

# MOBILE GOVERNMENT EMPLOYEES CREDIT UNION

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## NEW SIGNATURE LOAN POLICY

(EFFECTIVE DATE: September 1, 2012)

Signature loans are high interest rate, no collateral loans. Some members have borrowed up to the maximum of the signature loan limits (\$7,500 for an individual/\$15,000 for a couple and/or a signer/co-signer, **Note: A co-signer on signature loans is a spouse of the signer, a member in good standing, has their own income and can qualify for the loan on their own**\*\*\*. After a few payments, the loan is increased to the maximum amount again. Some of these loans have been open for over ten (10) years without ever paying the loan off. The credit union management is concerned that we are doing our members a disservice by allowing members to maintain such a large balance, for an extended period of time, on these high interest rate loans. In order to help members payoff/close these loans, the following policy is now in effect for all signature loans:

Signature loans are made with a maximum repayment period of three (3) years. Any signature loan older than three (3) years had to be a result of refinancing/loan add-on. Once a signature loan is older than three (3) years, we will begin to reduce the maximum limit of a signature loan for that member. The maximum for an individual with a signature loan is \$7,500 and if that loan is still open after three years the new maximum will be \$6,500 and after four years the new maximum will be \$5,500, etc. The maximum for signature loans with a co-signer is \$15,000 and if that loan is still open after three years the new maximum will be \$13,000 and after four years the new maximum will be \$11,000, etc. The following table shows new limits based on length of time a loan is open:

SIGNATURE LOAN LIMITS (EFFECTIVE DATE SEPTEMBER 1, 2012)		
AGE OF A SIGNATURE LOAN (IN YEARS)	MAXIMUM LOAN AMOUNT	
	INDIVIDUALS	w/CO-SIGNER
1 to 3 years	\$7,500	\$15,000
3 yrs > 4 yrs	\$6,500	\$13,000
4 yrs > 5 yrs	\$5,500	\$11,000
5 yrs > 6 yrs	\$4,500	\$9,000
6 yrs > 7 yrs	\$3,500	\$7,000
7 yrs > 8 yrs	\$2,500	\$5,000
8 yrs > 9 yrs	\$1,500	\$3,000
9 yrs > 10 yrs	\$500	\$1,000
over 10 yrs	\$0	\$0

Beginning September 1, 2012, all signature loans older than three (3) years will be given a begin date of August 31, 2009 (making all signature loans over three (3) years exactly three (3) years old). By doing this, all signature loans over three (3) years old will be assigned a maximum loan amount of \$6,500 for individuals and \$13,000 for a co-signer loan as identified in the table above on the row for 3 yrs > 4 yrs. If that loan is still open September 1, 2013, the maximum loan amount will be identified in the table above on the row for 4 yrs > 5 yrs.

\*\*\* If this causes a hardship on any member, please develop your case for presentation to the Board of Directors for possible exception.