

# **Governance Guide on Loan Management for Credit Co-operatives 2018**

**Jointly issued by the Registry of Co-operative Societies  
and Singapore National Co-operative Federation**

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## Introduction

1. This Governance Guide on Loan Management is designed for credit co-operatives (“co-ops”). It is intended to provide guidelines to the Committee of Management (“COM”), Loan Committee (“LC”) and staff of co-ops, so that loans to members can be managed properly and systematically.
2. While co-ops seek to meet the credit needs of their members, it should practise responsible and prudent lending. Co-ops should also ensure their internal processes and loan policies are in line with the Written Directions issued by the Registry of Co-operative Societies.

## Policy and Procedures

### Types of Loans

3. There are 2 broad categories of loans:
  - a) **“Unsecured loan”** means any loan given without security. Even if a loan is covered by sureties/guarantors or external insurance on loan default, it is still considered as unsecured if there is no security.
  - b) **“Secured loan”** means a loan secured by members’ deposits, subscription capital and share capital held in the credit co-op, movable and/or immovable Property. “Movable Property” means any personal property (including vehicles, jewellery, computers, furniture, televisions etc.) other than land, building or real estate. “Immovable Property” means land, building or real estate.
4. A co-op should have separate policies governing unsecured and secured loans.

### Loan Policies

5. The loan policies or administrative rules of a co-op should set out the following:
  - a) Types of specific loans offered by co-op;
  - b) Loan limits, specifying “X” times of an applicant’s monthly income and/or absolute dollar cap, subject to the existing regulatory requirements;
  - c) Loan tenures;

- d) Interest rates and applicable fees (e.g. administrative fees, late payment fee etc.);
- e) Supporting documents to be submitted by loan applicant and sureties;
- f) For secured loans, types of acceptable security and applicable loan-to-valuation ratios in accordance to the existing regulatory requirements;
- g) Eligibility and obligations of borrower;
- h) Eligibility and obligations of sureties;
- i) Loan repayment (including methods of repayment, possibility of early repayment etc.)

6. An information sheet providing the above details should be made available to members. This allows members to make informed decision when applying loan from co-op.

7. The co-op should separately have internal documents (not available to members) that provide for loan policies/rules or SOPs on the following:

- a) Approving authority matrix
- b) Loan recovery actions (including lists of actions and when they will be triggered)
- c) Basis to approve or reject members' request to restructure existing loan(s)
- d) Basis to approve or reject exceptional loans
- e) Basis to compute provisions for bad and doubtful loans
- f) Basis for write off irrecoverable loans

## **Loan Limits**

8. Loan limits are put in place to mitigate a lender's credit risks. At the same time, they serve the purpose of discouraging excessive borrowing by individuals. All regulated lenders in Singapore (i.e. banks, finance companies, licensed moneylenders and credit co-ops) are required to apply applicable loan limits when extending loans. While co-ops seek to meet the credit needs of their members, they must also practise responsible and prudent lending.

9. Under the Written Direction on Unsecured Loans, the general loan limits for a co-op is dependent of its Minimum Liquid Assets ("MLA") ratio and Capital Adequacy Ratio ("CAR"). This is to reflect that a co-op with higher liquidity and institutional capital is eligible to apply higher loan limits.

10. Once the latest Audited Financial Statements (“AFS”) are issued, the co-op should compute the applicable loan limits based on the latest available MLA ratio and CAR. If the applicable loan limits have changed, the co-op should ensure that its loan policies are updated and the loan limits for its specific loans are within the co-op’s applicable loan limits according to the Written Direction on Unsecured Loans.

11. Loan limits should generally be “X” times of a member’s monthly income or an absolute dollar cap, whichever is lower. Members who do not earn any monthly income are not eligible to take unsecured loans from a co-op. For each loan application, the loan officer has to work out the applicable loan limit for that member. In the case where the co-op approves a loan that exceeds the applicable loan limit of that member, the excess amount (approved loan less applicable limit) must be recorded as exceptional loan.

12. The Registry does not stipulate any loan limit for qualifying medical and education loans. A co-op may wish to impose its own limits on such loans to manage the credit risk.

