

Churchill County Federal Credit Union Loan Policy

Statement

It is the intent of the Board of Directors to comply with all applicable laws and regulations including Truth in Lending, Equal Credit Opportunity, Fair Credit Reporting, and NCUA Rules and Regulations.

As required by law, membership in this credit union is open only to individuals who are included in the field of membership, as it is defined in the credit union charter. A member must have an open account prior to CCFCU accepting a loan application. The Equal Credit Opportunity Act prohibits the credit union from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any similar state law.

No officer or staff of this credit union will, in any manner, discourage any member from submitting any application for credit. This credit union will accept and consider an application from any member who wishes to submit a request for credit. Such requests must be in writing. Verbal requests will not be honored.

This credit union will make every effort to make a counter offer if the loan application cannot be approved as submitted. Any member may appeal the denial of any loan. The appeal must be in writing to the Board and must be done within 30 days.

No loan will be issued to a minor (under the age of 18) unless there is a credible adult co-signer/guarantor. And/Or the minor has gone through our financial program to qualify for loan consideration.

Credit Union Lending Authority

In accordance with NCUA Rules and Regulations, all loans to a board member, employee, or CCFCU Supervisor or Credit Committee volunteer requires the approval of the Board of Directors of the Federal credit union in any case where the aggregate of loans to an official and loans on which that official serves as endorser or guarantor exceeds \$20,000 plus pledged shares.

No preferential consideration shall be given to employees, board members, or volunteers of the credit union. No member of the Board shall vote on approving a loan to any known relative of that member, whether by blood or by marriage. In addition, no employee with loan authority shall approve a loan to any known relative of that employee, whether by blood or by marriage. If any uncertainty exists, the board member or employee should remove himself from the approval process.

The Board of Directors may from time to time as the board deems necessary or appropriate to modify or amend the terms and rates of loans offered by CCFCU.

A borrower may prepay his loan in whole or in part on any business day without penalty, but must make the next regularly scheduled payment according to the loan documents.

No loan will be made to any individual, with whom the credit union has taken a loss, including bankruptcy either as a maker, co-maker or co-signer/guarantor, unless such loss is taken care of. CCFCU will work with a member to help them repay their debt when the reason of the loss to CCFCU was for medical reasons.

No loan will be made to any individual, with whom the credit union has a past due loan, including loans the member is a maker, co-maker, or co-signer/guarantor, until such loan(s) are brought current. No loan will be made to any individual that is in the process of any kind of bankruptcy.

In conformance with the Credit Disclosure Act (Truth-in-Lending) the CCFCU shall calculate interest on the unpaid balance for all loans on the number of days the principal was used incorporating the Julian calendar as approved by the NCUA for credit unions using data processing.

Written credit reports will be provided for each loan applicant. Office personnel will do income verification utilizing recent pay stubs, income tax return(s) if self employed, and/or financial statements by a certified accountant. Share secured and salary advance loans are exempt from this procedure. If a member applies for a second loan within 60 days, office personnel need to take a new application. The prior credit report and income verification may be used depending on information needed for verifying the new loan application.

On secured loans where the collateral has a title showing ownership the Credit Union will sign on as lien holder and send the title to be recorded with the Department of Motor Vehicles in Carson City, Nevada or the Department of Manufactured Housing in Las Vegas, Nevada. On any secured loan that does not have a title showing ownership a UCC-1 will be filed, if UCC collateral is greater than \$5,000, with the State of Nevada showing the Credit Union's interest. Title and UCC fees will be passed on to the member. If property is not a dwelling it also secures any other loans. No salvage titles will be accepted for security by CCFCU.

A resume will be required from appraisers used to appraise collateral that does not have a blue book unless the appraisal is from an accredited dealer. CCFCU may require a second appraisal.

