceed the appraised value of the property.
- D.

2. ELIGIBLE APPLICANTS.

- A. Applicant must be an enrolled member of the Stockbridge-Munsee Community who is at least 18 years of age.
- B. Applicant must be employed for a minimum of one (1) year or have other countable income for a minimum of one (1) year or a combination of the employment/other allowable income for a minimum of one (1) year. Verification of income will require the following information, as applicable:
 - (1) Written verification from employer.
 - (2) Copies of Borrower’s tax returns (including all forms and schedules). If Borrower is married and Borrower’s spouse files separately, Borrower shall submit tax returns for both Borrower and spouse if the Borrower intends for the Spouse’s income to be considered for eligibility purposes.
 - (3) Copies of Borrower’s current pension and/or Social Security benefit statements.
 - (4) Any other documentation deemed necessary to verify income.
- C. Applicant must have a Debt Ratio of forty percent (40%) or less.
 - (1) The following types of income are countable when calculating Debt Ratio, provided that such income is reasonably expected to continue during the loan term: wages and tips; pension benefits; Social Security benefits; Supplemental Security Income (SSI) benefits; unemployment benefits for seasonal workers; child support and alimony payments.
 - a. Pre-tax amounts will be used when determining gross monthly income.
 - b. AGI will be used to determine income for those self-employed and will need to submit the last two years of taxes

3. CREDIT BUREAU REPORT. Credit bureau reports on the applicant and the applicant's spouse will be obtained for all personal loans. Applicants must have a FICO credit score of 620 or greater to qualify for a loan. The Tribe may require credit counseling as a condition for making a loan to any Borrower under the Program and the Tribe will require credit counseling for any Borrower whose FICO credit score is lower than 640.
4. LOAN TO VALUE. , The total loan amount may not exceed 100% percent of the lesser of the total acquisition costs or appraised value obtained from a state licensed appraiser. For a sale of a tribally-owned home, the total loan amount shall not exceed the Tribal Fair Market Value of the home.

IV-D. LOAN PROCESS

1. APPLICATION.

A. Applicants will submit the following information in order to be considered for a home loan.

- (1) Completed loan application, with application fee.
- (2) If Borrower is married, the loan application "Co-Borrower" section must be completed by the Borrower's spouse.
- (3) Copies of two (2) most recent pay stubs indicating year to date earnings.
- (4) If self-employed, a copy of the previous year's tax records, including all forms and schedules.
- (5) When Social Security, SSI or pension benefits are used to document income, a copy of the benefits statement, including the name, address, and phone number of the payor and verification of benefit dates, as applicable.
- (6) Evidence of land ownership.
 - a. If home is on tribal Trust Land, the Borrower must provide proof of valid Land Assignment or lease.
 - b. If home is on individual Trust Land, the Borrower must provide proof that trust deed is in their name.
 - c. If the loan is intended for the purchase of home, Borrower must show evidence that the Borrower will own the land or hold the Land Assignment upon the loan closing.
 - d. If Borrower holds or will hold individual Fee Land with a spouse or another person(s), Borrower must provide evidence the other person agrees to the loan and the person(s) will co-sign the resulting mortgage.
 - e. This requirement shall be waived for loans where the Borrower is purchasing a home directly from the Tribe for the Tribal Fair Market Value and is in the process of obtaining the Land Assignment from the Tribe.
- (7) If the loan is for improvements on individual Fee Land owned by the Borrower, then the Borrower must have a current satisfactory title report from a title insurance company.
- (8) Evidence of homeowner's insurance or evidence of proposed homeowner's insurance.

doubted, including, but not limited to, applications involving a Close Family Member or a spouse's Close Family Member.

