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# Consumer Loans

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## **General Policy Statement:**

The Credit Union extends credit to qualifying members for non-mortgage consumer purposes. Qualifying members are those members who meet the Credit Union's underwriting standards. The policy promotes prudent underwriting, fair treatment of members and applicants, sound loan management, and compliance with all applicable federal and state laws and regulations. As a general rule, qualified members are those who demonstrate capacity to service the debt and pledge adequate collateral where necessary. The Credit Union offers a variety of consumer loan products, each of which is described within this policy. This policy covers only non-mortgage consumer loans and does not cover mortgage-related consumer loans. Credit union policy on consumer mortgage loans may be found under applicable policies.

## **Compliance:**

The Credit Union will comply with all state and federal laws and regulations associated with consumer lending, including but not limited to the following:

- (a) Regulation Z, which implements the Truth-in-Lending Act (12 C.F.R. 1026).
- (b) Regulation B, which implements the Equal Credit Opportunity Act (12 C.F.R. 1002).
- (c) The Fair Credit Reporting Act (12 C.F.R. 1022).
- (d) The Fair Housing Act (42 U.S.C. 3601).
- (e) Regulation C, which implements the Home Mortgage Disclosure Act (12 C.F.R. 1003).
- (f) Regulation Z, which implements the Home Ownership and Equity Protection Act (12 C.F.R. 1026.32 through 1026.34).
- (g) Article 9 of the Uniform Commercial Code.
- (h) The Servicemembers Civil Relief Act.
- (i) The Military Lending Act.
- (j) NCUA Parts 701, 706, 717, 722, and 760.

This policy is specifically intended to include all facets of granting credit and making non-mortgage consumer loans, the evaluation of credit applications and credit reports, information concerning interest rates, credit terms and costs, and all other requirements of the Federal Consumer Credit Protection Act and associated regulations. As required by law, membership in Altamaha Federal Credit Union is open to only individuals who are included in the field of membership, as defined in the Credit Union Charter.

No member will be denied any service of this Credit Union due to discrimination of race, color, religion, national origin, sex, handicap, marital status, family status, or age (provided that the applicant has the capacity to enter into a binding contract), the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has, in good faith, exercised any right under the Federal Consumer Credit Protection Act or any other similar state or federal law. No officer or employee of this Credit Union will, in any manner, discourage a member from submitting an application for credit on the grounds of any prohibited basis, nor will they take into account any prohibited basis as consideration of applications for credit. The Credit Union will accept and consider an application from any member who wishes to submit a request for credit.

**Purpose:**

The purpose of this policy is to set forth Altamaha Federal Credit Union's lending authority and guidelines as approved by the Board of Directors. It will serve as a guide to the loan staff who must work within the guidelines set forth in this policy and product guides.

**Lending Philosophy:**

Altamaha Federal Credit Union underwrites loans using sound underwriting principles and judgmental analysis to ensure the unique situation and credit history of each member is considered. Loans are restricted to members of the Credit Union who have at least one fully paid share and who have an established ability to repay. Such ability will be assessed and based on, but not limited to, the following:

- (a) Character – The member's financial standing and proven payment record.
- (b) Capacity – The level of disposable income indicates a member's capacity to repay the loan.
- (c) Capital – Capital is the worth, assets or holdings of an individual. Capital holdings indicate the ability of the borrower to accumulate and/or hold value.
- (d) Credit Rating – A credit report will be used to assess the credit-worthiness and stability of the borrower.

**Lending Authority:**

The Board of Directors of Altamaha Federal Credit Union approves Loan Officers at least once annually and also when other changes are needed on the AFCU List of Officers. Loan Officers of the Credit Union are granted the authority to make, counter, and deny loans in conformance with this policy and all other general policies and procedures. All lending decisions are to be made in observance of the restrictions and limitations set forth herein. These Loan Officers may exercise discretionary power that will expedite the approval of loans within the specified limits set forth herein.

