



Credit Committee Terms of Reference

The Credit Committee has authority as set out in the Bank-Fund Staff Federal Credit Union (BFSFCU or the Credit Union) bylaws and as further specified in these Terms of Reference and/or delegated by the Board of Directors.

1. Appointment and Purpose

1.1 The Credit Committee (the Committee) is appointed by the Board of Directors (the Board) to carry out the duties as prescribed in the Credit Union's bylaws. The Committee's purpose is to oversee the Credit Union's loan origination activities, including but not limited to granting the authority to approve loans for members and review of member loan denials.

2. Composition and Membership

2.1 The Committee is composed of an odd number of members, initially set at five members under the bylaws, which may be changed to no fewer than three and no more than seven members by resolution of the Board. A copy of the resolution of the Board covering any increase or decrease in the number of Committee members must be filed with the official copy of the bylaws of BFSFCU. All members must be members in good standing of BFSFCU. All members are appointed by the Board of Directors taking into consideration the qualifications, background and experience necessary for the role. At this time, the Board has set the Committee at seven members, with three members of the Committee constituting a quorum for the transaction of Committee business.

2.2 The Committee members shall choose from among themselves a Chair and a Secretary, which offices should as a matter of best practice be held by two different individuals. The Committee Chair is responsible for ensuring that the Committee completes its work in a timely manner, for ensuring the Committee has sufficient members to complete its responsibilities, and for representing the Committee at monthly Board meetings and the Credit Union's Annual Meeting to report on the Committee's activities. The Chair is also responsible for reviewing the monthly loan charge off recommendation with BFSFCU management in order to ensure proper governance and oversight. The Secretary prepares and maintains full and correct records of all actions taken by Credit Committee. Those records must be prepared within three days after the action, with assistance from Credit Union personnel as appropriate.

2.3 As determined by the Board and as noted in the Board's minutes, regular terms of office for Credit Committee members shall be for three years each. Terms shall be staggered so that approximately an equal number of regular terms are expected to expire at each Annual Meeting.

2.4 Upon expiry of a member's term of office, a member may be reappointed by the Board for a further term. Where a vacancy arises before the expiry of a regular term, the vacancy will be filled as soon as possible through appointment by the Board of a new member until the expiry of the regular term.

2.5 By unanimous vote, the Supervisory Committee may suspend any member of the Credit Committee. In the event of any such suspension, the Supervisory Committee must call a special

meeting of the members to act on the suspension within not fewer than seven nor more than fourteen days after the suspension.

3. Meetings

3.1 The Credit Committee holds meetings as the business of this Credit Union may require, and not less frequently than once a month. Notice of meetings will be given to members of the Committee in advance in order to maximize attendance.

3.2 The Committee Secretary is responsible for drawing up and maintaining meeting minutes.

4. Credit Committee Powers & Responsibilities

4.1 The Credit Committee may, by a quorum, appoint qualified BFSFCU staff to have lending approval authority and delegate to these staff the power to approve member applications for loans or lines of credit, share withdrawals, and releases and substitutions of security, within limits specified by the Committee and BFSFCU Management and in accordance with applicable law and regulations. No more than one Credit Committee member may be a lending staff member with loan approval authority. The Credit Committee and its appointed lending staff members with loan approval authority should endeavor diligently to serve member needs while also mitigating risk to the Credit Union and its membership. No loan or line of credit may be made unless approved by the Committee or a lending staff member with approval authority in accordance with Credit Union underwriting guidelines and applicable law and regulations. For each loan or line of credit, the Credit Committee or lending staff member with approval authority must inquire into the character, the willingness of the member to pay, and the financial condition of the applicant and the applicant's sureties, if any, to ascertain their ability to repay fully and promptly the obligations incurred and to determine whether the loan or line of credit will be of probable benefit to the borrower. The Credit Committee and its appointed staff members with loan approval authority should endeavor diligently to assist applicants in solving their financial problems.

4.2 The Credit Committee is responsible for oversight of the Credit Union's Loan Review Committee (LRC), to whom the Credit Committee has delegated the authority to review and approve or deny member requests for credit in accordance with BFSFCU underwriting guidelines. The LRC is composed of BFSFCU Lending management and underwriters, all of whom have been given loan approval authority by the Credit Committee. The Credit Committee reviews LRC decisions on a monthly basis, ensuring that these decisions are in line with BFSFCU underwriting guidelines, and ratifies those decisions. This is evidenced by the signatures of Credit Committee members within the LRC logs maintained by BFSFCU. Credit Committee members are encouraged to question decisions as needed and request to review additional loan documentation when appropriate.

4.3 The Credit Committee will also act on an ad hoc basis as an Appeals Committee to review member appeals of loan application denials by the LRC. A quorum is required for all decisions.

4.4 The Credit Committee is responsible for the review and approval of all loan requests from BFSFCU employees and officials. Officials are defined as members of the Credit Union's Board of Directors, Credit Committee and Supervisory Committee as well as the Board's internal counsel. Loan requests are presented to the Credit Committee on an anonymous basis. Credit Committee members are prohibited from voting on their own loan applications.

4.5 In carrying out its oversight and loan approval responsibilities, Committee members shall be entitled to rely on the integrity and expertise of those persons providing information to the Committee and on the accuracy and completeness of such information, absent actual knowledge of inaccuracy.

4.6 Subject to the limits imposed by applicable law and regulations, the BFSFCU bylaws, and general policies of the Board, the Credit Committee and/or lending staff member with loan approval authority shall determine the security, if any, required for each application and the terms of repayment. The security furnished must be adequate in quality and character and consistent with sound lending practices. When funds are not available to make all the loans and lines of credit for which there are applications, preference should be given, in all cases, to the smaller applications if the need and credit factors are nearly equal.

4.7 The members of Credit Committee must hold in confidence all transactions of this Credit Union with its members and all information respecting their personal affairs, except when permitted by federal or state law.

4.8 No Committee member may participate in any manner, directly or indirectly, in the deliberation upon or the determination of any question affecting his or her pecuniary or personal interest or the pecuniary interest of any corporation, partnership, or association (other than this Credit Union) in which he or she is directly or indirectly interested.

5. Disclosures and Access

5.1 The composition of the Credit Committee shall be mentioned in the Credit Union's Annual Report that is published on the Credit Union's website.

5.2 These Terms of Reference shall be made available to the BFSFCU membership and staff through the BFSFCU website.

5.3 The Board of Directors shall have unrestricted access to all records of the Credit Committee.

6. Terms of Reference Assessment

6.1 The Committee shall review the adequacy of the Terms of Reference annually and recommend to the Board, where appropriate, proposed changes for approval and adoption.