



STAFF LOAN POLICY AND PROCEDURES

Policy Title:	STAFF LOAN POLICY AND PROCEDURES
Policy Number:	HR&L SL2015/01
Approved By:	BOARD OF DIRECTORS
Date of Approval:	
Date of Revision:	Jan 2019
Related Policies:	<ul style="list-style-type: none"> • HR&L Policies & Procedures • Authorities Schedule • Credit Policy • Delinquency Policy for Volunteers and Staff • Ethics & Conflict of Interest Policy
Position Responsible for Maintaining this Policy:	HUMAN RESOURCES & LEARNING MANAGER
Review Period:	Annually

APPROVED BY:

BOD REPRESENTATIVE

Carol Anguin
NAME

Carol Anguin
SIGNATURE

29/01/2019
Date

SENIOR MANAGEMENT

Linda J. Miller
NAME

Linda J. Miller
SIGNATURE

29/01/2019
Date

A.	Overview.....	5
B.	Scope	5
C.	Amount Available For Staff Concessionary Loan Facility.....	5
D.	Roles and Responsibilities	5
i.	The Board of Directors	5
ii.	The Staff Loan Committee	5
iii.	The Chairman	6
iv.	Senior Management and the Human Resource & Learning Manager	6
v.	Operating Officers.....	6
vi.	The Employee.....	6
vii.	The Internal Audit Department	6
	Standards for Staff Loan Committee & Operating Officers.....	7
	Disclosure of Conflicts	7
	Prudence:.....	7
	Meetings	7
	Round-Robin Process:	7
	Confidentiality:	7
	Assessment	7
	Reviews:	7
E.	Eligibility For Staff Loans	8
F.	CONDITIONS FOR APPROVAL:	8
G.	Re-Loans.....	9
H.	Additions to Existing Loans.....	9
I.	Acceptable Securities	9
J.	Authorising Personnel	9
K.	Documentation.....	10
	Mandatory Documents	10
	Additional Processing Documents.....	10
	Document Integrity, Wilful Negligence and Misrepresentation	11
	Document Management	11
	Disclaimer	11
L.	Fees	11
M.	Loan Categories & Details	11
I.	Unsecured Loans.....	12
	Domestic Staff Loan.....	12
	Special Education Loan	12
	Staff Income Maximiser	12
	Secured Loans	12
	General Staff Loan.....	13
	Mortgage/ Home Improvement Loan	13
	Motor Vehicle	13
N.	Delinquency	13
O.	Rescheduling/Adjustments to Approved Loans.....	13
P.	Moratorium	14
Q.	Termination Of Benefit.....	14
	Loan Processing Work Flow Process & Service Level Agreement.....	14

(a) Unsecured Loan 14

A. OVERVIEW

The purpose of this policy is to set out the concessionary loan facilities available to staff as well as the operating procedures to guide the administration of loans to employees to include the role and functions of the Staff Loan Committee.. It seeks to ensure consistency, transparency and financial prudence. Staff concessionary loans are a benefit to the staff member whilst employed to COK Sodality Co-operative Credit Union and the staff must qualify on his/her own verifiable merit and must benefit directly.

The procedures set forth are approved by the Board of Directors and must be followed by the operating officers when executing the Staff Loan Policy.

Refer to the Credit Policy for details regarding the general principles governing the assessment, processing and management of loans in the Credit Union which are applicable in the consideration of staff concession loans except where explicitly stated otherwise in this Policy.

B. SCOPE

This Policy and Procedure is applicable to loans under the staff concessionary loan facilities and the rules are applicable to all qualifying staff.

C. AMOUNT AVAILABLE FOR STAFF CONCESSIONARY LOAN FACILITY

- A pool of funds set at **\$300M** is available for staff concessionary loan facilities.
Total disbursed unsecured loans shall not exceed 36% of the total Staff Loan Pool. The interest rates are to be approved by the Board of Directors on the recommendation of Management and/or the Staff Loan Committee.
- Loans accessed under this facility fall into two categories:
- (i) loans to be approved by Senior Management and HR Department as set out in Section M.
- (ii) loans approved by the Staff Loans Committee as set out in Section M.

