

LOANLINER

User Guide for Miscellaneous Business Lending Documents

Disclaimer

This guide is distributed to provide general information about the subject matter covered. It should not be substituted for professional advice in specific situations. CUNA Mutual Group does not represent or warrant the fitness or suitability of any LOANLINER® Business Lending Document for any specific purpose. Competent business lending personnel with experience in making the type of business loans that will be documented with these forms should thoroughly review each loan document and determine its suitability for use for a specific loan transaction. In addition, all documents should be thoroughly reviewed to identify any inconsistencies with your credit union's policies and procedures. CUNA Mutual cannot provide legal advice. If you have questions related to specific loan transactions, please consult your attorney.

Contents

Introduction	1
Chapter 1: Business Adverse Action Notice	3
Chapter 2: Business Guaranty Agreement	9
Chapter 3: Authorization Designation	19

Introduction

Welcome to the Miscellaneous Business Lending Document User Guide. To enable you to take care of most of your business lending needs, LOANLINER® has developed three business packages, one for non-real estate secured loans, one for real estate secured loans and one for business deposit. The lending packages will share the Business Adverse Action Notice, the Business Guaranty Agreement, and the Authorization Designation documents. The Authorization Designation document will be used in both the lending and deposit packages. This User Guide will help you process the following documents that can be used with both business non-real estate and real estate secured loans.

- Business Adverse Action Notice
- Business Guaranty Agreement
- Authorization Designation

Now you can create a cost-effective loan processing system that's tailored to meet the needs of your credit union. LOANLINER's Business Lending Documents were designed to reduce the paperwork for you and your borrowers. LOANLINER's Business Lending Documents have been designed for compatibility with most data processors' hardware and software. All documents are written in clear, straightforward language, and are easy to use and understand.

With LOANLINER you can be assured that every document is compliant with federal and state regulations and standards when completed in accordance with the instructions provided in this guide.

Service and Support

The LOANLINER® Program has been part of credit unions' lending success for two decades and is currently being used by nearly 7,000 credit unions. Our work with these credit unions has helped us develop a high degree of lending expertise. You will have direct access to this expertise via any of the channels described below.

Lending Resource Center. The Lending Resource Center offers a comprehensive and timely way to stay on top of key lending and compliance issues and a variety of resources to improve your lending performance, available at your fingertips 24/7. Key resources include: compliance alerts with action steps; training and operational needs; credit union best practices; lender tutorial; product news and updates; featured questions and answers; and optional email notification of newly published alerts and articles. The Lending Resource Center is available only to credit unions using LOANLINER Lending or Deposit documents; or credit unions that offer one or more of the following CUNA Mutual products: credit disability insurance, credit life insurance, debt cancellation, guaranteed asset protection, mechanical repair coverage. To request access, go to www.cunamutual.com/lendingresourcecenter.

LOANLINER Business Documents User Guides. We strongly recommend that all credit unions review the LOANLINER Business Documents User Guides for important document usage information and state specific language that is recommended for certain loan documents. These User Guides can be found in the LOANLINER Lending Resource Center:

- User Guide for Small Business Lending Documents
- User Guide for Business Real Estate Secured Lending Documents

- User Guide for Miscellaneous Business Lending Documents
- User Guide for Business Deposit Documents

LOANLINER Customer Service. Providing you with assistance in selecting and ordering documents, checking the status of your order, or billing questions. Call 1-800-356-5012 or e-mail loanliner@cunamutual.com.

Compliance Alerts. Stay informed about compliance and regulation changes. For recent compliance updates, go to www.loanliner.com and click on Lending Resource Center.

LOANLINER Compliance Support. Providing you with assistance in selecting documents as well as answers to your compliance and document usage questions. Call 1-800-356-5012 or e-mail loanliner@cunamutual.com.

Your CUNA Mutual Representative. Call your CUNA Mutual Group Account Representative at 1-800-333-2644 for more information.

Using this Guide

This User Guide provides the basics on how to use the LOANLINER Miscellaneous Business Lending Documents. You can download a current User Guide from the LOANLINER Lending Resource Center. This User Guide is intended to be used as:

- A learning tool to learn the LOANLINER Business Lending Program.
- A reference tool once you begin using the documents on a regular basis.
- A set of instructions for modifying certain documents with state specific notice requirements.

