



CUJAYMAY
ENERGY ALLIANCE
CREDIT UNION

Saving Together
To Help Each Other

LOAN POLICY

APPROVALS
INTEREST RATES
ELIGIBILITY
SMALL BUSINESS
EDUCATION
VEHICLE
MORTGAGE
LOANS
REFINANCING
INVESTMENTS
REPAYMENT
COMMITTEES
RESPONSIBILITIES
ROLES
LOAN SECURITY
FEES
COLLECTION
LEGAL
INSURANCE



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1.0 PHILOSOPHICAL STATEMENT

- 1.1. The Board of Directors of the Guaymay Energy Alliance Credit Union have adopted a disciplined approach to risk taking and will, with the assistance of all Committees and Staff, work to ensure that the Members' Assets are protected, and risks are minimized during the lending process and in keeping with the Credit Union's Risk Appetite and Business Strategy.

2.0 PURPOSE

- 2.1 The purpose of this Lending Policy is to ensure that the funds of the Credit Union are available to lend to all Members, based on the Lending Criteria and in keeping with the Bye-Laws of the Guaymay Energy Alliance Credit Union and the Co-operatives Societies Act, Chapter 81:03, 1976. The aim of this Policy is to ensure that:
 - 2.1.1. All Members are treated equitably during the application process.
 - 2.1.2. Loans are granted for provident and productive purposes.
 - 2.1.3. Interest are applied to Loans as determined by the Board.
 - 2.1.4. All Loans are made on the prescribed Loan Application Form signed by the Member.
 - 2.1.5. The Loan Agreement is clearly understood by the Member.
 - 2.1.6. The Assets of the Credit Union are protected from unnecessary risks.
 - 2.1.7. Loans granted do not result in Delinquency.

3.0 SCOPE

- 3.1. This Policy applies to all Members of the Credit Committee, the Board of Directors, Supervisory Committee, Manager and staff, and all Members of GEACU.

4.0 DEFINITIONS

- 4.1. In this Lending Policy, unless the context otherwise requires:
- 4.1.1 **“Applicant”** shall mean the Member of the Credit Union who is applying for the loan.
 - 4.1.2 **“Credit Committee”** shall mean that Committee consisting of five members elected at the AGM. The Committee shall consist of a Chairman, a Secretary, and three Ordinary Members whose purpose is to process and approve all Loan Applications in accordance with this Policy.
 - 4.1.3 **“Bye-Laws”** shall mean Guaymay Energy Alliance Credit Union Bye-Laws.
 - 4.1.4 **“The Act”** shall mean the Co-operative Societies Act Chapter 81:03, Act 22 of 1971, amended by 7 of 1972, and 24 of 1976, its Regulations and Amendments thereto.
 - 4.1.5 The **“Board”** shall mean the Board of Directors of the Guaymay Energy Alliance Credit Union.
 - 4.1.6 The **“Credit Union”** shall mean the Guaymay Energy Alliance Credit Union.
 - 4.1.7 **“This Policy”** shall mean this Lending Policy dated 1st February 2019.
 - 4.1.8 **“GEACU”** Guaymay Energy Alliance Credit Union.
 - 4.1.10 **“DSR”** Debt Service Ratio.
 - 4.1.11 **“IOC”** Instrument of Charge.
 - 4.1.12 **“AGM”** Annual General Meeting.

- 4.1.13 **“Employees/Staff”** shall mean all persons hired by the Credit Union who are paid a wage or salary in exchange for a prescribed service.
- 4.1.14 **“Officer”** Any person elected at the AGM, and the Manager.

5.0 RESPONSIBILITIES

5.1 The Board of Directors:

- 5.1.1 Has overall responsibility for the formulation of this Lending Policy and any Reviews, Amendments or Modifications therefrom.
- 5.1.2 Shall ensure that the Lending Policy is developed within the limits and restrictions of the Co-operative Societies Act, 81:03, 1976.
- 5.1.3 Shall ensure that an Applicant is not discriminated against on the grounds of race, creed, colour, gender, religion, affluence, or political affiliation.
- 5.1.4 Shall approve all exceptions to this Policy.
- 5.1.5 Shall approve loans that are outside the shareholdings of Officers of the Credit Union.
- 5.1.6 Shall set the Interest Rates to be charged on Loans.

