

KICKAPOO TRADITIONAL TRIBE OF TEXAS

CHAPTER 24

Kickapoo Community Development Company Regulations

24.1 BACKGROUND

The Kickapoo Community Development Company (hereinafter called "KCDC") was created by the Kickapoo Traditional Tribe of Texas (hereinafter "KTTT") Tribal Charter dated October 9, 2008. KCDC's authorities, duties, and responsibilities are outlined in the KCDC Operating Agreement. The Operating Agreement is a grant of authorities and responsibilities unilaterally given by KTTT Traditional Council (hereinafter "Tribal Council"), which can be amended by the Tribal Council at any time.

DEFINITIONS

Tribe/Tribal –as used herein refers to the Kickapoo Traditional Tribe of Texas Tribe.

KTTT – means the Kickapoo Traditional Tribe of Texas.

Tribal Council – means the Kickapoo Traditional Tribe of Texas Traditional Council which is designated by the Kickapoo Traditional Tribe of Texas Constitution as the governing body of the KTTT.

KCDC – means the Kickapoo Community Development Company.

24.2 INTRODUCTION

KCDC was initially created for the purpose of providing funds for the development of entrepreneurial tribal members. However, the needs of the Tribe dictate creation of a Tribal Loan Program. Therefore, while maintaining the KCDC entity, the Tribe will focus on a Tribal Loan Program until these regulations are amended to allow other types of loans and/or funding.

Tribal members are experiencing financial growth and with that financial growth comes financial needs. Tribal members have sought loans in state banks, but because they have not yet acquired financial stability and/or attained an appropriate credit rating to qualify individually for the loans, the Tribe is routinely asked to be the guarantor of those loans. This practice, while it served a legitimate purpose, is no longer the best course for Tribal finances. The Tribe intends to acquire all of the Tribal Members' guaranteed loans and convert that acquisition into an initial investment into KCDC by transferring them to the KCDC Loan Receivables account. In doing so, the Tribe will minimize its exposure to the lending institution, receive interest that would otherwise be paid to the bank by the Tribal members, and have better control of Tribal members' payments. KCDC will also provide loans to Tribal members as prescribed by these regulations and other policies created at a later date, which are not inconsistent with these regulations.

24.3 TRIBALLY OWNED

KCDC is a company wholly owned by the Kickapoo Traditional Tribe of Texas.

24.4 NOT FOR PROFIT

KCDC is a not-for-profit entity because all proceeds will be invested into the government of the Kickapoo Traditional Tribe of Texas.

24.5 INITIAL INVESTMENT

Because the initial investment of the Tribe will be in the form of buying Tribal Members' loans, from an outside bank, the portfolio of Tribal Members' loans which are guaranteed by the Tribe, and because the outside bank is presently collecting interest from those loans, KCDC will continue to collect on those loans at the contracted interest rate or if deemed appropriate a new interest rate.

24.6 ACCOUNT RECEIVABLE ACQUISITION

- a. KCDC shall compile a complete list and maintain files of all the loans, which the Tribe has guaranteed to outside banks.
- b. KCDC and its clients shall enter into new contracts wherein individual Tribal Members agree that the loan guaranteed by the outside bank be bought by KCDC. The borrower will then be obligated to KCDC under new terms and conditions to be negotiated between KCDC and the borrower. KCDC will secure execution of those contracts and related documents.
- c. After securing a contract wherein the tribal member agrees to having his/her loan bought by KCDC, and agreeing to be obligated to KCDC for the amount of the pay-out plus applicable interest and fees, KCDC shall submit to the KTTT Accounting Department a request that the loan(s) listed on the request form, which are guaranteed by the tribe, be paid off by administration and they then become accounts receivable of KCDC.

24.7 LOAN LIMITATIONS

KCDC shall be authorized to create a loan portfolio of not more than TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00). From time to time, KCDC can request from the Tribal Council authority to increase the size of the loan portfolio, once the stated threshold has been reached, no further loans may be made.

24.8 KCDC MANAGING DIRECTOR

- a. KCDC's Board of Directors shall create the Managing Director's job description and present same to Tribal Council for approval.

- b. KCDC's Board of Directors shall post the job opening pursuant to the tribal policies.
- c. KCDC's Board of Directors shall present all of the applications for managing director to the Tribal Council for review.
- d. KCDC's Board of Directors shall recommend finalists and set interviews of those finalists together with the Tribal Council.
- e. After being interviewed by the KCDC Board of Directors, the KCDC Board of Directors shall recommend the person to fill the position of KCDC Managing Director to Tribal Council for approval.
- f. A person cannot simultaneously hold a position on the KCDC Board and as an employee of KCDC.

24.9 MANAGING ACCOUNTS

- a. KCDC will be required to employ a loan accounting system (acquired or outsourced) with the capacity to record and summarize all loan advances and repayment activity.
- b. The KTTT Accounting Department will maintain the general books and records for the KCDC loan program based upon reports and other documents supporting the business and lending activities.
- c. The KTTT Accounting Department will provide KCDC with monthly reports which will reflect the balances of assets and liabilities and an income (loss) statement. The KTTT Accounting Department will also maintain a separate bank account from which loan proceeds will be disbursed and into which loan payments will be deposited. KCDC and its Board of Directors will be responsible for insuring that total loans outstanding do not exceed the approved maximum balance approved (refer to section 24.7)

24.10 NOT A DEPOSITORY INSTITUTION

The Tribal Loan Program under KCDC will provide loans to Tribal members and take payments as agreed upon, but will not be an institution which will have tribal members deposit accounts of any sort.

24.11 REGULATORS

The Regulators in charge of enforcing these regulations shall be made up of three (3) individuals: the Tribal Council Treasurer, the KTTT CFO, and the Tribal Administrator. The responsibilities and authority of the regulators shall be developed by the Tribal Council approved policy or amendment to these Regulations.

24.12 LENDING POLICIES

- a. The KCDC Board is responsible for developing lending policies which will then be presented to the Tribal Council for approval.

- b. All applications for loans will contain all of the information and supporting documents requested on an Tribal Council approved application form(s). All of the borrower's information is to be kept confidential and disclosed only on a need to know basis to authorized personnel.
- c. All Tribal members' applications for loans shall be kept by KCDC by application's chronological order. All Tribal loans shall be considered on a first-come first-served basis. An application is not considered to have been submitted until all information and documentation required is provided and attached to the application.
- d. If KCDC has achieved its maximum lending capability, applicants shall be informed of this fact. If the applicant would have otherwise qualified for the loan, the applicant shall be informed by KCDC that no further loans are being issued at this time and that it is not a denial but rather a delay due to lending policies.
- e. All decisions by KCDC staff regarding loan applications are appealable to the KCDC Board. The decisions of the KCDC Board regarding said loan applications are final and non-appealable.

24.13 ACCOUNTING POLICIES AND PROCEDURES

KCDC is responsible for the accounting policies and procedures under which the Tribal Loan Program will operate. Such policies and procedures will identify the criteria for making loans to individual Tribal members, the treatment and application of advances and payments, the necessary collection activities and circumstances for restructuring (changing the terms) of individual loans.

ATTESTATION

READ, PASSED APPROVED AND ENACTED at a duly called Tribal Council meeting on this 30th day of May, 2012.

**Kickapoo Traditional Tribe of Texas
TRIBAL COUNCIL**




Juan Garza, Jr., Council Chairman




Jesus Anico, Council Secretary



Rogelio Elizondo, Council Treasurer



David J. Gonzalez, Council Member



Nanate Hernandez, Council Member