D. ROLES AND RESPONSIBILITIES

- i. *The Board of Directors* has ultimate responsibility for the Staff Loan Policy.
- ii. *The Staff Loan Committee* is delegated the responsibility of overseeing the management of the pool of funds consistent with the policy, whilst incorporating any Trade Union negotiated items, governing laws, the Credit Union's rules and regulations.

The Staff Loan Committee will comprise of the following:

- ❖ Treasurer/Assistant Treasurer (Chairperson),
- ❖ CEO and/or a Senior Manager
- ❖ HR & L Manager and/or Asst. HR&L Manager
- ❖ U.C.A.S.E Representative,
- ❖ N.W.U. Representative,
- ❖ Non-Unionised Representative*

❖ Credit Manager and/or designated Credit Representative

**The non-unionized employee representative is selected by the non-unionised body of staff from their cohort.*

Quorum must consist of five persons, a representative from the Board, Management, HR, Credit and at least one staff member.

The Staff Loan Committee will function as the Approval Committee for all secured staff loans with the exception of Motor Vehicle Loans; however, the Committee has oversight of all loans within the approved pool of funds and may randomly select loans for review as deemed necessary.

The Committee shall also be responsible for making recommendations on the overall Staff Loan Policy and shall ensure that at all times the revolving pool of funds does not exceed the maximum limit as approved by the Board and that the Loan Policy is adhered to at all times.

All exceptions, waivers and variances to the Policy shall be considered and approved by the Staff Loan Committee.

- iii. *The Chairman*, as the representative of the Board, with due consideration to the views expressed during deliberations casts the deciding vote in all decisions of the Committee.
- iv. *Senior Management and the Human Resource & Learning Manager* and/or designates will approve all unsecured and Motor Vehicle loans for approved travelling officers within Policy.
- v. *Operating Officers* and/or designates shall execute all administration responsibilities in accordance with the provisions of this Policy as well as all other relevant Policies and shall ensure all available information pertinent to a decision regarding approval is submitted for consideration.
- vi. *The Employee* is responsible for submitting all relevant information within the stipulated timeline to facilitate the processing and approval of a loan request. The employee may appeal to the Staff Loan Committee for exceptions, waivers and variances to the Policy. Such appeals must be in writing with a clear indication of the reason for the request. The Committee reserves the right to respond as it deems appropriate. The decision of the Staff Loan Committee will then be regarded as final.
- vii. *The Internal Audit Department* will conduct reviews at intervals on staff loans and report to the Supervisory Committee, the Board of Directors and the Audit, Risk & Compliance Committee.

STANDARDS FOR STAFF LOAN COMMITTEE & OPERATING OFFICERS:

Disclosure of Conflicts: Any member of the Committee or operating officer being or related to a loan applicant must declare his/her interest and excuse him/herself from the meeting when such loan is being considered.

Prudence: The Staff Loan Committee and Operating Officers are required to act in accordance with all applicable written policies and procedures and exercise due diligence in carrying out its responsibilities.

Meetings: These are held every second Thursday to execute the responsibilities under this Policy. Loan applications may also be approved by round-robin if there is an emergency situation that requires a loan to be approved before the Committee is able to convene a meeting.

Round-Robin Process: Round-Robin of staff loans are allowed if the Committee is unable to convene a meeting within a reasonable time or if there is an emergency situation that requires a loan to be approved before the Committee is able to convene a meeting. Under the round robin process, the loan application may be submitted electronically or by circulation of the physical loan file to each required Committee member for consideration. Loans approved by round-robin must be presented at the next sitting of the Committee for ratification.

The loan application must first be approved internally by the relevant Committee Members before being sent to the Chairman for final approval.

Confidentiality: The Staff Loan Committee and operating officers are required to hold in strict confidence all information about the employee disclosed during the course of the application. Additionally, discussions had during the deliberations shall not be communicated outside the Committee unless explicitly authorized.

Assessment: Assessment of loan applicants' credit worthiness will be made for all staff concession loans by the operating officer as designated by the HR & L Manager and the recommendation submitted to the approvers and/or Staff Loan Committee. All employees' applications for loans under the Staff Loan and all regular member loans must go through the HR & L Department, for awareness, adjudication of Credit process, and to ensure that the necessary salary deduction is in place before disbursement.