5.2 The Credit Committee:

- 5.2.1 Shall perform the general supervision of all Loans to Members within the guidelines of the Lending Policy.
- 5.2.2 Has the responsibility to meet from time to time as required to Review, Approve or Decline Loans based on the Policy.
- 5.2.3 Shall approve all Loans within shares that were granted by the Manager.
- 5.2.4 Shall enquire carefully into the financial position of the borrowing Members and Endorsers to ascertain their ability to repay full and promptly the obligations assumed by them.

- 5.2.5 Shall determine the Terms and Conditions upon which the loan shall be repaid.
- 5.2.6 Shall conduct Site Visits as necessary.
- 5.2.7 Shall Interview Loan Applicants and Co-makers as deemed necessary.
- 5.2.8 Shall Counsel and or arrange training that will improve the financial wellness of the Member.
- 5.2.9 Shall determine the acceptable quantum of Security for Loans in excess of the Members shares and in accordance with the Policy.
- 5.2.10 Shall report to the Board on loans granted, and on any issues relevant to the processing of Loans.
- 5.2.11 Shall grant Loans to Members who are already indebted to the Credit Union as long as the Member has adequate security to cover the indebtedness.
- 5.2.12 Assist the Delinquency Committee in minimizing the potential risks of delinquency.
- 5.2.13 Ensure the risk worthiness of Member is appropriate before granting the Loan.

5.3 Loans Officer:

- 5.3.1 The Loans Officer shall interview Members to obtain information for loan applications.
- 5.3.2 Shall ensure that the Loan Application Forms are appropriately completed and that all supporting documentation are available and verified to support the loan.
- 5.3.3 Shall conduct Site Visits to substantiate Securities and Value of work done.
- 5.3.4 Analyze and assess the Applicants' Risk Profile and credit worthiness.
- 5.3.5 Provide the Credit Committee with all the documentation and facts available to support the loan.
- 5.3.6 Shall ensure that the Loan Agreement Form is completed based on the Terms and Conditions of the loan, and that the Member is appraised of the said Terms and Conditions prior to disbursement of the funds.
- 5.3.7 Shall disburse funds, once all conditions of the Credit Committee have been met.

- 5.3.8 Shall be responsible for the perfection of securities prior to disbursement of funds.
- 5.3.9 Shall notify the Member on the approval/non-approval of application.

5.4 Manager:

- 5.4.1 Shall ensure that the Loan Officers perform their functions in accordance with the Lending Policy, Bye-laws, the Act and any other applicable Laws and Regulations.
- 5.4.2 Shall advise the Board on opportunities that may be available to boost lending.
- 5.4.3 Shall grant Loans within Shares in accordance with the guidelines outlined in this policy.
- 5.4.4 Shall ensure that funds are disbursed after the Credit Committee approves the loan.
- 5.4.5 Shall ensure that all conditions of the loan are met prior to disbursement of the funds.

6.0 POLICY

6.1 Eligibility:

- 6.1.1 Loans will be considered for those who have been Members of the Credit Union for at least six (6) months. This requirement can be waived if the loan request is within the Member's share and deposit balances, or valid cash or cash equivalent security is in place.
- 6.1.2 Member must be eighteen (18) years of age or older.
- 6.1.3 A Member shall be eligible for a maximum of four (4) times his/her Unencumbered Shares.
- 6.1.4 A Member shall borrow up to \$10,000.00 without Security.
- 6.1.5 Security shall be provided for any balance above the \$10,000.00 limit.
- 6.1.6 Unsecured loans above \$10,000.00 must have a Waiver of Policy by the Board.

