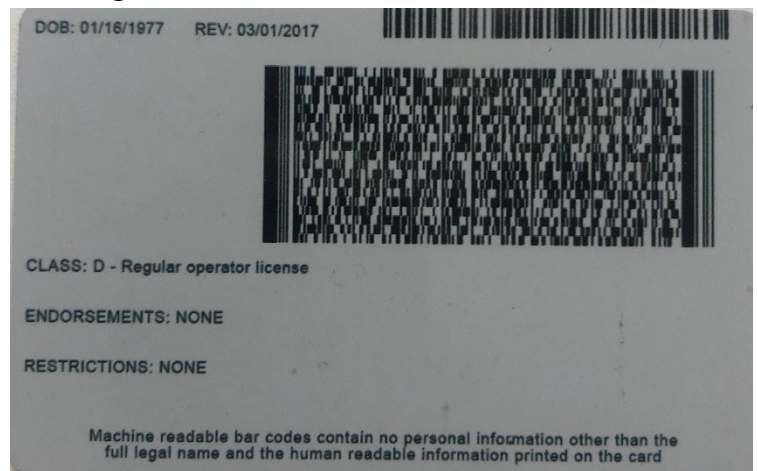


Loan Meeting Notes

September 22, 2022

Next planned meeting date: Thursday, October 20, 2022

- **Welcome Salena:** Salena is the new Branch Supervisor of the Oak Street branch
- **RightSig Training:** Thanks to Brooke who created a basic training video for Right Signature yesterday! It will be available on the Intranet and we will work on getting more in depth trainings available as well.
- **Fraudulent Applications:** We had another fraudulent application, but thankfully Brooke was vigilant and caught it. Good job! Stephanie is checking with GoWest to see how we need to be handling these types of applications and whether we need to just send an Adverse Action or file a police report, etc. She will follow up with us and let us know. For this application the red flags were:
 - The voice and accent didn't appear to match the member's photo ID. This isn't an immediate red flag as we all get a picture of what someone looks like from their voice and if they don't match how you would expect, it's okay to do a little more investigating!
 - The ID the member submitted had a lot of red flags:



The picture looks too perfect. He is smiling and showing teeth, which you can no longer do in DL photos. It shows too much of his shirt and shoulders and is at an angle instead of straight on and only showing his neck and head. The hair color is listed as bald and he has a head of black hair. The squiggly pink lines behind his photo should actually go over his face. The back of the card is an older card and doesn't have the little hologram and picture on the bottom left corner, nor does it have the current security features like the butterfly picture, capital building, or blue squiggly lines.

- The references all had different area codes. Not completely unexpected if they just submit a couple, but he submitted 4 references with very random area codes.
- Brooke called the employer and the employer did not have a record of the applicant and is located 7.5 hours away from the applicant's home address.

- **Loan Disbursement Tab/Itemization on Disclosures:** In the recent audit, the auditors found that the Itemization of the Amount Financed section of the Truth in Lending Disclosure needs to be correctly completed for each loan. The auditors want this information properly outlined and disclosed to the borrowers of where the loan proceeds are going and what fees will be charged for what. Some of the GLs will look different because they were updated to show who the fees go to in more detail to satisfy the auditors.

See Your contract documents for any additional information about nonpayment, default, and any required repayment in full before the scheduled date.			
ITEMIZATION OF THE AMOUNT FINANCED ('e' means an estimate)			
Itemization of Amount Financed of	Amount Given to You Directly	Amount Paid on Your Account	Prepaid Finance Charge
\$5021.00	\$5000.00	\$	\$
Amounts Paid to Others on Your Behalf: (If an amount is marked with an asterisk (*) We will be retaining a portion of the amount.)			
\$5000.00	To KELLY SULLIVAN	\$21.00	To TITLE FEE
\$	To	\$	To
\$	To	\$	To
\$	To	\$	To
\$	To	\$	To
\$	To	\$	To
\$	To	\$	To

