

**Family First Credit Union**  
*Lending Policy*  
**Military Lending Act Procedures**

Each loan request will be analyzed by both branch managers and loan officers for MLA compliance. We have contracted with Experian to have an MLA indicator attached to each credit report pulled through our LOS (loan operating system). Loan officers can also access the Military Lending Website to verify the Active Duty Status for a member at [https://mla.dmdc.osd.mil/single\\_record.xhtml](https://mla.dmdc.osd.mil/single_record.xhtml).

1. If the indicator is negative, and the loan is approved.
2. The member is provided with the MLA Addendum that they will sign.
3. The loan officer will provide the 1-800 number provided on the form to the member to call for the MLA disclosure.
4. The member will sign the MLA Addendum. The MLA Addendum is a document in the loan file.
5. Although this action is not required by the MLA guidelines, in an abundance of caution, Family First Credit Union will have every member sign the addendum.
6. If the indicator is positive, compliance with the MAPR guidelines of not greater than 36% will be verified. This will be done by entering all costs of the loan, including ancillary products, insurances, and fees, etc.... into the MAPR calculator which each member of the lending department will have access.
7. If the MAPR exceeds 36%, adjustments on interest rate will be made. If the MAPR is less than 36%, a copy of the calculation will be kept with the loan file. The member will also sign the MLA Addendum.
8. The MAPR does not have to be disclosed to the member.
9. In instances where a covered member is not present for closing, the MLA Addendum cannot be read to the member. We will provide said members with the toll free telephone number (800-211-9064) so that they can hear the disclosure.



## MAPR calculator for Closed-End Loans

Use this calculator to determine the Military Annual Percentage Rate (MAPR) for a loan. Press the report button for a full amortization schedule, either by year or by month.