B. The Loan Review Panel will:

- (1) Review all documents pertaining to the application.
- (2) Obtain an Appraisal of property by State Certified Appraiser. This requirement for an appraisal shall be waived for loans where the Borrower is purchasing a home directly from the Tribe for the Tribal Fair Market Value.
- (3) Confirm that the application contains the materials and information required by Section IV-D. However, the Loan Review Panel may make a determination despite the absence of documents if the Loan Review Panel explains, in writing, the reason it considers the missing information inessential.
- (4) Consult such other sources of information as may be necessary to assess the application.
- (5) Within fifteen days after receiving the complete loan packet, either approve, deny or conditionally approve the application. No rights accrue to the Borrower in the event that the Loan Review Panel's decision is tardy.
- (6) The Loan Review Committee must maintain confidentiality in accordance with Tribal Policy.
- (7) The Loan Review Committee may not waive any of the requirements of Section IV-C.

C. The Department is not authorized to grant immediate approval of any applications to meet a Borrower's emergency needs.

5. NOTIFICATION OF APPROVAL DECISION. Applicants will be notified of the Loan Review Panel's decision in writing within five (5) working days after the decision is rendered. If there are any conditions that the Borrower needs to satisfy in order to receive the loan, the Borrower will be notified of the conditions in the approval letter. If the loan is denied, the Borrower will be notified of the reasons for the denial.

6. LOAN CLOSING.

A. Upon approval, the Loan Department will set a date by which the loan must be closed.

- (1) 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 will be withdrawn and the Borrower will be required to submit a new loan application.
- (2) For loans used to purchase a home located on a Land Assignment, the Borrower must obtain all approvals needed for transferring the Land Assignment into the Borrower's name (approvals contingent on the loan closing are permissible) prior to the loan closing.
- (3) For loans used to purchase fee simple land, loan closing will be scheduled concurrently with the Borrower's closing on the land purchase.
- (4) For loans used to purchase individual trust land, the Bureau of Indian Affairs must review and approve the loan, including all applicable

- (7) Proof of land being held as individual Trust Land or Bureau of Indian Affairs approval for conveyance and loan, as applicable;
 - (8) Bill of Sale, if a tribally-owned home is sold by the Tribe when the Tribe retains ownership of the underlying land;
 - (9) Marital Property Statement, if required;
 - (10) Security Agreement, if applicable;
 - (11) UCC-1 Financing statements for security interests in improvements, if applicable;
 - (12) Payroll Deduction Agreement, if applicable;
 - (13) Closing Statement indicating the amount of the loan, amounts to be disbursed for costs as part of the loan process and the amount, as well as parties, to whom remaining proceeds are paid or to be held in reserve for future disbursement;
 - (14) Certificate or proof of insurance with loss-payable clause in favor of the Tribe;
 - (15) Appropriate payoff letters, if applicable;
 - (16) If the Borrower is in military service, a notice of rights that Borrower has under federal law when on active duty or active service; and
 - (17) Such other documents as the Department may reasonably require.
- E. The Department staff and the Borrower(s) will jointly review the Loan Documents.
 - F. The parties will execute the Loan Documents; the Borrower will receive copies of the Loan Documents that he or she has executed.
 - G. Following closing, the Department will perfect the Tribe's security interests as follows:
 - (1) for individual Fee Land, by filing the mortgage with the appropriate register of deeds office;
 - (2) for individual Trust Land, by filing the mortgage with Bureau of Indian Affairs and with the Tribal Registry, in accordance with Chapter ADM.03 of Stockbridge-Munsee Tribal Code;
 - (3) in improvements on Tribal land, by filing a Land Assignment Security Agreement with the Tribal Registry in accordance with Chapter ADM.03 of Stockbridge-Munsee Tribal Code.
 - H. The Department will file such periodic renewals of security interests as may be required by law.
 - I. If a title insurance commitment is obtained, the Department will work with the title insurance company to obtain the title insurance policy following closing.
7. DISBURSEMENT OF LOAN PROCEEDS. Loan funds will be disbursed to the Borrower following the loan closing, as follows:
- A. For purchase of an existing home on individual Fee Land, through the title company or other entity coordinating the land closing.
 - B. For purchase of an existing home on tribal Fee Land or on Trust Land, through the Department.
 - C. For refinancing a home loan with an alternate provider, the Department disburses loan proceeds to the alternate provider in order to pay off the refinanced home loan.
 - D. For new construction or home improvements, the Borrower shall enter into written agreement(s) with contractor(s) for the work to be completed and provide a copy of

in full and will file a satisfaction of mortgage and/or such additional documents as may be required.