- The system currently puts the total amount financed in spot 1 and then fills in spot 4 with any disbursements in the Loan Disbursement tab at the time the loan docs are generated. The disbursements must be listed out in this section! However, it simply fills in the account number/type for disbursements to an account and the GL number and name for a GL. We will need to watch this and change them to be more specific. Change the account number to be the account owner's name and watch the GL description to make sure that it is specific.
- When a member is receiving any of the loan proceeds, we need to add it to spot 2 and remove it from spot 4. If we are paying off a loan at Connections, then that should be included in spot 3. If more than one loan with Connections is being paid off, then you would want to still list those amounts out in spot 4 so they can see the payoff of each. We should never have an amount in spot 5.
- The GAP/MRC GL has been edited to include an * because we retain that money and it is required to be marked accordingly. We will watch to make sure Forza does not adversely react to the special character. 😬😬
- **Total Sales Price Box:** Another audit find is that the Total Sales Price section of the first page of the Truth in Lending Disclosure should not be filled in. We will get this fixed with ESP so it will not autofill, but until that is fixed, please make sure to delete this out of the disclosure before printing or saving it.

BORROWER 3 (Name & Address)		BORROWER 4 (Name & Address)	
TRUTH IN LENDING DISCLOSURE ('e' means an estimate)			
ANNUAL PERCENTAGE RATE The cost of Your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost You.	Amount Financed The amount of credit provided to You or on Your behalf.	Total of Payments The amount You will have paid after You have made all payments as scheduled.
5.000%	\$2093.19e	\$15921.00	\$18014.19e
			Total Sale Price The total cost of Your purchase on credit is \$18014.19e which includes Your downpayment of \$
Your Payment Schedule Will Be:		Prepayment: If You pay off early You will not have to	

- **Intent to Apply for Joint Credit:** According to our recent audit, the signatures on the application must be dated with the date the members first applied (usually the date you pulled credit). This applies only to joint credit applications and to the signature section on the first page of the application. If the loan has only **one applicant**, this section is not required to be signed.

Connections
CREDIT UNION www.connectidaho.org

APPLICATION

There are costs associated with the use of a credit card. Information about costs, rates, and fees may be contained in disclosures provided with this application or by calling us toll-free or collect at (800) 233-5544 or writing to us at the address stated on this application.									
Check below to indicate the type of credit for which you are applying. Married Applicants may apply for a separate account.									
Individual Credit: You must complete the Applicant section about yourself and the Other section about your spouse if <ol style="list-style-type: none"> 1. you live in or the property pledged as collateral is located in a community property state (AK, AZ, CA, ID, LA, NM, NV, TX, WA, WI) 2. your spouse will use the account, or 3. you are relying on your spouse's income as a basis for repayment. If you are relying on income from alimony, child support, or separate maintenance, complete the Other section to the extent possible about the person on whose payments you are relying. 									
Joint Credit: Each Applicant must individually complete appropriate section below. If Co-Applicant is spouse of the Applicant, mark the Co-Applicant box.									
Account/Loan: <input type="checkbox"/> Individual <input type="checkbox"/> Joint	Credit Card Account: <input type="checkbox"/> Individual <input type="checkbox"/> Joint								
If this is an application for joint credit, Applicant and Co-Applicant each agree and acknowledge the intent to apply for joint credit (sign below):									
<table border="1"> <tr> <th>Applicant Signature</th> <th>Date</th> </tr> <tr> <td>X</td> <td>(Seal)</td> </tr> </table>	Applicant Signature	Date	X	(Seal)	<table border="1"> <tr> <th>Co-Applicant Signature</th> <th>Date</th> </tr> <tr> <td>X</td> <td>(Seal)</td> </tr> </table>	Co-Applicant Signature	Date	X	(Seal)
Applicant Signature	Date								
X	(Seal)								
Co-Applicant Signature	Date								
X	(Seal)								
Amount Requested \$	Credit Limit Requested \$								

