

Class "C" Resolution
No BIA Action Required.

RESOLUTION OF THE
ADVISORY COMMITTEE OF THE
NAVAJO TRIBAL COUNCIL

Amending Resolution ACJY-167-87 and the Plan of Operation
for the Office of the Navajo Veteran Affairs Within
the Executive Branch of the Navajo Tribal Government

WHEREAS:

1. Pursuant to Resolution CJA-1-81, the Advisory Committee of the Navajo Tribal Council was continued as a Standing Committee of the Navajo Tribal Council and empowered under Article IV, Powers, Section B. "Enumerated Powers" of said Plan of Operation, to create any entity of the Navajo Nation by adoption of its Plan of Operation and to amend or rescind that Plan or the existing Plan of Operation for any entity of the Navajo Nation; and
2. The Office of Navajo Veteran Affairs was established by Navajo Tribal Council Resolution CMA-35-71 and a Plan of Operation for said office was adopted by Advisory Committee Resolution ACJY-91-82 and subsequently amended by Advisory Committee Resolutions ACAU-104-84 and ACJY-167-87; and
3. The Budget and Finance Committee Resolution BFAP-50-86 established a Revolving Loan Account for loans to Navajo Veterans which was supplemented pursuant to Navajo Tribal Council Resolution CAP-23-86; and
4. By Resolution ACD-234-85, the Advisory Committee of the Navajo Tribal Council adopted a Plan of Operation for the Navajo Nation Credit Department, together with Operating Guidelines which included the responsibility for administration of the Veterans Loan Program; and
5. Pursuant to Resolution ACN-229-87, the Advisory Committee of the Navajo Tribal Council amended the Plan of Operation of the Central Loan Committee of the Navajo Tribal Council and empowered the Central Loan Committee to coordinate and adopt criteria, policies and procedures for all credit and financial programs of the Navajo Nation to individual members of the Navajo Tribe, together with businesses and organizations of members of the Navajo Tribe; and
6. Pursuant to Resolution CLCD-25-87, attached as Exhibit "A" hereto, the Central Loan Committee of the Navajo Tribal Council has accepted and approved the reorganization plan for all financing and loan programs of the Navajo Nation and pursuant thereto, the Advisory Committee of the Navajo Tribal Council adopted Resolution ACF-21-88, rescinding Resolution ACD-234-85; and
7. Pursuant to the reorganization plan approved by Central Loan Committee Resolution CLCD-25-87, attached as Exhibit "A" hereto, it is necessary and proper that new Operating Policies and Guidelines for administration of the Veterans Loan Program be implemented by the Office of Navajo Veteran Affairs

within the Executive Branch of the Navajo Tribal Government, in accordance with the directives approved by Navajo Tribal Council Budget Resolution CO-50-87.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Advisory Committee of the Navajo Tribal Council hereby amends Resolution ACJY-167-87 and the Plan of Operation for the Office of Navajo Veteran Affairs within the Executive Branch of the Navajo Tribal Government, as follows, including additions thereto as underlined and by deletions thereto as stricken, effective this date of enactment:

The title of "Office of Navajo Veteran Affairs" is hereby substituted for the title of "Office of Navajo Veterans Affairs" wherever it appears in the Plan of Operation as adopted by Resolution ACJY-167-87.

Article I, Establishment is amended as follows:

The Office of Navajo Veterans Affairs was established within the Executive Branch of the Navajo Tribal Government by Navajo Tribal Council Resolution CMA-25-71. An initial Plan of Operation adopted for the Office by Advisory Committee Resolution ACJY-91-82, was rescinded by Advisory Committee Resolution ACAU-104-84; and Advisory Committee Resolution ACAU-104-84, was rescinded by Advisory Committee Resolution ACJY-167-87. The Office of Navajo Veteran Affairs is hereby established as a Navajo Tribal Office within the Executive Branch of the Navajo Nation.

Article II, Purposes is amended as follows:

The purposes of the Office of Navajo Veterans Affairs shall be:

1. To determine and provide program services for the needs of Navajo veterans. ~~and~~
2. To implement and assist in carrying out the purposes, duties and authority as set forth in the Plan of Operation of the Navajo Veterans Commission and as otherwise authorized hereunder, for implementation of programs for the benefit of Navajo veterans.
3. To administer and manage the Veterans Loan Program and all of the assets and outstanding accounts receivables associated therein including, but not limited, to:
 - A. Administer the Veterans Loan Program in accordance with all Navajo Tribal law, and the Operating Policies and Guidelines for the program, as approved by the Central Loan Committee of the Navajo Tribal Council.
 - B. Service all accounts receivables associated with the Veterans Loan Program so as to protect the Navajo Nation's interest in property pledged to secure any loans made under the program.
 - C. Implement collection efforts in regards to funds due and owing the Navajo Nation resulting from loans made under the program.

