

## **LOAN PROTECTION INFORMATION**

### **CREDIT DISABILITY AND CREDIT LIFE LOAN PROTECTION**

Credit Disability protects you in the event you are under doctor's care and unable to work. Credit Life pays your loan in the event of your death. Coverages are available only for the borrower. Premiums are added to the loan monthly based upon the current principal balance. These coverages may not be available on all loan types. There are restrictions and exclusions associated with these coverages and members should ensure they read and fully understand the Loanliner insurance information prior to purchasing these coverages.

### **GUARANTEED ASSET PROTECTION (GAP)**

### **MECHANICAL REPAIR COVERAGE (MRC)**

GAP protects borrowers in the event their vehicle is totaled and they owe more than the vehicle's value, and therefore, more than the insurance company is going to pay. GAP will also pay \$1000 towards the down-payment of your replacement vehicle when this vehicle is financed with us.

MRC is very similar to the extended warranty plans offered by manufacturers and dealers. Our plan offers various levels of coverage, as well as optional deductible levels, so you can have peace of mind while staying within your budget.

We will be happy to finance these coverage's for you with your vehicle financing.

*During our last audit, we were informed of some areas that needed attention. So, in an attempt to streamline processes and maintain fair and equitable treatment of all members, the Credit Union Loan Committee has compiled Q&A scenarios. Please familiarize yourself with the following information and as always, let us know if you have questions or concerns. Our goal is NOT to upset members, but to continue to be a profitable investing option in addition to a convenient lending institution.*

Many questions are asked regarding loans. The following questions and answers will help you in determining what information may be needed in processing your loan.

#### **1. WHEN DO I NEED TO PROVIDE PROOF OF INCOME?**

a. If you are not a current full-time employee of the Air National Guard or its support staff, proof of income is required. b. If you are a retired full-time employee and you are claiming income other than your directly deposited retirement income. c. If you are a retired full-time employee and do not have direct deposit. d. Provide proof of child support and/or alimony if you are claiming it to meet your debt ratio. e. Provide proof of outside income if you are claiming it to meet your debt ratio.

#### **2. WHEN AND HOW DO I PROVIDE LENGTH OF EMPLOYMENT?**

a. If you are not a current full-time employee of the Air National Guard, or its support staff, proof of length of employment is required. b. If your monthly pay statement shows your length of employment, it can be used. c. You can also provide your W-2's for the past two years and a current pay statement.

#### **3. CAN MY ANNUAL TRAINING INCOME BE CLAIMED AS MONTHLY INCOME TO MEET MY DEBT RATIO?**

a. Annual Training is not a fixed income. It cannot be claimed as monthly income.

**4. I HAVE INCOME THAT I CANNOT PROVIDE PROOF OF BECAUSE I DO NOT PAY TAXES ON IT.**

- a. It cannot be claimed to meet your debt ratio. b. It is illegal.

**5. I AM CLAIMING MY SPOUSE'S INCOME TO MEET MY DEBT RATIO.**

- a. You must claim you're spouse's debts and provide proof of spouse's income.

**6. I CO-SIGNED FOR A LOAN.**

- a. The loan payment is part of your monthly debts. b. If you cosigned for an unsecured loan, it is considered part of your maximum allowable amount for unsecured loans.

**7. MY SPOUSE HAS THEIR OWN ACCOUNT.**

- a. If you are claiming your spouse's income you must claim their debts. b. If your spouse is claiming your income, they must claim your debts. c. If you have joint account with others, you cannot claim that these are not your debts. You have an obligation to pay these debts. d. If you are claiming your spouse's income and debts, your combined unsecured loans cannot exceed the maximum amount allowed for unsecured loans.

**8. I HAVE LOANS WITH YOU THAT I DO NOT HAVE THE RESPONSIBILITY TO PAY.**

- a. If you provide legal proof that you are not responsible to pay, they will not be considered part of your debt ratio. b. You should get him/her to refinance the loan at another lending institution.

**9. I HAVE GOTTEN A DIVORCE AND THERE ARE DEBTS ON MY CREDIT REPORT THAT I AM NOT RESPONSIBLE FOR.**

- a. If you provide legal proof that you are not responsible for the debt, they will not be considered part of your debt ratio.

**10. THERE ARE DEBTS OR DELINQUENCIES ON MY CREDIT REPORT THAT HAVE BEEN REPORTED IN ERROR.**

- a. Provide written proof, with a telephone number, from creditors or the credit bureau that they have been reported in error.