- 6.1.7 Loans will also be considered based on the Terms and Conditions of any Special Loans or Loan Sale requirements.

6.2 Criteria:

In granting and approving Loans, the Credit Committee shall consider the following:

- 6.2.1 The Member's DSR must not be greater than 45%.
- 6.2.2 Collateral available to secure the Loan.
- 6.2.3 Proof of Member's income as supported by pay slip, job letter, cash flow statement, business plan, income and expenditure statement, bank statement.
- 6.2.4 Two forms of valid ID.
- 6.2.5 Recent utility bill.
- 6.2.6 Invoices or quotation for household purchases, machinery, equipment, vacation and travel, school books and other school expenses.
- 6.2.7 Estimates for building construction and other services.
- 6.2.8 Certified Copies of ownership for vehicle purchase.
- 6.2.9 Letter of Sale from previous owners for vehicles and property.
- 6.2.10 Copy of Deed for land and property purchase.
- 6.2.11 Member's Character, Capability, Capital, Collateral and Conditions.
- 6.2.12 Member must be in good standing and not delinquent.
- 6.2.13 The standard Loan Application Form duly signed by the Member must be used as the Application Form.
- 6.2.14 The IOC will be the document used for execution of the securities.
- 6.2.15 The purpose of the loan must be clearly stated.
- 6.2.16 Lending Risk Scoring Matrix. A score of three (3) and above is acceptable.
- 6.2.17 Cheques may be made payable to the third party involved.
- 6.2.18 Successful Loan Applicants shall contribute 10% of the monthly loan installment amount, or a minimum of \$100.00 towards his/her share account.

- 6.2.19 All Legal and Processing Costs shall be borne by the Member.
- 6.2.20 Any other supporting relevant documentation as determined by the Credit Committee.

6.3 Interest Rates:

- 6.3.1 The Board reserves the right to charge Interest Rates based on prevailing market conditions.

6.4 Approval of Loans:

- 6.4.1 No Loan shall be made unless approved by all Members of the Credit Committee who are present at the meeting, at which the Application is considered as per Bye-law 13(F).
- 6.4.2 Notwithstanding 6.4.1 above, decisions at Board or Committee meetings shall be made by a majority of the Members present and voting, as per Bye-law 19(E).

6.5 Misappropriation of loan:

- 6.5.1 Any Loan approved for Members who gave false information to the Credit Union, becomes repayable immediately upon discovery of the falsehood in accordance with the Act, Regulation #44.
- 6.5.2 Where a Member applies a Loan to any other purpose than for which it was granted, the Credit Union shall demand repayment of the Loan before the agreed date of repayment. Regulation #44.

6.6 Withdrawal of Shares:

- 6.6.1 No Member may, whilst indebted to the Credit Union or while continuing to be liable as an endorser or guarantor for another member, withdraw any money or portion of money paid on his shares and or deposits so as to leave on such shares or deposits, a sum which is less than that owing by such Member personally or that sum the subject of the endorsement or guarantee except with the written approval of the Credit Committee. (Bye-law:13E.)

6.7 Loans to Officers:

- 6.7.1 No Loan shall be made to an Officer of the Credit Union of a sum in excess of the value of his Shares and Deposits and accumulated Dividends and Interest thereon, unless such Loan is approved by the vote of a two-thirds majority at a meeting of the other Members of the Board, the Credit Committee and the Supervisory Committee all sitting together or is made with the consent in writing of all the Members, other than the Borrowing Officer, constituting the Board, the Credit Committee and the Supervisory Committee. (ACT: 43(3); Bye-law 13D).
- 6.7.2 An Officer shall not endorse for Borrowers beyond the amount of his holdings. (Bye-law 13E). Provided however, that a Loan (or an Endorsement) in excess of such shareholding may be made (or accepted), if approved by the vote of a two-thirds majority of all the other Members of the Board, Credit and Supervisory Committees, sitting together, or with their consent in writing. (Bye-law 13D)
- 6.7.3 An Officer shall not act on his own Application, Guarantee or Endorsement and will not be a party to any deliberations on the matter except for interview purposes. (Bye-Law13D)

