

General Information – Mortgage Loans

Mortgage loans may be granted using 1-4 family residential real estate secured by either a first or second lien on the real estate. The minimum loan amount for a mortgage loan is \$10,000. No loans will be granted using vacant land as collateral.

The maximum repayment term for mortgage loans secured with a first lien shall be 30 years. For those loans secured with a second lien fixed rate and term, maximum repayment shall be 20 years. For those loans secured with a second lien variable rate line of credit, there is a maximum draw period of 10 years, with a 15 year maximum payback term.

Loans secured by property in a flood plain area must meet the following requirements:

- a. The community must be participating in an approved flood program;
- b. Insurance must be obtained in an amount equal to the loan amount or line-of-credit limit plus the balance owed on any senior lien;
- c. A copy of the insurance policy, showing ASTERA as a secured interest must be submitted to the credit union.

Flood insurance is not available through the credit union.

The credit union presently offers two types of mortgage loan programs. They are:

1. Home Mortgage Loans
2. Home Equity Loans

Specific information regarding each of these programs is provided within the following text.

Home Mortgage Loans (first lien)

The credit union will consider loan applications for the purchase or refinance of 1-4 family real estate. Said real estate must be the applicant's primary place of residency.

The maximum amount the credit union will lend for the purchase of a home shall not exceed 95% of the purchase price or of the "appraised value" of the real estate, whichever is less. The maximum amount the credit union will lend for the refinance of a home shall not exceed 95% of the "appraised value" of the real estate for balance only refinancing transactions or 80% of the real estate on cash out refinancing transactions.

The objective of an "appraisal" is to determine if the real estate being used as collateral is of sufficient value to cover the requested loan. Should the appraised value be insufficient to cover the requested loan, the down payment (purchase transaction) must be increased to make up the difference or on a refinance transaction, the loan amount may be lowered.

The credit union reserves the right to verify the funds which are indicated to be used for the down payment and closing costs. You may not borrow any part of the amount needed for the down payment or closing costs without the written permission of the credit union.

The rate of interest quoted to you at the time of application will not change prior to closing as long as this period does not exceed 45 days.

Home Equity Loans

The credit union will consider applications for loans using their home, Vacant Land or Vacation property (1-4 family residential real estate as collateral (Investment property excluded)). As the name implies, the amount of equity available must be sufficient to cover the amount of the loan request.

Equity loans using the member's home as collateral may be made with the credit union occupying a first or second lien position. The maximum amount the credit union will lend on a home equity loan is generally 100%, Vacation/Vacant maximum of 50% of the "market value" less any existing mortgages.

All loans are subject to credit approval. The maximum amount allowed for any equity loan is \$150,000 with the minimum loan being \$5,000.

Real estate being purchased on a Land Contract Agreement does not qualify for our Equity Loan programs.

Home Improvement Loans

Loans for the purpose of "home improvement" may be granted on an unsecured basis or secured with various types of collateral. The credit union uses the federal definition of Home Improvements as printed in the Home Mortgage Disclosure Act.

There is no minimum loan amount. The repayment period may not exceed six (6) years.

General Factors for Establishing Creditworthiness

1. The applicant's income is sufficient to repay the loan according to its terms.
2. The applicant's total debt load will not impair repayment of the loan requested.
3. The applicant's past credit history with this credit union and other credit grantors has been satisfactory.
4. The applicant's job history and time lived at current address illustrate stability.
5. The applicant's signature and/or collateral are sufficient to cover the loan required.
6. The applicant has an established credit history.
7. The criteria for evaluating a cosigner on a loan are the same as for the applicant.

Authority to Grant Loans and Denials

The VP of Lending and Lending Manager have general supervision over all loans within the credit union.

Home Mortgage Loans / Equity Loans Mortgage Loan Officers (MLOs) registered with the State of Michigan have been delegated authority to approve and deny loan requests.

Home Improvement Loans Loan Officers have been delegated limited authority to approve and deny loan requests.

If a loan request is denied, the member will receive written notification of the specific reasons. Every member has the right of appeal to the Mortgage Origination Officer, Lending Manager or VP of Lending should their loan request be denied.



Loan Application Notice

You have a right to submit a written application for a mortgage loan or a home improvement loan or to request written information concerning typical loan terms that we are currently offering on mortgage loans and home improvement loans. It is illegal to establish a minimum mortgage amount of more than \$10,000.00 or a minimum home improvement loan of more than \$1,000.00. It is illegal to deny a loan or vary the terms and conditions of a loan because of the racial or ethnic trends or characteristics of the neighborhood or the age of the structure, but not because of its physical condition.

If your application for a loan is rejected, you have a right to a written statement of the reason for the rejection. If you are granted a loan but the amount required for down payment, the interest rate, term to maturity, application procedure, or other terms or conditions of the loan vary from terms or conditions offered in other neighborhoods, you have a right to a written statement of the reasons for the variation. The rights described in this notice are set forth in and limited by Act No. 135 of the Public Acts of 1977. If you believe that your rights under this act have been violated, you should contact the Office of Financial and Insurance Regulation of the Michigan Department of Energy, Labor & Economic Growth at: P.O. Box 30220, Lansing, MI 48909 or 517 -373 - 0220 (toll free 877 -999 - 6442).

Astera Credit Union, NMLS ID: 595108



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