

MLA Procedures

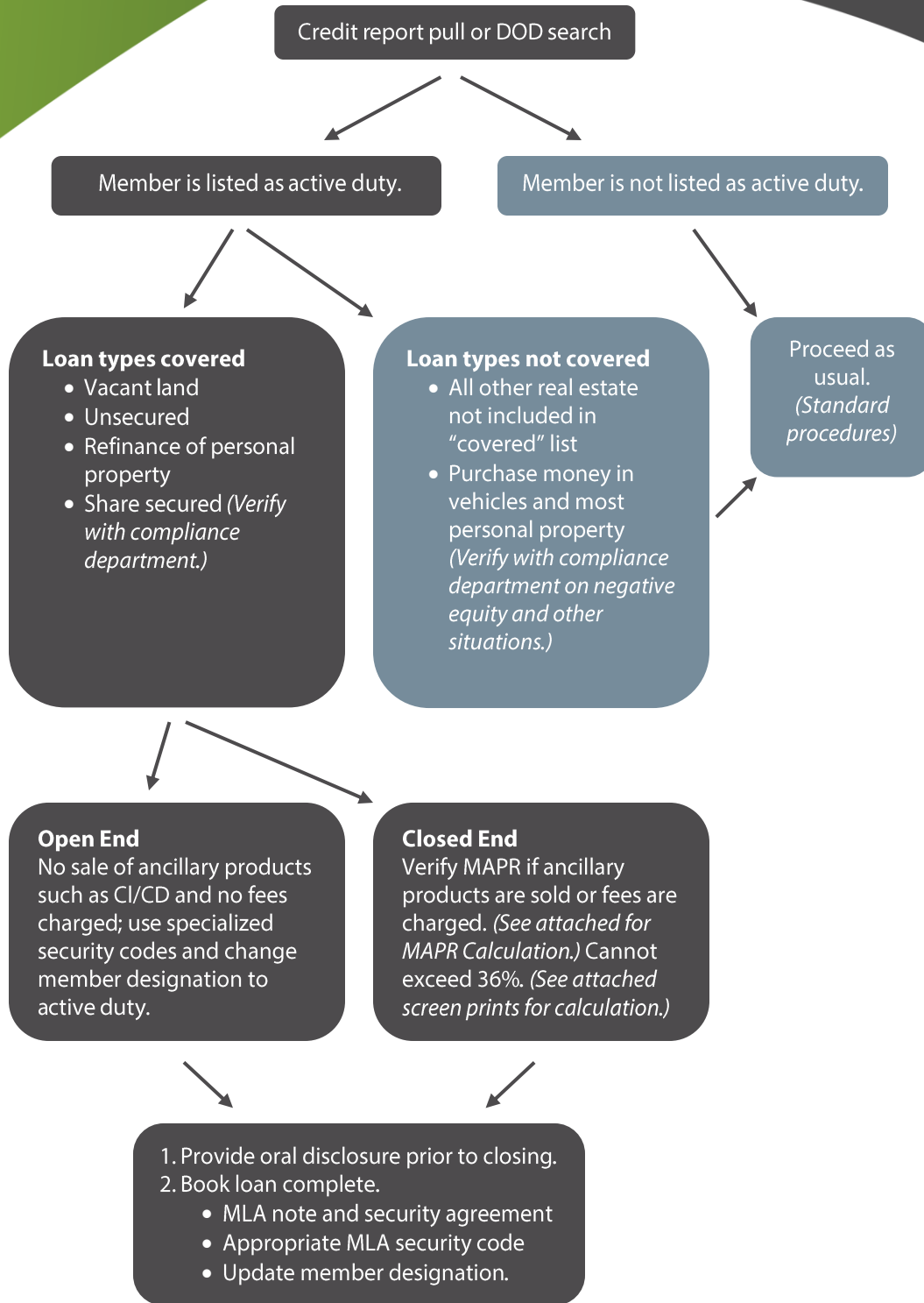
This document explains how to process loans that must adhere to guidelines set forth by the Military Lending Act.