13. Under the Written Direction on Secured Loans, the loan limit is dependent on the type of security used and the applicable loan-to-valuation for the particular security. For each loan application, the loan officer should obtain a valuation of the security (except for members’ deposits, subscription capital or share capital held with the credit co-op) and work out the applicable loan limit for the member.

### **Loan Committee**

14. The COM is responsible for all co-op matters but sub-committees may be appointed by the COM to oversee and be responsible of specific matters of the co-op. For instance, a Loan Committee (“LC”) may be appointed by COM to oversee loans matters of the co-op and the Terms of Reference for the LC should be documented. In general, the functions of LC can include the following:

- a) Ensure that loan officers process the loans in accordance to the SOPs;
- b) Consider the loan applications and relevant supporting documents put up by the loan officers, then approve or reject the loan;
- c) Consider the requests and relevant supporting documents put up by loan officers relating to the restructuring of existing loans, then approve or reject the requests;
- d) Ensure that the total amount of exceptional loans granted does not exceed the co-op’s limit on exceptional loans;

- e) Provide its recommendations on the exceptional loan cases to be approved by the relevant approving authority;
- f) Review loan policies and SOPs, and make recommendations to the COM for approval;
- g) Review the loan ageing report and ensure that staff conduct the necessary loan recovery actions according to SOP;
- h) Review the loan provisions (at least once every 6 months) proposed by staff and make recommendations to the relevant approving authority for approval;
- i) Review the write-off of loans (if applicable) proposed by staff and make recommendations to the COM for their consideration and members' approval in the AGM;
- j) Conduct monthly reviews on the completed loan applications and perform reconciliation with amount of loans given out; and
- k) Ensure proper records are kept on all the reviews done by the LC, recommendations, deliberations and approval given by the COM.

### **Loan Evaluation and Approval**

15. Prior to granting a loan, a co-op must conduct systematic credit evaluation of the applicant and the sureties (if applicable) so as to assess their credit worthiness.

16. To process the loan application, the loan officer should review that all necessary forms are duly completed. After sighting and reviewing the original documents, the loan officer should maintain documentation of the following:

- a) Photocopy of applicant's and sureties' identity card and proof of residency;
- b) Photocopy of applicant's and sureties' proof of employment and latest salary statement;
- c) For loans secured by applicant's and/or sureties' deposits, subscription capital or share capital held with the credit co-op, a copy of latest statement of accounts for the applicant and/or sureties extracted from the co-op's database;
- d) For loans secured by applicant's physical properties, photocopy of documents showing the ownership and any encumbrances
- e) Credit bureau report;
- f) Report on bankruptcy check; and

- g) For medical, renovation or education loans as defined in the Written Direction for Unsecured Loans, the supporting documents to justify the purpose (for example, medical bill or quotations from renovation firm).
17. See [Appendix A](#) for a sample of criteria and documents checklist for various loans.
18. The credit evaluation process should include the following and any other reasonable steps deemed necessary by the co-op to assess the credit worthiness of the applicant and any surety:
- a) Check the applicant's and sureties' employment, monthly income and financial commitments;
  - b) Check the applicant's and sureties' records in respect of the repayment of past and existing loans with the co-op;
  - c) Check the applicant's and sureties' credit reports from the credit bureau(s) and conduct bankruptcy searches (where applicable);
19. To facilitate systematic evaluation for loan applications, a co-op can develop and use an evaluation checklist based on a set of criteria (which are consistent with its loan administrative policies, by-laws and any applicable written directions). See [Appendix B](#) for a sample of a loan application form and [Appendix C](#) for a sample of loan evaluation.
20. To ensure objectivity, there should be segregation of duties, such as the officer evaluating a loan is separate from the officer approving the loan.
21. Members' information should be updated as soon as necessary supporting documents have been received.
22. To avoid a conflict of interest, loans to related parties (e.g. the COM, staff, or their family members) should be declared by the COM or staff. The said COM or staff should not be part of the loan evaluation, approval or any other processes for the duration of the loan. Proposed loans to related parties (e.g. family members of the COM or staff) must be highlighted to the approving authority.
23. The approvals given by the senior staff, LC or the COM must be documented. For exceptional cases (e.g. loans that deviate from the standard loan limits, tenure or interest rate), there must be clear justifications given and documented.
24. In the case where the loan is rejected, the factors considered should be documented and filed. A process should also be in place to notify the applicant.

25. Co-op should ensure that all collateral documents are kept in a secure location under dual control. Movement of such documents should be tracked. Procedures should also be established to track and review relevant insurance coverage for certain facilities or collateral. Physical checks on collateral documents should be conducted on a regular basis. If digital/scanned copy of the collateral documents are maintained, co-op should ensure proper IT access control and security over them.

### **Loan Agreement and Disbursement**

26. A loan agreement states the legal obligations of the borrower (including joint borrowers) and his surety (or sureties). For transparency, co-op should make available a copy of the standard loan agreement to the borrower. Key information that should be stated on the loan agreement include the following:

- a) Borrower's details;
- b) Surety details;
- c) Loan interest rate;
- d) Loan tenure;
- e) Applicable fees;
- f) Loan repayment schedule;
- g) Indemnities on co-op;
- h) Borrower and surety obligations;
- i) Event of default;
- j) Right to amend or impose additional terms and conditions;
- k) Acceptance and acknowledgement; and
- l) Disbursement to third parties (other than borrower).

27. Prior to the signing of the loan agreement, the loan officer should explain the interests (including the nominal and effective interest rates as well as in dollars) and fees payable, as well as other terms and conditions to the borrower and sureties.

28. In the case of a loan secured by member's and/or sureties' deposits, subscription capital or share capital held with the credit co-op, the co-op must explain to the member that the pledged deposits, subscription capital or share capital will be used to pay for the loans in the event of a default. The co-op should have the process to ensure that a member and/or surety is/are unable to withdraw the pledged deposits,



subscription capital or share capital which exceed the outstanding loan during the loan tenure.

29. Where the loan is secured by Movable (other than deposits, subscription capital or share capital held with the credit co-op) or Immovable Property, the co-op must state/define the scenarios where the security will be repossessed or seized to be used for settlement of the outstanding loan.

30. The loan agreement must be signed by all relevant parties (i.e. borrower, sureties, co-op, where applicable) before any loan disbursements. Each party should hold a copy of the original signed agreement.

31. If the borrower receives the loan disbursement via cheque at the co-op's office, he should sign a form to acknowledge the receipt of the cheque. If the borrower receives the loan disbursement via other means (e.g. by GIRO or the cheque is mailed to him), the co-op should issue a letter of notice to the borrower upon loan disbursement. The letter should clearly state that if the no response is received by the co-op from the borrower within 7 working days, the borrower is deemed to have acknowledged receipt of the loan.

32. If a loan is rescheduled due to loan default or a top up in loan amount, the co-op must prepare a revised loan agreement, to be signed by all relevant parties. The original loan agreement will be superseded.

33. For education loans, co-op should disburse the loan periodically based on planned payment date on every semester and may disburse to the member or directly to the educational institution.

34. For medical loan, co-op should disburse the loan periodically based on planned payment date and may disburse to the member or directly to the medical service provider.

35. For renovation loan, co-op should disburse the loan periodically based on planned payment date and may disburse to member or directly to the renovation contractor(s).

36. For consolidated loans (i.e. loans to repay various credit card bills), co-op should consider disbursing the loan periodically based on planned payment dates and disbursing directly to the bank(s).

## Monitoring and Reporting

### Tracking and Reporting of Loans

37. Co-op must maintain complete and updated records (both physical and electronic) of the loans to members.
38. Co-op should have an effective Management Information System (“MIS”) and able to generate such loan reports:
- a) List of approved and outstanding unsecured loans;
  - b) List of approved and outstanding exceptional loans;
  - c) List of approved and outstanding secured loans;
  - d) Loan Ageing Report; and
  - e) Loan Default Report.
39. A co-op should compute the limit on total exceptional loans before approving exceptional loans to ensure that the granting of any new exceptional loan is within the limit.
40. A **Loan Ageing Report** is generated periodically to categorise the co-op’s loans receivable according to the duration it has been outstanding. The timeliness of loan repayment will be reflected in the report. Consequently, co-op would be able to identify loans that are overdue or that the co-op is faced with greater loan default risk exposure.
41. A **Loan Default Report** serves to summarise the loans which are defaulted by members, indicating the period defaulted, action taken, status of loans, etc. The report should be presented to management for their assessment and further action should then be taken in accordance to management decision. The conditions in which a loan is considered to have defaulted should be defined in the co-op’s loan policy.
42. See Appendix D for the sample of Loan Ageing Report and Loan Default Report.

### Statements to Members

43. Co-op should send periodic statements (at least once a year) to a borrower, stating his repayments and outstanding amount of his current loan(s). Co-op should also make the statements available to members within 5 working days if a member requests for it.

## Bad and Doubtful Loans

44. Delinquent loans are loans in which the full payments have not been made as specified in the loan agreements. Depending on the duration of the default, co-op should classify the delinquent loans as bad or doubtful loans. Co-op must have an established process in dealing with bad and doubtful loans.

45. Co-op should undertake active loan recovery actions, which include, but not limited to:

- a) Contact borrower;
- b) Send reminder letter to borrower (for non-repayment exceeding certain period, letter can be copied to the sureties);
- c) Send letter of demand;
- d) Contact sureties;
- e) Take action to recover the loans (partially or fully) from borrower's and sureties' deposits with the co-op;
- f) Engage debt collection agent;
- g) Take action to recover the secured loan by seizing the pledged property; and
- h) Take legal actions such as serving a Writ of Summon and filing a bankruptcy application against the member, after seeking legal advice.

46. See [Appendix E](#) for a sample of the Loan Recovery Procedures and [Appendix E](#) for a sample of Legal Procedures.

47. If a member does not repay his existing loan according to the loan agreement (including late payments or partial instalments), the co-op should be more mindful when considering the member's application for new loan or to top up the existing loan.

48. Co-op should conduct periodic reviews (at least once every 6 months) to determine and make the appropriate loan provisions. Co-op should maintain documentations on the reviews done.

49. Co-op must have a sound and justifiable basis in computing the provisions for bad and doubtful loans. The provisions must be in line with Financial Reporting Standards (FRS) 39. Bad and doubtful loans should be subjected to impairment testing and provisions should be made for specific loans. This should be done as and when there is objective evidence of impairment. Impairment occurs as a result of one or more events that is said to have impact on the estimated recoverability of the loan receivable. Some examples of events that show evidence of impairment include

bankruptcy of borrower, permanent loss of income due to disability or default on loans from other financial institutions. There must be clear policies to write off irrecoverable loans.

50. The provision shall be recorded in its Financial Statements at least half-yearly in accordance to the Written Direction on Provisions on Bad and Doubtful Loans.

## Appendix A: Sample of Criteria and Document Checklist

S/N	<u>Loan Application Checklist</u>	Tick
<b><u>Applicant(s) Criteria</u></b>		
1	Valid membership [Check applicant(s) is a current member.]	
2	Must not be an undischarged bankrupt	
3	Type of loan	
4	Authorization for disbursement to 3 <sup>rd</sup> party (if applicable)	
5	Applicant met the minimum "X" number of years as member to apply for unsecured loan (if applicable)	
6	Based on applicant's current salary and declared financial commitments, he is able to pay the monthly instalments if the loan is approved.	
7	Applicant does not have records of late repayments or defaults with the co-op	
<b><u>General Documents Required</u></b>		
1	Latest pay slip or latest original letter of employment printed on the company letterhead stating basic salary and position; and signed by the HR Department	
2	Past six months' CPF contribution history or Notice of Assessment for income tax.	
3	NRIC or Work Permit	
4	Credit Bureau Report (for information on other loans and credit rating) [Applicable for loans of at least \$xxx and above]	
5	Additional documents shall be based on loan type and required on a case-by-case basis.	
<b><u>Additional Documents Required for Secured Loan by Immovable Property</u></b>		
1	Proof of ownership (Sale & Purchase Agreement / Property Tax Statement/Option to Purchase)	