If you need detailed assistance, you can rely on your local CUNA Mutual representative or the LOANLINER staff for expert help on using any of the Business Lending Documents.

The User Guide was designed to make it easy for you to reference each document. Each chapter provides the following information:

- Document Description
- Document Sample
- Document Instructions

Chapter 1:

Business Adverse Action Notice

The Business Adverse Action Notice is a multi-purpose document used to provide notification of a credit denial, a refusal of an increase in a credit limit, or a termination of an existing line of credit and to disclose the principal reasons for taking adverse action.

Document Description

When used:	This document is used whenever a credit union has taken adverse action on a credit application or an existing debt. Although the credit union may use the LOANLINER Consumer Adverse Action document for business transactions, this new document is preferred for business loans because its reasons for denial are more pertinent to business lending.
Purpose:	This document satisfies the requirements of Regulation B and the Equal Credit Opportunity Act (ECOA) to communicate to the borrower the reason for the adverse action.
Document number:	MXB07*
How distributed:	A copy of this document must be retained with your credit union's file. The original document must be given to the applicant within 30 days of denying a credit application or 20 days after taking other adverse action. This document is exclusively focused on business lending and should not be used with consumer lending and deposit transactions.
Imprinting:	This document allows an imprint of your credit union's name, address, phone number and logo. If the imprinting option is not selected, be sure to add your credit union name and address while processing the document.
Number of pages	Two
State specific versions:	None

* Indicates space holder for version number

Page one sample

Use the numbers provided to locate the corresponding instructions on the next page.

LOANLINER

Business Adverse Action Notice

Member's Name: _____ Member/Account Number: _____
Member's Address: _____

ACTION TAKEN AFFECTING CREDIT REQUEST OR EXISTING CREDIT

Date of Loan Request: _____ Amount of Loan Requested \$ _____

We are unable to process your application because we require the following information to make a decision: _____
If we do not receive this information by _____ we will be unable to consider your application.

We are unable to extend credit to you at this time.

Your credit limit has been decreased to \$ _____

We are unable to honor your request to increase your credit limit.

Other: _____

Your credit has been terminated for the following account: _____

We are unable to extend credit on the terms you requested but can offer credit on the following terms: _____
If this offer is acceptable to you, please notify us no later than _____ at the address at the top of this notice.

THE PRINCIPAL REASON(S) FOR THE ABOVE ACTION(S)

<input type="checkbox"/> Incomplete identity information	<input type="checkbox"/> We do not offer the type of credit requested
<input type="checkbox"/> Unable to verify identity	<input type="checkbox"/> You are not eligible for membership in this credit union
<input type="checkbox"/> Insufficient number of credit references provided	<input type="checkbox"/> Unsatisfactory or incomplete financial statements
<input type="checkbox"/> Unacceptable type of credit references provided	<input type="checkbox"/> Length of time in business
<input type="checkbox"/> Unable to verify credit references	<input type="checkbox"/> Insufficient cash flow
<input type="checkbox"/> Income insufficient for amount of credit requested	<input type="checkbox"/> No guarantor offered or available
<input type="checkbox"/> Excessive obligations in relation to income	<input type="checkbox"/> Environmental risk
<input type="checkbox"/> Unable to verify income	<input type="checkbox"/> No business plan
<input type="checkbox"/> No credit file	<input type="checkbox"/> Historical losses
<input type="checkbox"/> Limited credit experience	<input type="checkbox"/> Managerial inexperience
<input type="checkbox"/> Poor credit performance with us	<input type="checkbox"/> Other, specify: _____
<input type="checkbox"/> Delinquent past or present credit obligations with others	_____
<input type="checkbox"/> Bankruptcy	_____
<input type="checkbox"/> Garnishment, attachment, foreclosure, collection action, repossession or judgment	_____
<input type="checkbox"/> Value or type of collateral not sufficient	

Your application or request for credit was processed by a credit scoring system that assigns a numerical value to the various items of information we consider in evaluating an application. These numerical values are based upon the results of analyses of repayment histories of large numbers of customers. The information you provided in your application or request did not score a sufficient number of points for approval of the application. The reasons why you did not score well compared to other applicants were: _____

PLEASE SEE NEXT PAGE FOR EQUAL CREDIT OPPORTUNITY ACT NOTICE

FOR CREDIT UNION USE ONLY Employee initials: _____ Date mailed or delivered: _____

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1. Record member information

2. Select action taken

3. Provide reason(s) for taking action

4. Reserved for credit union use

Page one instruction

Instructions are given for each section of the document. Please refer to the corresponding number on the sample document to determine each section's relative position on the document.