Reviews: The reviews conducted by the Committee will be as follows:

- The Staff Loan Policy shall be reviewed at least annually by the Staff Loan Committee and recommendations, if any, submitted to the Board of Directors for approval.
- The Revolving Loan Pool Amount shall be reviewed as deemed necessary by Management and the recommendation, if any, submitted to the Board of Directors for approval.

- The Minimum Share Requirement shall be reviewed at least annually by the Staff Loan Committee and recommendations, if any, submitted to the Board of Directors for approval.

E. ELIGIBILITY FOR STAFF LOANS

Qualification for loans under the staff concessionary loan facility is as follows:

- Mortgage/Home Improvement Loan – employees must complete a minimum of two (2) years' service continuously
- Motor Vehicle Loan for Managers, Assistant Manager and Travelling Officers – employees must be confirmed
- For all other loans, employee must complete a minimum of one (1) year continuous service
- The employee's position must appear on the established Organizational Structure
- The employee must have a minimum net pay in line with Human Resource & Learning Policy
- The employee must possess a minimum surplus of 10% of net income after accounting for all expenses. If income earned outside of COK Sodality is to be used in the calculation, the employee will be required to submit verifiable proof of income.
- The employee must meet the Ordinary Share requirement as outlined in Table 1.

Table 1 – Share Requirement for Staff Loan

Staff Gross Emoluments Range	Minimum Share (Ordinary)
<\$600,000.00 or less	\$10,000.00
\$601,000.00 - \$800,000.00	\$15, 000.00
\$801,000.00 - \$1,199,999.00	\$20,000.00
\$1,200,000.00 and over	\$25,000.00

F. CONDITIONS FOR APPROVAL:

- All eligibility requirements must be met.
- All loan requests must be accompanied by all relevant documentation as is required to satisfy the requirements of this Policy as well as the applicable provisions of the Credit Policy.
- Applicant's current credit status must be in good standing. Credit Bureau checks are required for aggregate loans over \$500,000.00 or once every six (6) months where applicable at the employee's cost.
- Applicant must be in good standing with the Credit Union.
- No more than one motor vehicle loan at a time and the make, models and cost must be in keeping with the acceptable standards of the Credit Union (not commercial vehicle). Access shall be no more than once every three (3) years.
- The motor vehicle must be registered in the name of the staff member and be

- comprehensively insured.
7. Motor vehicle loan disbursement must be made directly to the seller.
 8. No more than one Mortgage/Home Improvement Loan per employee at a time and if an applicant has purchased a property under this loan programme and still owns this property and is desirous of purchasing another, the applicant must first sell the first property before applying for another loan under this facility. For a Home Improvement Loan, if the employee is not the owner of the property, he/she must be ordinarily residing at the premises which must be owned by a close relative (mother, father, husband, wife, grandparent and/or child) and have written authorization from the legal owner.
 9. Home Improvement Loan is to be disbursed in instalments. The initial disbursement is automatic upon approval and subsequent disbursements upon presentation of invoices/receipts indicating proof of payments and site visits.
 10. Payments for Special Education Loans of \$500,000.00 and over must be made payable as per submitted invoice(s).
 11. All loans must be repaid by Salary Deduction.
 12. The Committee reserves the right to enforce any other conditions of approval on any loan as it deems appropriate.

G. RE-LOANS

Re-loans are loan requests on an existing loan which is below the maximum limit for the loan product owing to repayments. In addition to the stated eligibility requirements and conditions for approval, the following will also be applicable:

- Each loan request must be for a minimum value of \$25,000.00.

H. ADDITIONS TO EXISTING LOANS

Staff applying for an addition to an existing loan which is below the limit for the particular loan product will be required to wait for a minimum period of three (3) months following the last disbursement and will be required to satisfy all stated eligibility requirements and conditions for approval. Each loan request must be for a minimum value of \$25,000.00.