AuditLink

Lender*VP

MLA Workflow



Calculating the MAPR Using CU*BASE (closed-end only) for Covered Borrower

The CU*BASE system already has functionality to calculate a modified APR. This same functionality can be used for calculating the Military APR.



Selection of Miscellaneous Coverage

After clicking *Misc. Coverages* and selecting the type of miscellaneous coverage you are going to add, the following screen will appear. In the event "Include in MOD APR" is set to "N," you will need to click the *Change* option in the lower left.

Payment Protection and Miscellaneous Coverages

Account base **797979** **PETE**
Corp ID **01**

Code	Description	Fee Amount	Include in Loan Amount	Include in Mod APR
GT	GAP TEST	250.00	Y	N

Change Delete View Orig Config  

The following screen will appear. Check the *Include in Mod APR calc* box and press Enter.

Session 0 CU*BASE GOLD - Miscellaneous Coverages Configuration Base Information	
Coverage code	GA
Description	GAP INS ADDED TO LOAN
Fee amount	250.00
<input checked="" type="checkbox"/>	Include in loan amount
<input checked="" type="checkbox"/>	Include in Mod APR calc
Comments:	

Press Enter again and add the product. The cost of the product will be considered a financial charge and will be displayed on the Loan Request Recap screen with a higher modified APR.

Fees

Certain fees may also apply exclusively to covered individuals. In this case, your credit union will need to add the fee to the Loan Request screen in the box shown below. Once fees are added to this box, the modified APR will be higher on the Loan Request Recap screen.

Miscellaneous Dates	
Application date	Jul 28, 2016
Disbursement date	Jul 28, 2016 [MMDDYYYY]
First payment date	Aug 27, 2016 [MMDDYYYY]
Payment day	00
Additional Details	
<input type="checkbox"/>	Loan fees to include in modified APR 3,919.00
Purpose	02 Security 04 Delq fine 1
Review date	Jul 27, 2026 [MMDDYYYY]
ECOA	1

Credit Insurance

Credit insurance and debt cancellation are generally set up to bill the member once a month. They therefore require a few more steps than the aforementioned one-time fees.

To factor in credit insurance premiums, do the following:

1. Complete the loan request and choose the payment amount with insurance premiums chosen by the member.
2. Jot down the amount of premiums listed on the Loan Request Recap screen.
3. Edit the loan. On the first screen, enter the amount of insurance premiums in the field labeled *Loan fees to include in modified APR*. Then increase the amount of the request by the same amount.

Additional Details			
Refinanced amount	<input type="text" value="0.00"/>	Dealer/indirect ID	<input type="text"/>
Variable int code	<input type="text"/>	Loan fees to include in modified APR	<input type="text" value="0.00"/>
Maturity date	<input type="text" value="Sep 30, 2017"/> [MMDDYYYY]	Purpose	<input type="text" value="02"/>
Add collateral type	<input type="text"/>	Security	<input type="text" value="06"/>
<input type="checkbox"/> Edit collateral		Delq fine	<input type="text" value="1"/>
		Review date	<input type="text" value="Sep 30, 2017"/> [MMDDYYYY]
		ECOA	<input type="text" value="1"/>

4. Press Enter and choose the payment again with insurance.
5. On the Loan Request Recap screen, the modified APR field will now show the MAPR.
6. Enter the value found in the modified APR field in the underwriter comments section.
7. Edit the loan once again. Delete the credit insurance from the *Loan Fees to include in modified APR* field. Additionally, reduce the balance of the loan by the same amount. You do not want this information to alter the actual note in any way. The MAPR does not need to be printed or explained to the borrower.
8. Update the underwriter comments or create a Tracker record to document the MAPR.

Oral Disclosure

“Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).”

Provide the member with a clear description of the payment obligation, which can be either a payment schedule for closed-end credit, or account-opening disclosures consistent with Regulation Z for open-end credit, as applicable.