- **S Drive move to L Drive:** IT is in the process of moving everything over from the S Drive to the L Drive and limiting access to just the Lending Department on certain things. If you do not have access to the L Drive, please do a Help Desk Ticket to request it. If you have it sometimes and sometimes it has the red X for no access, try double clicking on it and will sometimes restore the link. If that doesn't work, do the IT basic answer of restarting your computer. If you still don't have it, then do a Help Desk Ticket.
- **Loan Purpose – no Education:** Using Education related purposes for a loan creates issues with other disclosures and regulations that we are not setup for. Therefore, we need to NEVER use Education as the purpose. Use something different (per the auditors)!
- **Changes to Rates and LTVs:** The rates have been changing a lot lately and that probably won't stop in the near future. Loans keep rolling in, so have been lowering the allowable LTVs in addition to increasing the rates. Please keep the rate sheets handy and double check each loan.
- **Quarterly Variable Rate Changes:** HELOC and Visa rates will be changing on October 1st.
 - HELOC rates are subject to change each quarter: January 1st, April 1st, July 1st, and October 1st based on the Prime Rate 20 days before the scheduled change. HELOCs must be changed to the nearest .25%, but there is no maximum to how much they can change at once. Members should be aware that with the increasing rates if they are only making the minimum payment, they might begin to have negative equity by not paying off all the interest with their minimum monthly payment, which will continue to be just 1% of their monthly balance.
 - Visa rates are subject to change twice a year: April 1st and October 1st based on the Prime Rate on the 20th day of the month before the change. The balance that a member has on their card at their current rate, will stay at that rate after the rate changes on October 1st and only balances added on October 1st or later will be subject to the new rate. There is a per change maximum on Visa rates of 2%. Remember with the Visa changes there is no per change minimum, nor a floor rate when keying the variable rate.

- **Temporarily Discontinuing Investment Property HELOCs:** We are not offering Investment Property HELOCs until further notice. With the changing lending environment, we realized we were the only financial institution offering this service and we have decided to stop offering this for the foreseeable future.
- **Discontinuing Commercial RE Lending:** We are also no longer offering any commercial lending of any kind at this time.
- **REPOs:** If a Repo has been started, then the member MUST talk with the Resolutions Specialist who ordered the Repo. There are specific rules around how a repo must be treated, and it is easiest to make sure they are all followed if the member deals with only one person. You can see which RS ordered the repo by double clicking on the comment in Forza to see who typed it or reading the Notes on the suffix. Do not try to explain to the member what is happening or make payment arrangements of any kind because that can cause issues with the repo order.
- **MSRP vs NADA Values:** We do not allow using MSRP for collateral values because MSRP is just a number that the manufacturer makes up and can be inflated over market value. We require NADA values so we are not placing all of our trust in the manufacturer or the dealer for value. If a current NADA value cannot be found, our current policy allows for the use of the value of the prior model year NADA plus 10%. If a prior model year does not exist, we should do a market comparison to find a value. Any value other than NADA needs to be approved by the CLO, CEO, or Credit Manager.
- **W2 vs Taxes:** For the most part, W2 employees have some control over the deductions from their gross wages: they can control how their taxes are setup, 401k contributions, etc. We can use either the Net or the Gross from a borrower's W2 or paystub. Self Employed Borrowers do try to write off as much of their income as they can, but most of those are business expenses and we can only include what they claim for their income. The income figured using the Self Employment Calculator is after their expenses and taxes so we consider it as net income. If the Self Employed Borrowers pay themselves a W2 income, we can use just the W2 income or we can add the W2 and tax income together for Gross/Net income.
- **Employee Discounts:** We have to follow the same underwriting policies for employees as we do for members. If we offer any kind of benefit for employees, it has to be counted as a fringe benefit and therefore taxed. Stephanie is going to look in to any kind of benefits we can do for the employees, but it will take some time to gather all of the dos and donts we will need to follow.
- **Refinance vs Title Loan:** A refinance is when the vehicle already has a lien against the title and we are taking over that lien. A Title Loan is when the member has a title free of loans and we are going to place a new lien against the title, regardless of the reason for the loan. If the member brings the free and clear title for a vehicle to use for a loan to purchase two motorcycles, the purpose would still be written something like: "using free and clear title to 08 Ford to purchase 2 motorcycles". Make the purpose clear for the auditors.
- **Blended Rates:** Remember to name the loans with the year, make, and model of the vehicle and BR. Then put a note on the loan suffix in Member Services.

