

**XYZ CREDIT UNION**  
**POLICY FOR LOANS AND MOTOR VEHICLE LEASES SUBJECT TO**  
**THE SERVICEMEMBERS CIVIL RELIEF ACT (SCRA)**

**POLICY GOAL**

The Credit Union's Field of Membership includes members who may be called to active duty or are in the National Guard and it is expected that the Credit Union will receive requests for relief pursuant to the SCRA and that other Servicemembers will be unable to make loan payments to the Credit Union, even at the reduced interest rate provided by the SCRA. It is the Credit Union's policy to not force into delinquency Servicemembers on active duty whose income has been reduced because of their recent call to active duty.

The Credit Union will grant relief to eligible servicemen or women, hereinafter referred to as "Servicemembers" as follows:

1. **REDUCTION IN INTEREST RATE**--The Credit Union will grant a reduction of the loan interest rate to six (6%) percent for eligible Servicemembers seeking a reduction in interest rate but wishing to make monthly loan payments. In effect, the Credit Union will reduce the loan interest rate to a fixed rate of six (6%) percent. To obtain this relief, a Servicemember must establish that he is eligible for relief pursuant to the provisions of SCRA. This reduction will remain in effect only during the Servicemember's period of military service.
2. **EXTENSION AGREEMENT**--The Credit Union will grant an Extension Agreement for a period of eighteen (18) months, or until the Servicemember's return from active military service, whichever occurs first, for Servicemembers seeking a waiver of payments on the grounds of inability to pay. To obtain this relief a Servicemember must show that the payment of any loan payment to the Credit Union would result in a financial hardship.

**DEFINITIONS**

The term "Servicemember" means a member of the Credit Union who is a member of the Army of the United States, the United States Navy, the Marine Corps, the Coast Guard, and all Officers of the Public Health Service detailed by proper authority for duty either with the Army or the Navy. In the case of a member of the National Guard, military service includes service under a call to active service authorized by the President or the Secretary of Defense for a period of more than thirty (30) consecutive days.

The term "military service" as used in this Policy refers to Federal service on active duty with any branch of service referred to above.

The term "period of military service" as used in this Policy shall include the time between the following dates: it shall begin with the date the Servicemember enters active service and it shall terminate with the date of discharge from active service or death while in active service.

**PROCEDURE**

A Servicemember seeking relief pursuant to the provisions of the SCRA must complete the Credit Union's Application for Relief, Attachment "A". The Credit Union's Loan Department will make a determination as to whether the Servicemember is eligible for relief under the SCRA and will determine whether the Servicemember qualifies for an Extension Agreement. The Loan Department will then notify the Servicemember of their approval or disapproval of his request. If the Servicemember's monthly payment is reduced, the Credit Union would notify the Servicemember using the form indicated on Attachment "B".

If an Extension Agreement is granted, the Credit Union Loan Department will send a letter advising the Servicemember of the Extension Agreement using the form indicated on Attachment "C".

## **REVIEW PROCESS**

The Loan Department will review every three (3) months each Credit Union loan affected by the SCRA to determine whether the Servicemember continues to remain eligible for relief. The Credit Union will send a Status Update Letter using the form letter Attachment "D". If a Servicemember is no longer eligible, the Credit Union will send a Reinstatement Letter indicating that the loan had been returned to the original payment terms.

## **TERMS OF POLICY**

If the Credit Union Loan Department determines that a Servicemember is eligible for relief under the SCRA, the following will be applicable:

