

**POLICY MANUAL
SOUTHWEST COUNTIES SECHOOL EMPLOYEES
CREDIT UNION
2016**

The Southwest Counties School Employees Credit Union operates under the laws set forth by the State of Missouri under the supervision of the Director of the Division of Credit Unions.

Qualifications for membership in the credit union shall be limited to employees of the participating school districts and members of the immediate families of such persons as states in the By-Laws. SW Counties School Employees Credit Union members may maintain their membership upon leaving the employment of their qualifying school as long as they maintain \$25 in the regular share account.

The governing body of the credit union shall consist of a Board of Directors with seven members—a Chairman, Vice-Chairman, Secretary and a President/Treasurer; a Supervisory Committee with three members; and a Credit Committee with five members.

THE DUTIES OF THE BOARD OF DIRECTORS ARE:

- A. The Board will meet at least once a month to conduct affairs of the credit union.**
- B. At these meetings the following business will be on the agenda:**
 - 1. Applications of new members that have been extended over the previous month by the President/Membership officer will be reviewed.**
 - 2. The financial position of the credit union will be examined, discussed, and approved. The board will work to maintain a Net Worth of 10.0% and will work to maintain this level or above in the future. This will be managed through close attention to the yield on assets and cost of funds. The President/Treasurer will provide this information on a monthly basis.**
 - 3. A liquidity level of at least 12.5% will be maintained if possible.**
 - 4. Committee actions will be reviewed and acted upon.**
 - 5. Expenses will be reviewed and approved.**
 - 6. Delinquent loans will be reviewed and necessary action taken. A delinquent loan schedule will be provided monthly. The allowance for Loan Loss will be reviewed quarterly.**
 - 7. Loans to officers & employees will be approved.**
 - 8. Investment of funds will be reviewed according to the investment policy.**
 - 9. The board will set dividend and loan rates. The budget will be reviewed on a regular basis so rates for dividends and loans can be set according to the financial condition of the credit union.**
- C. Records of the meetings will be prepared by the Secretary and kept on file as a permanent record.**
- D. Specific duties of the President/Treasurer are as follows:**

1. Act as membership officer for new members.
2. Applications for loans begin with the President/Treasurer who will act as the Loan Officer—a credit check no older than one year will be used to determine a debt ratio. This will help determine the amount of loan available.
3. The President/Treasurer will handle any business transaction by a member for deposit, withdrawal or loan payment.
4. All records of the credit union business will be kept up to date by the President/Treasurer. Loan contracts are kept in a fireproof vault.
5. The President/Treasurer will make timely deposits of funds received.
6. Individual accounts showing share balances and loan balances will be kept up to date on a monthly basis. Loans and shares will balance with the General Ledger controlling accounts.
7. A cash journal will be prepared each month and totals will be posted to the General Ledger accounts through the credit union software program.
8. A financial statement will be prepared each month to show the liabilities, assets, expenses and income for the month and year.
9. All other miscellaneous duties concerning such things as insurance, reports, etc. are performed by the President/Treasurer.
10. At each meeting the President/Treasurer will provide:
 - A. Minutes of previous meeting
 - B. Balance Sheet/Income Statement
 - C. Income & Expenses
 - D. New loans granted
 - E. Delinquency Report
 - F. Calculation of Net Worth
 - G. Loan/Share Ratio
 - H. Liquidity Level
 - I. Membership Totals

THE DUTIES OF THE CREDIT COMMITTEE SHALL BE:

- A. To approve or disapprove all loans.
- B. At least two members of the Credit Committee must approve a loan.
 1. A record of any loan approved or disapproved must be kept on file.
 2. Credit reports no older than one year will be required for each new collateral loan or when refinancing collateral loans.
- C. The President/Treasurer will be responsible for contacting delinquent borrowers and co-signors when an account is considered by the Board and Credit Committee to be sufficiently in arrears. A record must be kept of any such contact.

THE DUTIES OF THE SUPERVISORY COMMITTEE SHALL BE:

1. To oversee the operations of the credit union. Some activities are:
2. Must hire an outside auditor for an external audit.