**Cross-Collateralization:**

Cross-Collateralization applies to all loans made under any Closed-End or Open-End Lending Plan on Loanliner and all other applicable documents. All loans made by Altamaha Federal Credit Union are secured by the members' shares on deposit at the time the loan is made, or as may be added in the future.

Further, all loans, except real estate and mortgage loans, are secured by all collateral a member may pledge to secure other loans with the Credit Union. Altamaha Federal Credit Union retains the right to any security interest until all obligations under any closed-end or open-end lending plan are paid.

#### **Restrictions and Limitations:**

The Board of Directors of Altamaha Federal Credit Union has issued the following restrictions and limitations regarding the granting of consumer loans:

- (a) The maximum aggregate non-mortgage-related consumer loan amount per member is \$300,000. Regardless of this limitation, no member's aggregate mortgage and non-mortgage consumer loans shall exceed 10% of the Credit Union's capital and surplus, pursuant to 12 C.F.R., Section 701.21(5), or lesser limitation set by NCUA regulation.
- (b) The total maximum unsecured aggregate amount per member is \$30,000, to include all unsecured loans, lines of credit, promotional loans, and credit cards.
- (c) All consumer loans will be completed via appropriate Loanliner forms provided by CUNA Mutual to ensure compliance. Lines of credit and credit cards will be originated, underwritten and disbursed as open-end loan plans. All other types of consumer loans will be originated, underwritten and disbursed as closed-end loan plans.
- (d) Loan Officers shall have the authority to approve all consumer loans, both secured and unsecured, up to their individually established maximums, as defined in the most recent AFCU List of Officers approved by the Board.
- (e) Management will maintain a report on each loan granted, noting the loan number, date disbursed, and amount of credit granted.
- (f) Altamaha Federal Credit Union will not grant any type of Member Business Loan under this Consumer Loan Policy.

#### **General Responsibilities and Requirements:**

As stated herein, an applicant's financial responsibility, creditworthiness, and ability to repay must be established before a good credit judgment can be made on any loan request. The Board of Directors of Altamaha Federal Credit Union shall rely on the lending staff's ability and judgment in the assessment of an application for credit. The analogy and assessment of a loan application will adhere to all applicable rules and regulations, as well as the following basics:

- (a) A loan application will be verified by signature of the member and approving officer, a direct investigation and reconciliation of debts, and a review of the applicant's other loans.
- (b) Adequate documentation in the member's file to include, but not limited to, a credit report, loan officer worksheets and notes, evidence of collateral value and insurance, a signed security agreement and disclosure statement, line of credit agreement, or credit card security agreement.
- (c) Verifications of the financial and employment information and condition of the member may be performed at any time, for cause.

- (d) Lending staff will be properly trained and must have working knowledge of lending laws, rules and regulations, the credit scoring process, and credit analysis.
- (e) All documentation necessary for compliance with applicable laws, rules, and regulations must be properly executed by the member(s), co-maker(s), co-signor(s), and/or guarantor(s).
- (f) Any collateral that is pledged as security for any loans is to be properly recorded with a first lien in the name of Altamaha Federal Credit Union and the funds are to be disbursed in accordance with standard policies to protect the credit union's lien rights.
- (g) Credit information about the members' loans shall be provided to the credit bureau(s) and their affiliates under the provisions of the Fair Credit Reporting Act and its applicable laws and regulations.
- (h) Lending staff shall ensure that the members understand all of the loan documents prior to their execution of same, specifically, the cross-collateralization terms, default, set-off, and other applicable terms of the loan made to the member.
- (i) All loans will be subject to monitoring to ensure they are in accordance with this policy for the purposes of evaluation and tracking.
- (j) Lending staff should ensure that amortization and repayment schedules for all consumer loans correspond with the purpose of the loan and coincide with the maximum terms set forth herein.
- (k) Lending staff shall include supporting lending underwriting comments, consistent with the level of risk of the loan to ensure their decisioning process can be easily understood by others.
- (l) For the purpose of debt calculation, payments on all credit cards not showing a payment amount on a member's credit report shall be calculated at 3% of the outstanding balance.
- (m) For the purpose of debt calculation, payments on all student loans not showing a payment amount on a member's credit report shall be calculated at 1% of the original loan balance.
- (n) Lending staff shall adhere to all other provisions of this policy.
- (o) Notice of loan counteroffers and denials, as well as incomplete applications, shall be given to all applicants in writing within thirty (30) days of the application.
- (p) Loan approvals shall be valid for thirty (30) days from the date of decisioning. Any decision to rescind an approval, based on information collected subsequent to the approval during the thirty-day period, shall be given to the approved member(s) in writing.
- (q) Loan pre-approvals shall be valid for thirty (30) days from the date of decisioning. Any decision to rescind a pre-approval, based on information collected subsequent to the approval during the thirty-day period, shall be given to the approved member(s) in writing.

