

Prescribed Rate Staff Loan Audit Sheet

Name(s): Trisha McDonald

Date Loan Created: Oct 5/07

Loan Amount: \$ 194,401.35

Loan #: 800101447614

Loan Officer: [REDACTED]

Loan Input By: Christa [REDACTED]

I. Type of Loan

- Consumer Loan
- Quick Loan
- Super Mortgage – Quick Loan
- Super Mortgage – Purchase
- Super Mortgage – Non Purchase
- Simplicity Mortgage - Purchase
- Simplicity Mortgage – Non-Purchase
- Other (Specify) _____

II. Loan Totals

Total Staff Loans \$ 127,800.00

III. Policy Guidelines

- Within Loan/Salary Guidelines
(Minimum \$1,000.00)
(Lesser of 75% App Value, Purchase Price or 3 x's annual salary – conv mtg)
(Lesser of CMHC Insured Amount or 3 x's annual salary – CMHC mtg)
- Yes No
- Within Purpose Guidelines
Yes No
- Comments:

IV. Documentation Completed Correctly

- Loan Application Signed Yes No N/A
- Application Approved Yes No N/A
- Amendment Agreement Yes No N/A
- Employee Loan Agreement Yes No N/A
- Mortgage Renewal Form Yes No N/A

Comments: Employee Loan Agreement corrections required: (1) Changes made that have not been initialed by Tricia. (2) Name not correct – Trish s/b Tricia (3) Tricia's signature has not been witnessed.

*New Employee Loan Agreement
Signed Dec 17/07.*

V. System Setup Correct:

- Product Type Yes No
- Payment Frequency Yes No
- Renewal Date Yes No
- Interest Rate Yes No
- Classification Code Yes No
- Action Grid Yes No
- Advance Limit Yes No
- Payment Calculation Method Yes No
- Determination Point Yes No
- Def Int Res Option Yes No N/A
- Capitalize Accrual Yes No N/A
- Resolution Frequency Yes No N/A
- Next Resolution Date Yes No N/A

Comments:

Checked By: 
Glenda A. Mason

Date: December 13th, 2007

Synergy Credit Union Ltd.
Employee Loan Agreement (Mortgage - Fixed Rate)

Employee Name: Tricia McDonald

Loan Number: 800101447614

Principal Balance Approved or Being Renewed: \$194,401.35

Term: 60 (months) Amortization 480 (months)

Next Payment Date: November 23rd, 2007 Next Renewal Date: November 9th, 2012

*To Replace / Correct
Employee Loan Agreement
Signed By TRICA on
Oct 29/07.*

Background:

Canada Revenue Agency (CRA) allows employees to receive mortgage loans from employers at lower than market interest rates without considering the benefit of such rates a taxable benefit. Such rates, though, must not be less than the Government Prescribed Interest Rate posted quarterly by the CRA and cannot exceed a term of five years. Synergy Credit Union has developed a Staff Loan Program (Mortgage and Consumer) to provide loans to employees at preferred interest rates on the terms and conditions of this agreement.

Under this agreement, Credit Union employees will effectively pay total interest charges based on the Government Prescribed Interest Rate posted by the CRA at the time of this agreement (the "CRA Posted Rate") rather than the Credit Union's posted Fixed Mortgage Rate ("Fixed Rate Mortgage") for the term chosen. The employee's periodic mortgage payment amount will be based on the posted Fixed Mortgage Rate or the Government Prescribed Interest Rate in effect at the time of the application.

This Loan:

- > Has been approved by the appropriate approval authority; and
- > Meets the Eligibility and Conditions as outlined in the Staff Loan Policy and accompanying Procedures of Synergy Credit Union.

Terms and Conditions:

I, the above named employee, will repay the Principal Balance under the Staff Loan Program as follows:

1. I will pay for any costs associated with the required documentation, including legal fees, mortgage renewal fees, mortgage insurance fees, appraisal fees, administration fees and registration costs.
2. I agree and acknowledge that the loan amounts available to me through the Staff Loan Program shall be restricted as follows:
 - a) Respecting Mortgage Loans for conventional mortgages the maximum amount shall be the lesser of:
 - i) Three times my annual salary (excluding overtime or bonus); or
 - ii) 80% of the appraised value of the mortgaged premises as established by an accredited appraisal satisfactory to the Management Credit Committee or the purchase price;
 - b) Respecting Mortgage Loans for CMHC insured loans the maximum amount shall be the lesser of:
 - i) Three times my annual salary (excluding overtime or bonus); or
 - ii) An amount equal to the approved CMHC undertaking to insure (including the CMHC insurance premium).

