

TROY AREA SCHOOL EMPLOYEES FEDERAL CREDIT UNION
LOAN POLICY

1. Any member may make application for a loan at the time their membership is accepted.
2. A member must be old enough to understand and legally sign a contract to obtain a loan. There will be NO loans to members under Eighteen 18 years of age.
3. The Annual Percentage Rate (APR) will be determined by the Board of Directors. Exceptions may be made on authority of the board such as incentives for the annual meeting which has traditionally been 5% loans to those in attendance, to be used within the year.
 - a. 9.5% a month on the decreasing balance unless issuing a special rate with the Board of Directors
 - b. Interest is paid on the Average Daily Balance in the share account.
 - c. The 28th of the month will be used as the payment date for all loans.
 - d. Any loan that is approved and processed by the 10th of the month, the first payment will be due the end of that same month. Any loan after the 10th of the month, the first payment will be due the end of the following month.
4. A Cosigner will be required if:
 - a. The loan/debt ratio is higher than 40% (Debt ratio: Total consumer debts per month/net income per month).
 - b. The applicant is under 18 years old. (See loans to minors)
 - c. A member may cosign only one loan.
 - d. A member who has a co-signed loan may NOT cosign another loan unless board approved
 - e. At the discretion of the Credit Committee
5. A credit report will be required on all loan application.
6. Refinancing: A period of 6 months must lapse before any loan outstanding may be approved for refinancing.
7. If there is an excessive demand for loans, a waiting list will be set up according to, "First Come, First Serve." A maximum amount being lent out in any one month will be set up at the discretion of the treasurer with approval from the board.
8. Steps to getting a loan (process takes a maximum of one week under normal circumstances).
 - a. Loan application must be completed in full. (Available from Treasurer)
 - b. Credit Committee must approve the loan.
 - c. Gross Income will be used to figure out the debt to ratio.
 - d. Post Loan amount will be included in the determination of debt to ratio.
 - e. Confidentiality is number one prerequisite for all loans. Treasurer, Credit Committee

Members, Supervisory Committee Members and Auditors are the only ones who see applications.

- d. Full Time Employees - \$10,000.00 maximum amount for loan limit for full time employees (37.5 hours or more). A member must be employed with the school district > 3 years to qualify for the maximum. If a member has been employed <3 years, the max loan will be \$5000. Any member who is not a current or retired employee, will be subject to the limits of the employee that qualified them (ie. Their family member). Any unsecured loan over \$2500 that is not payroll deductible will be scrutinized more closely and may need to be secured. Any loan over \$5,000.000 may be paid off in up to five years.
- e. Part Time employees - \$5,000.00 maximum amount for a loan limit for part time employees (37 hours or less). A member must be employed with the school district > 3 years to qualify for the maximum. If a member has been employed <3 years, the max loan will be \$2,500. Any member who is not a current or retired employee, will be subject to the limits of the employee that qualified them (ie. Their family member). Any unsecured loan over \$2,500.00 that is not payroll deductible will be scrutinized more closely and may need to be secured. Any loan over \$5,000.00 may be paid off in up to five years.
- f. Overtime will not be included in the gross income.
- g. Acceptable proof of employment or other income: The last 2 paystubs, prior year tax return, lease agreement.

9. The board authorizes the treasurer to give college loans as requested provided the applicant has a reimbursement approval from the Troy Area School District with the Superintendent's signature verifying reimbursement upon completion. Also, requestor must fill in a contract that will be written up as if it will be a loan for 12 months (knowing that the loan may be paid in full anywhere from two months on). By this loan policy, the board of directors authorize the treasurer (without credit committee approval) to grant all college loans asking for interest only to be paid until the reimbursement of the course is made by the business office after which the member will pay the full amount to the treasurer. These loans will be given out as long as the money is available for such loans to be given.

10. Delinquent loans will be discussed each month at the monthly meeting. Letters will be sent notifying applicant that they missed a loan payment at 10 days. After two consecutive months of non-payment they will be sent to a collection agency or District Justice to seek collection. After eight months (with no payment or arrangements made) the loan will be written off as a loss, while still trying to collect on the loan.

11. **MLA**- Upon written notification to the Troy Area School Employee Federal Credit Union from an enlisted member going to active military duty, the credit union will reduce the loan interest rate to 4.00%. This reduction will be in effect for the duration of their active duty status.

Adopted: 11/8/95

Last Revised: 3/19/2020