3. Obtain an engagement letter which complies with 715 of the NCUA Rules & Regulations with the following contents:
 - i. Specify terms, conditions, and objectives of the engagement.
 - ii. Identity the basis of accounting to be used.
 - iii. Include an appendix setting forth the procedures to be performed.
 - iv. Specify the rate of, or total compensations to be paid for the audit.
 - v. The auditor shall upon completion of the engagement, deliver to the Committee a written report of the audit or communicated separately, any internal control reportable conditions and/or irregularities or illegal acts, if any, which come to the auditor's attention during the normal course of the audit.
 - vi. Specify a target date of delivery of the written report, such target date not to exceed 120 days.
 - vii. Acknowledge that working papers shall be retained for a minimum of three years from the date of the written audit report.
3. The compensated auditor signs the engagement letter. The signed engagement letter is to be acknowledged by the committee, prior to the start of the audit.

B. The Supervisory Committee will conduct a verification of all member accounts every two calendar years. Each member will be given a statement prepared by someone other than the individuals involved in record keeping activities. These statements will be hand delivered or mailed to each member with any discrepancy to be reported to a member of the supervisory committee. Documentation of the procedure, discrepancies, and the resolution of these discrepancies will be kept on file by the supervisory committee. A copy will be given to the board secretary to file with the credit union records and to be discussed by the board.

- C. The Supervisory Committee will review the following on a regular basis:**
- a. The bank reconciliation
 - b. A review of insider account activity (insiders include employees, committee members, and applicable relatives)
 - c. General loan review to include loans paid ahead.
 - d. Verification of closed and new accounts
 - e. Verification of individual expense billings
 - f. Review the Allowance for Loan Loss account quarterly.

The Supervisory Committee will complete some of these activities at each meeting with minutes to indicate areas examined.

The Board of Directors, Credit Committee and Supervisory Committee have established the following policies:

INVESTMENT POLICY:

The Kansas Corporate Credit Union will be one of the depository for funds not required in daily operations of the credit union and deposits will be made as necessary by the

President/Treasurer. Investments may be made at other financial institutions when warranted due to fluctuation of interest rates. The board will approve these investments.

FINANCIAL MANAGEMENT POLICY

The net worth will be monitored closely in order to assure that the yield on assets and the cost of funds are in line with the financial condition of the credit union. A budget will be written at the end of each year and reviewed periodically in order to assure the financial condition is sound.

RECORD PRESERVATION/DISASTER RECOVERY

At the close of each day when posting to accounts has been completed, a copy of the member accounts, cash journal and financial statement will be copied onto separate computer disk. A backup of the entire accounting file for each month will also be kept in at a different location than the original set of records. Two individuals, at least, will know how to maintain the books of the credit union. In case of a natural disaster, action will be taken to restore the credit union records as quickly as possible. The purchase of a new computer system may be necessary. The office could be moved to another location, the backups restored to the new computer, and business could continue. However, depending on records lost, such as loan papers, etc. the recovery could be more complicated and would take many hours of research.

LENDING POLICY

- A. A personal signature loan (TYOL) shall be limited to a maximum of \$2000 with only one loan per individual and the loan must be payroll deducted and pay off with the current contract with the following exceptions. If an employee leaves the employment of the district, the unpaid balance of the signature is loan is due and payable at that time and the balance may be withheld from their last payroll check. Unsecured loans to eligible members with less than six (6) months membership shall be limited to no more than \$500. These loans do not have to meet the debt ratio requirement. (Tide-You-Over-Loans Personal signature loans may be refinanced one time each contract year. The minimum signature loan amount is \$500.00. The last day to take out a new signature loan, or to refinance an existing signature loan is April 1th of the relevant contract school year.**
- B. New automobiles, RV's, boats, and other titled vehicle loans are available. The length of the loan shall be no longer than 60 mos. (5years) – UP TO 100% financing MAY BE available with a bill of sale that is no greater than the Red Book retail value.**
- C. Used automobiles, RV's, boats and other titled vehicle loans are available. The length of the loan shall be no longer than 60 mos. (5**

years) and will depend upon the age of the vehicle – up to 100% financing may be available with a bill of sale based on the red book retail value.

D. A credit check no older than one year and a debt ratio calculation of 40% or less will determine the amount of financing available for collateral loans. See attached debt rate calculation spreadsheet.

E. The maximum amount of indebtedness per member for all combined loans other than share loans is \$40,000 with a maximum per family to include eligible school employee and immediate family members shall be \$70,000.