Note: This notice must be given to the applicant within 30 days of denying a credit application or 20 days after taking other adverse action.

1. **Record member information.** This section provides a way for the credit union to record member information the same way it was provided on the credit application or loan documents.
2. **Select action taken.** This section provides a way for the credit union to identify the action taken. Only one box will be checked. If the action taken does not match the available choices, check "other" and record the action taken in the blank provided. To complete this section do the following:
 - Enter date of loan request and amount of loan requested
 - Check the action to be taken
 - If the checked action needs specific information to complete the statement, enter the specific information (Example: If the checkbox for "Your credit limit has been decreased to \$_____" was checked, you would enter the new credit limit.)
3. **Provide reason(s) for taking action.** This section provides a way to express the reason(s) for the adverse action. According to Regulation B, no more than four primary reasons should be checked.
4. **Reserved for credit union use.** This section provides a place for credit unions to make notations needed to document credit union procedures. It provides space to enter:
 - Employee initials
 - Date mailed or delivered

Page two sample

Use the numbers provided to locate the corresponding instructions on the next page.

EQUAL CREDIT OPPORTUNITY ACT NOTICE

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is listed below.

NOTE: If your credit union is federally chartered its name will end with the words "Federal Credit Union" or the letters "FCU." If your credit union is state chartered the end of its name will not contain the word "Federal" in the last three words or the letter "F" in the last three letters if its name is abbreviated.

REGIONAL OFFICE INFORMATION

Contact the regional office for the state where the credit union is located.

FEDERAL CHARTERED CREDIT UNIONS

REGION I (ALBANY), Regional Director, Region I (Albany) NCUA, 9 Washington Square, Washington Avenue Extension, Albany, New York 12205 (Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New York, Rhode Island and Vermont)

REGION II (ALEXANDRIA), Regional Director, Region II (Alexandria) NCUA, 1775 Duke Street, Suite 4206, Alexandria, Virginia 22314-3437 (Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia)

REGION III (ATLANTA), Regional Director, Region III (Atlanta) NCUA, 7000 Central Parkway, Suite 1600, Atlanta, Georgia 30328 (Alabama, Florida, Georgia, Indiana, Kentucky, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, Puerto Rico and Virgin Islands)

REGION IV (AUSTIN), Regional Director, Region IV (Austin) NCUA, 4807 Spicewood Springs Road, Suite 5200, Austin, Texas 78759-8490 (Arkansas, Illinois, Iowa, Kansas, Louisiana, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Texas and Wisconsin)

REGION V (TEMPE), Regional Director, Region V (Tempe) NCUA, 1230 West Washington Street, Suite 301, Tempe, AZ 85281 (Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming)

STATE CHARTERED CREDIT UNIONS

Federal Trade Commission, Pennsylvania Avenue at Sixth Street, N.W., Washington, D.C. 20580

If you have any questions regarding any of the information on this document, please contact us at the credit union address or phone number listed.

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5. Read ECOA notice

6. Reference contact's address

Page two instruction

Instructions are given for each section of the document. Please refer to the corresponding number on the sample document to determine each section's relative position on the document.

5. **Read ECOA notice.** This section explains rights under the Equal Credit Opportunity Act. to the applicant/borrower
 - Credit unions are prohibited from discriminating against applicants on the basis of race, color, religion, national origin, sex, marital status, age; because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.
 - Discloses to the applicant the federal agency that enforces the credit union's compliance with this law. The section also explains how to determine if the credit union is federally chartered.
6. **Reference contact's address.** This section provides contact information for the applicant to use to report any discriminatory practices committed by a credit union.
 - Instructs the applicant to contact the regional office for the state where the credit union is located.
 - Provides contact addresses for both federally and state chartered credit unions.