

Type "X" when complete

Member Business Lending Controls		
Business Loan Definition		
Initial Assessment	Yes/No	Comments
Does the credit union grant member business loans, as defined in Part 723.1 of the NCUA Rules and Regulations? (See definition above)		
Business Loan Policy	Yes/No	Comments
1. Has the Board adopted specific, written member business loan policies and procedures? 723.5		
2. Does the Board review the policy at least annually? 723.5		
3. Do the policies address the following at a minimum: 723.6		
a. Types of business loans that will be made? 723.6(a)		
b. The credit union's trade area for business loans? 723.6(b)		
c. Maximum amount of credit union assets, in relation to net worth, that will be invested in business loans? 723.6c		
d. Maximum amount of credit union assets, in relation to net worth, that will be loaned to any one member or group of associated members? 723.6(e) and 723.8		
e. Maximum amount of credit union assets, in relation to net worth, that will be invested in a given type of business loan? 723.6(d)		
f. Minimum qualifications and experience of personnel involved in making and administering business loans? 723.6(f)		
g. Analysis of the ability of the borrower to repay the loan based on the source of repayment? 723.6(g)		
h. Collateral requirements, including loan to value ratios, appraisals, title search and insurance requirements, steps to be taken to secure various types of collateral, and how often the value and marketability of collateral is reevaluated? 723.6		
i. Appropriate interest rates and maturities of business loans? 723.6(k)		
j. Loan monitoring, servicing, and follow up procedures, including collection practices? 723.6(i)		
k. Identification, by position, of those senior management employees prohibited from receiving business loans? 723.6(m) & 723.2		

1. Are the following considerations addressed, unless the Board finds they are not appropriate for a particular type of business loan and states the reason for those findings in the written policies:		
1. Balance sheet analysis? 723.6(i)(1)		
2. Ratio analysis of cash flow, income, expense, and tax data? 723.6(i)(2)(3)(4)		
3. Leveraging? 723.6(i)(5)		
4. Comparison with industry averages? 723.6(i)(6)		
5. Receipts and periodic updating of financial statements and other documentation, including tax returns? 723.6(h)		
General	Yes/No	Comments
1. Does the aggregate amount of outstanding member business loans to any one member or group of associated members exceed the greater of 15% of the credit union's net worth, or \$100,000? 723.8		
2. If yes, has the credit union obtained NCUA approval? 723.8		
3. Does the aggregate amount of outstanding member business loans exceed the lesser of 1.75 times the credit union's net worth, or 12.25% of the credit union's total assets? 723.16		
4. If yes, has the credit union obtained NCUA approval? 723.18		
5. Does the aggregate amount of outstanding construction and development loans exceed 15% of the credit union's net worth? 723.3(a)		
6. If yes, has the credit union obtained NCUA approval? 723.10		
7. Do any of the credit union's member business loans have a loan to value ratio in excess of 80%? 723.7		
8. If yes, is the value in excess of 80% covered through private mortgage or equivalent insurance? 723.7(a)		
9. If the LTV ratio exceeds 80% and the excess amount is not covered through private mortgage or equivalent insurance, did the credit union obtain NCUA approval? 723.10		

Business Loan Review	Yes/No	Comments
1. Are the following items properly executed and recorded:		
a. Note?		
b. Security Agreement?		
c. Contracts?		
d. Liens?		
2. Is the borrower's legal form of organization documented?		
3. Are the principals in the business identified?		
4. Are complete financial statements in file with supporting schedules and tax returns?		
5. Are collateral conditions and value determined by independent qualified appraisers?		
6. Is periodic review of the financial condition documented?		
7. Do loan officers make regular on-site inspections of business sites and collateral?		
8. For construction and development loans, does the borrower have a minimum of 35% equity interest in the project being financed? 723.3(b)		
9. If no, has the credit union obtained NCUA approval?		
10. For construction and development loans, does the credit union release funds according to a pre-approved draw schedule and only after on-site written inspections by qualified personnel? 723.3c		