



## Mortgage Debt Collection Enforcement Policy

### Policy

Nipissing First Nation will take all necessary and reasonable actions for the collection of overdue accounts to ensure that accounts in arrears are paid.

### Purpose

The purpose of this policy is to provide Nipissing First Nation with an effective and transparent process for the approval, collection and documentation of all Loan Guarantees and indemnities given by Nipissing First Nation as authorized in its Financial Administration Law.

### Scope

All money loaned out belongs to Nipissing First Nation as a whole and it is the responsibility of the Housing and the Finance Departments to collect these funds on behalf of the membership.

### Definitions

**“Arrears”** refers to an unpaid, overdue debt, or an unfilled obligation.

**“Indemnity”** is the right of a person to recover the amount of a financial loss or a liability to a third party.

**“Loan Guarantee”** is a promise to pay all of part of the principal and/or interest on a debt obligation in the event of default by the borrowing member.

**“Loan Receivable”** is the financial asset of Nipissing First Nation (as the lender) represented by a promise of the borrowing member to repay a specific amount, at a specific time or times, or on demand, usually with interest.

**“Risk”** is defined as anything of variable uncertainty of a loss.

### Responsibilities

In accordance to the Financial Administration Law:

A) Council members are responsible for:

- to monitor the collection and receipt of the Nipissing First Nation's financial assets, including debts owed to Nipissing First Nation.

B) The Chief Executive Officer is responsible for:

- ensuring that all employees are advised of and required to inform themselves of this Mortgage Debt Collection Enforcement Policy.

C) The Director of Facilities, Maintenance and Housing and the Chief Financial Officer are responsible for:

- monitoring the status of loan repayments, overseeing the loan receivable collection procedures, evaluation the likelihood of collectability and risk of loss, on a monthly basis and reporting the results of this monitoring to the Finance and Audit Committee.

D) The Director of Facilities, Maintenance and Housing is responsible for:

- All mortgage holders will be provided a copy of the Mortgage Debt Collection Enforcement Policy upon signing a new mortgage, and he/she will be given a reminder copy of the Policy upon any mortgage renewal.

## **Procedures**

All new receivable accounts will be set on a pre-payment term (for example: automated withdrawals from individual bank accounts, payroll deductions for employees, etc.).

Christmas Distribution will be applied to any outstanding debts owed to Nipissing First Nation.

On a monthly basis, accounts receivable reconciliations will be performed in order to analyze overdue accounts.

Loan accounts found to be in an overdue situation, will be sent a reminder letter that their account is going into arrears.

Any member who begins to pay late will be treated as credit on hold, hence access to other loans will be restricted.

All efforts to collect overdue accounts will take place before an account is sent to legal.

The debtor will be served with a Notice of Power of Sale after thirty (30) days of being in default either personally or by registered mail.

Action will not take place for forty-five (45) days, this will be used as a redemption period for the debtor to fulfill the terms of the loans agreement.

If during the redemption period the debtor does not pay the loan or make some other arrangement that is satisfactory to Nipissing First Nation, and the 45 day redemption period has lapsed, a locksmith will be hired to change the locks. A release for the benefit of the locksmith will be provided.

Nipissing First Nation will ensure that insurance, proper utilities and maintenance are implemented on the property to avoid damage.

An appraisal will be obtained through a local real estate agency and will be listed with an agency, and the property will be advertised for sale by local sign and any other reasonable means.

The property will be sold for a reasonable price, based on the appraised value.

From the sales of the home Nipissing First Nation will recover any outstanding debt, locksmith, real estate, legal and other costs incurred in settling this debt.

A discharge will be filed on the loan and a transfer under power of sale will be filed with the Nipissing First Nation Lands Department.

An accounting of the sums will be provided to the debtor and along with the surplus after the sale.

*Approved this 19<sup>th</sup> day of July, 2005*

*Amended and approved this 19<sup>th</sup> day of December, 2023*