11. RECORDS AND FILES.

A. The following records will be maintained in a secure, confidential file for each Borrower:

- (1) Completed loan application, credit reports, and other supporting loan information submitted. Documentation of all fees paid by Borrower as part of the application process will also be maintained.
- (2) 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) A copy of the Loan Documents, including copies of recorded documents if applicable, and the amortization schedule.
- (4) Evidence of disbursements, including parties who received the disbursement and amount.
- (5) If the loan is used for construction, a copy of agreement(s), lien waivers, draw requests and inspection reports.
- (6) Annual evidence of homeowner insurance.
- (7) If Borrower has individual Fee Land, evidence of payment of real estate taxes.
- (8) A copy of the quarterly interest statement and payment history provided to the Borrower.
- (9) Annual statement(s) of how much interest was paid on the home loan the preceding year to be issued on or before January 30th.
- (10) Copies of any amendments to the Loan Documents.
- (11) Copies of any payment agreements or documentation for any forbearance that may be granted.
- (12) Copies of documents submitted in relation to disbursements under the Escrow Agreement.
- (13) All written communications between the Department and the Borrower.

B. The Department will 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.

IV-E. LOAN TERMS AND CONDITIONS

1. LOAN AMOUNT.

- A. The maximum amount for Home Improvement Loans is \$50,000.
- B. The maximum amount for Home Loans is \$225,000 if the home is located within the boundaries of the 1856 reservation (the townships of Bartelme and Red Springs).
- C. The maximum amount for Home Loans is \$150,000 if the home is located outside of the boundaries of the 1856 reservation.

information. If the disputed information is accurate, it will be reverified.

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

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 Tribe is not required to grant forbearance. Forbearance can be granted once in a twelve-month time span. The maximum number of times a person can be granted during the term of the loan is three.
- 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, which will be between one (1) and six (6) months.
- 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. 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" "Servicemember", or "dependent" of a servicemember as those terms are defined in the Servicemembers Civil Relief Act (50 U.S.C. 3901 et seq).
- E. The term of a forbearance agreement will not exceed six (6) months.
- F. During the period of forbearance, interest continues to accrue and the Borrower is permitted to delay or temporarily reduce the monthly payment.
- G. During the forbearance, late fees will be waived.

6. DEATH.

- A. In the event of the death of the Borrower, the Department will work with the Legal Department to close out the home loan or have it assumed by a new eligible borrower.
- B. If necessary, the Tribe may be required to bring a foreclosure action to secure its interest in the property.

1. APPLICATION FEE. Applicants for home loans are required to pay a \$25.00 application fee. Applications are not complete until this fee is paid.
2. DISBURSEMENT FEES. A fee of \$3.00 per check will be assessed for the disbursement of checks by the Tribe to satisfy outstanding debts paid with the loan.
3. REFINANCING FEE. A \$500 refinancing fee is charged for all loans being used to refinance existing loans. This refinancing fee can be added to the loan balance. Home Loan refinancing does not provide an opportunity for borrowers to engage in non-tribal debt consolidation or utilize equity.
4. ADMINISTRATIVE FEES. Reasonable administrative fees may be collected to cover costs incurred processing the application, such as for credit reports and certified mail. Such fees will be equal to the costs incurred by the Tribe. These costs may be considered part of the loan, so long as they do not increase the loan amount beyond the approved amount.
5. TRANSACTIONAL COSTS. Borrower will be responsible for costs related to the loan such as costs associated with appraisals, recording documents, and title insurance.
6. COLLECTION COSTS AND FEES.
 - A. If the Department has not received the full amount of any monthly payment by the end of ten (10) calendar days after the date it is due, the Borrower must pay a late fee of \$25. If the 10th day falls on a weekend or holiday, the receipt date is the next business day and a late fee will be assessed.
 - B. The Department will collect a worthless check fee, equal to the 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. The Department will collect reasonable collection fees and costs, which include court costs and attorney fees, if a loan account is processed for collection.