6.8 Loans to Staff:

- 6.8.1 All Loans to the Manager will be processed as per 6.7 above.
- 6.8.2 Loans to Employees will be reviewed by the Manager and approved by the Credit Committee.
- 6.8.3 Loans to Employees outside this Policy and any Amendments therefrom, will require the approval of the Board.
- 6.8.4 Loans to Employees shall be processed as per the Policy for any Borrowing Member except for the Employees applying for the Housing Loan.
- 6.8.5 Application for the Housing Loan for Manager and Staff will be processed as per the Terms and Conditions of the Employee Housing Plan Policy.

6.9 Emergency Loans:

Emergency Loans will be granted in the following situations:

- 6.9.1 Death of immediate family (spouse, children, mother, father) up to a maximum of ten thousand (\$10,000.00)
- 6.9.2 Major Illness (spouse, children, mother, father) up to a maximum of \$20,000.00.
- 6.9.3 Surgery up to \$25,000.00
- 6.9.4 Documentary evidence will be required to support the loan.
- 6.9.5 Emergency loans shall not be available to Delinquent Members.
- 6.9.6 The Manager will grant an Emergency Loan and it shall be ratified by the Credit Committee at the next meeting.
- 6.9.7 Normal lending criteria may be waived for Emergency Loans.

6.10 Fees:

- 6.10.1 All legal fees, technical fees, charges, cost and disbursement pertaining to the Loan Application shall be borne by the Member.
- 6.10.2 Legal and Collection Fees and other Charges relating to a Delinquent Member will be added to the Member's Loan Account.

6.11 Security for Loans:

- 6.11.1 All Securities to be held for Loans shall be Unencumbered and free from all Liens and Charges. The following will be considered as Security for Loans in excess of the Member's indebtedness:
- 6.11.2 Unencumbered Shares and Deposits in excess of the Loan amount.
- 6.11.3 Funds assigned to support the Loan by Co-makers who are Members of the Credit Union.
- 6.11.4 Government Bonds
- 6.11.5 Fixed Deposits up to a maximum value of 80%.
- 6.11.6 First Lien on Deed of Title for Property, Land and Building.

- 6.11.7 Investment in Mutual Funds:
 - a. Income and Growth Fund – 80%
 - b. Money Market Fund – 100%
- 6.11.8 Vehicles five (5) years old or less.
- 6.11.9 Stocks and Shares traded on the Financial Market. – 60%
- 6.11.10 Mortgage Bill of Sale – vehicles only.
- 6.11.11 An IOC shall be the Legal Document to be executed for Securities held for a Loan which is outside of a Member's Share Holdings.
- 6.11.12 Any item offered as Security will be investigated to ensure that there are no prior Liens or Assignments.
- 6.11.13 Valuations must be conducted on the property to be purchased prior to approval of the Loan.
- 6.11.14 Selected Valuators shall be used as advised by the Credit Union.
- 6.11.15 All Deeds must be scrutinized to ensure that they are in the name of the Borrower or Co-maker. Co-makers' Legal Authorization will be required for property to be used as Security and must be sworn to by an Affidavit.

6.12 Insurance:

- 6.12.1 Where the Member's total Loans, excluding Mortgage or Vehicle Loans, exceed \$100,000 or any amount determined by the Board, the Member will be required to provide additional Insurance Coverage or Term Insurance, which shall be assigned to the Credit Union.
- 6.12.2 Where additional Insurance coverage is required, the Premium on such Policies shall be paid by the Member.
- 6.12.3 The Insurance Coverage, Vehicle Registration Number, Ownership or Status shall not be altered by the Member without consent of the Credit Union.
- 6.12.4 Should the Member violate or breach the above, the Member shall be called upon to repay the Loan immediately in full, together with all penalties, costs and charges.

