

## Loan Review

A loan must go to review for the following reasons:

- FICO score is below and/or Loan Limit over the limits of the Lender processing the loan
- Bankruptcy\*
- FICO Average Below 625 (average) *regardless of full lending authority*
- Member in repayment plans such as Consumer Credit Counseling
- Open Collections/Charge Offs\*\*

\* *Loan requests with a bankruptcy older than three years, no new derogatory reporting since the bankruptcy, and no loss suffered by Connections will not require Loan Review.*

\*\* *1) This does NOT apply to open collections that have been paid off in full and members can provide proof, or collections that will be paid off in full at the time of the loan or with loan proceeds.*  
*2) IF a payment plan has been established and documented in the loan file a Loan Review is sufficient.*  
*3) IF the collection or charge off is going to remain open and unpaid, either the Credit Manager, Senior LO, CLO, or CEO will be required to sign off on the approval.*

Loans requiring Loan Review will need the Lender processing the loan to get one additional approval signature by a Loan Officer with full policy approval limits. See Addendum A.

Loan Review approvals should be logged in the Loan Reviews Log and the worksheet scanned into the Loan Review Worksheets folder L:\LOANS\LOAN REVIEWS & POLICY EXCEPTIONS\Loan Reviews - NEW\Loan Review Worksheets - Signed.

## Rate Bumps:

Lenders, within their approval authority, can adjust a member's risk score by up to 15 points with the following parameters:

- Members must have been with the Credit Union for a **minimum of three years** with a membership in good standing
- Unsecured Loans require a “second set of eyes” under the Loan Review Process as outlined in Policy.
- Real-Estate Loans are not included in this allowance
- Borrowers who have had a recent bankruptcy (3 years and less) may not be bumped.
- Borrowers who are considered a Thin File (less than 18 months credit history on at least three trade lines reported) may not be bumped.

If the Credit Union opts not to use a FICO at all, errors on a Credit Report must be documented and the worksheet would require approval and sign off by the Credit Manager, Senior LO, CLO or CEO.

- \* **Bumping the member within the 15 points to the next bucket does not waive the need for proof of income for scores below 700.**
- \* **Bumping a member with a FICO average below 625 to the C bucket still requires 2 signatures per the Loan Review Policy.**

**\*\*SEE HELOC GUIDELINES:** For HELOC loans, the members score may only be adjusted by up to **10 points** if the member has at **least 3 years of LOAN history with Connections and has had no delinquency.**