**11. I HAVE OR HAVE HAD A DELINQUENCY WITH THE CREDIT UNION.**

- a. If you are currently delinquent with us, you cannot get a loan. b. If you have been 60 days delinquent with us in the past 2 years, you cannot get a loan. c. If you have been 120 days delinquent with us, you cannot get any future loans.

**12. I HAVE FILED BANKRUPTCY WITH OTHERS.**

- a. You cannot get a secured loan with us for 2 years from the time bankruptcy was filed. b. You cannot get an unsecured loan with us for 5 years from the time bankruptcy was filed.

**13. I HAVE FILED BANKRUPTCY WITH THE CREDIT UNION.**

- a. You cannot get future loans.

**14. I HAVE HAD A REPOSSESSION.**

- a. If the credit union repossessed from you, no future loans. b. If other creditors repossessed from you, no secured loans for 2 years and no unsecured loans for 5 years.

**15. I WANT TO FINANCE A NEW AUTO, BUT WITH THE PAY OFF OF THE AUTO I AM TRADING IN, I NEED TO FINANCE MORE THAN THE VALUE OF THE NEW AUTO.**

- a. You must purchase GAP insurance from the credit union to cover the amount your insurance does not

cover. b. GAP insurance will only cover 25% above the retail value. c. If the GAP insurance will not cover the difference, we cannot finance the auto.

**16. I WANT TO FINANCE A USED AUTO.**

a. You must provide the retail value of the auto. b. The best and easiest way to obtain the value is on-line at <http://www.kbb.com> or <http://nadaguides.com>. These websites are for Kelley Blue Book and Nada Guides. c. Print the page with the vehicles options and the page with the retail value and attach it to the loan application. d. If you do not have access to a computer, call the credit union and they will assist you in getting the required information. e. See number 15 for information on financing and insurances. The same requirements apply here.

**17. I WANT TO PURCHASE A MOBILE HOME.**

a. The mobile home must be 5 years or less in age. b. The maximum amount allowed on a mobile home is \$60,000. c. You must provide the retail value of the used home. d. The best and easiest way to obtain the value of a used home is on-line at <http://www.nadaguides.com>. The cost is \$30. If you do not want to pay th3 \$30, complete a Manufactured Housing Book Value Report form which can be provided to you at the credit union. e. Once you have completed the Book Value Report form, submit it to the credit union, we will manually calculate the value. This will take time and please be patient. f. See number 15 for information on financing and insurances. The same requirements apply here.

**18. I WANT TO PURCHASE A USED MOTORCYCLE, BOAT OR RECREATIONAL VEHICLE.**

a. You must provide the retail value. b. The best and easiest was to obtain the value is on-line at <http://www.nadaguides.com>. This is the website for Nada. c. Print the page with the options and the page with the retail value and attach it ot the loan application. d. If you do not have access to a computer, call the credit union and they will assist you in getting the required information. e. See number 15 for information on financing and insurances. The same requirements apply here.

**19. I WANT AN UNSECURED LOAN. WHAT CURRENT LOANS ARE PART OF MY MAXIMUM ALLOWED FOR AN USECURED LOAN?**

a. Loans for furniture, vacation, special, computer, home improvement, debt consolidation, lines of credit and unsecured loans you cosigned for or you currently have outstanding at the credit union are part of your allowed amount.

**20. I NEED A DEBT CONSOLIDATION LOAN, BUT THE INTEREST RATE IS LOWER FOR A SIGNATURE LOAN. I WILL APPLY FOR A SIGNATURE LOAN AT THE LOWER RATE.**

a. If you do not consolidate your current debts, you probably will not meet the required debt ratio and you will not qualify for a loan.

**21. I CAN GET A BETTER INTEREST RATE THAN THE CREDIT UNION IS OFFERING. CAN WE NEGOTIATE?**

a. If the interest rate offered is within 2% of what we are offering, bring printed proof of the interest rate, and we will possibly match the lower rate.

**22. HOW DO I CALCULATE MY MONTHLY DEBT RATIO?**

a. Multiply all claimed monthly gross income by 70%. (Do not include non-taxable income here.) b. Subtract any child support, alimony or rent that you pay. c. Add non-taxable income that you receive. (Child support, alimony, BAS or BAQ) d. Total monthly debts. (This does not include loans that you are refinancing or utilities.) ie. Divide monthly debts by monthly net income. This is your debt ratio. 65% or less is good.