7.0 LOAN CATEGORIES & REQUIREMENTS

7.1 Consumer Loan:

7.1.1 Consumer Loans may be granted for the following purposes:

- a. Motor Vehicle Repairs
- b. Medical Expenses
- c. Furniture and Appliances
- d. Land and Agriculture
- e. Aid to Relatives
- f. House Repairs
- g. Vacation and Travelling Expenses
- h. Debt Consolidation
- i. Legal Fees
- j. Education Expenses
- k. Ceremonial Expenses
- l. Insurance Expense
- m. Investments
- n. Personal Expenses
- o. Vessel
- p. Any other type of Consumer Loan as approved by the Board.

7.1.2 The total of a Consumer Loan shall not exceed Four (4) times the Member's Shareholdings, or as otherwise determined by the Board.

7.1.3 Loans in excess of four (4) times the Member's Shareholdings must have the Waiver of Policy from the Board to allow the Credit Committee to approve the Loan.

7.1.4 Consumer loans will attract an interest rate of one (1%) per month on the reducing balance or as otherwise determined by the Board.

7.2 Loans within Shares:

7.2.1 The amount of the Member's Loan shall not exceed the amount of his Unencumbered Shareholdings.

7.2.2 The Encumbered Shares cannot be withdrawn or used as Security for any other Loan.

7.3 New Vehicle Loans:

- 7.3.1 Shares requirements will be as per Policy or as determine by the Board of Directors.
- 7.3.2 Sums in excess of the Share Requirement in 7.3.1 above could also be held based on the consideration of the Credit Committee.
- 7.3.3 Shares committed or pledged to the loan at onset, is Encumbered and cannot be withdrawn or used as Security for any other Loan.
- 7.3.4 A minimum Monthly Share Contribution of One Hundred Dollars (\$100.00) shall be made to the Member's Share Account.
- 7.3.5 A valid Invoice for vehicle outlining the Chassis Number, Engine Number, Make Model and Colour, must be submitted.
- 7.3.6 Full Comprehensive Insurance must be submitted.
- 7.3.7 The new vehicle shall be held as Security via an IOC, and the Member shall bear the cost of all Legal Fees including the Release of the Security.
- 7.3.8 The Loan repayment period shall not exceed Seven (7) years.
- 7.3.9 The Interest Rate as determine by the Board.

7.4 Foreign Used Vehicle Loans:

- 7.4.1 Private use: The minimum Down Payment required for purchase of a foreign used vehicle shall be determined by the Board from time to time.
- 7.4.2 A minimum of Forty percent (40%) of the Value of the vehicle will be held as Encumbered Shares.
- 7.4.3 Taxi or Rental Use: A minimum of Forty percent (40%) of the value of the vehicle, will be held as Encumbered Shares.
- 7.4.4 Sums in excess of Forty percent (40%) may also be held based on the consideration of the Credit Committee.
- 7.4.5 Shares committed or pledged to the Loan at onset, are Encumbered and cannot be withdrawn or used as Security for any other loan.
- 7.4.6 A minimum Monthly Share Contribution of One Hundred Dollard (\$100.00) shall be made to the Member's Share Account.

- 7.4.7 A valid Invoice for vehicle outlining the Chassis Number, Engine Number, Make, Model and Colour, must be submitted.
- 7.4.8 Full Comprehensive Insurance must be submitted.
- 7.4.9 The Foreign Used Vehicle shall be held as Security via an IOC, and the Member shall bear the cost of all Legal Fees including the Release of the Security.
- 7.4.10 The Vehicle must be evaluated by a prescribed Valuator of the Credit Union prior to disbursement of the Loan.
- 7.4.11 The Loan Repayment Period shall not exceed Five (5) years.
- 7.4.12 The Vehicle shall be no more than ten (10) years at the end of the Loan period.

