

### Loan Policies

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 b

from time to time, after six (6) months of membership, except in the following cases:

a) Where the Credit Union is offering Monthly Loans Special

b) Where there are open periods for new members to access loans

c) Where externally generated funds are used

d) Special Loan Product Offering

e) 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 follows:

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 – four (4) times shares, except where 2a-2d applies.

c) Membership after nine (9) months in the SMART PAC Savings Programme – four (4) times savings.

6. Loans above savings under the SMART PAC Savings Programme shall be for educational purposes

only.

7. Fixed Deposits may not be used to qualify for a loan; however, it may be used as collateral.

8. For Premium financing, a deposit to shares representing 20% of premium is required. The Credit

Union will finance 100% of premium, repayable over nine (9) months at a special loan rate.

9. Verification of income e.g. last three (3) pay slips, are required for all loans above shares and savings in the credit union. The Credit Union reserves the right to request additional information.

10. The maximum repayment period of a loan shall not exceed seven (7) years, except in cases a-g listed

below:

1. Loan within shares, deposits and savings in Palisadoes C.U. – 15 years
2. Loans secured by funds held in other approved institutions – 5 years
3. Real Estate purchase (and affiliated costs) (for members primary residence) – Where a member is offering a first (1<sup>st</sup>) mortgage on property or a pari passu arrangement with NHT or a Building Society, the Credit Union may extend loan for a period not exceeding twenty (20) years.
4. Other loans for which the Credit Union will hold first mortgage on property – 15 years
5. Home improvement – 15 years
6. Loans for motor vehicles 0-1 year – 8 years
7. Loans for motor vehicles 2-3 years – 7 years
8. Loans for motor vehicles 4-5 years – 5 years
9. Loans for motor vehicles 6-8 years – 3 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 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 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 report)

d) For mortgage financing, or where a registered title is offered as security, the security must be a first (1st), parri passu or second (2nd) mortgage on property.

Approval Limits:

Credit Officer: 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