

Reasons for Adverse Action

Consumer Reasons

Credit Application Incomplete	This reason will not be used on an Adverse Action notice. Incomplete applications will be mailed another type of notification.
Temporary or Irregular Employment	Use for individual who is working in such jobs as seasonal employment, or indicate that their hours and salary fluctuate significantly.
Unable to Verify Employment	Should only be used if attempt is made to verify employment through direct contact. File must document what attempts were made to verify employment.
Length of Employment	<p>Should be used where applicant does not meet credit standard established by bank of stable employment (not necessarily the same job, but some degree of stability for standard established).</p> <p style="border: 1px solid red; padding: 2px;">Minimum of two years employment in the same line of work or at least 12 months in the current position is required. Individual must exhibit above average stability.</p>
Income Insufficient for Amount of Credit Requested	<p>Should only be used where borrower's current debt-to-income ratio is within bank standards, but when requested credit is added in (and any debts to be paid off are subtracted), the ratio exceeds the standards.</p> <p style="border: 1px solid red; padding: 2px;">D/I Ratio – Maximum back-end ratio of 42% gross monthly income (38% for unsecured or revolving credit); include proposed debt service; adjust non-taxable income upward by a factor of 1.35.</p> <p>CONSUMER REAL ESTATE (ATR):</p> <p style="border: 1px solid red; padding: 2px;"><u>New</u> money transactions secured by a dwelling should be granted only to borrowers whose D/I ratio is less than or equal to 42%.</p> <p style="border: 1px solid red; padding: 2px;"><u>Renewed</u> money transactions secured by a dwelling may have a D/I ratio of 47%, which can be compensated for if all of the following conditions are met:</p> <ol style="list-style-type: none"> 4. Beacon scores are 50 points or greater than policy guidelines (minimum of 700). 5. Historical proven payment performance is adequately and fully documented. 6. Borrower has no history of past dues with Pinnacle Bank.
Unable to Verify Income	Should be used only where attempts are made to verify income either through pay vouchers or through direct contact with employer. File must document what attempts were made to verify employment.
Excessive Obligations in Relation to Income	<p>Should be used where borrower's existing debt-to-income exceeds the bank standards even before adding in the requested credit.</p> <p style="border: 1px solid red; padding: 2px;">D/I Ratio – Maximum back-end ratio of 42% gross monthly income (38% for unsecured or revolving credit); include proposed debt service; adjust non-taxable income upward by a factor of 1.35.</p> <p>CONSUMER REAL ESTATE (ATR):</p> <p style="border: 1px solid red; padding: 2px;"><u>New</u> money transactions secured by a dwelling should be granted only to borrowers whose D/I ratio is less than or equal to 42%.</p> <p style="border: 1px solid red; padding: 2px;"><u>Renewed</u> money transactions secured by a dwelling may have a D/I ratio of 47%, which can be compensated for if all of the following conditions are met:</p> <ol style="list-style-type: none"> 4. Beacon scores are 50 points or greater than policy guidelines (minimum of 700). 5. Historical proven payment performance is adequately and fully documented. 6. Borrower has no history of past dues with Pinnacle Bank.

Credit History of Making Payments on Time is Unsatisfactory	Should be used where credit report indicates payment history with past or present credit, other than to our bank, which does not meet bank standards. No major or minor accounts that are currently 30 days or more past due;
No Credit File	Should be used where credit bureau request results in them being <u>unable to locate a credit file</u> on the applicant, or the applicant has <u>no credit history on the credit report</u> .
Poor Credit Performance with Us	Should only be used where applicant has failed to perform satisfactorily with our bank on a previous credit. File must document the previous credit and the unsatisfactory payment history. Disqualifying credit event: Pinnacle Bank Charge offs (loans and/or deposits)
Temporary Residence	Should only be used where it becomes known that this is not the applicant's permanent address.
Unable to Verify Credit References	Should only be used if attempt is made to verify credit reference provided on application through either credit report or direct contact. File must document what attempts were made to verify credit references.
Bankruptcy	Should only be used where application or credit report indicates applicant has previously filed for any chapter of bankruptcy and bank policy prohibits making a loan on that fact. No reported bankruptcy;
Value or Type of Collateral not Sufficient-	File should be documented as to the type or value of the collateral and how determined. <u>Refer to loan-to-value standards</u> for determining applicability of this reason.
Collection Action or Judgment; Garnishment or Attachment; Foreclosure or Repossession	Should only be used where credit bureau report indicates one or more of these six public record types and such occurrences are in excess of bank standards. No civil action/judgments, repossessions, collections, tax liens, suits or other adverse reporting;
Delinquent Past or Present Obligations with Others	Should only be used where applicant has failed to perform make timely payments on past or present obligations with Others.

Commercial Reasons	
Insufficient assets	Refer to Loan Policy regarding Commercial Lending
Lack of established earnings record	Refer to Loan Policy regarding Commercial Lending
Slow or past due in trade or loan payments	Should be used for business credit adverse action, where the business has been slow or delinquent in making payments on trade lines or other business loans.

