



Loan Policy

INTRODUCTION

Our Credit Union is committed to promoting the economic and social well-being of our membership. To this end, we provide loan facilities to our members for provident and/or productive purposes, through the prudent management of the Credit Union's funds and the education of our membership.

The loan policy sets out the framework within which members may borrow and will be used by the Credit Committee for determining loan applications. It is intended to:

- a) Inform members of its provisions.
- b) Set out guidelines so that all members receive equitable consideration when seeking loans.
- c) Protect the assets of the Credit Union from undue risk.
- d) Ensure that investments in loans are of a high quality.

CREDIT COMMITTEE RESPONSIBILITY

The Credit Committee is charged with the responsibility of granting loans to members within the policies established by the Board of Directors. Where necessary the Credit Committee is expected to provide guidance to members in money management and to encourage thrift. Notwithstanding the loan limits as set out in this policy, the Credit Committee will decide the extent of borrowing up to the limit available taking into account:-

- Purpose of the loan;
- Amount of funds available for lending;
- Member's borrowing habits;
- Member's capacity to repay;
- Security offered where the loan required exceeds the character loan limits.

PERSONAL LOANS

Personal loans are those not secured by a REAL ESTATE MORTGAGE and they are granted with the following conditions:

- a) Loans in excess of shares may not be granted to a new member who has not completed a six (6) month period of savings.
- b) Lump sum capital payments made as security against loans shall not be considered until at least eight (8) weeks after their deposit.

MORTGAGE LOAN

The Board will determine the maximum amount of funds to be assigned to mortgages.

Mortgage or Housing Loans are granted on the availability of funds and within the scope of the following policy.

POLICY IN RESPECT OF THESE LOANS IS AS FOLLOWS:

LAND

1. Qualifying amount for land only is $\frac{1}{4}$ or 25% of the amount required in shares free of encumbrances.
2. Letter of intention to sell by the vendor and / agent.
3. Submission of Deed of Title.
4. Security - First LEGAL Demand Mortgage.
5. Repayment period - A maximum period of seven (7) years.
6. Payment of legal fees and all other charges to be met by the Applicant.
7. Any other relevant information/ documentation as required by the Credit Committee.
8. Where the land is leasehold, the unexpired period of the lease must cover the duration of the loan.

HOUSING

The following requirements shall apply:-

1. The applicant must have at least twenty percent (20%) of the required loan in unencumbered share capital.
2. Valuation Report/ Builder's Estimate.
3. Deed of Title.
4. Assignment of Homeowner's/ Householder's Insurance Policy.
5. Submission of up-to-date land and water rates receipts.
6. Repayment period - A maximum of eighteen (18) years.
7. Payment of legal fees and other charges to be met by the applicant.
8. Any other relevant information/ documentation as required by the Credit Committee.

9. Mortgage loans will be granted on freehold or leasehold properties. A letter of understanding from the owner (vendor) and a copy of the Deed of the property must be submitted.

Additional loans will be granted at the discretion of the committee provided the equity holdings (shares) of the borrower exceed 30% of the outstanding Mortgage Balance.

HOW TO APPLY FOR LOANS

1. APPLICATIONS:

All applications for loans must be made on the form provided by the Credit Union. It is advisable to have the form completed with the assistance of the Credit Union Staff, or a branch Liaison Officer to ensure that all necessary details are stated.

2. PROCESSING OF LOANS:

All loan applications are processed and considered by the Credit Committee every Monday at 3:00 p.m. Applications must reach the Credit Union Office by 3:00 p.m. on Friday. Applications not received within the stipulated time would be dealt with by the committee at the next scheduled meeting.

3. PAYMENT OF APPROVED LOANS:

All applications approved by the Credit Committee on MONDAY are paid out the next day - TUESDAY after 2:00 p.m. The Credit Committee may instruct the Manager to defer the payment to such other time as it thinks necessary depending on the circumstances of the particular application.

4. SECURED & EMERGENCY LOANS:

The Chief Executive Officer is authorised to grant loans in cases of sickness, death, etc. The loan must be submitted for ratification at the next sitting of the Credit Committee.

As a general rule, members' contributions (shares, loans and interest) should not be more than 30% of NET INCOME from all sources. Exceptions to this rule should be approved by the Board.

From time to time the Credit Committee may interview applicants, if it deems such action necessary, when their loans are being considered.

TYPES OF SECURITY FOR PERSONAL LOANS:

1. SHARES:

The borrower's shares are held as collateral security for any loan not exceeding such shares.

2. CHARACTER LOANS:

This is a condition whereby the loan required exceeds the member's total shares in the Credit Union. The CREDIT COMMITTEE MAY grant CHARACTER LOANS at its own

discretion if the loan requested does not exceed twice the value of the applicant's shares. The character part, however, must be repaid within thirty (30) months.