<b>S/N</b>	<b><u>Loan Application Checklist</u></b>	<b>Tick</b>
2	Valuation report of property (if applicable)	
<b><u>Education Loan Documents Required</u></b>		
1	Letter of Acceptance from educational institute	
2	School Fee Repayment Schedule	
<b><u>Renovation Loan Documents Required</u></b>		
1	Proof of ownership (Sale & Purchase Agreement / HDB Property Statement / Property Tax Statement)	
2	Renovation Quotation	
<b><u>Medical Loan Documents Required</u></b>		
1	[For Loan Application] Quoted Fee Package for Medical Procedure issued by Medical Service Provider	
2	[For disbursement] Hospital Bill/Invoice	
<b><u>Sureties' Documents Required</u></b>		
1	Valid membership [Check sureties are a current member.]	
2	Must not be an undischarged bankrupt.	
3	Based on sureties' current salary, he is able to pay the monthly instalments if the loan defaulted by applicant.	
4	Latest pay slip or latest original letter of employment printed on the company letterhead stating basic salary and position; and signed by the HR Department	
5	Past six months' CPF contribution history or Notice of Assessment.	
6	NRIC or Work Permit	
7	Credit Bureau Report (for information on other loans and credit rating) [Applicable for loans of at least \$xxx and above]	

## Appendix B: Sample of Loan Application Form

### 1. Applicants Particulars

Name (as in NRIC, underline Family Name):	NRIC No:
Co-op Membership No:	Date of Birth:
Marital Status*: Single / Married	Mobile No:
Residential Address:	Office Tel:
Home Address if different from residential address:	Home Tel:
Email:	
Type of employment*: Permanent / Fixed-term contract / Casual / Self-employed	Department:
Name of Employer:	Designation:
Years of Employment:	Monthly Salary:

\* Note: Please delete whichever is not applicable.

**2. Loan application information**

Loan amount applied for: \_\_\_\_\_ Loan will be repaid in \_\_\_\_\_ months

Purpose of Loan:

**3. Loan Type (Please tick the appropriate box)**

	I am applying for a secured loan. I provide details of the security in part 5.
	I am applying for an unsecured loan. I provide details of the personal sureties in part 6.
	I am applying for an unsecured loan. I am not able or do not wish to have personal sureties.
	I am applying for the following unsecured loan.  Loan type*: Medical / Education / Renovation <i>*Note: Please delete whichever is not applicable</i>

**4. Declaration of other outstanding loans or commitments (e.g. credit card payment, car loan, bank loan, property loan, etc.)**

Loan Type / Commitments	Institution (Lender)	Monthly Repayment	Repayment Period	Outstanding Amount



**5. Details of securities**

Security	Ownership	Value	Comments

**6. Particulars of Sureties (1)**

Name (as in NRIC, underline Family Name):	NRIC No:
Co-op Membership No:	Date of Birth:
Marital Status*: Single / Married	Mobile No:
Residential Address:	Office Tel:
Home Address if different from residential address:	Home Tel:
Relationship to applicant:	Email:
Type of employment*: Permanent / Fixed-term contract / Casual / Self-employed	Department:
Name of Employer:	Designation:
Years of Employment:	Monthly Salary:

\* Note: Please delete whichever is not applicable.

**Particulars of Sureties (2)**

Name (as in NRIC, underline Family Name):	NRIC No:
Co-op Membership No:	Date of Birth:
Marital Status*: Single / Married	Mobile No:
Residential Address:	Office Tel:
Home Address if different from residential address:	Home Tel:
Relationship to applicant:	Email:
Type of employment*: Permanent / Fixed-term contract / Casual / Self-employed	Department:
Name of Employer:	Designation:
Years of Employment:	Monthly Salary:

\* Note: Please delete whichever is not applicable.

### **Authorisation for Co-op to Pay 3<sup>rd</sup> Party (Applicable to Consolidation, Medical, Education and Renovation Loans)**

I do / do not\* authorize <Name of co-op> (“the Co-op”) to make payments directly to \_\_\_\_\_ (name of 3rd party) if the loan is approved.

### **Consent for collection, use and disclosure of personal data in context of loan application:**

By signing this loan application form, I agree that the Co-op may collect, use and disclose my personal data, as provided in this application form, or (if applicable) obtained by the Co-op as a result of loan application, for the following purposes in accordance with the Personal Data Protection Act 2012 and the Co-op’s data protection policy (available at the Co-op’s website <Co-op’s website URL>):

- a) the processing of this loan application; and
- b) the administration of this loan with the Co-op.

