

LIIF Terms of Reference for Board and Standing Committees

Loan Committee

Revised: June 7, 2017

Recognizing that the Board is ultimately responsible to direct and manage the activities and affairs of the corporation, the authority of the Loan Committee (LC) to approve loans in the name of the corporation shall be limited to loans whose application and limits satisfy criteria established by the Board and communicated to the LC from time to time by Board approved policies.

The LC is appointed by the Board of Directors and includes at least three members of the Board. The LC provides broad oversight of the management of the Revolving Loan Fund and is responsible for approving all loans which exceed the staff approval level, as specified in the Revolving Loan Fund Policies. A quorum is constituted when at least 51% of the LC are present. Loans are approved by a simple majority of the LC members present.

Waivers of Board approved policies shall be approved by unanimous vote of all members of the LC and communicated to the Board shortly thereafter. In the event of a recusal or an extended absence of a Board member, the Chairperson of the Board of Directors will act as the Board member, along with the other Board member(s) on the LC, required to approve waivers and exceptions. In the event of a recusal or extended absence of the Chairperson, then the Chairperson of the LC will designate a Board member.

The LC will periodically receive and review information presented by the staff about LIIF's loan portfolio performance, including the Revolving Loan Fund or any other funds LIIF is responsible for. The LC will also review and approve loan loss reserve allocation procedures and risk rating criteria for the management of the portfolio, provided, however, that any changes to reserve allocations or risk rating criteria that would have a material impact on LIIF's loan loss reserve levels would be presented to the Board for review and approval. The LC will be apprised of changes in risk rating and loan loss reserve levels on a regular basis. The LC will receive reports from the staff about troubled loans and steps being taken to preserve the capital invested by the corporation, as well as current reports on all capital recovered from loans for which foreclosure proceedings have been initiated. The LC will provide oversight for and approval of Revolving Loan Fund and other balance sheet capital pricing guidelines and product parameters. The LC will periodically report to the Board on the loans approved, the performance of the portfolio and any issues of risk within the portfolio which it deems relevant.

The LC will evaluate its performance at least annually to determine whether it is functioning effectively. The LC will review and assess these Terms of Reference at least annually and recommend proposed changes, if any, to the Board of Directors for approval. The LC meetings will be scheduled monthly or more or less often as business needs require.