

Loan Meeting Notes

July 21, 2022

Next planned meeting date: Thursday, August 18, 2022

- **Welcome Matt:** Matt has been a teller at the Oak Street Branch for almost 6 years. He is joining the Resolutions (previously known as the Collections) Department.
- **Welcome Linzee:** Linzee has been a teller at the Idaho Falls Branch since March and will be moving to the Indirect Department as a Funder on August 1st.
- **Welcome Zak:** Zak has joined our Indirect Department as a Funder. He was in car sales previously and we are excited for him to help on the funding side of the car world.
- **Best Wishes Jimelle:** Jimelle has announced that she will be leaving the credit union for another opportunity. Thank you for 10 great years!
- **Collections – Resolutions:** The name of the Collections Department has been changed to the Resolutions Department because it better encompasses their goals. They work with the members to get payments caught up, correct issues with their insurance, etc. It's about resolving the member's issues with their loans and not just collecting their payments. 😊
- **Project Emails:** Thank you to everyone who answers Stephanie's emails asking for help with projects. She sends those out whenever time sensitive projects need completed and there are always a lot of volunteers who help get those done quickly, which is greatly appreciated.
- **Byrd Dawg Motors:** Effective immediately, we will not be allowing any loans with purchases from Byrd Dawg Motors. There have been a couple loans which have had issues getting the titles perfected. They have been doing some illegal activities with their vehicles and we will be pursuing legal action against them.
 - **Red Flags:** When dealers go through Indirect Lending channels, they get a Flat Fee or monetary incentive more than just the vehicle sale. If they are working hard to get the sale without any additional monetary incentive, it's a red flag regarding their business practices. Some red flags can be: 1) if the dealership does things like come into the branch with the member, 2) if they send over the buyers' applications to the branch without going through the proper Indirect Lending channels, 3) only deal with one specific lender, etc.
- **Rate Increases:** Rates are raising again today. They will continue to increase as the Fed is continuing to try to control inflation. Make sure you are getting the rate sheets from the Intranet to ensure you have the most up-to-date rates.

- **LTVs:** There will be changes to the allowable LTVs as well as the rates. LTVs will be lowering by at least 5% across the board on collateral and in some HELOC sections as well. Again, make sure you are checking the rate sheets closely!
- **VISA Floor Rate Change:** Thank you to Anali, Shannon, Evelyn and Logan who have been helping with a big project of removing the floor rate on the Visas. Due to some regulations, we are removing the floor rate on the Visas so we do not have to notify the members when the rate changes on Visas. The rates will change next on October 1st, so we need the floor rates removed before October 1st. Please start keying the variable rate for Visas like the picture below, with the **margin** matching whatever the member qualifies for:

Variable Rate Information

General Information

Minimum number of months between adjustments:

Next Rate Review Date:

Total rate adjustments allowed: ☒ Unlimited

Maximum change per adjustment:

Minimum change per adjustment:

Purchases	Cash Advances	Balance Transfers
Margin rate: <input type="text" value="10.000"/>	Margin rate: <input type="text" value="10.000"/>	Margin rate: <input type="text" value="10.000"/>
Maximum rate: <input type="text" value="18.000"/>	Maximum rate: <input type="text" value="18.000"/>	Maximum rate: <input type="text" value="18.000"/>
Minimum rate: <input type="text" value="0.000"/>	Minimum rate: <input type="text" value="0.000"/>	Minimum rate: <input type="text" value="0.000"/>

- **Accounts in FDI:** When creating an account in FDI, please start using your name in the Branch field instead of the branch location. This will make it easier for Autumn to know who did the loan.
- **Timely:** Please scan your loan docs and create the title account in FDI as soon as possible after booking a loan. The loan isn't finished until everything is scanned and FDI is filed!
- **No Title Comments:** The Resolutions department is trying to track down titles that have not been perfected. If you see a comment on an account saying we have not received a title for a loan, please let the member know that we need the title as soon as possible and make sure their contact information is current for the Resolutions Department.
- **HELOCs:** When sending docs from one branch to another because the member signed in a different branch from the lender, make sure to scan a copy of the docs first and then use regular mail. We do not have to send them using Fed Ex or next day air. Make sure to double check the forms are filled out correctly before having them recorded and again before scanning them to the loan.
- **HMDA:** Remember to log all HELOC applications that are canceled, denied, or approved on the HELOC log. It is located at **S:\LOANS\HMDA Heloc List**. Anali is processing the HMDA reporting on these and it will save her time if we all remember to log them.
 - **Non-Borrowing Spouse HMDA:** HMDA does not need to be done for anyone who is not on the loan. This means we do not have to complete the HMDA form for Non-Borrowing Spouses.