**Creditworthiness:**

- a) All details of the loan application must be current and complete prior to the approval of any closed-end consumer loan or the inception of an open-end lending plan.
- b) Prior to any additional advances on a line of credit, at least once annually a credit report should be reviewed by a loan underwriter for continued qualification.

- c) Consideration as to the requirement for and verification of references will be on a case by case basis taking into regard the risk level of each applicant.
- d) A current credit report should be obtained for each individual prior to the approval of any closed-end consumer loan or at the inception of an open-end lending plan and at the time of any renewal under such open-end plan, with the exception of a share secured loan. A current credit report is defined herein as a credit report that was pulled within sixty (60) days prior to the disbursement of any funds under either a closed-end or open-end lending agreement. Provided however, should the lending staff determine it to be in the best interests of the Credit Union to pull a new credit report on any member prior to the aforesaid sixty (60) day period for verification of continued creditworthiness or underwriting purposes, the lending staff may do so.

#### **Capacity to Repay:**

A monthly debt to income ratio is to be calculated using the members' gross monthly income. Consumer loans approved with a debt ratio in excess of 50% will be signed off by either the Vice-President of Operations or the President. Any such loans approved in excess of said 50% must be reported to the Board of Directors on a monthly basis.

#### **Co-Applicants, Co-signers, and Guarantors:**

When appropriate, the Credit Union may require a co-applicant, a co-signer or a guarantor. A co-signer or guarantor does not have to be a member of Altamaha Federal Credit Union; however, a co-applicant must also be a member of Altamaha Federal Credit Union. A co-signer or guarantor should be independently appraised as to his character and capacity to repay the loan. The Credit Union will adhere to all rules, regulations, and laws that correspond with the use of a co-applicant, co-signer, or guarantor and the lending staff will ensure that all of the proper and required disclosures are provided to, and documentation is executed by, any co-applicant, co-signer, or guarantor. Co-applicants, co-signers and guarantors are not eligible to be used on CreditBuilder, seasonal, or PAL I loans.

#### **Rate Matching**

Due to the highly competitive nature of consumer-secured lending, the Board of Directors authorizes the Loan Officers, as defined in the most recent AFCU List of Officers approved by the Board, to match or beat a competitor's loan rate offer to gain or keep a member's loan business. When doing so, the loan file will be noted with the name of the competitor, the rate that we are matching and the term of the loan whose rate we are matching. Provided however, the individuals listed above may not authorize or approve a rate match below the Credit Union's stated floor rate or more than 2% below the credit union's current published rate for the same term, without the Board of Directors' approval. On new applications, the term of the loan request shall be used to establish the term. On competitive refinance offers, the remaining term of our existing loan shall be used to establish the term.

## **Prohibited Loans**

The following types of loans are prohibited by policy and will not be approved under any circumstances:

- (a) Loans secured by property held in trust for a minor or incompetent person.
- (b) Loans to people whose honesty is questionable or for purposes that may not be legal.
- (c) Loans to directors, volunteers, or employees when they are not consistent with NCUA's Regulations or Policy.
- (d) Share loans secured by an IRA account.
- (e) Loans to any member who has caused Altamaha Federal Credit Union a loss and who has not repaid such loss, except when it is found to be in the best interest of the Credit Union to do otherwise.
- (f) Loans to persons under the age of 18 years old or those who may otherwise not be able to legally enter into a binding contract under the laws of the State of Georgia, except when the loan is made solely on the basis of a qualifying co-applicant.