1. No legal proceedings could be taken by the Credit Union to enforce the terms of the Loan Agreement.
2. The loan interest rate will be reduced from the date the Servicemember entered active duty and not from the date the Servicemember requests relief pursuant to the SCRA.
3. The relief applies to Servicemembers, dependents, and co-makers and guarantors on the affected loan.
4. The Credit Union cannot charge penalties or late fees to a loan affected by the SCRA.
5. The Credit Union must report a loan subject to the SCRA as "being paid according to terms" even though no payments are being made or the Servicemember is making payments based upon the reduced interest rate.
6. Real estate taxes, insurance, and any other costs associated with the maintenance of any collateral must be paid regardless of whether the loan is being paid with reduced monthly payments or an Extension Agreement has been granted by the Credit Union.
7. The deferral of any interest as a result of a reduction in the interest rate or an Extension Agreement will not result in a waiver of the collectability of this interest. The Credit Union will collect this interest in the future as allowed by federal law or regulation.
8. Once the Servicemember elects relief under SCRA the Credit Union will not make any further advance to the Servicemember on a Loan Agreement that was outstanding before the Servicemember went on active duty. This Policy is necessary because the Credit Union does not have the ability to charge two different interest rates on separate principal balances of a single loan account.

## **DETERMINATION OF ELIGIBILITY**

The Credit Union will allow the following persons to submit an Application for Relief pursuant to the SCRA on behalf of a Servicemember.

1. The Servicemember's spouse.
2. A co-borrower.
3. Servicemember's attorney or other authorized representative (e.g. a person with a valid Power of Attorney).

**ATTACHMENT "A"**  
**XYZ CREDIT UNION**  
**APPLICATION FOR MILITARY RELIEF**  
**PURSUANT TO SERVICEMEMBERS CIVIL RELIEF ACT (SCRA)**

1. Type of relief for which applied (check one)

- Interest rate reduced under SCRA to six (6%) percent  
 Termination of Motor Vehicle Lease Agreement  
 Extension Agreement  
 Other relief (explain below)

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2. Loan Information

Loan Number \_\_\_\_\_

Address of Property \_\_\_\_\_

\_\_\_\_\_

3. Motor Vehicle Information

Lease Number \_\_\_\_\_

Date of Lease \_\_\_\_\_

Vehicle Subject to Lease \_\_\_\_\_

4. Servicemember's Information

Name \_\_\_\_\_

Social Security Number \_\_\_\_\_

Date of Birth \_\_\_\_\_

Application submitted by:

Servicemember \_\_\_\_\_

Spouse \_\_\_\_\_

Co-Borrower \_\_\_\_\_

Servicemember's Attorney \_\_\_\_\_

Servicemember's Authorized Representative \_\_\_\_\_

\_\_\_\_\_

5. Servicemember's Permanent Residence Address (if other than property address)

\_\_\_\_\_

Telephone Number (\_\_\_\_) \_\_\_\_\_

6. Servicemember's Present Military Address

\_\_\_\_\_

7. Address of Person Submitting Application, if not Servicemember

\_\_\_\_\_

8. Date Current Active Duty Commenced

\_\_\_\_\_

9. Unit of Assignment

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10. Rank and Branch of Service

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11. Pay Grade

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12. Expected Date of Discharge from Active Duty Military Service:

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13. Total Monthly Earnings and Income Immediately Prior to Entry into Active Duty Military Service:

- a. Total Monthly Earnings and Income of Servicemember \$ \_\_\_\_\_
- b. Total Monthly Earnings and Income of Others Liable for Payment of Mortgage Indebtedness \$ \_\_\_\_\_
- c. Other Income of Servicemember, including Investment and Rental Income \$ \_\_\_\_\_
  
- TOTAL \$ \_\_\_\_\_

14. Total Monthly Earnings and Income After Entry into Active Duty Military Service:

- a. Active Duty Military Pay of Servicemember Basic Pay \$ \_\_\_\_\_
- Basic Allowance for Subsistence (BAS) \$ \_\_\_\_\_
- Basic Allowance for Quarters (BAQ) \$ \_\_\_\_\_
- Family Separation Allowance (FSA) \$ \_\_\_\_\_
- Clothing Allowance \$ \_\_\_\_\_
- Incentive Pay \$ \_\_\_\_\_
- Other Pay, including Special Pay for Foreign Duty, Hazardous Duty, or Certain Occupations \$ \_\_\_\_\_
- Total \$ \_\_\_\_\_
  
