RESOLUTION OF THE BUDGET AND FINANCE COMMITTEE OF THE NAVAJO NATION COUNCIL

23RD NAVAJO NATION COUNCIL - Fourth Year, 2018

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE; APPROVING THE NAVAJO NATION OFFICE OF THE CONTROLLER'S CREDIT SERVICES DEPARTMENT PLAN OF OPERATION

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Budget and Finance Committee has oversight of the Office of the Controller. The Credit Services Department is a department in the Office of the Controller. 2 N.N.C. § 301(B)(13).

B. The Budget and Finance Committee is empowered to approve fund management plans upon the recommendation of the appropriate oversight committee and the affected division or branch. 2 N.N.C. § 301(B)(14).

SECTION TWO. FINDINGS

A. The revised Plan of Operation for the Credit Services Department is attached as **Exhibit A**; the final version of the Plan of Operation is attached as **Exhibit B**.

B. Upon approval of the Plan of Operation, Credit Services will resume its operations.

SECTION THREE. APPROVAL

The Budget and Finance Committee of the Navajo Nation Council approves the Plan of Operation for the Credit Services Department in **Exhibit B**.

CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 3 in favor and 0 opposed, this 7th day of November 2018.

Seth Damon, Chairperson
Budget and Finance Committee

Motion: Honorable Tom T. Chee
Second: Honorable Tuchoney Slim, Jr.

NAVAJO NATION CREDIT SERVICE DEPARTMENT

PLAN OF OPERATION

I. ESTABLISHMENT

The Navajo Nation Credit Services Department ("Department") is hereby established within the Office of the Controller, Division of Finance. The Credit Manager of the Department shall be under the direct supervision of the Controller.

II. PURPOSE AND OBJECTIVES

The purpose of the Department is to administer and manage the Personal Loan Program, Special Loan Program, Home Loan Program, and all assets and accounts receivable. To achieve this purpose, the Department will:

A. Be self-supporting.
B. Provide personal and home loans to qualified individuals who demonstrate credit worthiness with the ability to repay the loan in accordance with the Operating Policies and Guidelines for the respective programs as approved by the Budget and Finance Committee of the Navajo Nation Council ("Committee").
C. Service and maintain accountability for all accounts receivable associated with the program so as to protect the Navajo Nation's interest in property pledged to secure loans made under the program, as well as other Navajo Nation lending programs with which the Department has executed Memoranda of Agreement and Understanding.
D. Implement stringent collection efforts to collect funds owed to the Navajo Nation resulting from loans made by the Department, as well as by other Navajo Nation lending programs with which the Department has executed Memoranda of Agreement and Understanding concerning collection.
E. Assist and cooperate with the Committee in the completion of its responsibilities and exercise of oversight authority in accordance with 2 N.N.C. § 300(C)(5) and §§ 301(B)(9), (12), and (13).
F. Disseminate information to the Navajo Public on the respective loan programs, and provide education to the Navajo Public on financial responsibility and money management.
G. Publish information and advertising materials pertaining to the respective loan programs to solicit potential loan applicants.

III. STAFF AND ORGANIZATION

A. All personnel shall be employed and compensated in accordance with the Navajo Nation Personnel Policies Manual. The Credit Manager of the Department shall be selected by the Controller in accordance with the Navajo Nation Personnel Policies Manual.

B. The Department shall employ a sufficient number of qualified staff to accomplish the purpose and objectives stated herein. It shall be administratively aligned within the Office of the Controller, Division of Finance, and shall be under the direct supervision of the Credit Manager.
C. The Credit Manager shall have the authority to hire the Department's professional and support staff with the concurrence of the Controller.
D. The Department shall consist of professional finance personnel to fulfill duties and responsibilities within the Administrative, Lending, Collection, or Accounting Sections.

IV. AUTHORITY AND RESPONSIBILITY

A. CREDIT MANAGER. The authority and responsibilities of the Credit Manager of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. To recommend to the Committee any necessary amendments to the Operating Policies and Guidelines.
2. To implement and enforce the Operating Policies and Guidelines.
3. To set interest rates, approve loan adjustments, and modify agreements.
4. To contract with outside collection services to protect the interests of the Navajo Nation.
5. To recommend Memoranda of Agreement or Understanding with other Navajo Nation lending programs wherein the Department will assume responsibility for collection, accounting, and insurance services.
6. To review loan recommendations of the Loan Officers to ensure eligibility conditions and requirements are met. The Credit Manager's concurrence is required before any loan is approved and closed.
7. To execute documents on behalf of the Navajo Nation for the release of liens on property and leasehold or realty mortgages on loans that have been paid in full.
8. To complete assignments or directives from the Committee to enhance the Department's services.
9. With the assistance of the Department of Justice, to take all necessary legal actions to protect the property and assets of the Navajo Nation.