## **Collateral Protection Insurance:**

Property pledged as collateral for any loan at Altamaha Federal Credit Union must be insured with comprehensive physical damage insurance. This coverage will be furnished by the borrower from an outside source. Altamaha Federal Credit Union shall be listed as the loss-payee on said policy.

Altamaha Federal Credit Union utilizes the services of a third party to track insurance on its collateralized loans. In the event that any member fails to maintain sufficient insurance coverage on any collateral securing a loan, an annual insurance policy, beginning on the date of lapsed or non-coverage, will be force placed on the collateral in order to protect the interests of the credit union. It should be noted that this coverage will not provide coverage which protects the member's interest. The cost of this policy shall be added to the member's principal loan balance, and the loan payment will be increased to allow for this premium to be recouped over the course of 12 months. The credit union will typically not allow a member to have force-placed insurance policies added more than two times over the life of the loan and will call the loan into default if sufficient member-provided insurance is not provided.

## **Payments:**

Loan payments may be set up with a weekly, bi-weekly, semi-monthly or monthly frequency. First payment dates shall not exceed forty-five (45) days from origination unless approved by the President or the VP of Operations. However, from time to time, management may offer loan promotions extending the first payment date up to ninety (90) days from the loan origination date. Interest will be calculated at a daily periodic rate, multiplied by the outstanding principal balance for the number of days since the last payment was made. Extra principal payments or complete repayment of any loan may be made on any business day, without penalty. However, interest is due and payable in accordance with the loan agreement. Management shall periodically review the Paid Ahead Loan Report to ensure compliance and to detect any errors that may have occurred regarding payments, terms, etc.

### **Payment Protection & Ancillary Insurance Products:**

In an effort to reduce risk of payment default to both the borrower and the credit union, Altamaha Federal Credit Union may offer payment protection or other ancillary insurance products covering collateral held as security on a loan. It shall be the customary practice to build and quote loan packages that offer and include such products.

Lending staff should explain and offer payment protection and ancillary insurance products, if available and if they fit the needs of the member, at the time the loan is applied for and when it is closed. The member must acknowledge election or non-election of available coverage on the Credit Union's approved forms. Appropriate disclosures will be provided to the member at that time.

Credit life and/or disability insurance is not required but may be included on any consumer loan. Premiums will be added monthly to the outstanding loan balance.

Other ancillary insurance products, such as GAP insurance and automobile extended warranty coverage, are not required but may be included on any consumer loan. Costs of such coverage may be added to the principal loan balance at the inception of the loan.

Benefits, pricing, limits and exclusions of all payment protection and ancillary insurance products are governed by the contracts between Altamaha Federal Credit Union and product providers, as disclosed in each insurance policy. Those insurance policies should be followed in accordance with the provisions therein.

In order to meet the member's monthly payment needs and to ensure additional loans, the terms of all consumer loans that include any form of payment protection or an ancillary product, with the exception of all open-end credit, may be extended for an additional twelve (12) months, keeping the initial interest rate. Provided however, that the length of such an extension is commensurate with the cost of the payment protection or ancillary coverages.

### **Exceptions:**

This loan policy is designed to enable the Credit Union's lending staff to make loans to its members under the most favorable terms, consistent with the Credit Union's obligations to provide a financially sound organization that will provide competitive dividend income for its members. The guidelines, rules, and restrictions set forth herein are important and should be followed closely. The policy establishes the minimum criteria the Credit Union deems acceptable for making loans. Exceptions to this policy are not allowed except for those specifically stated within this policy. Any exceptions must be justified and approved by the President or Vice President. All loans that are approved with exceptions to this policy are to be reported to the Board of Directors on a monthly basis.

### **Loans to Directors, Committee Members, and Employees:**

Loans made to directors, committee members or their spouses will be made on the same terms as those for other members. There will be no preferential treatment.

