

# Community Futures Wild Rose

## Internal Loan Appeals Process Policy

### **DELEGATION OF LENDING AUTHORITIES:**

The responsibility for assessing and approving investment (loan) applications rests with the local Community Futures Corporation's Board of Directors.

While Boards cannot delegate responsibility, Boards may delegate authority to assess and approve investment (loan) applications to a Committee of the Board or on a limited basis to an individual or individuals (i.e. Management). In this case, the corporation must:

- Ensure its Bylaws or Articles permit such delegation of authority; and
- Ensure that proper and effective delegation of that authority is provided by way of an Investment Review Committee Terms of Reference and/or approved Board Policy delegating limited authority to an individual or individuals.

At all times, the Corporation's Board of Directors maintains full responsibility and accountability for the performance and results of the investment (loan) fund.

### **APPROVAL PROCESS:**

Within the Terms of Reference established for a Committee of the Board or the Policy established and approved for the authority given to an individual or individuals to assess and approve investment (loan) applications, each delegated party is assigned lending limits and has authority to approve investment (loan) applications up to the assigned limits. All investment (loan) approvals and declines, along with other related investment (loan) correspondence, is subject to post review by management, the Investment Review Committee and/or the Board of Directors.

Request for investment (loan) approvals in excess of an individual(s) or Investment Review Committee's assigned authority are to be recommended to the next level of authority for approval. This escalation process may include submissions of investment (loan) approvals to the Board of Directors.

Once an investment (loan) application has been approved by the responsible authority level, Management shall ensure that the borrowing client is notified and said notification be supported through the provision of a Commitment Letter or similar formal notification of loan offer.

### **DECLINE PROCESS:**

The decline process is similar to the approval process, with the exception that an authorized individual(s) can only approve an investment (loan) decline within that individual(s) authorized discretionary approval limit. Depending upon the dollar amount of the investment (loan) involved, the process can include the confirmation of the decline decision at the Investment Review Committee level.

Upon approval of the investment (loan) application decline, Management shall ensure that written notice is provided to the applicant. Such notice shall contain the following:

- i) Reasons for the decline of the investment (loan) application decline; and
- ii) Notice of the Corporation's Appeal Process.

The Investment Review Committee and/or the Board of Directors may review declines processed at the authorized individual(s) or Investment Review Committee levels.

#### **APPEAL PROCESS:**

This process is available to all investment (loan) applicants despite the level of funding request involved.

An applicant may seek appeal of a credit or credit related decision within seven (7) days of receipt of the notice that the application for an investment (loan) has been declined. Any and all appeals from the applicant are to be communicated to the Corporation in writing. The notice of appeal must outline:

- i) Reasons for the appeal;
- ii) Summary of new information to address the Corporation's reasons for the decline of the investment (loan) request. Where required to support the appeal, the appellant should include documentation required.

Once the formal notice of appeal has been received, the General Manager/Executive Director and the Chair of the Investment Review Committee shall complete a full and thorough review of the appeal and supporting documents (where applicable) in order to determine whether or not the appeal includes materially different information from that provided as part of the original investment (loan) application or if the appellant demonstrates that the initial investment (loan) review was inadequately represented.

The reason for this process is to ensure the Corporation mitigates all of the key issues which formed the reasons for the original decline of the investment (loan) application. This process may be facilitated by submission of an amendment to the original investment (loan) application; or if there are material changes to the original application proposal, a new investment (loan) application will be required. Where a second investment (loan) application is required and received, a loan application fee at the normal rate as assessed by the Corporation may be assessed.

On receipt of the completed appeal, the next highest level of authority must review the amended application. The highest level of approval authority within the Corporation is the Corporation's Board of Directors.

If the appeal is declined at the next highest level of authority, the decision will be considered final and binding on behalf of the Corporation. If that next highest authority upholds the appeal and grants approval to the investment (loan) request as amended, the standard lending processes will be undertaken and completed.

