

E M Federal Credit Union

Credit Builder Loan

November 1, 2019

What is a Credit Builder Loan?

A Credit Builder Loan is a loan designed to assist members with no credit, little credit or colorful credit to help build or rebuild credit as they strive to establish a better credit history. The money borrowed is secured in the member's savings account while regular payments are made. When the loan maturity date is reached successfully, the member will also have a savings, making this a win-win type of loan.

Anything else I should know about a Credit Builder Loan?

- **A Credit Builder Loan does not provide immediate funds for member use.** Instead, the funds are secured in a savings account until the loan term is complete.
- You can request an amount between \$500 and \$1,500 for your Credit Builder Loan. Your loan term can be between six and 12 months.
- Members can pay off their Credit Builder Loan early. However, regularly scheduled monthly payments are important to building credit. If you secure a Credit Builder Loan, you should plan to make regular payments through the loan's scheduled completion date.
- If at any time your loan become 60+ days delinquent, it will immediately be paid off in full with the secured funds in your savings account. You will not be eligible for another Credit Builder loan for a minimum of 12 months from the date the loan payment funds were transferred by the credit union.

How do I get a Credit Builder Loan?

- **Request a Credit Builder Loan:**
 - Complete CBL application and return it to the credit union along with 2 of your most recent paystubs.
- **Make your payments:**
 - Your loan funds will be secured in your savings account while you make payments for the full term of the loan. You should plan to make regular payments through the loan's scheduled completion date. Making these payments allows you to establish a regular payment history on your credit report.
- **Receive your funds!**

Who should apply for a Credit Builder Loan

People who have not yet built their credit history

People seeking to improve their credit

How much will a Credit Builder Loan improve my credit score?

There's no guarantee on how much a Credit Builder Loan will improve your credit score, because many different variables can affect your credit score. However, your loan will be reported to the credit bureau and will reflect your successful completion of on-time, scheduled payments, which shows your commitment to being a responsible consumer.

Is there a fee to get a Credit Builder Loan?

There are no application fees associated with applying for a Credit Builder Loan. However, you will be required to pay interest on the loan.

Once I pay off the Credit Builder Loan, will I qualify for another loan with EMFCU?

Successfully completing a Credit Builder Loan doesn't automatically qualify you for additional loans. In every lending situation, we review your credit history and financial standing. However, the Credit Builder Loan is reflected as being paid on your credit report, so lenders may take this into account as a reflection of your financial responsibility.

What's the difference between a Credit Builder Loan and a Short Term Signature?

A Credit Builder Loan allows you to hold a specific amount in an EMFCU savings account and make regular payments until you've paid the full loan amount at which time the funds are released and available for use. Short Term Signature Loans provide immediate funding, carry a loan application fee and are intended for emergency type situations.

The Credit Builder Loan option is intended to help you build a strong payment history that can be reflected on your credit report and considered when you make future lending requests.

E M FEDERAL CREDIT UNION CREDIT BUILDER LOAN APPLICATION

Member Account # _____

Shares Balance: \$ _____

Amount Request: \$:	Term Requested:
Applicant:	Co-Applicant:
Address:	City: State: Zip:
Applicant Phone Number:	Co-Applicant Phone Number:
Applicant Email Address:	Co-Applicant Email Address:
Applicant Employer:	Co-Applicant Employer:
Position:	Position:
Work Number:	Work Number:
Supervisor Name:	Supervisor Name:
Work Number:	Work Number:
Reference Name:	Reference Name:
Address:	Address:
Phone Number:	Phone Number:

- I understand the funds from this loan will be placed in my share account and held until this loan is paid in full.
- I have been employed with my current employer for a minimum of one month.
- I have attached one month of paystubs from my current employer.
- I understand that I am responsible to make regular bi-weekly or monthly payments.
- I understand that if at any time this loan becomes 60+ days delinquent the credit union will pay off the loan with the secured funds in my share account and I will not be eligible for another Credit Builder Loan for 12 months from the date the loan payment funds are transferred by the credit union.
- I understand that I cannot apply for another Credit Builder Loan until this loan is paid in full.

Applicant Signature:	Date:
Co-Applicant Signature:	Date:

CREDIT UNION USE ONLY

Loan Officer:	
Loan Approved by:	Date:
Amount Approved:	Date:
Term Approved:	Verification of Funds Held Attached: