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### **Important Notice To Our Members With Loans**

**If you have a loan or loans with Mountain Credit Union (MCU), you should be aware of a change that took effect August 20, 2009.**

**In order for MCU to comply with new Federal Regulations, the due date of your loan(s) may have been changed to the last day of the month. (These Regulations apply to open-end loans and most of MCU's loans are considered multi-featured open-end loans.) You did not need to sign any additional forms for this change. Please refer to your monthly statement to determine if this change applied to your loan(s) and as a reminder of your payment due date(s).**

**For you, there will be no change in how your payments are made or applied.**

**If your loan is on payroll deduction (weekly, bi-weekly, semi-monthly or monthly), your payments will continue to be applied as they were before. If you make your loan payment on a specific day of the month, you may continue to do so.**

**Making the change in this manner will (1) cause the least amount of disruption to you, our member, and (2) will help MCU control expenses associated with changes caused by the Regulations, so that we may continue to offer competitive loan and savings rates.**

**Answers to some frequently asked questions about this change are below.**

## **Frequently Asked Questions about Loan Due-Date Changes Made on 20Aug2009, Due to the Credit Card Act of 2009**

### **1. Why is this happening?**

The United States Congress created, and the President signed, a new bill called the “**Credit Card Act of 2009**”. While the bill was originally targeted to make sweeping changes to how credit card issuers operate, the bill also included language that affects ALL open-end loans. The majority of loans at Mountain Credit Union (MCU) are considered Multi-featured open-end loans. Thus, we were required to make these changes to these types of loans to comply with the new regulations that went into effect 20Aug2009.

### **2. Why is my loan due date being changed to the last day of the month?**

One of the provisions of the law requires that the financial institution provide a periodic statement to the borrower at least 21 days before the payment due date. To meet this requirement, MCU will now include a notification of your due date on your monthly statement. Since the statements are usually mailed by the 5th of each month, moving the due date to the last day of the month allows the proper notification to you, the member, about your next loan payment.

### **3. My loans are on payroll deduction/automatic transfer/paid through direct deposit. How will this be affected?**

If your loans are automatically paid through payroll deduction, direct deposit, or an automated transfer, you do not need to do anything. Your payments will continue as always, whether they are set up as weekly, bi-weekly, twice a month, or monthly.

### **4. I mail a check each month to pay my loan. How will I be affected?**

There will be no change. You may continue to send your check monthly to pay your loan.

### **5. I want to keep paying my loan on the date I already have. That fits into my budget. Do I have to change?**

No. You may continue to pay your loan on the same day as before, as long as you make your monthly payment by the due date.

### **6. I still have coupons with my original due date. Can I use them?**

Yes.

### **7. What happens if my loan(s) was paid ahead?**

If your loan was paid ahead, your loan payment date was advanced to the last day of the month that you were already due for. Payment due dates were only moved forward, not back. For example if your loan payment was originally due on Aug. 20th, it changed to Aug 31st. If your loan payment was due on Sept. 7<sup>th</sup>, it was changed to Sept. 30<sup>th</sup>.

### **8. Will my monthly payment amount remain the same?**

Yes. All of the other terms of your loan will remain the same, including the monthly payment amount. All that is changing is the due date.

### **9. Does the term of my loan get extended?**

If your loan was scheduled to be paid-off in a specific number of payments (ex. 36, 48, 60, etc.), then you will still need to make that many monthly payments to payoff the loan. There were only a matter of days added to the due date, therefore it should not extend the term of your loan enough to cause the number of months in your term to increase. But you still have

the option to continue paying your monthly payment on the same day it was originally set at and doing this will eliminate any days from being added to term of your loan.

**10. Will my interest rate change?**

No. Your interest rate will remain the same during the course of your current loan.

**11. How will this change affect the amount of interest due on my loan?**

Interest on your loan accrues daily. For example, if your loan is paid bi-weekly, each payment includes 14 days worth of interest. If you pay your loan monthly on the same day, you may pay 30 or 31 days (or 28 from February to March) of interest each month, depending on the number of days between payments.

If you continue to make your payments as before, there should be no change in the interest collected over the course of the loan.

If you choose to wait until the new due date, the last day of the month, then the amount of interest accrued should be calculated by multiplying the number of days between payments by the daily interest rate.

**12. Do I have to sign new loan papers to make this change take effect?**

No. This change is not considered an adverse action therefore does not require any documents to be signed by you, the member. MCU made this change to your loan due date only to be in compliance with the Credit Card Act of 2009.

**13. Will this affect my credit report or rating?**

As long as you continue to make your regularly scheduled payments by the due date, there will be no negative effect on your credit report or rating.

If you have any other questions or wish to discuss this further, please contact your local branch.