7.5 Local Used Vehicle Loans:

- 7.5.1 Sale Agreement Letter outlining the Terms and Conditions of the Sale will be required.
- 7.5.2 Certified Copy of Ownership of the Vehicle must be provided.
- 7.5.3 A minimum of Thirty percent (30%) of the Value of the Vehicle will be held as Encumbered Shares.
- 7.5.4 Full Comprehensive Insurance must be submitted.
- 7.5.5 A minimum Monthly Share Contribution of One Hundred Dollars (\$100.00) shall be made to the Member's Share Account.
- 7.5.6 The Loan Repayment Period shall not exceed Five (5) years.
- 7.5.7 The Vehicle shall be no more than ten (10) years at the end of the Loan Period

7.6 Commercial Vehicles:

- 7.6.1 A minimum of Forty percent (40%) of the Value of the Vehicle will be held as Encumbered Shares.
- 7.6.2 Sums in excess of the Forty percent (40%) minimum, shall also be held based on the consideration of the Credit Committee.
- 7.6.3 Shares Committed or Pledged to the Loan at onset, is Encumbered and cannot be withdrawn or used as Security for any other Loan.

- 7.6.4 A valid Invoice from the supplier of the vehicle must be submitted.
- 7.6.5 Full Comprehensive Insurance must be submitted.
- 7.6.6 The Commercial Vehicle shall be held as Security via an IOC, and the Member shall bear the cost of all Legal Fees including the Release of the Security.
- 7.6.7 A minimum Monthly Share Contribution of One Hundred Dollars (\$100.00) shall be made to the member's Share Account.
- 7.6.8 If not New, the Vehicle must be evaluated by a prescribed Valuator of the Credit Union prior to disbursement of the Loan.
- 7.6.9 Maximum Repayment Period shall not exceed seven (7) years.

7.7 Mortgage Loans:

- 7.7.1 A Mortgage Loan maybe granted for the following purposes:
 - 7.7.1.1 Purchase of Real Property
 - 7.7.1.2 Construction of Residential Home
 - 7.7.1.3 Purchase of Residential Home
 - 7.7.1.4 Renovation works to Existing Home
 - 7.7.1.5 Purchase of Commercial Property
 - 7.7.1.6 Construction of Commercial Property
- 7.7.2 Shares requirements will be as per Policy or as determine by the Board of Directors.
- 7.7.3 The maximum Borrowing Amount shall be determined by the Board of Directors
- 7.7.4 The Interest Rate on Mortgage Loans shall be as determined by the Board.

7.8 Mortgage Loan Criteria:

- 7.8.1 The minimum Down Payment required for Purchase or Construction of a Residential Home or Commercial Property shall be determined by the Board from time to time.
- 7.8.2 Title Deed or Lease Agreement of Property to be mortgaged must be submitted.
- 7.8.3 Sale Agreement Letter between the Parties must be submitted.

- 7.8.4 Current Land and Building Taxes must be submitted.
- 7.8.5 Copies of Lease Receipts must be submitted.
- 7.8.6 A Valuation Report done by a Valuator approved by the Credit Union.
- 7.8.7 Term insurance assigned to the Credit Union to cover the entire risk.
- 7.8.8 Construction All Risk Coverage Insurance assigned to the Credit Union.
- 7.8.9 Property to be held as Security via the IOC.
- 7.8.10 Bi-Annual Review and or as determined by the Credit Committee, on the Members Accounts.
- 7.8.11 Site Visits shall be conducted before, during and at the end of construction.
- 7.8.12 Certificate of Assessment for Home Purchase.
- 7.8.13 Statutory Approval from Town and Country Planning.
- 7.8.14 Approved Building Plan.
- 7.8.15 Cadastral Sheet.
- 7.8.16 Builder's detailed Estimate for construction.
- 7.8.17 Building Contract
- 7.8.18 Certificate of Completion.
- 7.8.19 Retention of Five percent (5) % to be released upon Receipt of Completion Certificate.
- 7.8.20 The maximum Repayment Period shall not exceed Fifteen (15) years.
- 7.8.21 Written Permission from other parties for use by the Member if the property is jointly owned. Permission shall be certified by a Justice of the Peace or an Attorney.
- 7.8.22 All other Terms and Conditions as stated in 6.0 of this Policy shall apply.