I. ACCEPTABLE SECURITIES

Refer to the Credit Policy with the exception of:

- Where the loan amount related to a property is less than \$500,000.00 and there is a valuation that is not older than 36 months, on the recommendation of Management an inspection report supported by pictures will be accepted.

Bill of Sale related to motor vehicle for the assessed forced sale value of the said vehicle or for the selling price of a new vehicle up to the maximum loan amount.

J. AUTHORISING PERSONNEL

Refer to the Authority Schedule for signing authority in the loan review process. All loans requiring the approval of the Staff Loan Committee must be duly signed by the chairman and all stated members or designates.

K. DOCUMENTATION

Refer to the Credit Policy for details of the acceptable documentation required in support of a loan application.

Mandatory Documents

(a) For All Loan Types

All applications must be accompanied by the following mandatory documents:

- Loan Application Form
- Memorandum to Staff Loan Committee
- Income/Expense Statement
- Statement of Affairs
- Documentation to support loan purpose e.g. invoices
- Credit Check Authorization Form

(b) Secured Loans

In addition to the documents listed above, the following documents are required for secured loans based on the purpose and type of security i.e. Motor Vehicle and Property:

Details of Property security;

- Copy of Title
- Current Valuation Reports
- Property Insurance (secondary insurance)
- Surveyor's ID Report
- Up to date Property Tax Certificate/Receipts
- Up to date Water bill
- Evidence of payment of maintenance fees and other charges for Strata properties

Details of Motor Vehicle security;

- Copy of title
- Copy of Fitness and Registration
- C87 for newly imported vehicles
- Motor Vehicle Insurance
- Pro Forma Invoice
- No interest letter (if applicable)

Additional Processing Documents

The following additional documents are required to be duly executed during the processing of the loan:

(a) All Loan Types

- Checklist for Staff Loan
- Credit Reports from two Credit Bureaus
- Securities Checklist

- Disbursement Checklist
- NSIPP checks
- Loan Disbursement Sheet
- Promissory Note
- Set-Off Agreement
- Offer Letter
- Loan Agreement

(b) Secured Loans Documents

- Bill of Sale
- Letter of Undertaking
- Power of Attorney, if applicable
- Insurance Endorsement Form
- Mortgage Instruments

NB. Set-Off Agreement not required for secured loans

Document Integrity, Wilful Negligence and Misrepresentation

Employees found to have misrepresented, falsified and/or withheld any documentation or information critical to the review of his/her loan application in an attempt to influence the loan approval and disbursement will be subjected to disciplinary action to include immediate dismissal. Refer to Human Resource & Learning Policy for further details.

Document Management

All files representing approved loan applications are maintained in the Human Resource and Learning Department whilst the loan is active. When the loan is liquidated, it is forwarded to the Records Department for storage in accordance with the established standards and procedures. If the employee is separated and the loan converted to a corresponding member loan, the file is forwarded to the Records Department for storage in accordance with the established standards and procedures.

Disclaimer

Forms and documentation requirements may be renamed, amended and/or added to the required list at any time as deemed necessary for effective and efficient execution.

L. FEES

- The employee will not be charged for internal fees related to the processing of loans.
- The employee will be charged the full value of all external fees related to the processing of the loan. However, any discounts received from the supplier will be passed on to the employee.

M. LOAN CATEGORIES & DETAILS

The concessionary loans available to employees are as follows:

I. Unsecured Loans

- (a) Domestic Loan
- (b) Special Education Loan
- (c) Staff Income Maximiser Loan

See table 2 for details regarding the available unsecured.

Table 2: The details of the available unsecured loan products are as follows:

CODE	LOAN DESCRIPTION	PURPOSE	INTEREST RATE	MAXIMUM AMOUNT	MAXIMUM TENURE
LN201	Domestic Staff Loan	General purposes	6%	\$500,000.00	48 months
LN201	Special Education Loan	Verifiable educational purposes for staff and/or their dependent. Applicant/Dependent must be enrolled in a recognized school or an academic programme.	6%	\$1,000,000.00	72 months
LN258	Staff Income Maximiser	General purposes.	10%	\$350,000.00	48 months

Secured Loans

- (a) Motor Vehicle Loan
- (b) General Staff Loan
- (c) Mortgage/Home Improvement Loan

See table 3 for details regarding the available secured loans.

