CREDIT COMMITTEE DUTIES & RESPONSIBILITIES

General Duties and Responsibilities
- Approve or disapprove all member requests for credit
- Rule on each application solely on the basis of a member’s creditworthiness
- Grant sound loans protecting the overall financial stability of the credit union
- Promote thrift and wise credit management
- Regularly review loan policies
- Recommend changes in policy, procedures and underwriting guidelines to the board of directors
- Regularly analyze loan portfolio
- Report to members at the annual meeting
- Implement internal controls recommended by the board of directors and/or supervisory committee
- Ensure that no one is being discriminated against
- Ensure compliance with state and federal laws and regulations
- Serve as a court of appeals for members who dispute their loan decision
- Promote or provide financial counseling as needed
- Meet as often as necessary, but at least once a month
- Implement procedures for reviewing emergency loans

How to be an Effective Credit Committee Member
- Have a complete understanding of the types of credit offered by the credit union (ex. open-end, installment, line of credit, closed-end, etc.)
- Fully understand all credit union policies, procedures and underwriting guidelines
- Learn how to analyze credit requests
- Avoid allowing personalities to affect your decision-making
- Know your credit union’s history, philosophy, charter and by-laws
- Review past credit committee minutes
- Study the laws and regulations that affect your credit union and its lending policies
- Ask questions until you thoroughly understand all information regarding each loan
• Remember the “5 Cs” of credit extension
  o Character, Capacity, Collateral, Capital accumulation, Circumstances or Economic Conditions

**Analysis of Loan Portfolio**
• Total loans approved
• Ratio of loans approved/applications received
• Average loan size
• Number and % of loans by type
• Ratio of borrowers/members
• Ratio of charge-offs/total loans
• Ratio of delinquent loans/total loans

**Implement Internal Controls**
• Committee members should sign the minutes of each meeting to provide a comparison with the signatures appearing on approved applications; it also identifies the original minutes
• Your credit committee secretary should draw a double line after the last entry on each side of the minutes form and a diagonal “X” on the unused portion of the last page as a precaution against any unauthorized insertions
• Any unusual transactions such as extension agreements and requests for release of collateral should be carefully documented by your committee in their minutes
• No one in your credit union or on your committee should be able to disburse funds in advance of loan approval
• Credit committee members and loan officers who approve loans should not be able to disburse the funds or collect the payments
• Your board of directors, being ultimately responsible for the credit union’s safety and soundness, should review the credit committee’s actions, as well as the loan portfolio, delinquency report and charge-offs, at least monthly

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Credit committee members should test the authenticity of loan applications by periodically contacting loan applicants and borrowers at random to discuss member satisfaction with service and indirectly confirm identities and application facts.