F. Loan rates will be set by the board.

G. If a loan is granted to a member that cannot use payroll deduction, bank draft, or bill pay as their means of payment, the loan rate will be .50% higher to off-set any extra bookkeeping required. This does not apply to retirees.

H. Titled vehicles used for security for refinanced loans must have a Red Book loan value at least equal to the amount borrowed on the vehicle. If a vehicle is too old to be reported in the red book, the loan value will be determined from the Kelly Blue Book internet source.

I. The member agrees to execute all necessary security agreements and other documents required by the State of Missouri for a valid first lien.

J. It is the responsibility of the borrower to obtain insurance on any security granted to the credit union. The borrower shall provide a copy of the declaration page of the insurance policy verifying that the security is insured and the credit union is listed as lien holder and loss payee under said policy. The deductible should be no greater than \$1,000. *If proof of insurance is not maintained on secured property, No further financing or refinancing will be available.*

K. The borrower agrees to provide proof of income and regular financial statements as required by the credit union including annual updates of financial statements, if necessary. The borrower agrees that the credit union may conduct credit checks on all borrowers and co-borrowers.

L. The loan officer/President may grant loans to members with a debt ratio of 40% or less of gross income at his/ her discretion. Short-term loans that pay off with an employee's contract and are payroll deducted, (TYOL), may be granted by the loan officer without regard to debt ration or credit history. Any long-term loans granted with a higher debt ratio or poor credit report will show documentation as to why loan was granted and show approval of the board.

M. Share/savings may be used as security for loans. These loans are not included in the member limits.

N. Loan payments may be through payroll deductions, this being the preferred method. Reminder letters are sent at the end of each month, on the third month of delinquency reminders will have a reminder that this becomes grounds for further legal action. Members loans that are six months delinquent, will become immediately due and payable in full plus accumulated interest. Collection actions or repossession proceedings may be initiated by the board when a loan become sufficiently delinquent.

O. New loans will not be granted to a member nor will existing loans be refinanced until that member has all necessary papers on file for any existing loan.

P. All new collateral loans require a credit report no older than one year. If there are discrepancies on the credit report such as slow pays, collections, etc. or no credit report is available, a co-borrower may be required with the exception of TYOL loans.

Q. Missouri law restricts individual loans to a maximum of 10% of credit union assets.

COLLECTION POLICY

The credit union will maintain effective control over its accounts in order to safeguard the funds entrusted to it by its members. The credit union will demonstrate concern for members who are behind in payment and will seek to assist members in meeting their obligations for timely loan payments.

The credit union will consider alternate payment schedules with members experiencing financial difficulties, as long as the member exhibits intent and capacity to repay the outstanding debt.

The credit union will initiate vigorous collection action when members indicate no intent of fulfilling their contractual obligations on outstanding loan accounts. In the collection of past due debt, the manager will use several methods including correspondence, telephone, and transfer of funds. These procedures are used for the collection of all types of loans issued by the credit union. The credit union will comply with the provisions and spirit of the Consumer Credit Protection Act, the Consumer Fair Debt Collection Practices Act, the Fair Credit reporting Act, the Uniform Commercial Code, the Federal Bankruptcy Act, the Federal Privacy Act, and any other applicable state and federal laws in regard to collection activity.

The manager will be responsible for ensuring that the member complies with all insurance requirements of the loan agreements. The manager will also take proper action to ensure protection of the collateral.

If conventional collection methods are not successful and if the member has a verifiable asset to pursue, the account may be referred to a collection attorney.

Charged-off accounts are considered due in full. All recoveries are credited at 100% of the payment made by the charged-off debtor. All fees and percentages charged by the outside agents may be included in the amount owed and are subject to collection. The credit union waives no rights to collect a debt due to placing an account in a charge off status.

The specific collection process will be as follows:

A. At one month delinquency, we send a reminder notice to the member in an attempt to collect the late payment.

B. At two months delinquency, a second reminder will be sent to the member containing a note of action required.

C. At three months delinquency, we will send the member the first "Right To Cure" notice.

D. If the member has not paid their loan up to date after twenty days of receiving the first “Right To Cure” notice, we will then send out the final “Right To Cure” notice to the member.

