

BLENDED RATES:

If a Member exceeds the LTV for which they qualify for a collateral loan and they qualify for an Unsecured Loan with the Credit Union, we can blend the Signature loan and the Auto loan together for a Blended Rate Loan using the following guidelines:

- The portion of the loan up to qualified LTV based on the JD POWER book value (Plus backend products) would be charged the prevailing corresponding collateral rate.
- The amount over the qualified LTV would be charged the signature rate. (Use signature term for rate: For loans over 36-month terms, use the 36-month term rate, if the loan is less than 36 months, use the signature rate that corresponds to the term of the loan). The signature portion of the loan should not exceed 20% of the loan or \$5,000 maximum (meaning any loan with the auto portion over \$20,000 cannot have more than \$5,000 unsecured).
- The two rates are then blended into one rate and one loan. (Use Blended Rate Calculator-Intranet) **All Calculations must be included in the loan documents.**
- Future signature advances would be affected by the use of this signature amount. Re-evaluation of the JD POWER value would be needed to release, or decrease, the signature limit for other uses, and documentation for the release or decrease should be attached to the loan. The rate would remain consistent until payoff occurs.
- The loan should be created and booked with the blended rate loan codes.
- There should also be a Note on the loan in Member Services stating the collateral portion and signature portion amounts.
- If the member is a thin file or had a recent bankruptcy, the 2% add for thin file or bankruptcy should be added to both rates BEFORE the rates are blended.

DUAL COLLATERAL LOANS:

Dual Collateral Loans should be done on a limited basis, requiring approval of the Credit Manager, Senior LO, CLO or CEO, with the following guidelines:

If the collateral is from two different loan types with different rates and terms (i.e. Truck/Trailer), a blended rate will be used to determine the rate. The term will be the lesser of the two terms.

If a piece of collateral is requested to be released, a new loan must be underwritten using the remaining collateral and following the established policies. All collateral will require full insurance coverage. A picture will be required for collateral owned by the member.