- D. Assist the Central Loan Committee of the Navajo Tribal Council in the completion of its duties and responsibilities as set forth in their Plan of Operation, as approved by Resolution AON-229-87.
- E. Recommend negotiation and appropriation of available funds for use for Navajo Veterans' program.

Article III, Authorities, Duties, and Responsibilities is amended by the addition of paragraph 4 as follows:

The Executive Director shall:

- 4. Have the authority necessary and proper to carry out the purposes for the Veterans Loan Program as set forth in Section II of this Plan of Operation, including, but not limited to:
 - A. Accept, review, evaluate and process application for loans in accordance with Operating Policies and Guidelines adopted by the Central Loan Committee.
 - B. Closed approved loans in accordance with Operating Policies and Guidelines approved by the Central Loan Committee and accounting policies and procedures of the Navajo Nation.
 - C. Manage and service loan accounts arising from loans made and to take, or cause to be taken all appropriate actions to protect property interests of the Navajo Nation.
 - D. Initiate collection procedures, 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 program.
 - E. Recommend policies and procedures to the Navajo Veterans Commission and the Central Loan Committee of the Navajo Tribal Council.
 - F. Prepare and present periodic accounting and operational reports to appropriate parties.
 - G. Execute documents on behalf of the Navajo Nation in regards to the closing of loans, the placement and release of liens on personal property, and the release of leasehold mortgages pertaining to loans that have been paid in full.
 - H. Publish or cause to be published, public information material pertaining to the program.
 - I. Complete such other assignments, or take such other action as is necessary to protect the property and assets of the Navajo Nation.

Article VII, Amendments is amended as follows:


This Plan of Operation for the Office of Navajo Veterans Affairs may be amended from time to time by the Advisory Committee of the Navajo Tribal Council by recommendation of the Navajo Veterans Commission and the Central Loan Committee of the Navajo Tribal Council.

2. The Advisory Committee of the Navajo Tribal Council affirms and recognizes the authority of the Central Loan Committee of the Navajo Tribal Council to approve, adopt and coordinate appropriate Operating Policies and Guidelines for implementation of all loans and financing programs of the Navajo Nation for the benefit of Navajo persons, businesses and other organizations including the Veterans Loan Program, as authorized under the Plan of Operation of the Office of Navajo Veteran Affairs approved hereby, the Plan of Operation for the Central Loan Committee approved and adopted by the Advisory Committee Resolution ACN-229-87 and Navajo Tribal Council Budget Resolution CO-50-87, the current budget directives of the Navajo Tribal Council and all other applicable laws of the Navajo Nation.

3. The Advisory Committee of the Navajo Tribal Council further affirms the declaration of policy of the Navajo Tribal Council set forth in Resolution CF-13-85, that all loans of funds of the Navajo Nation heretofore authorized or issued by the Bureau of Indian Affairs prior to August, 1982, shall remain the fiduciary duty and responsibility of the Bureau to the Navajo Nation.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Advisory Committee of the Navajo Tribal Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 15 in favor and 0 opposed, this 8th day of March, 1988.



Chairman Pro Tempore
Advisory Committee

CLCJY-25-87

RESOLUTION OF THE
CENTRAL LOAN COMMITTEE
OF THE NAVAJO TRIBAL COUNCIL

Accepting and Approving the Reorganization Plan of the Navajo Nation Credit
Department, and Directing its Implementation

WHEREAS:

1. By Resolution CJA-1-87, the Central Loan Committee of the Navajo Tribal Council was continued as a standing Committee of the Navajo Tribal Council, and empowered with the authority conferred by its Plan of Operation as approved by Resolution ACMA-35-84; and

2. Within Article II, Purposes, Section B, of the above referenced Plan of Operation, one of the stated purposes of the Committee is to provide management direction for all lending programs of the Navajo Tribe; and

3. Within Article IV, Powers, Section B, Enumerated Powers, sub-section 2, of the above referenced Plan of Operation, the Committee was empowered to consolidate and provide direct control over all lending programs of the Navajo Tribe; and

4. By Resolution ACD-234-85, which approved the Declaration of Policies and Plan of Operation for the Navajo Nation Credit Department, the policy of consolidation of revolving credit and financing operations was reaffirmed (Section 4, Policy); and

5. In order to further the economic development goals of the Navajo Nation, it is necessary to reorganize the Navajo Nation Credit Department, as shown in the attached plans (Exhibit A); and