B. LENDING SECTION. The authority and responsibilities of the Lending Section of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. To review and evaluate applications for loans from the respective programs in accordance with the Operating Policies and Guidelines approved by the Committee.
2. To approve or disapprove any loan application, with the concurrence of the Credit Manager.
3. To close approved loans in accordance with the respective Operating Policies and Guidelines and to collect fees associated with the loans.
4. To ensure and process security documents on behalf of the Navajo Nation, including placing liens on manufactured homes and perfecting leasehold or realty mortgages.

C. ACCOUNTING SECTION. The authority and responsibilities of the Accounting Section of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. To monitor credit loan repayments to individual accounts for the programs and other Navajo Nation lending programs wherein the Department assumes responsibilities for such services in accordance with respective Operating Policies and Guidelines.
2. To reconcile all payments on a monthly basis with the Cashier Section within the Office of the Controller.
3. To prepare and present periodic financial reports to the Credit Manager, and other appropriate parties as needed, on all loan accounts serviced and maintained by the Department.

D. COLLECTION SECTION. The authority and responsibilities of the Collection Section of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. To ensure loan agreements are in compliance with promissory notes and to promptly identify delinquent accounts, including other Navajo Nation lending programs for which the Department assumes responsibility for collection services.
2. To initiate prudent collection efforts in accordance with respective Operating Policies and Guidelines and applicable Navajo Nation, federal and state laws.
3. To monitor loan accounts not in compliance with loan agreements. With the concurrence of the Credit Manager, to refer for legal action loan accounts which are delinquent and have been accelerated.
4. To recommend Charge-Off of loans when determined uncollectable or when a settlement agreement between the Department and Borrower(s) has been entered into.
5. To recommend Write-Off of loans after making a determination that such loans are uncollectible. Upon final approval by the Controller, the written off loans shall be taken off the active books of the Navajo Nation.

V. LEGISLATIVE OVERSIGHT

The Navajo Nation Credit Services Department, Office of the Controller, Division of Finance, shall operate under the legislative oversight of the Budget and Finance Committee of the Navajo Nation Council.

VI. AMENDMENTS

This Plan of Operation maybe amended from time to time by the Committee upon recommendation of the Department.

EXHIBIT "B"

NAVAJO NATION CREDIT SERVICES DEPARTMENT

PLAN OF OPERATION

I. ESTABLISHMENT

The Navajo Nation Credit Services Department ("Department") is hereby established within the Office of the Controller, Division of Finance. The Credit Manager of the Department shall be under the direct supervision of the Controller.

II. PURPOSE AND OBJECTIVES

The purpose of the Credit Services Department shall be to provide administrative and management of the Personal Loan Program, Special Loan Program, Home Loan Program and all assets and outstanding account receivable associated therein. To achieve this purpose the Credit Services Department will:

A. Be self-supporting. Generating internal funding by providing services to the public through the efforts or operations of the program itself, a proprietary funded program.

B. Administer the Personal Loan Program, Special Loan Program and Home Loan Program in accordance with all Operating Policies and Guideline for the respective programs, as approved by the Budget and Finance committee;

C. Service all accounts receivables associated with the Personal Loan Program, Special Loan Program and the Home Loan Program so as to protect the Navajo Nation's interest in property pledged to secure any loans made under the programs;

D. Implement stringent collection efforts in regards to funds due and owing the Navajo Nation resulting from loans made under the respective programs.

E. Assist and cooperate with the Committee in the completion of its responsibilities and exercise of oversight authority in accordance with 2 N.N.C. § 300(C)(5) and §§ 301(B)(9), (12), and (13).

F. Disseminate information to the public on the lending programs, and provide education to the Public on financial responsibility and money management.

G. Publish information and advertising materials pertaining to the respective programs to solicit potential loan applicants.

III. PERSONNEL AND ORGANIZATION

A. All personnel shall be employed and compensated in accordance with the Navajo Nation Personnel Policies Manual. The Credit Manager of the Department shall be selected by the Controller in accordance with the Navajo Nation Personnel Policies Manual.

B. The Credit Services Department shall be administratively aligned with the Division of Administration and Finance within the Office of the Controller.

C. The Credit Manager shall have the authority to hire the Department's professional and support staff with the concurrence of the Controller.

D. The Department shall consist of professional finance personnel to fulfill duties and responsibilities within the Administrative, Lending, Collection, and Accounting Sections.

IV. DUTIES, RESPONSIBILITES, AND AUTHORITY OF THE CREDIT SERVICES DEPARTMENT

A. GENERAL

The authority and responsibilities of the Credit Manager of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. Accept, review, evaluate, and process applications for loans from the respective programs in accordance with Operating Policies and Guidelines approved by the Budget and Finance Committee;

2. To close approved loans in accordance with the respective Operating Policies and Guidelines and to collect fees associated with the loans.

