

TO OUR MEMBERS AND THOSE ELIGIBLE TO BECOME MEMBERS.....

Your credit union wants you to know that with respect to mortgage loans and home improvement loans the law guarantees:

- Any person has the right to make a loan inquiry of the credit union.
- Any person has the right to file a written loan application with the credit union.
- Any person has the right to receive a written response to your inquiry or application.

We also want you to know:

- The credit union makes first and second mortgages for the purpose of purchasing property, or for refinancing owner-occupied property for any provident purpose.
- The credit union makes equity line of credit loans and home cash equity loans.
- The credit union makes home construction loans for the building of a new home or extensive remodeling of an existing home.

We have listed our criteria for these types of loans to help you with your financial needs.

Please review this information and if you should have any questions, the credit union mortgage staff will be glad to assist you.

LOAN POLICIES RELATIVE TO PORTFOLIOED MORTGAGE AND HOME IMPROVEMENT LOANS

1. We only grant mortgages on owner-occupied and second/vacation homes in Michigan.
2. The maximum loan-to-appraised value ratio is 80%, 70% on vacant land adjacent to improved road and utilities.

The maximum loan-to-appraised value ratio is 97% when private mortgage insurance (PMI) is provided.

The maximum loan-to-value ratios on home cash loans are 200% of the state equalized value (SEV) or 95% of appraised value.

The maximum loan-to-value ratios on equity lines is 90% of appraised value or 90% of double the SEV.

3. First and second liens on one to two family dwellings will be considered for primary residences. Only first liens will be considered on vacant land and homes under construction. Other home improvement loans may be secured or unsecured. A home improvement loan secured by collateral other than a mortgage or shares on deposit can not exceed \$100,000.
4. "Bridge Loans" (those to be paid in 6 months or less) are offered. They can be obtained under any mortgage product except equity line of credit.
5. The rates you are initially quoted at time of application approval will not change at closing if you close within 60 days from date of approval letter, or you can close at the new rate in effect at time of closing, whichever is less.
6. The maximum length of time provided to repay first mortgage loans shall not exceed 28 years.

The maximum length of time provided to repay second mortgage loans and home cash equity loans shall not exceed 20 years.

The maximum length of time provided to repay equity line of credit loans shall not exceed 25 years.

The maximum length of time provided to repay unsecured home improvement loans shall not exceed 5 years. The maximum length of time provided to repay home improvement loans secured with collateral other than a mortgage will be determined by the useful life of the collateral being offered.

The maximum length of time provided to complete the construction process on a construction loan shall not exceed one year. Monthly interest payments are required during this construction period.

7. The minimum line of credit on an equity line is \$5,000 and the maximum is \$50,000.

The minimum loan amount for home cash loans is \$5,000 and the maximum is \$50,000.

8. All real estate loans and home improvement loans not approved by loan officers can be appealed to the credit committee.
9. A bona fide cost estimate and plans for a home improvement project may be required to be submitted with the application.
10. Regarding real estate purchase transactions, the seller should have clear title to the property being sold. There will be problems completing any transaction where liens, assessments or judgements exist.
11. Appraisals will be required to determine if the property value is sufficient to cover the requested loan amount, except home cash loans and equity line of credit loans, which allow for other means of determining property value, such as: using the SEV and a drive-by inspection.
12. We reserve the right to verify the deposit of all funds that are indicated to be used for down payment and closing costs.
13. Loans secured by property in a flood zone must obtain a flood insurance policy for the loan balance or the maximum amount available, whichever is less.
14. When evaluating a guarantor or cosigner, our general factors for establishing credit worthiness will apply.
15. A co-applicant is evaluated using the same general factors for establishing credit worthiness and their income is generally combined with the applicant's income to calculate a joint debt-to-income ratio.

PRODUCTS AVAILABLE IN PARTNERSHIP WITH CUNA MUTUAL MORTGAGE

1. Mortgages are granted on owner occupied, investment, and second/vacation homes nation wide.
2. A full range of fixed rate and other secondary market products are available.
3. Mortgages are underwritten to Freddie Mac/Fannie Mae standards.
4. Loan underwriting, closing and servicing is provided by an experienced third party.
5. The credit union will completely process the application. (Collect all necessary forms to submit to underwriting, lock the interest rate at member's request, and establish a closing date.)
6. Rates are established daily.
7. Maximum loan-to-appraised value ratios range up to 90% on "cash out" loans and up to 100% on purchases.

GENERAL FACTORS FOR ESTABLISHING CREDIT WORTHINESS

1. The applicant is of good character.

2. The loan purpose is prudent.
3. The applicant's income is sufficient to repay the loan according to its terms.
4. The applicant's total debt load will not impair repayment of the loan requested. No more than 50% of applicant's gross monthly income is needed to meet monthly installment obligations, or no more than 38% when applying for a Private Mortgage Insurance (PMI) insured mortgage.
5. The applicant's housing expense as compared to total income is such that it will not impair repayment of the loan. No more than 33% of applicant's gross monthly income is required to make the monthly mortgage payments and allow for property taxes, hazard insurance and PMI.
6. The applicant's past paying habits with all creditors are satisfactory.
7. The applicant's employment history and time residing at current address illustrate stability.
8. The applicant's signature and/or collateral offered are sufficient to cover the loan request.
9. The credit union will consider the market value of the proposed security when evaluating a loan application. "Market value" is the most probable price a property should bring in a competitive and open market under all conditions required for a fair sale, assuming the price is not affected by undue stimulus.

COMMUNITY ORGANIZATIONS

The presence of an active community group such as ACORN will be taken into consideration for home mortgages and home improvement loans in neighborhoods which are historic or in financial decline.

**COMMUNICATIONS FAMILY CREDIT UNION
6640 BAY ROAD – P.O. BOX 3285
SAGINAW, MI 48605
989-249-8203 OR 800-227-2328 EXT. 8203**

**We Do Business in Accordance With
Federal Fair Lending Laws**

UNDER THE FEDERAL FAIR HOUSING ACT, IT IS ILLEGAL, ON THE BASIS OF RACE, COLOR, NATIONAL ORIGIN, RELIGION, SEX, HANDICAP, OR FAMILIAL STATUS (HAVING CHILDREN UNDER THE AGE OF 18), TO:

- Deny a loan for the purpose of purchasing, constructing, improving, repairing or maintaining a dwelling, or deny any loan secured by a dwelling; or
- Discriminate in fixing the amount, interest rate, duration, application procedures or other terms or conditions of such a loan, or in appraising property.

**IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED
AGAINST, YOU SHOULD SEND A COMPLAINT TO:**

Assistant Secretary for Housing and Equal Opportunity
Department of Housing & Urban Development
Washington, D.C. 20410
For processing under the Federal Fair Housing Act

And to:

National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, VA 22314-3428
For processing under NCUA Regulations.

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**UNDER THE EQUAL CREDIT OPPORTUNITY ACT, IT IS ILLEGAL
TO DISCRIMINATE IN ANY CREDIT TRANSACTION:**

- On the basis of race, color, national origin, religion, sex, marital status, or age.
- Because income is from public assistance, or
- Because a right was exercised under the Consumer Credit Protection Act.

**IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED
AGAINST, YOU SHOULD SEND A COMPLAINT TO:**

State of Michigan
Department of Consumer & Insurance Services
Office of Financial and Insurance Services
Credit Union Division
P.O. Box 30224
Lansing, MI 48909-7724

