

Wyoming County School Employees Federal Credit Union

Lending Policy Highlights

(The complete loan policy is available for inspection at the Tunkhannock office.)

The first question you should ask yourself is, “Can I afford this or that and the payments associated with the loan I need?” Once you have decided you need to borrow, and you can afford the payments, you can approach us for a loan of one of the following types. All of our loans are now written as “closed-end” contracts, meaning that a separate application is needed for each advance.

General Conditions (all loans)

All applicants must have shares on deposit equal to 10% of the loan amount or \$400, whichever is less. The applicant must have a stable and consistent level of employment; and the **qualifying income** of the borrower is the amount of **base wages** or **salary**, excluding overtime or extra pay. Also, this level of income is expected to continue over the course of the loan.

If our member is self employed, a history of income from that activity is verified by the federal Schedule C or other supporting IRS documents that substantiate the income. This documentation must be in our possession prior to our considering approval of the loan.

A loan officer is **not allowed** to approve a loan for a member whose debt ratio exceeds 40%. Housing expenses must be considered when calculating the debt ratio for a person.

The credit union buys for each member \$15,000 worth of **Loan Protection Insurance** on loans other than home-equity loans. This (free to the member) coverage pays the loan (to \$15,000) in the event of death or permanent disability. The credit union sells, on behalf of CUNA Mutual Insurance Company, **credit-disability** insurance to members to protect them in the event they are temporarily disabled and cannot work.

There are circumstances in using the **VantageScore** to adjust the member’s rate of interest that are of note: When both spouses appear on the loan, the higher of the two scores will determine the rate to be used. If a guarantor outside of the household is signing for a member, the average of the two scores will determine the rate.

Signature Loans—to \$10,000 per member

With your signature, a good credit history, and a low debt ratio, you’re a candidate for borrowing for any prudent purpose in cases where we do not require collateral.

Shares-secured Loans—funds limited to savings you pledge

When you pledge shares against a loan we grant you, your shares can never be less than the loan balance. In turn, though, you get a good rate of interest on the loan; and you have the flexibility of dictating your own loan terms—payment amount and length of loan.

Vehicle loans

With all vehicle loans, we hold the title and require you to insure the vehicle with us as the loss payee on the insurance policy. Pennsylvania is a state in which liens are electronic, and the borrower will pay **(\$15)** to have the title registered in the **Vintek** system. The All names on the title must sign the loan documentation. The loan proceeds will be issued to the member **and the seller—jointly**.

Regarding **new-vehicle** loans, the credit union must have a copy of the window sticker, it will be named as a lienholder on the title and as loss payee on required auto insurance. The amount financed will not exceed 100% of the window-sticker price, excluding tax, tags, etc. Further, if the amount of the loan exceeds 80% of the window sticker, **GAP** insurance will be required.

Regarding **used-vehicle** loans, the credit union will finance no more than 100% of the **NADA** “Average Re-

tail.” A **CarFax** report must be on file for every used-car loan, and the borrower will be buying that report (**\$18**) unless he or she has one from the dealer. As with new-vehicle loans, the credit union will be named as lienholder on the title and as loss payee on required auto insurance. **GAP** insurance (**\$145** for an auto; more for other vehicles) will be required if the loan exceeds 80% of the NADA average retail.

Home-equity Loans

As you can imagine, home equity loans are loans secured by a mortgage on the property pledged as collateral. An application fee will be charged for this type of loan; and that varies with the need for an appraisal—\$260 if you need an appraisal and \$175 if you do not. Our appraisals can be no older than one year, per NCUA direction. The application fee covers the cost of the appraisal, and basic fees, such as property/flood searches and recording/satisfaction fees. These loans take more time to process than other loans, so you are well advised to plan ahead when you think you’ll be borrowing funds with this type of loan.

Keep in mind that these loans are NOT covered by our free life insurance. We can facilitate your purchase of life insurance on these loans for you.

We will consider a home-equity loan on **only** single-family, member/owner occupied residences or a property owned by the borrowing member that is a second home that is **not** used as a rental. We will not take a lienholder position that is less than second; nor will we grant a mortgage secured by a property outside of Pennsylvania.

Balloon Home-equity and New-car Loans

Balloon loans are a great way to borrow large amounts of money that typify these two classes of loans. With such loans, you can tailor your payment to your budget with scheduled 30-, 42-, or 60-month balloon payoff amounts. You set the payments and the term.

If you use a balloon-payment schedule to finance a car, for example, you can pick the monthly payment and balloon payment so that the latter matches the residual value of the vehicle. When the balloon payment becomes due, you could refinance the loan if you want to keep the car; or, if you’ve predicted the residual accurately, you might sell the vehicle for a break-even or profitable amount and then pay the loan completely.

Of course, you run some risk that a plan to refinance will greeted with a higher interest rate than what you pay during your initial term, but the type of loan certainly provides you with some viable options.

Credit Cards

We do not offer credit cards, but we invite you to talk with us about them. We are prepared to lead you to the best deal in the country on a card for which you set the parameters, including points or annual fees.