

## Loan Meeting Notes from GinGar's In-Person Lender Meetings

June 7-15, 2023

Next planned meeting date: Thursday, July 20, 2023

- **Loan docs are Legal docs:** Remember that our loan docs are only legally binding if they are filled out correctly and completely. When it's announced that we need to do things a little differently in a loan meeting, it's usually to make sure we are in compliance with regulations and laws, which unfortunately do change sometimes.
- **Security Agreement – Amount Given to You:** The final answer is: If the money goes in their account at all for any amount of time, we need to put that amount in the "Amount Given to You" spot on the Loan and Security Agreement. In the itemized section, you will also need to change how it says "Regular Shares" or "Share Draft" next to the account number to the member's name. I will work on learning how to change the coding so it will start to do this automatically, but it will take me a month or two.

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
\$	\$	\$	\$
Amounts Paid to Others on Your Behalf: (If an amount is marked with an asterisk (*) We will be retaining a portion of the amount.)			
\$	To	\$	To
\$	To	\$	To
\$	To	\$	To
\$	To	\$	To

- **Loan Review Volume Increase:** We have been reviewing 100% of all Visas and HELOCs and only 15% of all other booked loans each month. We are increasing that to 40% of all other loans. With this increase, we have asked more lenders to help with the reviews. We have divided them up between:
  - Evelyn – Autos
  - Gary – Unsecured
  - Tara- Toys and RVs
  - Makayla – Visas
  - Lindsay - HELOCs
- **Principle Only Payments Not Available Online:** Principle only payments do not satisfy a monthly payment, which needs to be principle and interest. If members had the ability to do principle only payments online, they could get upset because they "made a payment", but if it's principle only, they would still owe their monthly payment, which could make them upset.
- **12-months of Employment History:** We all need to put at least 12 months of employment history for each borrower in Forza. Policy requires 12 months of employment history for unsecured and at least 6 for autos, when this isn't in Forza, it can make lenders ask the members the same questions more than once. We should be putting as much information in Forza as possible. Also, Notes in the notes!

- **Cancelled and Denied Loans:** Every time we pull credit, we need to create a loan for the member in Loan Management so we can more easily track cancelled and denied loans, as well as more easily make sure we have sent out the ECOA notice (Adverse Action). We need to scan all documents we gathered for these loans in with the ECOA notice and attach them to the member in Digi Docs. Remember to add the member's info to the log at L:\LOANS\Loan Denials & Withdrawn Apps Log. Put notes in the notes in Loan Management to explain how, what and/or why we did what we did with the loan.
  - **New Adverse Action Audit Process:** We have never had a process in place to ensure that we send out the Adverse Action notices on cancelled and denied loans. GinGar and Brooke are working on creating an audit process to make sure we are in compliance in regard to sending these notices out according to regulations.
  - **Cancelled and Denied Visa Log:** Remember to log all cancelled and denied Visas on the log at L:\LOANS\VISA Declined & Withdrawn Apps.
- **Lender Close/Coviance:** Even though the website says that the SSN and Birthday are optional when creating a File to order the AVM and PCR, these need to be put in the system because they are not optional when we are completing the HMDA reporting. Anali has been putting this information in, but it takes her extra time to do that for every lender, so we all need to be putting that information in when creating the File. Also, never move the file status to Closed. This is also part of the HMDA reporting, so Anali should be the only person moving the status to Closed. If you want to keep your Pending File list clear, you can move the status to either Lender Turn Down or Borrower Turn Down, but NEVER Closed.
- **HELOCs Stress Variable Rate:** With the current rate environment, we all need to be stressing to the member that HELOCs are variable rates with a 4.5% floor and 15% ceiling throughout the entire life of the loan. We also need to make sure the member knows about the 2% per change maximum, which is good for the member as the rate increases, and good for the CU as it decreases. The current Early Home Equity disclosure and Addendum do not disclose the 2% per change max, but this will be corrected within the next month.
  - **Possible Negative Amortization:** Also, with how high the current HELOC rates are, we need to be explaining to the members the possibility of negative amortization. This is when the 1% minimum payment does not fully clear the accrued interest each month and therefore the principle never goes down and the current payoff increases each month as the interest continues to add to the residual interest from the previous month. We need to be explaining this possibility to the members and maybe do a Quick Amortization in Forza to show them what the minimum payment would need to be for them to pay off the full balance at the current rate within a 10-15 year period (depending on their HELOC term). This way they can have an idea of what they need to pay to actually make a difference on their principle.