Any loan to a director or member of the supervisory committee (elected or appointed, as defined in the by-laws) or their spouse must be referred to the Board of Directors for approval. In the referral to the Board of Directors for any such loan request, management will also advise the Board of Directors if such loan request causes the aggregate total of the applicant's loans to exceed \$20,000, exclusive of share or certificate secured loans.

Loans made to any staff member of Altamaha Federal Credit Union or their spouses are subject to approval by the Vice President of Operations or President of the Credit Union. Loans made to Vice Presidents or their spouses are subject to approval by the President of the Credit Union. Loans made to the President or his/her spouse are subject to approval by a majority vote of the Board of Directors. All employee and spouse loans shall be reported to the Board of Directors at the following regular Board meeting.

Employees who qualify for a loan under this policy will be eligible for a 2% reduction on the current interest rate for unsecured loans and a 1% reduction on the current rate for secured loans. There will be no reduction of interest rates for loans with promotional rates, made to employees. Loans with promotional provisions other than rate may still qualify for employee rate reductions. In the event that an employee ceases to be employed by Altamaha Federal Credit Union for any reason, the rate reduction will end and that person's interest rate will revert back to the original rate at the time of disbursement of that loan. Additionally, any employee that qualifies for a rate reduction as outlined herein, must qualify for the loan under the original rate and payment amount prior to the rate reduction. Employees shall sign an Employee Loan Agreement, which outlines rate reduction eligibility, including the termination provision, in connection with each qualifying loan.

#### **Extensions and Workouts:**

The granting of a loan extension or workout situation is governed by the Loan Workouts and Nonaccrual Standards, the Loan Extension and the Troubled Debt Restructure policies of this credit union.

#### **Risk Based Pricing:**

The objective of risk-based pricing is to better position the Credit Union as the lender of choice for all members by offering the best possible rates based on each individual's credit history, commensurate with the risk. In accordance with Altamaha Federal Credit Union's position as an Equal Opportunity Lender, risk-based pricing is not intended as a means to discriminate; therefore, the criteria for determining individual rates are applied equally to all loan applicants. We recognize the importance of managed risk.

It is the policy and practice of the Credit Union to comply with Fair Lending Laws and all applicable federal and state laws. The Beacon/FICO Score will be used to assist us in pricing risk. When determining the interest rate to charge, if two or more scores are offered, the Credit Union will adhere to the following:

- (a) In the event there is a cosigner or guarantor, the rate will be based on the primary borrower's score only.



- (b) In the event there is no credit report or score, the Credit Union will price the loan based on “C” paper.
- (c) If two credit reports for the same borrower are obtained, resulting in different scores, the Credit Union will use the score that is more detailed and indicative of how the member pays.
- (d) In the event there is a borrower and co-borrower, the rate will be based on the one with the highest score.

Risk Based loans will be coded based on the loan type and credit score to ensure accurate tracking and monitoring for concentration, yield, delinquency and pricing reasons.

### **Consumer Secured Loans:**

Members may use explicitly named collateral to secure a closed-end consumer loan. Consumer Secured Loans shall have the following terms and restrictions:

- (a) The loan-to-value (LTV) will be calculated on pre-ancillary charges. Premium costs added to principal will not be included in the calculation, as each loan ancillary product sold by the Credit Union has a return and/or a refund feature. LTV’s in excess of 115% will require approval by the President or the VP of Operations and shall be reported at the following Board meeting as an exception.
- (b) Terms are restricted as outlined in the Consumer Loan Rate Matrix approved monthly by the Board, but in no event shall a Consumer Secured Loan exceed a term of 120 months.
- (c) Qualifying collateral shall include new and used automobiles, boats/motors/trailers, recreational vehicles, motorcycles, jet skis, ATV’s, UTV’s, golf carts, trailers, new storage buildings, new lawn mowers, and farm tractors. For the purpose of collateral classification, single-owner, current and prior-year models with less than 15,000 miles shall be classified as new. All others shall be classified as used.