E. If the loan is still outstanding twenty days after the final “Right To Cure” has been sent out, it will be presented to the Board of Directors to get approval to repossess the collateral.

F. The vehicle will be advertised in the newspapers, and online for sale at the Red Book value or the balance of the loan. The first offer at this price will be accepted. If bids are taken for a lesser price, there must be an attempt to get three bids. When the vehicle is sold, the amount will be paid on the loan. If not paid in full, the remainder, including any fees or costs that have accrued on behalf of the repossession process, etc. will be charged off and turned over to a collection agency. If a greater amount is received, the borrower will be mailed a check.

CHARGE-OFF LOAN POLICY

Purpose

The charge off policy has three main purposes:

- to insure the timely recognition of losses and adjustment for nonperforming assets;**
- to provide full and fair disclosure of statutory reserves on the financial statement;**
- to provide guidance for management preparation of recommendations to the board of directors for charge-off action.**

This policy is intended to cover the charge off of loan and deposit losses.

Process

Every month, the credit union manager will prepare for the board of directors a written report of loans and deposit items recommended for charge off. This report will be presented to the board as part of the regular monthly board package. Action by the board will be recorded in the board meeting minutes and charged-off loans and deposit items will become a permanent attachment to the minutes.

Requirements

A loan or deposit item that reaches any status listed here should be referred to the board of directors and recommended for charge-off:

- The member/borrower(s), including co-maker(s) or co-signer(s), has filed for Chapter 7 bankruptcy on an unsecured debt, and there is no indication the debt will be reaffirmed at or before the First Meeting of Creditors hearing. For those secured debts where collateral is surrendered or repossessed in Chapter 7 bankruptcy, any deficiency balance shall be submitted for charge-off in the next month after the**

collateral has been disposed of in a reasonable manner. Unsecured debts having co-makers or guarantors who did not file for bankruptcy shall not be submitted for charge-off unless and until the debt is later determined to be uncollectible.

- **The member/borrower(s), including co-maker(s) or guarantor(s), has filed for Chapter 13 or Chapter 11 bankruptcy and the debt is unsecured or under-secured. If under-secured, as determined by the bankruptcy court, the remaining unsecured portion of the debt will be charged off after confirmation of the debtor's plan. Both unsecured and under-secured debts shall be submitted for charge-off after receipt of the petition and after a claim has been filed with the appropriate court. Secured debts that are included in a Chapter 13 or Chapter 11 Plan shall not be charged off unless the collateral is surrendered or the court reduces the value of the secured claim. Unsecured debts included in a composition case that has a co-maker or guarantor who did not file jointly with the debtor shall be submitted to the legal department or outside attorney to pursue the joint obligor.**
- **The borrower(s) is deceased and there is little or no likelihood of recovery from the estate or it has been determined that no estate will be opened. In the event an estate is opened, the collection staff will ensure that the estate has been properly and appropriately notified of the existence of the obligation and will file a claim with the appropriate probate court.**

The loan is a deficiency balance from the sale of collateral and the borrower(s) has indicated an unwillingness to make further payments.

- **The loan balance is written down to 90 percent of the post-foreclosure appraisal.**
- **The loan has been assigned to a collection agency or outside attorney.**
- **The loan is 180 days or more delinquent, unless one or more of the following conditions exist:**
 - **The borrower is making monthly payments of at least 66 percent of the contractual payment, but cannot qualify for refinancing or re-aging by the credit union.**
 - **The credit union or the member is waiting for settlement of a documented insurance/bond claim.**
 - **The borrower is deceased and the credit union has substantial reason to expect settlement from the estate, co-makers, guarantors, or relatives.**
 - **The credit union is waiting for the proceeds from the sale of repossessed collateral.**
- **The loan has been determined to be uncollectible by the collection manager regardless of the number of months delinquent.**
- **The borrower(s) is determined to be a "skip" and the credit union has been unable to establish any contact with the borrower(s) for ninety days.**
- **All collection attempts on returned checks have failed.**

- All collection attempts on an overdrawn account have failed.
- Fraud has been committed, and there is no realistic chance of recovery.

Post Charge Off Activity

Charging off a loan or deposit balance does not mean that the account should be forgotten. The debt is still an asset of the credit union; although, because of its doubtful value, it is not so reflected on the books. Charged-off debts (except bankruptcies) should be assigned to a collection agency, a collection attorney, or the credit union staff attorney.