7.9 Small Business Loans

- 7.9.1 A Loan may be granted to a Member to commence a Small Business, based on the following criteria:
 - 7.9.1.1 A complete Business Plan must be provided
 - 7.9.1.2 One full year Projected Cash flow Statement
 - 7.9.1.3 Bank Statements
 - 7.9.1.4 Certificate of Registration
 - 7.9.1.5 The amount of the Loan shall not exceed Five Hundred Thousand Dollars (\$500,000.00)

- 7.9.1.6 Minimum of Twenty Five percent (25%) of the value of the Loan will be held as Encumbered Shares.
- 7.9.1.7 Sums in excess of the Twenty Five percent (25%) minimum, shall also be held based on the consideration of the Credit Committee.
- 7.9.1.8 All other Terms and Conditions as stated in Item 6.0 of this Policy shall apply.

7.10 Thrift Loan:

- 7.10.1 The purpose of the Loan is to boost a Member's Shares and encourage savings.
- 7.10.2 A Thrift Loan shall not exceed One Hundred Thousand Dollars (\$100,000.00)
- 7.10.3 The Repayment Period for a Thrift Loan shall not exceed one (1) year.
- 7.10.4 A minimum Share Requirement shall not apply.
- 7.10.5 The sum borrowed must be used for the Purchase of Shares. These Shares shall be Encumbered and cannot be withdrawn until the Loan is repaid or with the approval of the Credit Committee.
- 7.10.6 A Member shall qualify for the Thrift Loan immediately on joining the Credit Union.
- 7.10.7 The Interest Rate on a Thrift Loan shall be determined by the Board from time to time.

7.11 Special Loan Products:

- 7.11.1 The Board may offer Special Loan Products with prescribed conditions, from time to time, and these will form part of this Policy.

8.0 LOAN REPAYMENT

- 8.1 Loan Repayment shall be made through Authorized Salary Deductions by Companies at which the Member is employed.
- 8.2 Where Salary Deductions cannot be accommodated by the Employer, the following will apply:

- 8.2.1 Standing Order Debit from the Member's Bank Account.
- 8.2.2 Over the Counter Payments shall be allowed to Members in Good Standing and who maintains consistent payments for at least one (1) year prior to the Member applying for the Loan.
- 8.2.3 Any other methods approved by the Board of Directors.

9.0 LOAN DISBURSEMENT EXCEPT MORTGAGE

- 9.1 All approved Loan Applications shall be returned to the Loan Officer for final processing and cheque printing.
- 9.2 All Cheques for Loans disbursed shall be submitted to the Authorized Signatories for signing.
- 9.3 Disbursements of the Loans shall be made as follows:
 - 9.3.1 In full to the Member
 - 9.3.2 Payable to a Third Party
 - 9.3.3 By instalments to the Member or a Third Party

10.0 MORTGAGE LOAN DISBURSEMENT

- 10.1 Mortgage Loans shall be disbursed based on the Construction and Renovation requirements. The Disbursement shall be prescribed as follows or based on any other Formula as determined by the Credit Committee:
 - a. 1st payment - Forty percent (40%)
 - b. 2nd payment - Thirty percent (30%)
 - c. 3rd payment - Twenty percent (20%)
 - d. Final payment - Ten percent (10%)

- 10.2 A Member shall be required to present a Progress Report duly Authorized by the Builder of any other Qualified Person, to confirm Progress.
- 10.3 The Credit Committee and or Loan Officers shall conduct Site Visits to confirm stages of Completion, prior to Progressive Disbursements.

11.0 REQUEST FOR DELAY OR ADJUSTMENT OF LOAN PAYMENT

- 11.1 Should a Member experience difficulty in meeting his Loan repayments, the Member shall make a Written Request to the Manager, who shall then forward same together with Recommendations to the Credit Committee. The Credit Committee shall review such Application and forward same with Recommendations to the Board for consideration.