Table 3: The details of the available secured loan products are as follows:

CODE	LOAN DESCRIPTION	PURPOSE	INTEREST RATE	MAXIMUM AMOUNT	MAXIMUM TENURE
LN284	General Staff Loan	General purpose	8%	One (1) year gross emoluments or \$2,000,000.00 whichever is higher	Based on collateral up to a maximum of 15 years
LN254	Mortgage/ Home Improvement Loan	Purchasing a property, repairing a property, home improvement or legal expenses associated with the property.	6%	<ul style="list-style-type: none"> • Home Improvement – up to 80% of Market Value inclusive of any first mortgage on the property up to a maximum of \$15,000,000.00 • Mortgage – up to 90% of Selling price or Marketing Price whichever is less up to a maximum of \$15,000,000.00 	<ul style="list-style-type: none"> • Mortgage Loan – Up to 25 years or age 65 whichever is less • All other up to 15 years
LN211	Motor Vehicle	Motor vehicle purchase, repairs, insurance and maintenance	6%	Forced Sale value up to a maximum of \$8,000,000.00	<ul style="list-style-type: none"> • Up to 8 years old motor vehicle in line with Credit Policy + 1 year • 9 – 10 years old up to 48 months

Interest rate adjustments are applicable on all existing staff concession loans as at stated effective date regardless of the disbursed interest rate.

N. DELINQUENCY

The employee is required to personally monitor all loan accounts with the Credit Union (both concession and member loans) to ensure timely repayment as scheduled and compliance with all applicable policies and requirements. In the event of a loan becoming non-compliant or delinquent, the employee is required to take all necessary steps to immediate regularize the account regardless of the source of the issue leading to the non-compliance/delinquency. Disciplinary action, to include dismissal, will be taken where the actions of the employee resulted in the non-compliance/delinquency or where the employee who becomes aware of the non-compliance/delinquency fails to take the required steps to regularize the account within the agreed timeline. Refer to Human Resources & Learning Policy and the Delinquency Policy for Volunteers and Staff for further details.

O. RESCHEDULING/ADJUSTMENTS TO APPROVED LOANS

A rescheduling is where the loan repayment period or a term under which the loan was approved is being adjusted.

If for any reason other than for the Annual Staff Loan Holiday a loan is required to be rescheduled, the approval of same must be granted in writing by the Chief Executive Officer and the Human Resource and Learning Manager. If however the rescheduling

causes the loan to vary from the requirements of the Policy, the request must be submitted to the Staff Loan Committee for consideration.

P. MORATORIUM

If for any reason a moratorium loan is required owing to extreme and verifiable financial constraints in the sole judgement of the Staff Loan Committee, approval may be granted for a moratorium up to three (3) months in the first instance.

Q. TERMINATION OF BENEFIT

The employee's eligibility to benefit from staff concession loans ceases upon separation of employment. At separation, all existing concession loan(s) shall be converted to a corresponding member loan at the applicable interest rate immediately for employees with under five (5) years continuous employment at separation and after three (3) months for employees with over five (5) years continuous employment at separation.

Appendix

LOAN PROCESSING WORK FLOW PROCESS & SERVICE LEVEL AGREEMENT

(a) Unsecured Loan

Steps	Activities	Owner	Service Level Agreement
1.	Complete all forms and submit all documents listed as mandatory documents in Section KI & KII and submit to the Human Resource & Learning Department along with all relevant supporting documents.	Employee	
2a.	Receive application and supporting documents and review to ensure completeness and compliance with document submission requirements based on loan type. If all documents have been received, move to Step 3a; if not, move to Step 2b.	HR & L Clerk	24hrs.
2b.	Make contact with employee to request outstanding documents. Revert to Step 1.	HR&L Clerk	Included in 2a.
3.	Assess the employee's eligibility for the stated loan type in accordance with Section E by performing the following functions and attaching the relevant documentary evidence to the file: <ul style="list-style-type: none">• Complete relevant sections of Income/Expense Statement and calculation income/expense	HR&L Clerk	3 business days