- **Modification Docs:** Make sure your docs for modifications include all of the docs required for a brand new HELOC. The only report you do not need to order is the Flood Cert. If the valuation paperwork is less than 12 months old, you can use that for the modification, but you must include it in the loan documents. You must always pull a new D&E, because even though our position will not change, if there are any more liens behind us, it will affect the limit you can allow on the HELOC.
 - **Non-Borrowing Spouse Modifications:** When doing a modification involving a non-borrowing spouse, make sure to have them 1) sign the Right to Cancel and 2) sign the Modification of DOT and 3) initial the Non-Borrowing Spouse clause on the Modification to DOT.
- **Qualified LTV vs Approved LTV:** When completing the HELOC worksheet, the qualified LTV is based off the member's credit score, not the property value. The Approved LTV needs to include all liens against the property. A member with a 700-credit score in second position *qualifies* for 80% LTV. If the home values at \$300,000, with a mortgage balance of \$100,000, they qualify for a limit of \$140,000. However, if they only do a limit of \$80,000, their Approved LTV would only be 60% and not 80%. [$\$100,000 + \$80,000 = \$180,000 / \$300,000 = 60\%$]
- **Freeze Comments Expiration Dates:** Some clarification on how to key the expiration date on the Freeze comments that Forza automatically puts on an account when you freeze the withdrawals on a HELOC during the 3 day Right to Cancel: When you select Freeze Mgmt in Member Services, it brings up the menu below on the left. Once you select Withdrawals, you should type a comment like the example below. Once you hit accept, it will put the comment in the Comments section of the account. Double click on that comment and it will pop up the menu screen below on the right. There, you should click the expires box and type the expiration date to match the no withdrawals date. If you do put an expiration date, make sure you delete the comment when you remove the freeze. ALSO, make sure you delete the comment for removing the withdrawal.

Freeze Management

1 - KASASA SAVER CASH BACK | (KASASA SAVED)

Freeze Status

☐ None
☐ Deposits
☒ Withdrawals
☐ Withdrawal/Deposit

Comment

NO WITHDRAWALS UNTIL 7/21/2022 - 3 DAY RTC

Accept Cancel

Edit Comment

Priority

☐ High
☒ Medium
☐ Low
☐ Pending

Information

Comment Owner: G. LANCASTER
 Comment Date:

