



## La Montanita Fund's Fair Lending Practices

The La Montanita Fund (LaM Fund) is limited to La Montanita Co-op members, however we are committed to ensuring that all loan applicants receive fair and equal treatment regardless of race, religion, national origin, sex or sexual orientation, marital status, familial status, handicap, age, military status, receipt of income from public assistance, or their good faith exercise of rights under the Consumer Credit Protection Act or any other prohibited basis.

The LaM Fund prohibits overt discrimination, comparative discrimination or disparate treatment and disparate impact that may be an unintended consequence of lending-related activity:

- **Overt Discrimination** is clear discrimination on a prohibited basis such as having different policies for single mothers and single women or evaluating foreign-born individuals differently than American born individuals.
- **Comparative Discrimination** exists when a servicer treats a borrower differently on the basis of one of the prohibited factors and there is no credible, non-discriminatory explanation for the difference in treatment. For example, assessing different fees, levels of customer service, information and assistance on the basis of a race, age or sexual orientation, to similarly situated applicants.
- **Disparate Impact** exists when a servicer applies a neutral policy or practice equally to all borrowers but the policy or practice disproportionately excludes or burdens certain persons on a prohibited basis.

The LaM Fund has established a comprehensive Fair Lending Program that has been approved by its Board of Directors and its Loan Committee.

To create, implement and maintain an outstanding record of fair lending policies and practices the LaM Fund adheres to the following:

- On-going and comprehensive training programs for Co-op Fund staff, Board and Loan committee members including compliance with fair lending laws and regulations, as well as diversity training.
- Established structure which solicits applications from all segments of New Mexican society and the Co-op community with special emphasis on applications from low- and moderate-income borrowers, small to mid size farmers and ranchers, food entrepreneurs and young and new farmers
- On-going, meaningful and creative outreach program designed to ascertain the credit needs of regional food system participants including low- and moderate-income, people of color, start-up farmers and those food producers and businesses often considered high risk with whom La Montanita has an established relationship
- Effective and innovative marketing strategy designed to inform all segments of the community including low- and moderate-income and underserved communities of the credit services it offers.
- On-going efforts to counsel applicants through the application process and refer applicants to credit counseling.
- On-going internal second review process whereby all denied applications are reviewed to ensure compliance with fair lending laws and regulations.
- Established and ongoing review procedures to ensure that Co-op Funds' policies and procedures are being followed and that discrimination does not play a part in the application flow, the origination and/or the credit decision process.
- Correcting any Co-op Fund policies or procedures that may have inadvertently contributed to discrimination



## Loan Collateralization Criteria

Following is a list of criteria for the applicant to consider before applying for a loan from the La Montanita Fund (LaM Fund). The criteria are guidelines to help the La Montanita Loan Advisory Board evaluate a project. Should you feel your project meets the spirit of the criteria, though not all the details, we encourage you to go ahead and apply. If you have any questions about the application form or need help in filling it out, please call 505-217-2027 or 877-775-2667 or e-mail: [robins@lamontantia.coop](mailto:robins@lamontantia.coop) and ask for a meeting with a LaM Fund Loan Committee member.

### General Criteria:

1. Loans should be for productive purposes to help you or your business provide goods or services more efficiently or economically to the community.
2. The business receiving the loan should be based in New Mexico and as much as possible the goods should be locally produced, using local materials, employing local people and selling to a local market.
3. The goods or services offered should be part of the New Mexico food-shed system and related businesses. The main intent here is to help encourage "import-replacing" food business initiatives, that is, to find ways to foster production of needed food system products and services within the region rather than importing such items from outside the region.
4. Production methods should be environmentally sound, using appropriate scale technology and as much as possible include good land stewardship practices, organic and sustainable production methodology, and measures for energy conservation.
5. The business should be socially responsible business in relation to its employees, consumers, animals both domestic and wild, and land and water use. Products and services should be of high quality and safe to the health and well-being for the community. Non-discriminatory hiring practices, fair employment terms and safe working conditions should be used at all times. Priority will be given to organizations structured as cooperatives in which workers have a significant participation in management and ownership.

### Financial Criteria:

1. A sound business plan that demonstrates the capability of the business to repay the loan.
2. Be prepared to demonstrate that there is a local market both through La Montanita Co-op and its Food-shed project as well as through other direct or indirect markets.
3. Have or plan to get experience in producing and/or marketing such a product.
4. Product should be of good quality and should be available at a reasonable price.
5. Sound bookkeeping methods should be employed by the business.
6. The borrower might not generally qualify for a conventional bank loan.