Office personnel will do a debt to income ratio on all loan applicants. Applicants that have a debt to gross income ratio over 40% should be reviewed carefully. Any loan approved with a debt ratio over 50% must have a written reason for approval. (Example: disposable income, loan provides cross collateralization to put CCFCU in a better position, on secured loans equity exists to assure minimal or no loss to CCFCU) Applicants with an unsecured debt exceeding 30% of their annual income should not be approved for further credit unless a written reason for approval has been given. (Example: disposable income is sufficient)

Self employed members at times can not meet the required debt ratios. If a self employed member has excellent credit and has resided in Churchill County for over 10 years, the application will be sent to the Credit Committee for consideration. An abundance of caution from the Credit Committee will be utilized to prove the member is credit worthy and assure CCFCU will not incur a loss. (Example: assets of the self employed member should be considered, on secured loans equity exists to assure minimal or no loss to CCFCU, a credible guarantor, utilizing more than one year's tax return to provide an average income, past

history with CCFCU) Any and all reasons will be noted on the applicant's application to assure a full understanding from both parties why the loan was or was not approved.

CCFCU may consider negotiated payments from credit counseling services if there is nothing that CCFCU can do to help the member. CCFCU will work with the member in any way possible to avoid CCFCU taking a loss, as long as the member is showing good faith in his/her effort to repay the debt to avoid the collection process.

Refinancing

Loans may be refinanced at current interest rates as long as any of the applicable conditions are met:

- a. The borrower has a good payment history and loans are in good standing.
- b. The loan is not delinquent.
- c. Additional funds are being requested.

The loan officer and/or credit committee will review refinancing using the same criteria for new loans and will approve or disapprove the request in accordance with the practices of this policy.

Workout Loan

For purposes of this policy a workout loan is:

A loan written to better position the member to meet their obligation to the credit union while reducing the potential loss by the credit union. This loan is a rewrite of funds previously loaned out and will not be greater than the current payoff. This loan is not written to merely reduce delinquency.

A workout loan can also be the result of a hardship that has befallen a member that is beyond their control. A hardship can be defined as but not limited to:

1. A loss or reduction of income as a result of:
 - a. Lay-off
 - b. Strike
 - c. Reduction of hours employed
 - d. Illness
2. An increase in household expenses as a result of:
 - a. Uninsured medical expenses
 - b. Unexpected or extraordinary household related bills

Deferrals

This policy applies to consumer loans only.

1. One (1) deferral can be negotiated during the life of the loan between the borrower and the loan officer. One additional deferral may be granted by the Credit Committee

on a case by case basis. No more than two (2) deferrals during the life of the loan will be granted. Changes to due dates (deferrals) must be documented by a subsequent action and approval must be clearly indicated.

2. Just cause must be established and documented in a loan file. A poor payment history is not considered just cause. Some examples of just cause include loss of job, medical reasons, etc.
3. Ability to repay must be evaluated, as in a new loan. Evidence that the factors in #2 are mitigated will help prove the ability to repay; i.e. new job, etc.
4. Any further deferral request must be brought to the board for approval.

Approved/Pending Loans

All approved loans must be picked up within 60 days of the date of approval or have documentation in the file that supports holding the approved loan longer than the 60 days. The loan officer may request updated information if the loan is held longer than 60 days. Any loans not picked up within 90 days will be filed. If a member wishes to take advantage of the offer to extend credit after the 90 days, a new application and supporting documentation will be required.

Aggregate limitations

The limits stated in the following policy are the maximum loan limits set by the Board of Directors. The loan officer and/or Credit Committee has the obligation to refuse the maximum amount or time period to any borrower they feel is not credit worthy of the maximum limits.

The maximum aggregate dollar amount to be lent to any primary borrower shall be \$150,000. Share secured loans are exempt. Aggregate limitation does not mean a guarantee of this dollar amount shall be lent. Any loan application which would place the member in excess of this amount shall be presented to the Board of Directors for consideration of approval or denial

It is the intent of the Board to provide the credit committee and management with the flexibility necessary to provide the best possible service to the members.

Board Approved: _____ Date: _____
President _____, Vice President
_____, Secretary
_____, Board Member

Revised:	3/17/05	Effective:	3/23/05
Revised:	2/15/06	Effective:	2/15/06
Revised:	8/20/06	Effective:	9/20/06
Revised:	2/14/07	Effective:	2/15/07