- **Notes:** Utilize the Notes sections of the loans. Put a note on the loan suffix in Member Services about how much of the loan is signature. Be aware that notes put in the loan management do not carry over to the Member Services section.
- **Preapproval Notes:** Use the notes section in Loan Management to put notes about anything on a preapproval that you would want anyone to be aware of if they had to take over the loan: “Member requested \$30k limit but could go up to.”, “Member will be looking for a car in Idaho Falls this weekend and might go through Indirect.”, “Member qualifies for IHC discount.”, “Bumped longtime members 5 points to A+ bucket for 5% rate.”, etc.
- **Indirect Process & New Accounts:** When a dealer sends us a deal to approve or deny, we do not know that we will get that deal until they send us the Funding packet. Sometimes it will take the dealer a week or more to send us the Funding packet and then it might be missing something. Because of this, it can take up to a month (and rarely longer) to get a deal fully funded. When a member comes into your branch wanting to set up payments or anything else, call the Indirect Department to see if they have the packet, but if the member(s) are not in the system, it will be because we are missing something. If the member would like to open their account while they are in the branch, that would great! If we can open the account while they are in branch, then they will be able to get their account information at that time and they will be a full member. This means anything they do in the future will not require the full new account paperwork to be done later.
- **Bankruptcy:** Remember that members who have had a Bankruptcy within the last 3 years not only need 2% added to their rate, but they need to have 2 approval signatures on the worksheet, per loan policy. There have been a lot of these missed over the last couple of months.
- **Loan Review Reminder:** Loans need a Loan Review (2 approval signatures) under the following circumstances:
 - Bankruptcy within the last 3 years or a Bankruptcy with new negative credit. *(Loan requests with a bankruptcy older than three years, no new derogatory reporting since the bankruptcy, and no loss suffered by Connections will not require Loan Review.)*
 - FICO Average Below 625 (average) regardless of full lending authority.
 - Member in repayment plans such as Consumer Credit Counseling
 - Open Collections/Charge Offs: 1) This does NOT apply to open collections that have been paid off in full and members can provide proof, or collections that will be paid off in full at the time of the loan or with loan proceeds. 2) IF a payment plan has been established and documented in the loan file a Loan Review is sufficient. 3) IF the collection or charge off is going to remain open and unpaid, either the CLO, CEO, or Credit Manager will be required to sign off on the approval

- **Co-Signers/Bankruptcy and Rate Adjustments:** Please be aware that the 2% add for thin file can be waived with a qualified Co-Signer. However, neither the 2% add for a Bankruptcy, nor the need for Loan Review, will be waived with a Co-Signer.
- **Co-Borrower/Co-Maker vs Co- Signer/Guarantor:** Whether you have a Co-Borrower or a Co-Signer, you will average the scores of everyone on the loan to figure the qualifications of the loan such as rate, LTV, unsecured limit, etc.
 - **Co-Borrower/Co-Maker:** A Co-Borrower or Co-Maker will both benefit from the proceeds of the loan. They generally share a home and/or a checking account. They will both be driving the vehicle or using the cash from a loan. Their debt ratio can be figured combining their income and debts.
 - **Co-Signer/Guarantor:** A Co-Signer or Guarantor is someone who does not directly benefit from the loan proceeds. For example: Grandson needs a car but does not have any credit. Grandma has excellent credit and wants to help guarantee the loan payments will be made, but will not be using the vehicle, therefore, she is a Guarantor or Co-Signer because she is only on the loan as a backup if the loan isn't paid. Because they do not share a bank account or any other expenses, their debt ratios need to be figured separately and they both need to qualify separately.
- **Title Fees:** Autumn is working on some guidelines for how much and when to charge title fees. Whenever a change to the names on a title it is a \$14 fee. When we record the title electronically it is a \$7 fee. So if the member is purchasing a vehicle from a dealership, the dealer will charge the \$14 fee and we will charge the \$7 fee. If someone makes a private party purchase, we will charge the full \$21. Autumn's guideline will also include information on UCC filings for boats and explain the \$8 fee associated with a UCC filing.