The Co-op’s website <co-op’s website URL> discloses further details on the data protection policy, including how I may access and amend my personal data or withdraw consent to the collection, use or disclosure of my personal data.

### **Bankruptcy declaration:**

I confirm that at the time of this application, I am not an undischarged bankrupt and no statutory demand or legal proceedings has been served on or commenced against me.

### **Accuracy of Information Provided:**

I hereby declare and warrant that the information given in this application and all documents submitted to <Name of co-op> are complete, true and accurate and belong to <Name of co-op> absolutely and that I have not wilfully withheld any material fact. If any of the information given herein changes or becomes inaccurate, I shall immediately notify <Name of co-op> of any such change and/or inaccuracy.

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Surety 1: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Surety 2: \_\_\_\_\_ Date: \_\_\_\_\_

\* Note: Please delete whichever is not applicable.

## Appendix C: Sample of Unsecured Loan Evaluation

<b>Member's Total Savings as at [      Date      ]</b>	
Subscription:	\$
Savings:	\$
Fixed Deposits:	\$

<b>Member's Total Liabilities with Co-op [      Date      ]</b>			
<b>Existing Loan(s) Details:</b>		<b>New Loan Details:</b>	
Loan No.:		Amount Applied For:	\$
Outstanding Amount	\$	Nominal Interest (_____%p.a.)	\$
Current monthly loan repayment	\$	Processing Fee (____%) Administrative Fee (____%)	
		Total Fees:	\$
		New loan monthly repayment (_____ mths)	\$
		Total monthly loan repayment (all loans)	\$
Length of Membership:	___ yrs ___ mths	Total Deduction from Monthly Salary (Contribution for Savings + Loan Repayment)	\$

<b>Surety Evaluation</b>	
Existing Loans with co-op (if applicable)	\$
Loan Repayment History (if applicable)	
Monthly Income	\$
Credit report status	
Bankruptcy status	

<b>Applicant's Financial Details</b>	<b>Amount</b>
Main Applicant	
Joint Applicant	
Gross Monthly Salary (combined for joint applicants):	
Debt Servicing Ratio <sup>1</sup> (%) (Monthly repayment of co-op loan(s) / Gross Monthly Salary) x 100%	
Total Debt Servicing Ratio <sup>2</sup> (%) (Total monthly financial commitment <sup>3</sup> / Gross Monthly Salary) x 100%	
Loan applied and Repayment Period	
Applicable Loan Limit <sup>4</sup>	\$ _____ X _____ times = \$ _____ or \$xxx (whichever is lower)
Exceptional Loan Amount (if any) (applied loan less applicable loan limit)	\$ _____ - \$ _____ = \$ _____
Loan Officer's Comments:	
<p>Recommendation:</p> <p>- The loan application is (a) supported in full; (b) supported at lower amount; or (c) not supported (delete where not applicable).</p>	

<sup>1</sup> A good guide is that the debt servicing ratio should not exceed 30%. This means that the borrower does not commit more than 30% of their monthly income to service the loan(s) with credit co-op.

<sup>2</sup> A good guide is that the total debt servicing ratio should not exceed 60%. This means the borrower does not commit more than 60% of their monthly income to service all the monthly debts.

<sup>3</sup> This includes commitment to credit co-op loan(s) and commitment outside credit co-op (such as credit card payment, car loan, bank loan, property loan, etc.)

<sup>4</sup> The applicable loan limit is based on Co-op's loan administrative policies or by-laws and does not exceed the loan limit in the Written Direction for Unsecured Loans.

- If loan is supported, indicate recommended loan amount and repayment period:	
Loan Officer Name and Signature:	Date of submission for Loan Committee approval:

Approved by / Rejected by [Approving Authority]:	Signature:	Date:
Approved by / Rejected by [Approving Authority]:	Signature:	Date:
Approved by / Rejected by [Approving Authority]:	Signature:	Date:
Approving Officer (s) Comments:		