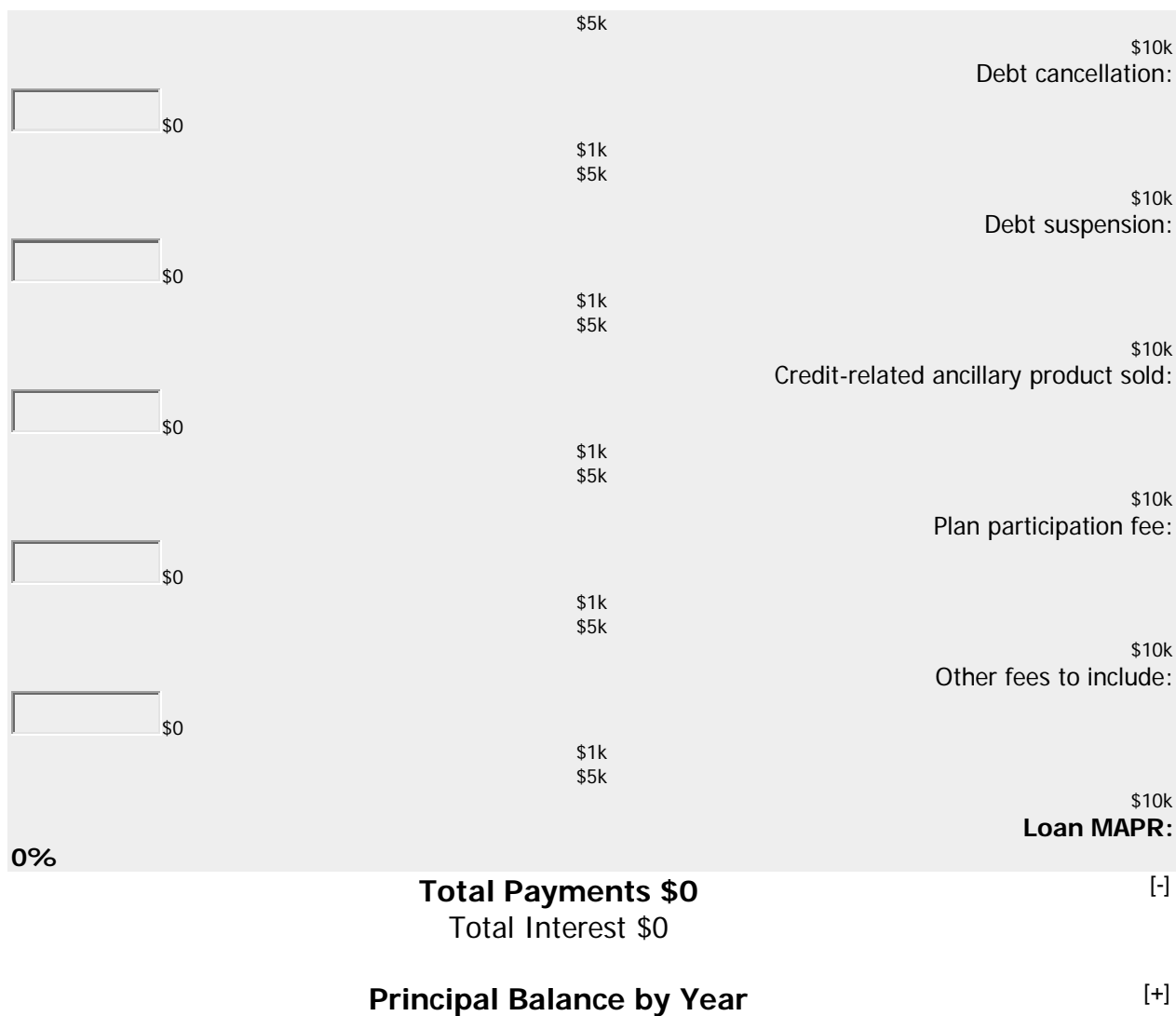
Loan MAPR is 0%

Loan information:

[-]

<input type="text" value="\$0"/>		Loan amount:	
	\$1k		
	\$10k		
		\$100k	
<input type="text" value="0"/>		Term in months:	
	160		
	320		
		480	
<input type="text" value="0%"/>		Interest rate:	
	8%		
	16%		
		25%	
<b>\$0.00</b>		<b>Monthly payment:</b>	
<input type="radio"/> <input type="radio"/>		Report amortization:	
Annually Monthly			
<b>Closing Costs: \$0.00</b>		[-]	

<input type="text" value="0%"/>		Origination fee percent:	
	1%		
	3%		
		5%	
<input type="text" value="-3"/>		Points paid:	
	0		
	3		
		6	
<input type="text" value="\$0"/>		Credit insurance premiums:	
	\$1k		



## Definitions

### **Loan amount**

Original or expected balance for your loan.

### **Interest rate**

Annual interest rate for this loan.

### **Term in years**

The number of years over which you will repay this loan.

### **Monthly payment**

Monthly principal and interest payment (PI).

### **Loan origination percent**

The percent of your loan charged as a loan origination fee. For example, a 1% fee on a \$120,000 loan would cost \$1,200.

**Discount points**

Total number of "points" purchased to reduce your loan's interest rate. Each 'point' costs 1% of your loan amount. As long as the points paid are not a broker's commission, they are considered tax deductible in the year that they were paid.

**Credit insurance premiums**

Interest or finance charge for credit insurance premiums or fees.

**Debt cancellation**

Fee for a debt cancellation contract.

**Debt suspension**

Fee for a debt suspension agreement.

**Credit-related ancillary product sold**

Fee for a credit-related ancillary product sold in connection with the credit transaction.

**Plan participation fee**

Any fee imposed for participation in any plan. The MLA rule excludes an application fee charged by a Federal Credit Union, or an insured depository institution, when making a short-term, small amount closed-end loan that is subject to and made in accordance with a Federal law. One application fee per rolling 12 month period is not included in the MAPR.

**Other fees**

Any other fees that should be included in the MAPR calculation. These fees can vary by lender, but at a minimum usually includes prepaid interest.

**Military Annual Percentage Rate (MAPR)**

A standard calculation used by lenders for loans covered by the Department of Defense's Military Lending Act & Regulation Z. It is similar to a standard APR calculation but includes additional fees in the calculation and limits any loan to a MAPR of no more than 36%. For example, a loan with a lower stated interest rate may be a bad value if its fees are too high. Likewise, a loan with a higher stated rate with very low fees could be an exceptional value. MAPR calculations incorporate these fees into a single rate.