### **Personal Loans:**

Members may obtain a closed-end consumer loan without using explicitly-named collateral. Personal Loans shall have the following terms and restrictions:

- (a) Terms are restricted as outlined in the Consumer Loan Rate Matrix approved monthly by the Board, but in no event shall a Consumer Personal Loan exceed a term of 60 months.
- (b) Maximum loan amounts will be aggregate of all AFCU loans without explicitly-named collateral outstanding to the member and shall be restricted based on income and credit rating as follows:
  - A & A+ shall be limited to a loan amount of 3 times the borrower’s gross monthly income.
  - B & C shall be limited to a loan amount of 2 times the borrower’s gross monthly income.
  - D & E shall be limited to a loan amount of 1 time the borrower’s gross monthly income.

**Lines of Credit:**

Members may obtain an open-end consumer loan without using explicitly-named collateral. Lines of Credit shall have the following terms and restrictions:

- (a) Minimum monthly payments shall be 3% of the outstanding balance or \$25, whichever is greater, and will be calculated monthly.
- (b) Maximum line of credit limits will be aggregate of all AFCU loans without explicitly-named collateral outstanding to the member and shall be restricted based on income and credit rating as follows. Limits may be further restricted when no collateralized loans with AFCU exist.
  - A & A+ shall be limited to a loan amount, rounded to the nearest next increment of \$500, of 3 times the borrower's gross monthly income.
  - B & C shall be limited to a loan amount, rounded to the nearest next increment of \$500, of 2 times the borrower's gross monthly income.
  - D & E are not eligible for Lines of Credit.
- (c) Lines of Credit shall be reviewed annually for creditworthiness and capacity to repay and may be closed at the discretion of the Credit Union.

**Credit Card:**

Members may obtain an open-end, revolving credit card without using explicitly-named collateral. Credit Cards shall have the following terms and restrictions:

- (a) Minimum monthly payments shall be 3% of the outstanding balance and will be calculated monthly.
- (b) Maximum credit card limits will be aggregate of all AFCU loans without explicitly named collateral outstanding to the member and shall, insofar as the credit card limit does not exceed \$20,000, be restricted based on income and credit rating as follows:
  - A & A+ shall be limited to a loan amount, rounded to the nearest next increment of \$500, of 3 times the borrower's gross monthly income.
  - B & C shall be limited to a loan amount, rounded to the nearest next increment of \$500, of 2 times the borrower's gross monthly income.
  - D & E are not eligible for Credit Cards.

**Seasonal Loans:**

Members may obtain a closed-end consumer loan without using explicitly-named collateral. Seasonal Loans shall have the following terms and restrictions:

- (a) Maximum loan amount shall be \$3,500 and shall not cause borrower to exceed any other borrowing limits established in this policy.
- (b) The maximum term shall be 18 months, and the term shall be commensurate with the amount.

- (c) Management may offer seasonal loans during the summer and holiday months for periods not exceeding 3 months each to assist members with vacation and holiday expenses.

#### **CreditBuilder Loans:**

Members may obtain a closed-end consumer loan and use its proceeds to secure the loan to assist in building or rebuilding their credit. CreditBuilder Loans shall have the following terms and restrictions:

- (a) Loan amounts may range from \$500 to \$5,000.
- (b) The maximum term shall be 24 months, and the term of the loan shall be commensurate with the amount.
- (c) Loan proceeds must be deposited in the member's regular share savings and shall reside there until the loan is repaid in full. The member shall be paid interest on the deposit according to the established rates during the term of the loan.

#### **Payday Alternative Loans (Lifesaver Loans):**

Members may obtain a PAL 1 loan, as defined by NCUA Regulation 701.21(c)(7)(iv), without using explicitly-named collateral and using alternative data, as set forth by management, to decision the loan. Aggregate PAL 1 loan volume may not exceed 20% of the credit union's net worth, as set forth in NCUA Regulation 701.21 (c)(7)(iii), and individual PAL 1 loans may range in balance from \$200 - \$1,000 with a term of 1 – 6 months. Members may only have one PAL 1 outstanding at any given time and shall be allowed no more than three PAL loans in a six month period. Balances may not be rolled over on any PAL loan. The credit union may charge an application fee for these loans up to the \$20 maximum allowed by law. PAL loans shall have no bearing on qualification for any other loan with the credit union, nor vice versa.