## Appendix D: Monitoring of Loan Performance

### Sample of Loan Ageing Report

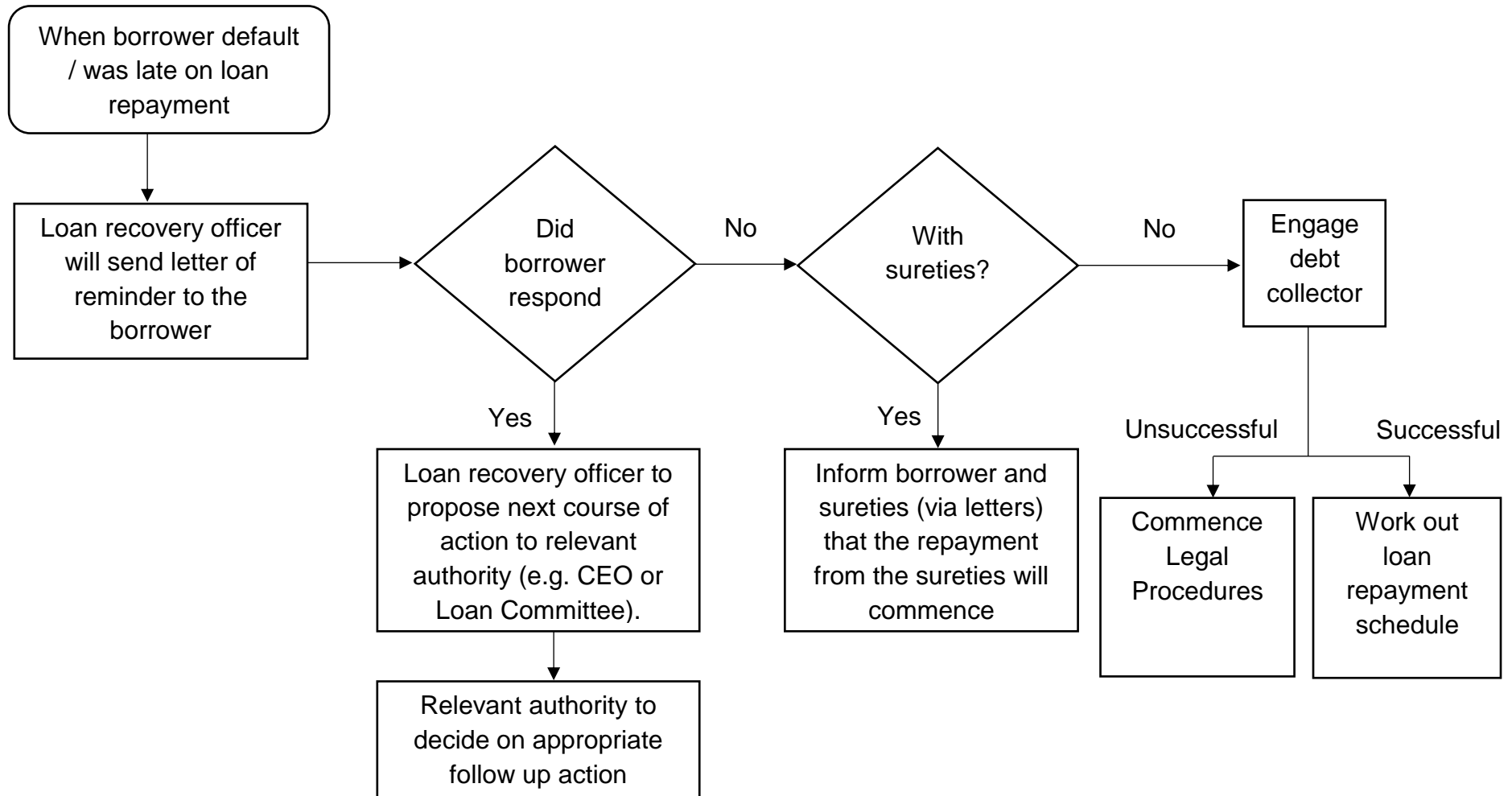
No	Member No	NRIC No	Name	Loan Type	Loan Amount	Loan Date	Last Payment Date	Installment Amount	Current Outstanding	0 to 30 Days	31 to 60 Days	61 to 90 Days	> 90 Days

**Sample of Loan Default Report**

No	Member No	Name	Loan Type	Last Payment Date	No. of Days Overdue	Outstanding Amount	Action taken by co-op	Response from Borrower	Recommended Action
							Date:  Action taken:  By whom:  Outcome:	Reason(s):  Planned action:  Agreed repayment date:	