	<p>ratio IER</p> <ul style="list-style-type: none"> • Complete the Checklist for Staff Loan which includes calculating the surplus • Conduct credit checks • Check employee's net pay for compliance • Verify all supporting documentation, confirm address, references and guarantors as necessary and make relevant notations on the file • If application is for a secured loan, verify security and conduct all inspections as required • Complete loan proposal 		
4.	Check that all applicable conditions of approval as outlined in Section F are met.	HR&L Clerk	Included in 3
5a.	<ul style="list-style-type: none"> i. If the employee qualifies, the conditions for approval have been met and the loan does not require Committee approval, move to Step 9 ii. If the employee qualifies and the conditions for approval have been met but the loan requires the Committee's approval, move to Step 7 iii. If the employee does not qualify and/or the conditions for approval have not been met, move to Step 5b 	HR&L Clerk	NA
5b.	<p>Make contact with the employee to advise him/her of the ineligibility & unmet conditions of approval and recommend, where possible, alternate options.</p> <ul style="list-style-type: none"> i. Revert to Step 1 if an alternate option is chosen ii. Move to Step 6 if the employee decides to appeal to the Staff Loan Committee iii. Move to Step 11 if employee decides not to pursue the process further. 	HR&L Clerk & Asst. HR&L Mgr.	24hrs
6.	Write a memo addressed to the Staff Loan Committee indicating the specific exception(s), waiver(s) and variance(s) request and the reason(s) for the request. Submit the written request to the HR&L Department.	Employee	NA
7.	A Staff Loan Committee meeting is scheduled, where possible within 5 working days, and summary documents prepared for the meeting. Loan File is to be circulated to the internal Committee members prior to the meeting.	HR&L Clerk	2 business days
8a.	Staff Loan Committee meets to consider the request and the loan and makes a decision regarding each exception(s), waiver(s) and variance(s) request as well as loan approval.	Committee	NA
8b.	i. If approved, move to Step 10a	HR&L Clerk &	NA

	ii. If not approved but alternate conditions of approval was made, revert to Step 5b parts i and iii iii. If not approved, move to Step 10a	Asst HR&L Mgr	
9.	Loan file is reviewed and approval decision made.	HR&L Mgr & Two Snr Mgrs or HR&L Manager, Credit Mgr & Snr Mgr	2 business days
10a.	Make contact with the employee and advise the employee of the loan approval decision	HR&L Clerk & Asst HR&L Mgr	24hrs
10b.	If approved, move to Step 12 If not approved, move to Step 11	HR&L Clerk & Asst HR&L Mgr	
11.	Close the loan file and place in temporary holding for one month	HR&L Clerk	Within 5 business days
12.	Input approved loan on the system	Designated employee	24hrs
13.	Loan is reviewed and approved on the System	HR&L Mgr & Two Snr Mgrs. or HR&L Mgr, Credit Mgr & Snr. Mgr.	24hrs
14.	For Unsecured Loan, move to Step 15 then 17 For Secured Loan, move to Step 16		NA
15.	Prepare and execute Set-off Agreement, Promissory Note, Loan Agreement and Loan Disbursement Sheet	HR&L Clerks	24hrs
16	Prepare and execute Promissory Note, Loan Agreement, Loan Disbursement Sheet and security documents based on loan type and security used	CCSD	See CCSD SLAs
17.	Documents are re-checked and System Legal Approval executed	CCSD	24hrs
18.	Loan disbursed on the System and relevant System inputs made.	CCSD	24hrs
19.	If special conditions of approval for stated, a follow up is done and communicated as required to the HR&L Manager and/or Committee and the relevant updates noted on the file	HR & L Clerk	At stated timeline
20.	Loan file appropriately compiled and secured in the appropriate cabinet.	HR & L Clerk	3 business days
21.	At separation of the employee, the loan is converted to a comparable member loan type within the stipulated timeline and the file forwarded to the	HR & L Clerk	At stated timeline

	Records Department.		
--	---------------------	--	--

At all steps, the responsible agent should consult with the Human Resource & Learning Manager and/or designate as is necessary to facilitate the effective and efficient processing of the loan request.