6. Such reorganization will require that the policy of consolidation of revolving credit and financing operations be modified; and

NOW THEREFORE BE IT RESOLVED THAT:

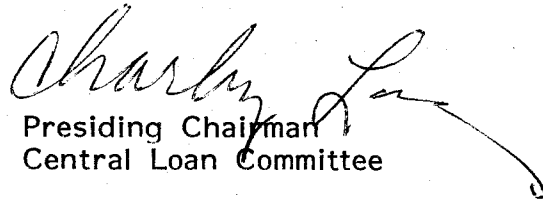
1. The Central Loan Committee of the Navajo Tribal Council, upon review and consideration, hereby accepts and approves of the reorganization plan for the Navajo Nation Credit Department, attached hereto as Exhibit A; and

2. The Central Loan Committee of the Navajo Tribal Council hereby recommends to the Advisory Committee of the Navajo Tribal Council that the policy of consolidation of revolving credit and financing operations, as expressed in Resolutions ACMA-35-84 and ACD-234-85, be modified so as to allow implementation of the above referenced reorganization plan; and

3. The Central Loan Committee of the Navajo Tribal Council hereby directs the Director of the Navajo Nation Credit Department and all other appropriate parties to take all necessary and proper actions to implement the above referenced reorganization plan as of October 1, 1987.

C E R T I F I C A T I O N

I hereby certify that the foregoing resolution was duly considered by the Central Loan Committee of the Navajo Tribal Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which time a quorum was present and that the same was passed by a vote of 04 in favor and -0- opposed this 29th day of July, 1987.


Presiding Chairman
Central Loan Committee

SUMMARY

The purpose of this document is to set forth proposed reorganization plans for the Navajo Nation Credit Department. A general description of the existing Navajo Nation Credit Department will be presented, as well as an overview of the Department once reorganized, with each component part discussed in more detail. These plans must be finalized and approved relatively quickly, so that implementation can occur on or before October 1, 1987.

At present the Navajo Nation Credit Department is organized as an operating Department within the Office of Business and Economic Development, administering four loan programs. It manages over 1900 accounts, with slightly more than \$14.0 million dollars of assets. The Department is currently staffed with 21 full time employees.

The proposed reorganization will reorganize the existing Department into three separate departments, the Office of Business and Economic Development Commercial Lending Department, the Division of Administration and Finance Credit Department, and the Office of Veteran Affairs' Veteran Loan Program according to programmatic functions. All of the effected administrative bodies (the Office of Business and Economic Development, the Office of Veteran Affairs, and the Division of Administration and Finance) have indicated their tentative approval of the proposed reorganization. In addition, the Office of the Chairman and Vice-Chairman is supportive.

The new Departments will be organized as follows:

The Office of Business and Economic Development Commercial Lending Department will manage the Small Business Loan program, which will be argued through supplemental appropriations (in process), and through the appropriation of funds received from existing and new business site leases. The Office of Business and Economic Development Commercial Lending Department would assume responsibility for the collection of outstanding accounts under both the Small Business Loan Program and the Business Site lease rentals. The plan calls for Office of Business and Economic Development to assume complete management responsibility for this fund, including client intake, application evaluation, loan documentation, account monitoring, and collection, up to the point of referral to the Department of Justice.

The Division of Administration and Finance Credit Department will assume responsibility for the Emergency Personal Loan Program and the Revolving Credit Program. Revolving Credit Program funds will be used exclusively for home mortgages. Division of Administration and Finance will be

responsible for all functions under these programs, including client intake, application evaluation, loan documentation, account monitoring, and collection, up to the point of referral to the Department of Justice.

The Office of Veteran Affairs shall assume responsibility for the Veteran Loan program, including client intake, application evaluation, loan documentation, and account monitoring. The Division of Administration and Finance will be responsible for collection, up to the point of referral to the Department of Justice.

The Central Loan Committee of the Navajo Tribal Council will continue as the oversight Committee, responsible for lending policies and loan approvals. The Committee may delegate some of their loan approval authority to one of the respective Credit Department staff persons.

PRESENT ORGANIZATION

At present the Navajo Nation Credit Department is organized as an operating Department within the Office of Business and Economic Development, administering four loan programs. It manages 1,932 accounts, with \$14.084 million dollars in assets. The Department is staffed with 21 full time employees; however three of those employees are not directly responsible, either in terms of budget or supervision to the Director of the Department (1 Collection Clerk, 2 Shiprock Regional Business Development Center employees). The Central Loan Committee of the Navajo Tribal Council is the principal oversight Committee, and also serves as the loan approval Committee. Applications are taken at four Agency offices, and through the Shiprock Regional Business Development Center. Loan records are maintained at the Central Office in Window Rock. Department accounting, with the exception of the Revolving Credit Program, is provided by the Division of Administration and Finance.