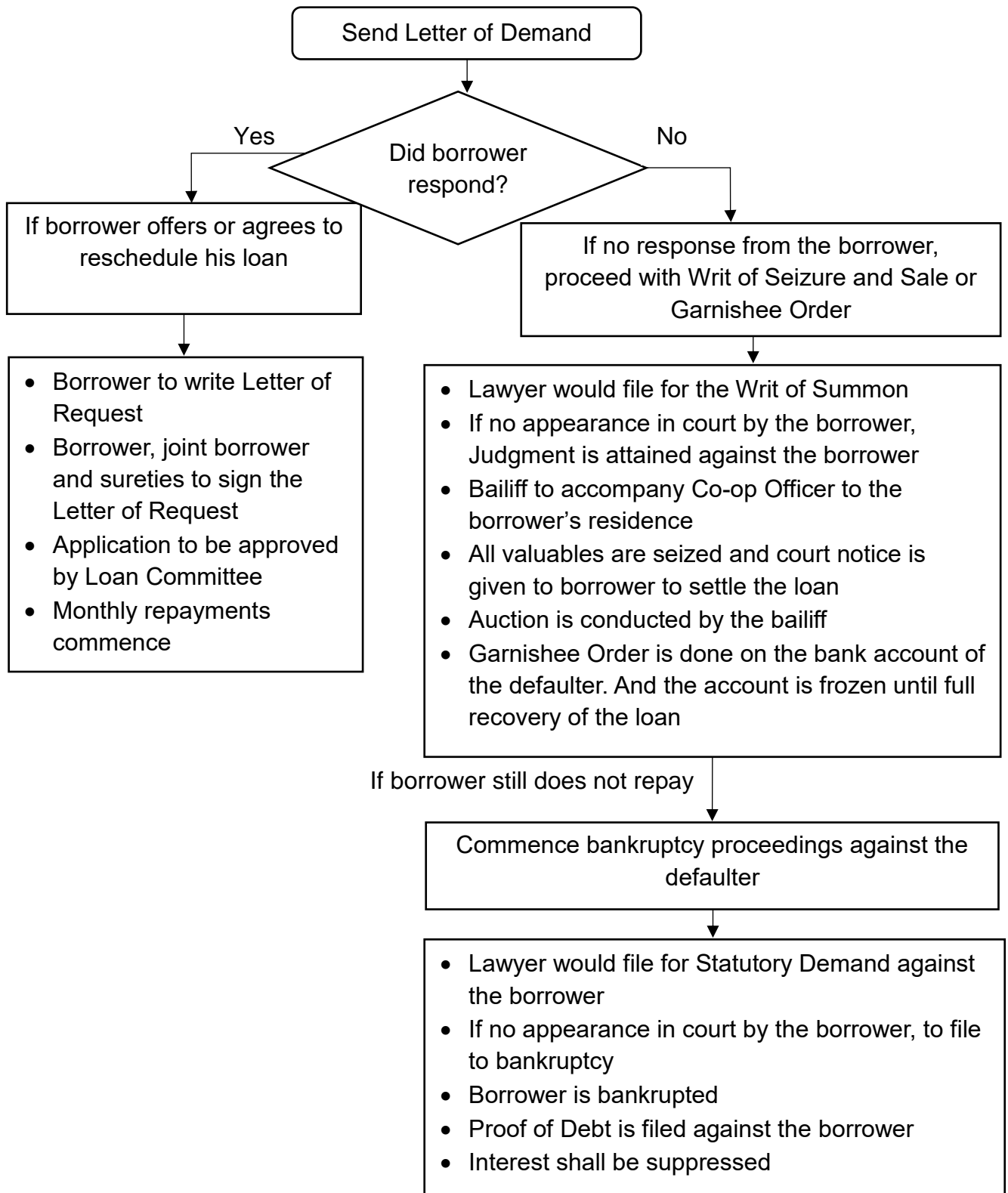


## Appendix E: Sample of Loan Recovery Procedures



Note: Loan recovery officer should update the loan default report after each recovery action.

## Appendix F: Sample of Loan Recovery Procedures – Legal Actions



Note: The above process serves as an example only. A co-op should seek appropriate legal advice when pursuing legal actions against the borrower.