

NOTICE TO INQUIRERS AND LOAN APPLICANTS

Your Rights as an Applicant

You have a right to submit a written application for a mortgage loan or a home improvement loan or to request written information concerning typical loan terms that we are currently offering on mortgage loans and home improvement loans.

It is illegal to establish a minimum mortgage amount of more than \$10,000.00 or a minimum home improvement loan of more than \$1,000.00.

It is illegal to deny a loan or vary the terms and conditions of a loan because of the racial or ethnic trends or characteristics of the neighborhood or the age of the structure, but not because of its physical condition.

If your application for a loan is rejected, you have a right to a written statement of the reason for the rejection.

If you are granted a loan but the amount required for down payment, the interest rate, term to maturity, application procedure, or other terms or conditions of the loan vary from terms or conditions offered in other neighborhoods, you have a right to a written statement of the reasons for the variation.

The rights described in this notice are set forth in and limited by Act No. 135 of the Public Acts of 1977.

If you believe that your rights under this act have been violated, you should contact the Michigan Department of Insurance and Financial Services:

Department of Insurance and Financial Services (DIFS)
Office of General Counsel
P.O. Box 30220, Lansing, MI 48909
Telephone (877) 999.6442
www.michigan.gov/difs

General Information - Mortgage Loans

Mortgage loans may be granted using 1-4 family residential real estate secured by either a first or second lien. The minimum loan amount for a mortgage loan is \$10,000. Loans secured by vacant land may be granted.

Mortgage Repayment

The maximum repayment term for mortgage loans secured with a first lien shall be 30 years. For mortgage loans secured with a second lien fixed rate and term, maximum repayment shall be 20 years. For mortgage loans secured with a second lien, variable rate line of credit, there is a maximum draw period of 5 years, with a 10-year maximum payback term. For mortgage loans secured by vacant land, the maximum repayment shall be 15 years. Construction loans will have a maturity of 12 months.

Private Mortgage Insurance

Mortgage loans granted with a loan-to-value between 81% and 100% of the appraised value or purchase price, whichever is less, on improved real estate will require private mortgage insurance (PMI). The company providing the PMI must also approve the loan. PMI will be required on the loan until the loan reaches a loan-to-value of 80%.

Rates

Rates charged are influenced by market conditions, loan-to-value ratios, credit history, and terms desired. PMI loans may command a higher rate. Marshall Community Credit Union (MCCU) offers fixed and variable rate loans. Quoted rates are subject to change during loan processing as economic conditions change.

Flood Plain

Mortgage loans secured by property in a flood plain area must meet the following requirements:

- The community must be participating in an approved flood program.
- Insurance must be obtained in an amount equal to the loan amount or line-of-credit limit plus the balance owed on any senior lien.
- A copy of the insurance policy, showing MCCU as a secured interest must be submitted to the credit union.

Flood insurance is not available through MCCU.

MCCU presently offers four types of mortgage loan programs:

- Home Mortgage Loans (first lien)
- Equity Loans (first or second lien)
- Construction Loans
- Vacant Land Loans

Specific information regarding each of these programs is provided.

Home Improvement Loans

Loans for the purpose of "home improvement" may be granted on an unsecured basis or secured with various types of collateral. The credit union uses the federal definition of Home Improvements as printed in the Home Mortgage Disclosure Act.

There is no minimum loan amount. The repayment period may not exceed 15 years.

Home Mortgage Loans (First Lien)

MCCU will consider loan applications for the purchase or refinance of 1-4 family real estate. Said real estate must be the applicant's primary place of residency.

The maximum amount the MCCU will lend for the purchase of a home shall not exceed 100% of the purchase price or of the "appraised value" of the real estate, whichever is less. The maximum amount MCCU will lend for the refinance of a home shall not exceed 95% of the "appraised value" of the real estate for balance only refinancing transactions or 95% of the real estate on cash out refinancing transactions.

The objective of an "appraisal" is to determine if the real estate being used as collateral is of sufficient value to cover the requested loan. Should the appraised value be insufficient to cover the requested loan, the down payment (purchase transaction) must be increased to make up the difference or with a refinance transaction, the loan amount may be lowered.

MCCU reserves the right to verify the funds which are indicated to be used for the down payment and closing costs. You may not borrow any part of the amount needed for the down payment or closing costs without the written permission of MCCU.

The interest rate quoted at the time of application may change. The rate can be locked upon the applicant's request.

Equity Loans (First or Second Lien)

MCCU will consider applications for loans using their home or other 1-4 family residential real estate as collateral. As the name implies, the amount of equity available must be sufficient to cover the amount of the loan request.

Equity loans using the member's home as collateral may be made with MCCU occupying a first or second lien position. The maximum amount MCCU will lend on a home equity loan is up to 100% of the "market value" less any existing mortgages. Any equity loans with a loan-to-value (LTV) over 90.01% is subject to underwriting guidelines set forth by NFP Equity Protection Program.

All loans are subject to credit approval. The maximum amount allowed for any equity loan is \$350,000 with the minimum loan being \$5,000.

Real estate being purchased on a Land Contract Agreement does not qualify for MCCU Equity Loans.

Construction Loans

MCCU will consider loan applications for the construction of a single-family home. Said real estate must become the applicant's primary place residency upon completion of project.

The maximum amount MCCU will lend for the construction of a home shall not exceed 95% of the "subject to" appraised value of the real estate.

At the end of construction and with a final inspection of property, a construction loan can be converted over to conventional fixed rate mortgage with a term not to exceed 30 years. New underwriting will be completed at the time the loan will be converted.

Vacant Land Loans

MCCU will consider loan applications for vacant land loans. The property must be intended for personal use. The value is determined by the lower of the sales price or independent appraisal report for purchase transactions, and by the independent appraisal report for refinance transactions.

The maximum amount the credit union will lend on vacant land loans is 80% of the purchase price or appraised value, whatever is less.

General Factors for Establishing Creditworthiness

- The applicant's income is sufficient to repay the loan according to its terms.
- The applicant's total debt load will not impair repayment of the loan requested.
- The applicant's past credit history with this credit union and other credit grantors has been satisfactory.
- The applicant's job history and time lived at current address illustrate stability.
- The applicant's signature and/or collateral are sufficient to cover the loan required.
- The applicant has an established credit history.
- The criteria for evaluating a cosigner on a loan are the same as for the applicant.

Authority to Grant Loans and Denials

The Lending Committee has general supervision over all loans within the credit union. Loan Officers have been delegated limited authority to approve and deny some loan requests.

If a loan request is denied, the member will receive written notification of the specific reasons. Every member has the right to appeal to the Lending Committee should their loan request be denied.