Charged-off debts should be reviewed from time to time (including those debts assigned to a collection agency or outside attorney) to determine whether any changes in the circumstances of the borrower or other party responsible for payment may make recovery possible.

Other Procedures

Prior to recommending an account for charge-off, the manager will transfer to the loan all shares/savings legally available for transfer. To avoid violating the automatic stay, members who have filed Chapter 7, 11, or 13 bankruptcy will have shares transferred after a discharge has been granted.

If a member has caused a loss to the credit union, services to that member will be restricted.

The manager will maintain records of delinquent and charged-off loans as directed. A profile of charged-off loans will be reported monthly to the board. The manager will review other account relationships that a delinquent or charged-off borrower may have with the credit union.

Settling a Charged-Off Account

When attempting to collect on a charged-off account, a collection representative strives to collect the principal and accumulated interest. If the settlement leaves an outstanding balance of \$600 or greater, a form 1099C will be completed and reported to the Internal Revenue Service, as required.

If the amount of the settlement is not acceptable, the collection representative will communicate with the member in an attempt to obtain a just and full repayment of both the principal and interest.

Denial of Services Policy

It is the policy of the credit union to deny credit and other financial services to those members who have caused the credit union to incur a loss of any sort, and who have not voluntarily repaid the loss or are not in the process of voluntarily repaying the loss. This policy applies to all losses, whether the loss was by bankruptcy or otherwise.

ALLOWANCE FOR LOAN LOSS POLICY

A three-step process will be utilized to maintain the allowance for loan and lease losses account:

- 1. Management will first calculate the average net loan loss ratio for the previous 3 years.**
- 2. Next, loans past due greater than 60 days will be individually reviewed and the loss amount calculated.**
- 3. Management will then apply the historical loss ratio factor to total loans outstanding less the total loan balance of the loans individually reviewed.**

The total of step 2 and 3 will be added together to determine the necessary balance in the allowance for loan and lease losses account.

A quarterly calculation will be completed and an adjustment made to the allowance account as necessary.

MONEY LAUNDERING POLICY

The credit union will comply with all provisions of the Bank Secrecy Act. Forms will be obtained when needed.

EARNINGS AND RESERVES

A. Distribution of net earnings:

- 1. Net earnings are defined as the excess of credit union revenue over expenses.**
- 2. The balance of net earnings shall be distributed automatically to undivided earnings when the books are closed. The exact statutory addition to the regular reserve shall be distributed from undivided earnings at each closing of the books for the quarter prior to the payment of dividends.**

B. Dividends

- 4. Members are entitled to a fair return on their shares. Dividends shall be in an amount adequate to attract the necessary shares to accommodate the loan demands of members. Dividends to members should be at a rate competitive with other financial institutions in the community.**
- 5. The Board of Directors shall consider the declaration of a dividend at its regular meeting in advance of payment. Dividends shall be posted to member accounts before business on the first day of the month following closing.**
- 6. Dividends will be paid on all shares.**

BANK SECRECY ACT POLICY

Introduction

It is the purpose of these policies, in conjunction with related credit union procedures, to ensure that the credit union operates in compliance with the federal Bank Secrecy Act (BSA), the Money Laundering Control Act (MLCA), and the USA Patriot Act's customer identification program and informational sharing requirements, and their regulations.

Risk Assessment

The credit union's risk assessment for BSA is LOW due to the following:

- No web-based information/transactional system
- Low staff turnover
- Field of Membership
- Little Cash Controls

Designation of Bank Secrecy Act Compliance Officer

The credit union will designate the acting credit union manager as the BSA Compliance Officer who will be responsible for ensuring that:

- BSA reports are filed in a timely manner
- Account-opening procedures comply with CIP requirements
- Appropriate staff training is provided
- Annual BSA and OFAC audits are performed
- Records are retained as required by BSA

POLICIES/PROCEDURES (INTERNAL CONTROLS)

Customer Identification Program

This policy and its implementing procedures is designed to comply with the Customer Identification Program (CIP) requirements for identifying members. The credit unions CIP program consists of this board-approved policy as well as procedures established by management. When opening an account, a member is required to have the following requirements fulfilled before the account is opened and deposits are made:

- Verify potential member against government list and note this on the back of the membership card.
- Must fill out a membership card that includes:
NAME
PHYSICAL ADDRESS
DATE OF BIRTH
IDENTIFICATION NUMBER
- A valid photo I.D. must be copied & put on file.