The programs and staffing are as follows:

The Emergency Personal Loan Program makes loans up to \$2,500 to individuals who are experiencing some type of unforeseen financial need. The majority of loans are made to prevent vehicle or mobile home repossession, or to redeem such property if its has been repossessed, and/or to prevent utility disconnection or to reestablish utility service. Most of the Emergency Personal Loan program loans are secured by a payroll deduction. Presently four full time employees work almost exclusively with this program. The last available accounts receivable loan portfolio report, dated July 9, 1987, showed 1,114 accounts, with balances outstanding of \$1,750,633.

In general, the program operations work, but are inefficient, in meeting the emergency needs of the Navajo people. Loan application, approval, and closing takes about four weeks on the average. Loan funds are allocated by agencies; at times loan authority for a particular Agency is exhausted. At present, when that happens, loan activity is suspended. The program experiences a high delinquency rate for loans that are not secured by a payroll deduction. Collection efforts for delinquent accounts are ongoing, but need to be focused and strengthened, if significant results are to be obtained. Records for loans made since 1985 appear to relatively complete; the state and status of records of loans made prior to that date is unknown.

The Small Business Loan program makes loans up to \$20,000 to businesses which are experiencing some type of financial need. The majority of loans are made for working capital purposes, primarily inventory purchase, and payment of past due indebtedness. Most of the Small Business Loan program loans are secured by business assets. No specific employee works with the program. The last available accounts receivable loan portfolio report, dated July 9, 1987 showed, 56 accounts, with outstanding balances of \$774,230.

The Small Business Loan program experiences an extremely high delinquency rate, and collection efforts to date have been minimal. Funds available as of the date of this report total, \$158,869, although efforts are underway to secure a supplemental appropriation, and to direct the revenues received from the Business Site Leases into this revolving account. This program needs to revise its operating plans, so as to make it a more effective development tool. Collection efforts need to be increased.

The Veteran Loan program makes loans up to \$3,000 to Navajo veterans. The purposes of the loans varies greatly, although a sizeable percentage are used for home improvement purposes. Most of the Veteran Loans are secured by a payroll deduction. No specific employee works with the program. The four employees associated with the Emergency Personal Loan program complete the administration of the Veteran Loan Program. The Office of Veteran Affairs is currently involved in a portion of the application procedure, and qualify applicants as Veterans. The last available accounts receivable loan portfolio report, dated July 9, 1987 showed, 134 accounts, with outstanding balances of \$334,319.

This program seems to be working well. Veteran Loan applications receive priority and special consideration by the Central Loan Committee. When the program was started, the Office of Veteran Affairs and the Veteran Affairs Commissioners requested that Veteran loans be granted on more lenient terms than Emergency Personal Loans. This was not agreed to by the Central Loan Committee, but similar requests have been made again. In general, the Veteran Loans have a lower delinquency rate than the Emergency Loan program.

The Revolving Credit Program makes loans up to \$100,000 to businesses and individuals primarily for housing purchase or construction, or business start-up. Most Revolving Credit program loans are secured by leasehold or realty mortgages. Four full time employees work almost exclusively

with this program. The last available accounting, showed 628 accounts with outstanding balances of \$11,225,623.

The Department maintains four Agency Offices and participates in the Shiprock Regional Business Development Center. These offices account for eight staff persons, who work with all four programs, primarily completing the intake (application) procedure, and the evaluation and presentation of applications to the Central Loan Committee. Two personnel at the Central Office focus on collection activities, primarily on delinquent loans made under the Emergency Personal Loan Program. Three personnel at the Central Office handle administration, planing, and audit functions.

The Central Office currently uses office space formerly occupied by the Legislative Secretary. Office facilities are inadequate, and facilities and the absence of proper equipment greatly hinders effective program performance.

PROPOSED REORGANIZATION

The proposed reorganization involves organizing the current structure into three separate Departments along program lines. The Departments are the Office of Business and Economic Development Commercial Lending Department, the Division of Administration and Finance Credit Department, and the Office of Veteran Affairs, Veteran Loan Program. Functionally, the plans call for the Office of Business and Economic Development Commercial Lending Department to assume responsibility for the augmented Small Business Loan program, including the intake, application, evaluation, presentation for decision, loan documentation, account monitoring, collection, including receipt of payments, and the collection of delinquent accounts, up to the point of referral to the Department of Justice. The Division of Administration and Finance Credit Department will assume responsibility for the Emergency Personal Loan program and the Revolving Credit program, including all of the functions listed above. The Office of Veteran Affairs would assume responsibility for the Veteran Loan Program, including all of the functions listed above, except for the collection of payments. The collection of payments for the Veteran Loan Program will be the responsibility of the Division of Administration and Finance.

