

## **PALISADOES CO-OP CREDIT UNION LTD.**

### **LOANS POLICY**

1. Loans shall be made for provident or productive purposes only and in accordance with the rules of the credit union.
2. Loans are normally granted on a maximum loan to share ratio determined by the Board of Directors from time to time, after six (6) months of membership, except in the following cases:
  - a) Where the Credit Union is offering Loans Special
  - b) Where there are open periods for new members to access loans
  - c) Where externally generated funds are used
  - d) Transfer of accounts in good standing from other credit unions
3. Loans shall not be granted for down payment on Hire Purchase transactions.
4. Loans shall not be granted to delinquent members.
5. Members who have saved regularly with the Credit Union shall be eligible for loans as follow:
  - a) **Membership up to six (6) months** – within shares and savings. Where applicable (2a-2d above), members may borrow in excess of shares and savings at a special loan rate.
  - b) **Membership over six (6) months** – qualification criteria applicable at time of applying for loan.
6. Fixed Deposits may not be used to qualify for a loan; however, it may be used as collateral.
7. For Premium financing, a deposit to shares representing 10% of premium is required. The Credit Union will finance 100% of the premium, repayable over ten (10) months at a special loan rate.
8. Verification of income and/or employment is required for all loans above shares and savings in the credit union. The Credit Union reserves the right to request additional information.
9. The maximum repayment period of a loan shall not exceed seven (7) years, except in cases listed below:
  - a. Loan within shares, deposits, and savings in Palisadoes C.U. – 15 years.
  - b. Real Estate purchase (and affiliated costs) for members first home purchase – Where a member is offering a first (1<sup>st</sup>) mortgage on property the maximum repayment is thirty (30) years.
  - c. Where the real estate purchase is not for first home purchase, the maximum repayment period is twenty (20) years.
  - d. Other loans for which the Credit Union will hold a first mortgage on property – 10 years.
  - e. Home improvement – 15 years
  - f. Loans for motor vehicles 0-1 year – 10 years
  - g. Loans for motor vehicles 2-3 years – 8 years
  - h. Loans for motor vehicles 4-5 years – 6 years
  - i. Loans for motor vehicles 6-8 years – 4 years

### **SECURITY**

- a) Co-makers are required to have unencumbered (free) shares which will be hypothecated.

- b) All items offered as security must be fully insured and the Credit Union must be satisfied as to the arrangements in place for future payments of premium.
- c) Motor vehicles may be used as security, provided that the vehicle will continue to get comprehensive insurance until the loan has expired. The percentages used (except where these vary for Loans Specials are outlined below:

New vehicle	-	90%
1 year	-	80%
2 – 3 years	-	75%
4 years	-	70%
5 years	-	60%
6 years	-	55%
7-8 years	-	50%

(The Credit Union reserves the right to request an engineer's or any other report)

- d) For mortgage financing, or where a registered title is offered as security, the security must be a first or second (2<sup>nd</sup>) mortgage on property.

**Approval Limits:**

Credit Manager:	Loans up to \$500,000 above shares, deposits, and savings.
General Manager	Loans up to \$1,000,000 above shares, deposits, and savings
In-house Loans Committee	Loans up to \$3,500,000 above shares, deposits, and savings
Credit Committee	All loans

***As approved by the Board of Directors  
2025 May***

## **PALISADOES CO-OP CREDIT UNION LTD**

### **LIST OF ACCEPTABLE SECURITIES**

1. Members' savings and deposits in Credit Union.
2. Hypothecation of savings and deposits in other Credit Unions and other financial institutions deemed acceptable by the Credit Union, where such savings and deposits are transferable during the period of the loan.
3. Unencumbered shares of members of the Credit Union. Hypothecation must be confirmed in writing before disbursements.
4. Motor vehicles not older than eight (8) years. Motor vehicles **MUST** be comprehensively insured on an "open policy" basis.
5. Letter of undertaking from other lending institutions deemed acceptable by the Credit Union, to remit proceeds of an approved loan directly to the Credit Union.
6. First legal mortgage on unencumbered title. A second mortgage may be taken where the first mortgagor agrees to protect the interest of the Credit Union.
7. Assignment of fifty percent (50%) Cash Surrender Value (CSV) of life insurance policies owned by member.
8. Guaranteed deposits.
9. Life insurance over CUNA limit.
10. Assignment of up to seventy (70%) of Receivables payable to the Credit Union upon satisfactory evaluation and acceptance of legally binding charge by the payee.
11. Assignment of up to seventy percent (70%) of Government of Jamaica transferable stocks/bonds.
12. Assignment of fixed assets and/or stocks upon satisfactory professional assessment deemed suitable by the Credit Union.

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2025 May***