- c) Respecting the combined total of Mortgage and Consumer Loans, no more than three times my annual gross salary (excluding overtime or bonus) without the express approval of the Board of Directors of the Credit Union.
3. Based on my current annual salary, the maximum amount for which I would qualify under paragraph 2, at this time, is:
- | | |
|---|---------------------|
| 3 x Annual Gross Salary (excluding overtime or bonus) | \$127,800.00 |
| Less Loans presently under the Staff Loan Program | (0.00) |
| Total Remaining staff limit available | \$127,800.00 |
4. I acknowledge that to qualify for this Staff Loan Program, the mortgaged premises must be my primary residence described as a single family dwelling (residential or purchase of the house and the surrounding ½ hectare (1.2355 acres) of land the house is situated on) or registered condominium unit.
5. I acknowledge that the mortgage must register as a first charge and that the maximum amortization period of the mortgage shall not exceed 40 years.
6. I will provide an assignment of appropriate insurance covering the mortgaged premises with loss payable to the Credit Union.
7. So long as I remain qualified for the benefits under the Staff Loan Program, I shall pay interest on the Principal Balance equal to the CRA Posted Rate. I acknowledge that the CCRA rate is set quarterly and subject to change. The current CRA Rate is 5.00 percent.
8. Notwithstanding Paragraph 7, I shall repay the Principal Balance of any Fixed Rate Mortgage by making periodic payments in:
- An amount equal to a calculation based on the then Credit Union posted interest rate, or;
 - An amount equal to a calculation based on the then Government Prescribed Interest Rate. Should this option be chosen then the payment on this term loan shall be \$ 282.11 and based on the Government Prescribed Interest Rate as set out in item 7. above.
9. If, at the time of approval or renewal of the mortgage, the maximum limits established for the Staff Loan Program are exceeded, two mortgage loans shall be established one for the amount allowable under the Program and the other for the amount exceeding the maximum amount allowable under the Program, as follows:

Staff-Prescribed Rate Portion		Non-Staff Mortgage Rate Portion	
Principal Amount	\$ 127,800.00	Principal Amount	\$ 66,601.35
Payment Amount For Term chosen	\$ 324.69	Payment Amount For Term chosen	\$ 169.21
Tax Payment Amount	\$ 0.00		\$ 46.15
Total Payment Amount	\$ 324.69	Total Payment Amount	\$ 215.36

10. I will no longer qualify under the Staff Loan Program and shall repay the Principal Balance then outstanding at the Mortgage Rate as shown on the mortgage application or last mortgage renewal agreement if I:
- sell the mortgaged premises without the Credit Union's approval;
 - vacate the mortgaged premises or no longer use it as my primary residence;
 - default in repayment of this or any other loan;
 - utilize funds for business, farm, investment, consolidation of delinquent debt(s) or other purposes outside the parameters of this program including utilizing funds for any purpose that assists the employee where interest or depreciation would be tax deductible;
 - become a bankrupt;
 - am no longer employed by the Credit Union or have retired.

11. I will provide to the Credit Union, as may be requested, an assignment of life insurance, either by an existing policy, member term life, creditor life insurance or insurance obtained through Credential Financial Strategies.
12. If I sell the mortgaged premises, I will repay the mortgage loan in full from the proceeds of sale.
13. I am entitled to repay the Principal Balance at any time without penalty so long as funds applied are from my personal resources.
14. I acknowledge and accept that loans issued under the Staff Loan Program are eligible for sharing in the ProfitShare Program allocation at Synergy Credit Union.

This agreement is dated the 17 day of December, 2007.

[Redacted Signature]
(Witness)

[Redacted Signature]
(Employee's Signature)

I/We, _____, Guarantor(s) of the above mortgage
acknowledge the contents of this Employee Loan Agreement.

(Witness)

(Guarantor's Signature)

(Witness)

(Guarantor's Signature)