Reporting Requirements

Currency Transaction Reports

The credit union will file a Currency Transaction Report (CTR) with the IRS within 15 days of a transaction for each deposit, withdrawal, or exchange of currency or other payment or transfer by through or to the credit union, which involves a transaction in currency of more than \$10,000. **The credit union does not have any exempt persons or businesses to report.**

Suspicious Activity Report

The credit union will have procedures in place to ensure that suspicious financial transactions by any member are reported on the Suspicious Activity Report (SAR) to the Financial Crimes Enforcement Network (FinCen) within 30 days.

The credit union will not give notice to any person involved in a transaction about which a SAR is being or was filed. Any person inquiring as to whether a SAR has been filed, or restructures the transaction after asking whether a SAR was filed, will give the credit union sufficient basis for filing another SAR.

Record Retention

The credit union will maintain copies of all required records and reports filed pursuant to the BSA, and any supporting documentation for a period of at least five years from the date the record is made and report is filed.

Monetary Instruments and Wire Transfers

The credit union will record and maintain a record of all purchases in currency of monetary instruments with a value between \$3,000 and \$10,000, and information about wire transfers as required by BSA.

Loans over \$10,000

The credit union will maintain a record of each extension of credit, other than loans secured by real estate, over \$10,000 that includes the member's name, address, amount of transaction, date of transaction, and purpose of the loan.

Other Records to Maintain

The credit union will retain either the original or a copy or reproduction of all records required by the BSA including:

- Each signature card.
- Each statement or other record on each deposit or share account, showing each transaction made on that account.

- Each check, draft, money order, debit, deposit slip or credit ticket for more than \$100 drawn on the credit union or issued and payable by it.
- Records in the ordinary course of business, which would be needed for the credit union to reconstruct a transaction account and to trace a check in excess of \$100, deposited in such account through its domestic processing system, or to supply a description of a deposited check in excess of \$100.

Monitoring Government Lists

The credit union will maintain procedures for determining whether any party to any transaction proceeded by the credit union appears on the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons List. The credit union will block the account or reject the transaction of any individual appearing on that list in accordance with instructions from OFAC. Two procedures are required for compliance:

1. New accounts must be checked to OFAC list.
2. Will conduct a full member scrub of the entire member database on at least a bi-annual basis.

The credit union will respond in a timely manner to any request for information submitted by the Financial Crimes Enforcement Network (FinCen) in order to further law enforcement agencies' investigation of suspected terrorists or money launderers.

Staff Training

The credit union has developed and implemented a training program that ensures management and a Supervisory Committee member is trained in procedures relating to the BSA and this policy annually.

INDEPENDENT REVIEW

BSA/OFAC Audit

The credit union will conduct an internal audit performed to verify its system of internal controls and test for ongoing compliance with BSA procedures. Copies of the audit will be signed, dated and maintained for review by examiners, with copies sent to management.

Notice of Right to Cure

Secured

Lender Name

Lender's Phone

No. _____

Lender Street

Lender City, State, Zip Code

Borrower Name

Borrower Street

Borrower City, State, Zip Code

Date: ____/____/____

Acct. No. _____

Identification of Credit Transaction: _____

\$ _____ is the AMOUNT NOW DUE

_____/_____/_____ is the LAST DAY FOR PAYMENT

You are late in making your payment(s). If you pay the **AMOUNT NOW DUE** (above) by the **LAST DAY FOR PAYMENT** (above), you may continue with the contract as though you were not late. If you do not pay by that date, we may exercise our rights under the law. If you voluntarily surrender possession of the following specified collateral, you could still owe additional money after the money received from the sale of the collateral is deducted from the total amount you owe.