The role of the Central Loan Committee will remain the same, that is, providing oversight and policy direction to the programs, and serving as the loan approval committee. The Central Loan Committee does have a revised Plan of Operation pending, that will allow some delegation of the loan approval authority to a staff person. The primary change for the Central Loan Committee will be that they will need to adopt procedures for the presentation of loan applications, since most likely more people will be making the presentations.

Proposed plans call for staff at the Regional Business Development Centers to assist clients with the application process for Small Business Loan program loans. Agency Veteran Affairs officers will assist clients with the application process for the Veteran Loan Program. No decision has yet been made as how to handle client intake for the Emergency Personal Loan program and Revolving Credit program. The three options being given consideration include utilizing the Office of Veteran Affairs Agency Officers, utilizing Chapter managers, or utilizing current staff on a rotating, circuit basis. Organizational structures as to how each program and/or Department will fit into the various Divisions and Offices involved, is being left to Division or Office Directors. The Office of Business and Economic Development Commercial Lending Department will be an operating Department with the Office. No decision on organizational structures has been made as to the Division of Administration and Finance Credit Department or the Office of Veteran Affairs.

Plans call for the budget for the three credit Departments to be paid from revenues guaranteed from the asset base of the existing Department. In addition, certain personnel (10 positions) costs associated with the Regional Business Development Centers have been budgeted for FY'88 to be paid from revolving loan funds revenues. Operating budgets for the Division of Administration and Finance Credit Department and the Office of Veterans Affairs Credit Department have yet to be developed pending finalization of reorganization plans.

SPECIFIC DEPARTMENT DESCRIPTIONS

Office of Business and Economic Development, Commercial Lending Department.

This Department will be responsible for reviewing and evaluating applications received from the Regional Business Development Centers, and the presentation of such applications to the Central Loan Committee. This Department will be responsible for loan documentation, account monitoring, and collection of payments, up to the point of referring delinquent accounts to the Department of Justice. In addition, this Department will, in conjunction with the Regional Business Development Centers, work to service outstanding Business Site leases accounts. This Department will have primary responsibility for the Small Business Development Fund, a combination of the Small Business Loan program and business site lease accounts. This fund will make commercial loans, perhaps participate on an equity basis, and provide funding for site improvement. In addition to commercial lending from the Small Business Development fund, this Department will monitor and assist in the activities of the Navajo Nation Loan Guarantee Program, and work to establish other avenues of financing for Navajo businesses. Current plans call for a staff of 9, and an operating budget of \$258,351. The Department will maintain offices in the Office of Business and Economic Development building when completed. No decision has been made as to office space pending completion of the Office of Business and Economic Development building.

Work plans include the development of loan and collection policies, as well as procedures for accounting and the handling of cash and other payments.

Division of Administration and Finance Credit Department

This Department will be responsible for the Emergency Personal Loan program and the Revolving Credit program. Decisions need to be made as to:

Staffing - it is assumed that current personnel associated with the programs will transfer to the new Department. However, job descriptions and assignments will need to be developed.

Facilities - No decision as to facilities for the Division of Administration and Finance Credit Department has been made. Staff could continue to use present office facilities, or move into the Division of Administration and Finance building.

Budgeting - No budget has yet been prepared. This is becoming a critical issue, with the Navajo Nation rapidly moving through their budget cycle.

Loan Policies/Collection Policies - Current policies need to be reviewed and revised as necessary.

Client Intake - No decision has been made regarding client intake. Possibilities include utilizing Veteran Affairs Agency Officers, or Chapter Managers, or present staff.

Accounting policies are in place, but may need to be customized for loan programs.

Work plan includes reaching decisions on the above, bringing accounts to date, initiating the change in administration.

Office of Veteran Affairs, Veteran Loan Program

This Office will assume responsibility for the Veteran Loan program. Decisions need to be made as:

Budgets - No budget has been prepared yet, although the Office of Veterans Affairs has made some provision for increased activity in their general fund request.

Facilities - No decision has been made. It is assumed that the Central Office functions will transfer to the Office of Veterans Affairs Offices located in the Division of Administration and Finance building.

Staffing - It is contemplated that only one staff member from the present Navajo Nation Credit Department staff will transfer to the Office of Veterans Affairs.

Loan Policies/Collection Policies - If these are to be revised, then work to do so needs to commence.

Work plan involves reaching decisions on the above, and implementing the administrative change.