☒ Expires Expiration Date 07/21/2022

☒ Specific Account Account 325025 Account Suffix 1 - KASASA SAVER CASH BACK

☐ Shared Branching Enabled

Comment

FRZ WDRWL 325025.1 - NO WITHDRAWALS UNTIL 7/21/2022 - 3 DAY RTC

Attached Documents

Delete Accept Cancel

- **Collateral Tab:** Make sure to complete the collateral tab with as much information as possible so the Resolutions Department has the information they need to either book the vehicle or send out a repo order. We need to get the color!! Adding the trim level (XL, XSE, etc) and other information is extremely helpful.
- **Rate Match with Blended Rates:** If a member requests a rate match when a blended rate is involved, we can look at matching the auto portion of the rate only. We have no way of knowing what LTV the other financial institution is approving and we need to stick to our LTVs when rate matching. Remember we can match within .50% without an exception approval. More than .50% needs either the VP of Lending or the CEO to approve and sign on the worksheet.
- **Out of State Sales and 502:** When working with an out of state purchase, if the dealer collects the sales tax, it is not required that we complete a 502, but we must complete a VIN inspection. It never hurts to ask for a copy of the 502 from the dealer so we have that on file and confirm that it shows us as lienholder.
- **Double check VINS:** Ensure you are inputting the VIN correctly into Forza. If it is incorrect, it causes State National to not reconcile insurances and can cause CPI to be added to the loan when it didn't need to be. This usually upsets the member and causes unnecessary work for the Resolutions Department to figure out the problem.
- **Preapprovals:** With the current situation of members ordering a new vehicle and having to wait months for the vehicle to come in, our preapproval terms remain the same. Preapprovals are good for 30 days for members with a FICO of 699 or less. They are good for 60 days for members with a FICO of 700 or higher. If the member has to wait longer than those terms, they must requalify when the vehicle finally comes in.
- **YTD Goals:** We are trying to slow down the credit union's loan growth by increasing the rates and lowering the qualified LTVs. There might be some worry about reaching branch goals because of these changes, but the goals are based of the current loan volume and not just new loans funded. Because rates are increasing, members will most likely be keeping the loans they have, rather than changing vehicles out and getting something new. These types of things were looked at when setting the branch goals as well.
 - **Participation Loans:** In an effort to free up some of our money for new loans, we will be doing some Participation loans. Basically, this is selling some of our loans to other Financial Institutions, which will free up more of our money for new loans. The loans will stay at Connections, and we will service the loans, but the other FI will benefit from the interest on these loans.
- **CD Secured:** The maturity date for CD Secured loans must match the maturity date of the CD which is securing the loan. If the CD securing the loan is a One Jump CD, it is ineligible for the "one jump". If we were to allow the one jump on these CDs, we would have to do a subsequent action form to increase the rate on the loan to maintain the 2% rate spread between the CD and the loan. This is another reason it is

important to key these loans correctly with the CD listed in the collateral tab of the loan. Make sure to put a note on the CD, especially if it is on an account different than the loan.

- **Maximum Loan Term:** The maximum loan term for a CD Secured loan is 5 years because that is the longest term we offer for CDs. You can key a CD secured loan as a balloon loan with a 10-year term and balloon payment at 5 years, and then the member could refinance the loan at the end of the 5-year term.
- **Loan Review Checklist:** Every month a random list is chosen to be reviewed in preparation for the auditors. There is no guarantee the loans on this list will be the ones looked at by the auditors. We do this in an effort to catch any errors before the auditors do, as well as to see which areas might need more training. A Checklist for the loan review process is attached to these loan notes. This is a good checklist to use when putting your loans together to make sure the loan is as correct as possible.

Finished Loan Checklist

Initial next to each item to certify that you have verified it.

- Lender's signature on: _____ Worksheet
- _____ Loan Review Approval Signature (*Bankruptcy, FICO below 625, collections payment plan, score bump involving unsecured loan, etc*)
- _____ Credit Union only section of Application (*with approval, loan limit, before and after DRs completed as well*)
- _____ Witness on Security Agreement & Electronic Document (*if signed in person*)
- _____ Notarized POA (*if signed in person*)

- _____ Worksheet filled out completely
- _____ Rate is correct (*with all qualified discounts and adds*)
- _____ Variable Rate for VISA/HELOC keyed correctly (*verified in Account Adjustment on Variable Rate Tab*)
- _____ Signatures of all borrowers on all required pages
- _____ Other Info About You/Financial Info questions on Application completed
- _____ Collateral and Purpose Codes correct
- _____ VIN of collateral correct on worksheet and in Forza
- _____ Scanning order: all required documents included in scan and in correct scanning order
- Reason for missing pages _____
- _____ Full disclosures scanned, (*i.e. Full GAP or MRC contracts, Early Disclosure & What You Need To Know...*)
- _____ Proof of income included for FICOs below 700 unless signed for Policy Exception
- _____ Automatic Transfer setup correctly

Additional items for HELOCs:

- _____ Maturity, Review and Draw dates correct
- _____ Addendum matches Forza maturity date (*term + 7 years*)
- _____ LTV figured correctly
- _____ DOT completed correctly
- _____ NMLS on all 3 required pages: Truth in Lending, Application, and DOT
- _____ Insurance information in loan docs (*Either Company and Policy Info on RE Notice or Binder*)
- _____ Right to Cancel completed correctly