

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 (1st) 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 (2nd) mortgage on property.

Approval Limits:

Credit Manager:
shares, deposits, and savings.

Loans up to \$500,000 above

General Manager:
shares, deposits, and savings

Loans up to \$1,000,000 above

In-house Loans Committee:
shares, deposits, and savings

Loans up to \$3,500,000 above

Credit Committee:

All loans

approved by the Board of Directors 2025 May

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