- b. Total Monthly Earnings and Income of Others Liable for Payment of Mortgage Indebtedness \$ \_\_\_\_\_
- c. Other Income of Servicemember, including Investment and Rental Income \$ \_\_\_\_\_
  
- TOTAL \$ \_\_\_\_\_

15. Present Monthly Expenses or Obligations and Payments Required

<u>Expense</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
TOTAL	\$ _____

CERTIFICATION

I, a member of the U.S. Armed Services, National Guard, or U.S. Public Health Service (“Servicemember”) (or other person completing this application on behalf of the Servicemember) certify and represent to XYZ Credit Union that the information set forth above in this application, to the best of my knowledge, is true and correct as of the date set forth below my signature on this application.

I also represent that I will promptly notify the Credit Union in writing of (a) any change in the information stated in this application or (b) the date I am released or discharged from active duty military service. I also agree to submit promptly to the Credit Union a copy of any subsequent orders which extend my active duty military service or which order me to be released or discharged from active duty. (If I am completing and signing this application on behalf of the Servicemember, I represent that I will promptly notify the Credit Union in writing of the above-referenced information to the extent that I know of such information.)

(Sign and complete the spaces on either side below, as appropriate.)

\_\_\_\_\_  
Signature of Servicemember

\_\_\_\_\_  
Signature of Servicemember’s Spouse, Co-Borrower, Attorney, or Authorized Representative

\_\_\_\_\_  
Name (Printed) of Servicemember

\_\_\_\_\_  
Name (Printed) of Spouse, Co-Borrower, Attorney or Authorized Representative

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Date Signed

**ATTACHMENT "B"**  
**XYZ CREDIT UNION**  
**INTEREST REDUCTION APPROVAL LETTER**

XYZ Credit Union

(     )

\_\_\_\_\_  
Servicemember's Name

\_\_\_\_\_  
Permanent Residence Street Address

RE:    Loan No. \_\_\_\_\_

Your application to reduce the interest rate on the above-referenced loan pursuant to the provisions of the Servicemembers Civil Relief Act ("SCRA") has been approved.

Interest on your loan will be reduced to a rate of six (6%) percent per annum, effective with your payment due for the month of \_\_\_\_\_. The reduced interest rate includes all charges and fees, except for escrow funds (such as property taxes, hazard insurance, mortgage insurance, and applicable assessments, which will continue to be your obligation to pay). Your new monthly payment will be \$\_\_\_\_\_ for principal and interest. This new monthly payment will remain in effect for as long as you are in active duty military service.

The interest rate which would otherwise be charged will be reinstated with the first monthly payment due following your date of release or discharge from active duty military service. The interest differential between the interest rate in your loan documents and the six (6%) percent will be waived during the period you are entitled to a reduced interest rate pursuant to the provisions of the SCRA.

You should promptly notify the undersigned in writing, at the address set forth above, of any change in your military pay, the total monthly earnings and income of any others liable for repayment of the loan indebtedness, and any other change in your other income, including investment or rental income. You also should promptly notify us in writing of the date of your release or discharge from active duty military service.

This approval is subject to judicial review and rescission if your ability to make your present monthly loan payment has not been materially affected by your active duty military service.

\_\_\_\_\_

**ATTACHMENT "C"**  
**XYZ CREDIT UNION**  
**SERVICEMEMBERS CIVIL RELIEF ACT**  
**LOAN EXTENSION AGREEMENT**

XYZ Credit Union

(     )

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Servicemember's Name

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Permanent Residence Street Address

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RE:    Loan No. \_\_\_\_\_

Your application for an Extension Agreement on the above-referenced loan pursuant to the provisions of the Servicemembers Civil Relief Act ("SCRA") has been approved, subject to the terms and provisions of this letter, as well as other documentation which will be forwarded to you by the Credit Union in the near future concerning the Extension Agreement.

Under the terms of the Extension Agreement, you will receive an extension agreement with a term of eighteen (18) months, or until your return from active duty status with the United States Military, whichever occurs first. During this term you will not be required to make payments under your loan account(s) with the Credit Union. However, you will be required to pay real estate taxes, insurance, and other costs and expenses associated with the maintenance of any collateral which serves as security for the Credit Union's loan.

