



**Purpose**

It is the policy of Peoples Credit Inc. to prohibit discrimination in all aspects of any type of credit transaction on the basis of race, color, religion, national origin, sex, marital status, age, receipt of income from public assistance programs, and good faith exercise of any right under the Consumer Protection Act. We will grant or deny requests for loans solely on the basis of the applicant's creditworthiness and our established underwriting standards.

**Equal Credit Opportunity Act - Regulation B (ECOA)**

The ECOA prohibits discrimination with respect to any aspect of any credit transaction on the basis of race, color, religion, national origin, sex, marital status, age (providing the individual has the capacity to enter into a contract), receipt of public assistance, or exercise of rights under the Consumer Credit Protection Act. Additionally, creditors are required to:

1. Notify applicants of action taken on their applications.
2. Report credit history in the names of both spouses when both are on the account.
3. Retain records of credit applications.
4. Collect information about the applicant's race and other personal characteristics in applications for certain dwelling-related loans.
5. Provide applicants (routinely or upon request) with copies of appraisal reports used in connection with credit transactions.

**Lending Activities**

It is our policy to guard against and prevent illegal discrimination, both overt and unintended, in all areas of lending activities.

**Advertising**

All advertising will be designed to attract creditworthy loan customers without regard to illegal discriminatory factors.

All lending-related advertising will be periodically reviewed by the Compliance Officer to determine that they meet policy and legal standards.

**Loan Applications**

All loan applications will be taken verbally and recorded in the loan system. It is absolutely essential that all loan applicants receive the same level of assistance during the overall lending process.

No questions shall be asked of applicants with respect to intentions concerning the bearing or rearing of children, or capability to bear children. No questions may be asked regarding the race, color, religion, national origin, or sex of an applicant or any other person in connection with a loan transaction (except as is required by law for voluntary monitoring purposes under Regulation B).

We will not request information concerning the spouse or prior spouse unless:

- The spouse will be permitted to use the account;
- The spouse will be contractually liable on the account;
- The applicant is relying on the spouse's income as a basis for repayment of the credit requested;
- The applicant resides in a community property state or the property on which the applicant is relying as a basis for repayment of the credit requested is located in a community property state; or
- The applicant is relying on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repayment of the credit requested.
- We will request a cosigner or guarantor only on unqualified applications, and then, as a general rule will not request a specific party.

### **Credit Evaluation Standards**

Each applicant will be judged on the basis of his or her own credit rating and income unless the applicant specifically requests the consideration of another's income or credit history. Discounting of spouse's income, income from alimony, child support, or separate maintenance is specifically prohibited, as are assumptions or aggregate statistics relating to the likelihood that any group of persons will bear or rear children or will receive diminished or interrupted income in the future. In considering the individual's credit worthiness, the value of the security property is a proper consideration; however, the fact that the security property is in a certain geographical area shall not in itself be grounds for loan denial. Accordingly, we will not refuse to lend in a particular area solely because of the income level or racial or ethnic composition of the area.

We will obtain a written factual credit report on most consumer loan applicants. The applicant's history in the use of credit and the manner in which credit obligations were paid will be considered.

Further considerations:

1. The age of an applicant will not be taken into consideration except for the purpose of determining a pertinent element of creditworthiness. We may consider the occupation and length of time to retirement of an applicant to ascertain whether the applicant's income (including retirement income, as applicable) will support the extension of credit until its maturity. The applicant must be of legal age.

2. The fact that an applicant's income is derived from any public assistance program will not be taken into consideration except for the purpose of determining a pertinent element of creditworthiness. We may consider, for example, the length of time an applicant has been receiving such income, whether an applicant intends to continue to reside in the jurisdiction in order to maintain residency requirements for benefits, and the status of an applicant's dependents to ascertain whether benefits that the applicant is presently receiving will continue.
3. Income derived from part-time employment, from an annuity, pension, or other retirement benefit will not be discounted or excluded, although the amount and probable continuance of any income may be considered in evaluating the applicant's creditworthiness.
4. Whether an applicant is a permanent resident of the United States or an applicant's immigration status may be considered, together with such additional information as may be necessary to ascertain rights and remedies regarding payment.
5. We will not make any inquiries as to whether any of the applicant's income is derived from alimony, child support, or separate maintenance, unless the loan officer discloses to the applicant that such income need not be revealed if the applicant does not desire such income to be considered. No questions will be asked regarding the birth control practices, intentions concerning the bearing or rearing of children, or capability to bear children by the applicant or his/her spouse.

**Stable Monthly Income.** Stable monthly income is measured as the applicant's gross monthly income from base earnings plus recognized secondary income. Secondary income of any borrower, such as bonuses, commissions, overtime, or part-time employment, will only be recognized as "stable monthly income" if such items of secondary income are typical for the occupation, substantiated by applicant's previous two year's earnings, and continuation is probable based on foreseeable economic circumstances.

If the applicant chooses to disclose income from alimony, child support, or maintenance payments, we will consider such payments as income to the extent that they are likely to be consistently received in the future. Factors that may be considered in determining the likelihood of consistent payments include, but are not limited to, whether the payments are received pursuant to a written agreement or court decree, the length of time the payments have been received, the regularity of receipt, the availability of procedures to compel payments, and whether full or partial payments have been made. Other sources of income such as pension, social security, disability or survivorship benefits will be included, if such support payments are received pursuant to a written agreement or court decree.

**Monthly Debt-to-Income Ratio.** Normally the total amount of monthly housing expense (principal, interest, taxes, and insurance), plus all other monthly payments on all installment debts, should not exceed 50 percent of the applicant's "stable monthly income." Alimony, child support and maintenance payments, and other monthly credit obligations are treated as debt, unless such obligations terminate in less than eight months. Therefore, these factors are treated as monthly debt, when calculating the monthly debt payment-to-income ratio. Somewhat higher percentages than the above may be appropriate with respect to lower income applicants, dependent upon a review of the applicant's recent ratio of monthly housing expense and total debt payment-to-income.

Higher ratios may be justified by other considerations such as:

1. Demonstrated ability of the applicant(s) to devote a greater portion of income to basic needs, such as housing expense.
2. Demonstrated ability of the applicant(s) to maintain a good credit history, accumulate savings, and maintain a debt-free position.
3. A large down payment on the purchase of the property.
4. Potential for increased earnings of the applicant(s) indicated by education or job training relative to the time employed or practiced in his/her profession.
5. Applicant's net worth is substantial enough to evidence an ability to repay the loan.
6. The amount, nature, and duration of child support payments.

### **Loan Pricing**

A separate loan pricing policy will establish reasonable guidelines for establishing rates and fees for retail loans as well as for direct loans originated.

### **Loan Decisions and Notification**

Loan decisions will be based on any information collected; including the application, credit reports, and our past experience with the applicant, weighed against our underwriting standards. Prohibited factors or information will not be a part of the decision.

All loan applicants will be notified within 30 days of the receipt of a completed application of the action taken. The notification will comply with the requirements of the ECOA.

### **Training**

All staff will receive fair lending training periodically. The content of the training will be consistent with the job responsibilities of the individual.

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