Collateral:

Notice of Right to Cure

Secured Final

Lender Name

Lender's Phone

No. _____

Lender Street

Lender City, State, Zip Code

Borrower Name

Date: ____/____/____

Borrower Street

Acct. No. _____

Borrower City, State, Zip Code

Identification of Credit Transaction: _____

\$ _____ is the AMOUNT NOW DUE

____/____/____ is the LAST DAY FOR PAYMENT

You are late in making your payment(s). If you pay the **AMOUNT NOW DUE** (above) by the **LAST DAY FOR PAYMENT** (above), you may continue with the contract as though you were not late. If you do not pay by that date, we may exercise our rights under the law. If you voluntarily surrender possession of the following specified collateral, you could still owe additional money after the money received from the sale of the collateral is deducted from the total amount you owe.

Collateral:

In case of further default, you will have no right to cure and you will not receive another notice like this.

You have 20 days from the date of this letter to catch up your payments on the above vehicle/vehicles. If at that time payments are not paid up to date, we will repossess your vehicles. They will then be put up for sale. If they do not sell for the amount you owe against them, you will be required to pay the difference.

SW Counties School Employees Credit Union agrees to a "Hold Harmless Agreement", as assigned, their employees or agents, from any and all liability that may occur by the release, repossession, registration, or transfer of said property:

Authorizing Signature: _____

Notice of Right to Cure

Unsecured

Lender Name

No. _____

Lender Street

Lender City, State, Zip Code

Lender's Phone

Borrower Name

Borrower Street

Borrower City, State, Zip Code

Date: ____/____/____

Acct. No. _____

Identification of Credit Transaction: _____

\$ _____ is the AMOUNT NOW DUE

_____/_____/_____ is the LAST DAY FOR PAYMENT

You are late in making your payment(s). If you pay the **AMOUNT NOW DUE** (above) by the **LAST DAY FOR PAYMENT** (above), you may continue with the contract as though you were not late. If you do not pay by that date, we may exercise our rights under the law.

**Notice of Right to Cure
Unsecured Final**

Lender Name

Lender's Phone
No. _____
Lender Street

Lender City, State, Zip Code

Borrower Name

Date: ____/____/____
Borrower Street

Acct. No. _____
Borrower City, State, Zip Code

Identification of Credit Transaction: _____

\$ _____ is the AMOUNT NOW DUE

_____/_____/_____ is the LAST DAY FOR PAYMENT

You are late in making your payment(s). If you pay the **AMOUNT NOW DUE** (above) by the **LAST DAY FOR PAYMENT** (above), you may continue with the contract as though you were not late. If you do not pay by that date, we may exercise our rights under the law. In case of further default, you will have no right to cure and you will not receive another notice like this.

SOUTHWEST COUNTIES SCHOOL EMPLOYEES CREDIT UNION		FINANCIAL ANALYSIS	
CUSTOMER: SNODERLY, LARRY		DATE:	18-Sep-08
	BEACON SCORE >>>>>>>>>	754	
1. DEBT:	Debtor	Payment	Balance
	Mortgage or Rent	\$254.00	\$19,611.00
	CHASE	\$75.00	\$3,497.00
	COMPASS BK	\$250.00	\$11,687.00
	ARVEST	\$164.00	\$4,358.00
	ARVEST	\$193.00	\$2,953.00

TOTAL	\$936.00	\$42,106.00
Plus New Debt: SWCSECU	\$250.00	\$5,500.00
Minus Payoffs	\$0.00	\$0.00
	\$0.00	\$0.00
	\$0.00	\$0.00
TOTAL DEBT	\$1,186.00	\$47,606.00

1a. CURRENT INCOME:

Adj. Gross Income -LARRY	\$2,416.00	\$29,000.00	\$
Adj. Gross Income - OTHER INCOME	\$2,500.00	\$30,000.00	
+ Self Emp. Tax Cr.		\$0.00	
+ Depreciation		\$0.00	
+ Interest Paid		\$0.00	
+/- Other		\$0.00	
Cash Avail for Debt Service		\$59,000.00	
Payment/Income (Cash Flow)		24.12%	

Guidelines for Loan Approval:

Beacon rating scale (proposes)

scale	% loan amount	rate factor	terms	signature
800-700	100%			
699 - 600	80%			
599 - 500	60%*****			
499 - 300	\$500 max			

Collateral loans granted based on value

Credit Union Debt ratio adjustment factor:

Ratio	Adjust Beacon
less 25%	add 100 points
26 - 35%	add 50 points

36 - 40%

0 points

754+100=854%

Credit Union late pay history:
100% OF RETAIL VALUE