All of the terms and provisions of your Loan Agreement(s) with the Credit Union will be reinstated with the first monthly payment due following your date of release or discharge from active duty military service.

You should promptly notify the undersigned in writing, at the address set forth above, of any change in your military pay, the total monthly earnings and income of any others liable for payment of the loan indebtedness, and any other change in your other income, including investment or rental income. You also should promptly notify us in writing of the date of your release or discharge from active duty military service.

This approval is subject to judicial review and rescission if your ability to make your present monthly loan payment has not been materially affected by your active duty military service.

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**ATTACHMENT "D"**  
**XYZ CREDIT UNION**  
**SERVICEMEMBERS CIVIL RELIEF ACT (SCRA)**  
**STATUS UPDATE LETTER**

XYZ Credit Union

(     )

\_\_\_\_\_  
Servicemember's Name

\_\_\_\_\_  
Permanent Residence Street Address

RE: Loan No. \_\_\_\_\_

Your application to reduce the interest rate on the above-referenced loan pursuant to the provisions of the Servicemembers Civil Relief Act ("SCRA") has previously been approved. To assess your continuing eligibility for relief under the SCRA, we request that you (or your spouse, co-borrower, attorney or authorized representative) answer each of the questions below and, if your answer is "yes", that you provide an explanation. After you have completed and signed this form, please return it to us at the address set forth above.

1. Is the Servicemember still in the military service? Yes    No

  

If yes, please state the date on which the Servicemember now expects to be released/discharged from active duty military service. If active duty has been extended, please attach a copy of new military orders.

(Date) \_\_\_\_\_

2. Has the Servicemember had a change in military status? Yes

No

  

If yes, please state the date the Servicemember's status changed and state the nature of the change.

(Date) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3. Does the Servicemember have a new military address? Yes

No

  

If yes, please state the Servicemember's new address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Does the Servicemember have a new unit of assignment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, please state the new unit of assignment.		
<hr/>		
5. Does the Servicemember have a new rank, branch of service or pay grade?		Yes <input type="checkbox"/>
No		
If yes, please state the new rank, branch of service, or pay grade.		
<hr/>		
<hr/>		
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6. Does the person submitting this letter (if not the Servicemember) have a new mailing address?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, please state the new address.		
<hr/>		
<hr/>		
<hr/>		
7. Does the Servicemember have a new residence address?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, please state the new residence address.		
<hr/>		
<hr/>		
<hr/>		
8. Has the Servicemember's total military pay, including allowances, changed since information was last submitted?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, please state the current total military service pay, including allowances.		
<hr/>		
9. Have the total monthly earnings and income of the persons liable for payment of the mortgage indebtedness changed since information was last submitted?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<hr/>		
10. Has any other income of the Servicemember, including investment and rental income, changed since information was last submitted?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, please state the date conversion occurred and current monthly rental income.		
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CERTIFICATION

I, a member of the U.S. Armed Services, National Guard, or U.S. Public Health Service (“Servicemember”) (or other person completing this application on behalf of the Servicemember) certify and represent to XYZ Credit Union that the responses to the questions set forth above, to the best of my knowledge, are true and correct as of the date set forth below my signature on this form.

I also represent that I will promptly notify the Credit Union in writing of (a) any change in the information represented above, or (b) the date I am released or discharged from active duty military service. I also agree to submit promptly to the Credit Union a copy of any subsequent orders which extend my active duty military service (If I am completing and signing this application on behalf of the Servicemember, I represent that I will promptly notify the Credit Union in writing of the above-referenced information to the extent that I know of such information.)

(Sign and complete the spaces on either side below, as appropriate.)

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Signature of Servicemember

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Signature of Servicemember's Spouse, Co-Borrower, Attorney, or Authorized Representative

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Name (Printed) of Servicemember

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Name (Printed) of Spouse, Co-Borrower, Attorney or Authorized Representative

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Date Signed

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Date Signed