12.0 REFINANCING

- 12.1 A Loan may be Refinanced not more than twice during a Calendar Year. The Credit Committee will approve such request based on the Recommendation of the Manager or Loan Officer.

13.0 UNENCUMBERED SHARES

- 13.1 The Credit Union shall have a Lien in respect of any debt due from a Member upon his Share, Deposit, Dividend, Bonus or Surplus payable to him and may off-set any Sum payable to him towards payment of any such Debt. (Act: Section 36).

14.0 DELINQUENCY

- 14.1 A Loan which becomes Delinquent shall be addressed as outlined in the Delinquency Policy. The Credit Union shall, upon the non-payment of a Full Installment, take the following steps:
- 14.1.1 Within Seven (7) days of the Due Date of a Loan, a Delinquent Notice shall be sent to the Member via mail and followed by a telephone, text or other appropriate contact.
 - 14.1.2 Within Thirty (30) days of the Due Date, the Second Delinquent Notice is mailed and followed by telephone and other approved communication.
 - 14.1.3 Within Sixty (60) days of the Due Date, the Third Delinquent Notice is mailed and contacts are made.
 - 14.1.4 Failing to rectify the Loan amount within Ninety (90) days, the Member's Shares and Deposits would be used to Liquidate the Outstanding Debt.
 - 14.1.5 A dispute shall be filed by the Credit Union with the Commissioner of Co-operative for Arbitration, where the Member's Shares and Deposits are insufficient to Liquidate the Outstanding Loan.
 - 14.1.6 The Credit Union shall take possession of all realizable Securities.
 - 14.1.7 All Legal Fees and any other Fees shall be borne by the Delinquent Member.
- 14.2 Where a Delinquent Member has settled his Account, the said Member shall become eligible for a Loan to the value of his Shareholdings after a minimum period of six (6) months. The Credit Committee may make an assessment based on the Member's present circumstances.

15.0 LOAN WRITE OFF

- 15.1 All Loans shall be paid in accordance with all conditions as approved by the Credit Committee.
- 15.2 Share-to-Loan Write-off on Delinquent Loans must be Approved by the Credit Committee.
- 15.3 Any Member wishing to Resign from the Credit Union must repay his Loan in FULL before the Resignation can be accepted.

16.0 WAIVER OF POLICY

- 16.1 Where Loans do not meet the Normal Lending Criteria, the Credit Committee may make a Recommendation to the Board, for a Waiver of the Lending Policy.

17.0 LOAN REPAYMENT PERIOD GUIDELINES

Consumer Loans	Five (5) years
Debt Consolidation	Five (5) years
Medical Loans	Five (5) years
Vacation Loans	Three (3) years
House repairs	Five (5) years
Small Business	Five (5) years
Investment	Five (5) years
Education	Five (5) years
Mortgage Loans	Fifteen (15) years
Motor Vehicles	Seven (7) years (from year of manufacture)

18.0 REPAYMENT PERIOD

- 18.1 The Repayment Period on any Loan shall not exceed Fifteen (15) years.

19.0 OWNER / DOCUMENT CHANGES

- 19.1 This Lending Policy is owned by the Board of Directors and changes thereto can only be made by the Board.

20.0 EXTERNAL DOCUMENTS

- 20.1 Co-operative Societies Act: Chapter 81:03

21.0 RELATED DOCUMENTATION

- 21.1 Credit Union Bye-Laws
- 21.2 Employee Housing Plan
- 21.3 Delinquency Policy
- 21.4 Special Loan Sale approved documents
- 21.5 IOC Form
- 21.6 Risk Scoring Matrix
- 21.7 Loan Application Form
- 21.8 Loan Agreement Form
- 21.9 Member's Risk Profile

22.0 ATTACHMENT

22.1 List of Valuers



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