

## Chapter Bkg 12

### INDIAN LOAN FUNDS

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**Bkg 12.01 Purpose of rules.** These rules are established for the administration of Indian loan funds. They shall apply to all tribal funds, including any outstanding loan accounts and accruals thereto, which are transferred to the custody of any tribe for credit purposes by the United States.

**Bkg 12.02 Depository.** (1) The tribal loan funds shall be deposited in banks approved as depositories by the tribal board of trustees and by the commissioner of banks.

(2) All disbursements from a bank account shall be by check over the signature of an officer authorized by the board of trustees to make withdrawals.

**Bkg 12.03 Eligibility for loans.** (1) Loans may be made only to members of the tribe whose names appear on its official role.

(2) Loans may be made to officers of the tribe and to members of the board of trustees provided that any said officer or member shall not participate in acting upon his own loan application or upon any application in which he shall be an interested party.

**Bkg 12.04 Purpose of loans.** (1) Loans may be made for any purpose which will serve to promote the economic welfare of the borrower.

(2) All applications for loans shall be made in writing on forms prescribed by the board of trustees, showing the purpose for which the loan is requested, the date, name of applicant, amount asked for, security offered and the proposed method of repayment.

(3) The board of trustees shall have sole authority to approve or disapprove all loan applications.

**Bkg 12.05 Interest rates.** It shall be the objective of the board of trustees to make loans at a reasonable rate of interest, bearing in mind that income therefrom should be sufficient to cover normal costs of operation including losses on loans, but in no case shall the rate of interest or charge on a loan exceed 10% simple interest per annum.

**Bkg 12.06 Evidence of debt.** Each loan shall be evidenced by a promissory note in a form approved by the board of trustees.

**Bkg 12.07 Security for loans.** (1) The board of trustees shall have authority to grant unsecured credit to any one borrower in an amount not exceeding \$200; loans in excess of this amount shall be secured in such manner as the board shall approve.

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(2) All mortgages shall be filed or recorded in accordance with the laws of the state of Wisconsin and all releases and satisfactions shall likewise be made a matter of record.

**Bkg 12.08 Repayment of loans.** (1) Loans shall be scheduled for repayment at such times as the borrower normally will have income with which to make the payments.

(2) The maturity date of any loan shall not exceed *one* year, except in the case of loans made for the purchase or construction of homes, the purchase of land, or loans guaranteed or insured under provisions of the Servicemen's Readjustment Act of 1944 and amendments thereto.

**Bkg 12.09 Loan limitations.** The total liability of any one borrower to the Indian loan fund shall at no time exceed \$5,500.00, except that excess funds not required to meet the demand for loans by members of the tribe may be invested in direct obligations of the United States maturing in not to exceed 10 years from date of purchase.

**Bkg 12.10 Records.** Such books and records shall be installed and maintained as shall be approved by the commissioner of banks. If at any time the commissioner shall deem the books and records to be insufficient to adequately reflect the operations of the loan fund he may direct the installation and maintenance of such additional books and records as he shall decide are necessary.

**Bkg 12.11 Fidelity bond for officers and employees.** (1) As a condition precedent to commencing operations of the Indian loan fund the board of trustees shall obtain a blanket surety bond issued by a responsible surety corporation licensed to do business in this state, in such adequate sum as shall be approved by the board of trustees and by the commissioner of banks. The bond shall protect the tribe against any loss by reason of any act or acts of fraud, dishonesty, embezzlement, wrongful abstraction, or wilful misapplication of funds by the officer and employees employed in the operations of the Indian loan fund.

(2) The bond shall be in a form approved by the commissioner of banks and shall be filed in the office of the commissioner.