#### **Share/Certificate Secured Loans:**

Members may use their deposits in their regular share or certificate accounts as collateral to obtain a share or certificate secured loan. The maximum loan amount shall not exceed 95% of the balance on deposit in the share or certificate account. The term shall not exceed 72 months and further should not exceed the maturity date of the shares/certificates. Share/certificate-secured loans are exempt from credit evaluation, income verification and debt-to-income guidelines.

#### **Releases and Exchanges of Collateral:**

Authority to release collateral on any given loan that has been paid in full is vested in any member of management, the collections or the loan department. Authority to release or exchange collateral on any given loan that has not been paid in full is vested in all Loan Officers authorized on the AFCU Listing of Officers.

**Loan Review:**

The Supervisory Committee shall take steps to ensure that a periodic review of loans is done by someone outside of the daily lending department duties to ensure that the lending staff are adhering to loan policies.

**Confirmation of Member Loans:**

The Supervisory Committee shall ensure that a periodic confirmation of new loans is done by someone not in the active lending process.

**Skipping a Loan Payment:****Closed-end Consumer Loans:**

Management may offer a seasonal Skip-a-Pay program, for a period not exceeding 3 months, during the holiday season. This program provides for a member to skip a loan payment with the credit union under the following certain conditions:

**A. Cost:** \$25 per loan

**B. Eligible Loans:** All closed-end consumer loans except CreditBuilder, PAL I, and seasonal loans and loans guaranteed by a co-signer.

**C. Determination of amount and number of skipped payment(s):**

- 1) The skipped payment amount will be determined by the most recent Loanliner Disclosure Statement or Loanliner Subsequent Action on file for the loan.
- 2) The number of skipped payments will be determined as follows:
  - a) For weekly paid loans, four weekly payments may be skipped.
  - b) For bi-weekly paid loans, two bi-weekly payments may be skipped.
  - c) For semi-monthly paid loans, two semi-monthly payments may be skipped.
  - d) For monthly paid loans, one monthly payment may be skipped.

**D. Loan Requirements:**

- 1) Loan must be at least 3 months old and have had 3 months timely **consecutive** payment.
  - a) Over-the-counter payments must not have been received more than 15 days beyond the due date.
  - b) ACH payments must have been received timely, with no more than 2 returns. Returns must have been brought current, along with any associated fees within 15 days of the due date.

- c) Payroll payments must have been received timely, with no more than 2 missed payrolls. Any missed payroll payments must have been brought current within 15 days of the due date.
  - d) Exceptions to the above loan requirements may be made due to processing errors.
- 2) Loan may not be more than 3 calendar days past due at time of application.
  - 3) Loan may not have been extended more than 3 times over the life of the loan and may not exceed any other limitations set forth in AFCU policy.
  - 4) Loan may not be part of any credit counseling or settlement agreement.
  - 5) Loan may not currently have an open credit disability or credit life insurance claim, nor may it have an eligible, pending credit disability or credit life insurance claim.
  - 6) Loan may not currently have any unpaid Creditor Placed Insurance premium balance.

**E. Member Requirements:**

- 1) Member must be in good standing with the credit union.
  - a) Member may not have had more than three combined (between loans and shares) returned or NSF items over the prior 12 months.
  - b) Member may not be more than 3 calendar days past due on **any** loan he has with the credit union, whether in his name individually or jointly or whether he has co-signed for another individual.
  - c) Member may not currently have any loans with an unpaid Creditor Placed Insurance premium balance.
  - d) Member may not currently be under bankruptcy.

**Credit Cards:**

Management may offer a seasonal Skip-a-Pay program, for a period not exceeding one (1) month, during the holiday season. This program provides for a non-statused AFCU credit cardholder to skip a single monthly credit card payment. Statused accounts are defined by the credit card vendor and include (but may not be limited to) delinquent accounts, accounts on which a card has been lost, or accounts closed for fraud.