3. LOANS FOR THE PURCHASE OF FURNITURE, APPLIANCES, ETC.

The following conditions shall apply to loans in respect of furniture and household appliances:

- An invoice must be submitted.
- Cheques will be made payable to the Firm or Agent supplying the item.
- Maximum repayment period of two (2) years.

4. CO-SIGNED LOANS:

Loans may be granted on condition that the promissory note is signed by one or more co-signer. A co-signer is a member who guarantees to repay the loan should the borrower fail to do so. The co-signer pledges his shares in the Credit Union, which must be free from all encumbrances, to the amount he has guaranteed, and his account is endorsed accordingly. It is the joint and several responsibilities for both the borrower and co-signer to repay the loan. Only the unencumbered portion of the co-signer's shares would be considered as security for future loans by the co-signer.

5. LOANS FOR VEHICLES:

CARS, TRUCKS, MOTOR CYCLES ETC.

NEW VEHICLES

1. Production of a Pro Forma Invoice containing the following:
 - a) Price of Vehicle. (Inclusive of VAT)
 - b) Chassis Number.
 - c) Colour of Vehicle.
 - d) Model and Make.
 - e) Engine Number.
2. Assignment of Full Comprehensive Insurance Policy.
3. Submission of Certified Copy of Vehicle Ownership within fourteen (14) days of the receipt of vehicle.
4. Repayment period of six (6) years for the amount in excess of savings.
5. Mortgage Bill of Sale on Vehicle.
6. Payment of Legal Fees by Applicant.
7. The Applicant must have at least twenty percent 20% of the required loan in unencumbered share capital.
8. The interest rate applicable for loans with repayment terms in excess of two (2)

years would be the maximum permitted under the act.

USED VEHICLES

1. For vehicles up to six (6) years:-
 - a) The applicant must have at least thirty percent (30%) of the required loan in unencumbered share capital.
 - b) Maximum repayment period of forty-eight (48) months.
2. for vehicles over six (6) years:-
 - a) The applicant must have a minimum of fifty percent (50%) of the required loan in unencumbered share capital.
 - b) Maximum repayment period of thirty-six (36) months.
3. Submission of letter from owner of vehicle of his/ her offer to sell.
4. Appraisal/Valuation Report from firm and / or garage, acceptable to the Committee.
5. Certified Copy of Registration of Vehicle.
6. Assignment of Full Comprehensive or Third Party, Fire and Theft Insurance Policy.
7. Mortgage Bill of Sale on Vehicle.
8. Payment of Legal Fees by Applicant.

NO MEMBER CAN DISPOSE OF A VEHICLE WHILE UNDER MORTGAGE BILL OF SALE UNLESS WRITTEN CONSENT IS OBTAINED FROM THIS CREDIT UNION.

REFINANCED LOANS

Whenever an application is approved for a new loan, the agreement on the existing loan is automatically cancelled. As is stated on the loan application form, the new loan includes the amount to pay off the old loan balance plus the amount for the new loan. Therefore, the interest and amount for the loan repayment is calculated on the new total.

INTEREST ON LOANS

Interest chargeable on all loans shall be those prescribed by the Board. The interest rate applicable on all loans with repayment terms in excess of two (2) years would be the maximum under the act.

RENEWAL OF LOANS

1. No member shall be allowed to have more than one personal loan at any point in time.
Where a member has a loan and wishes to apply for a further loan, both amounts shall be consolidated to reflect the current loan balance.

2. At least twenty-five percent (25%) of the current loan should have been paid off before renewal would be considered.
3. A period of three (3) months should elapse before the Credit Committee will consider the granting of another loan. However, where in the discretion of the Credit Committee the particular situation is sufficiently urgent and justifiable, an exception may be made.

This Loan Policy is subject to revision from time to time at the discretion of the Board.

APPENDIX

CATEGORIES OF LOANS

Home Improvements:	Repairs, Renovations
Medical:	Dental, Surgery, etc.
Consolidation of Debts:	Paying of outstanding bills, etc.
Ceremonial:	Weddings, Funeral, Christenings, Graduations
Holiday and Travel:	Airfare, Boarding & Lodging
Education:	Tuition Fees, Books & Uniforms
Legal Fees:	Preparation of Deeds, Legal matters, etc.
Car Repairs:	Mechanical & Body-Work
Investments:	Purchase of Stocks, Shares, Bonds, etc.
Furniture & Appliances:	Refrigerators, Stoves, H/Hold Items, etc.
Motor Vehicles:	New and Used.
Mortgage Loans:	Land, House or House and Land.
Government & Private:	Rates, Taxes, Insurance Premiums & Utilities.

Any other reason acceptable to the Credit Committee.