3. Manage loan accounts arising from loans made under respective Programs, and to take all appropriate actions to protect property interests of the Navajo Nation;

4. Initiate collection proceedings, including the referral of accounts to the Department of Justice for litigation or other appropriate action, for all sums due and owing the Navajo Nation arising from loans made under the respective programs.

5. Recommend any necessary amendments to the Operating policies and procedures to the Budget and Finance Committee;

6. Prepare and present periodic accounting and operational reports to appropriate parties;

7. Execute documents on behalf of the Navajo Nation in regards to the closing of loans, and the release of leasehold mortgages pertaining to loans that have been paid in full;

8. Publish information and advertising materials pertaining to the respective loan programs to solicit potential loan applicants.

9. The Credit Service Department shall coordinate with all appropriate Departments and Office of the Navajo Nation in the administration and management of the respective programs.

B. LENDING SECTION. The authority and responsibilities of the lending section of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. Implements, monitors and coordinates the credit and financing program, by performing financial analysis and determines feasibility of granting loan requests from the respective programs in accordance with the Operating Policies and Guidelines approved by the Committee.

2. Reviews loan applications for completeness and accuracy; researches financial records for credit information; negotiates loan terms and conditions to clients.

3. Maintain detailed records of credit activities and status of accounts; including delinquencies, bankruptcies, charge offs, write off, repossessions settlements etc; update loan activity and transmit electronically to the Credit Reporting Agency.

4. Coordinates liquidation of default loans; Processes leasehold or realty mortgages with BIA Reality Office or respective county offices; renews and ensures insurance/property taxes are paid as schedule; processes and perfects liens for manufactured home

5. Conducts title searches, and releases collateral when loan is paid in full; participates in formulating loan and guidelines.

C. COLLECTION SECTION. The authority and responsibilities of the lending section of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. Performs collection activities in pursuit of delinquent accounts; contacts debtor when payment lapses; to initiate prudent collection efforts in accordance with respective Operating Policies and Guidelines and applicable Navajo Nation, federal and state laws.

2. Responds to debtor inquiries and complaints; counsels debtor on status of loan account and credit history; resolves issues and/or refers to appropriate staff.

3. Monitors payments to ensure adherence to schedule; may conduct site visitations, general inspections of real property and mobile homes:

4. To recommend Charge-Off and Write Offs of loans when determined uncollectable or when a settlement agreement between the Department and Borrower(s) has been entered into.

5. Testifies at legal proceedings; provides information to clients with policy procedures and rules; ensures compliance with approved policies and guidelines

D. ACCOUNTING SECTION. The authority and responsibilities of the lending section of the Navajo Nation Credit Services Department shall include, but are not limited to, the following:

1. Performs professional accounting and related processing, including transactions, payroll accounting, cost analysis, budget support, internal and external billing, internal audit reviews.

2. Interprets data and prepares accounting reports, statements, detailed cost and projections; reconciles and analyzes reports and ledgers on a monthly basis; present periodic financial reports to the Credit Manager, and other appropriate parties as needed, on all loan accounts serviced and maintained by the Department.

3. Monitors and maintains financial accounts and records that includes posting to receivable and disbursement records; checks forms for completeness and accuracy.

V. OFFICE LOCATION AND HOURS

The administrative office of the Credit Services Department is located in Window Rock, Arizona. The mailing address is as follows:

Credit Services Department
P.O. Box 2405
Window Rock, Arizona 86515

Business Operating hours Monday through Friday, between 8:00 A.M. and 5:00 P.M.

VI. AMENDMENTS TO THE PLAN OF OPERATION

This Plan of Operation maybe amended from time to time by the Committee upon recommendation of the Department.

BUDGET AND FINANCE COMMITTEE

7 November 2018

Special Meeting

VOTE TALLY SHEET:

Legislation No. 020-18:

An Action Relating to Budget and Finance Committee, Approving the Navajo Nation Office of the Controller's Credit Services Department Plan of Operation *Sponsored by Tom T. Chee, Council Delegate*

Motion: Tom T. Chee
Second: Tuchoney Slim, Jr.
Vote: 3-0, Chairman not voting

Vote Tally:

Seth A. Damon		
vacant		
Tom T. Chee	**yea**	
Lee Jack, Sr.		
Leonard Tsosie	**yea**	
Tuchoney Slim, Jr.	**yea**	

Absent: *Lee Jack, Sr.*

Seth A. Damon, Chairman
Budget & Finance Committee

Peggy Nakai, Legislative Advisor
Budget & Finance Committee