



Oct 2020

Quarterly Newsletter

New Branch office in Grantsburg

We are still working on the new office building in Grantsburg, but Covid-19 has caused some delays. It is our hope that we will have the floor plan and site plan done within the next month. It was my goal to have the new office up by the end of the year, but unfortunately that is not going to happen now.

It would help the credit union if the members in the Grantsburg area would let the staff in the Grantsburg office know if having safety deposit boxes and/or an ATM would be beneficial new services for you. For sure the Grantsburg office will have a night depository, 2 drive-thru lanes and a self-service coin counter in the lobby. There will be no fee for members to cash in coin at the credit union.

Monitoring Debit Card Fraud

At Indianhead Credit Union, we take fraud seriously. With that being said, in partnership with our Debit Card processor, we have setup a system to monitor each debit card transaction. Each debit card transaction is compared to members previous debit card history and then scored. If the score is high based on the fraud department standards our Debit Card processor will flag the transaction as potentially fraudulent and the transaction will be denied.

Once your transaction has been flagged as potentially fraudulent, you will receive a text message (if your phone accepts texts) asking if you attempted the transaction. The text message will look like the following:

FreeMSG Indianhead CU Fraud Center: 877-273-5740 (Amount) on card (0000) at (merchant). If valid reply YES, fraud NO. To Opt Out, STOP.

If you don't answer the text or if your phone does not except text messaging the fraud department will try to reach you via a phone call. If you don't feel comfortable answering the text or the phone call you can always contact one of our offices during normal business hours to get help with the transaction.

You also have the option to use CardValet, which is an app that lets you setup card alerts and card controls on your debit card. CardValet can help with the detection of fraud by setting up alerts every time you use your card or by setting up parameters where your debit card can be used. For more information please contact one of our offices. Download the CardValet app free of charge.

Unfortunately, we can't stop all fraudulent transactions. If you find a fraudulent transaction on your account contact us immediately at 1-800-645-9391. Please make sure your phone number is up to date with the Credit Union. You can change your phone number in the office or by secure messaging us via online banking.

Real Estate Loans

The credit union offers two real estate programs for first mortgages, we originate real estate loans and keep them in our loan portfolio and we sell to the Federal Home Loan Bank of Chicago (FHLBC). The type of loans we do in our inhouse loan program are single family homes, land, and manufactured homes attached to land. We do loans to purchase a home, refinance a current home loan and loans for home improvement. The interest rate is determined by the term. Interest rates can change daily, check with the credit union at the time of the application. Interest rates are normally not locked in until the processing of the loans is complete enough to know the loan will be approved.

We also originate real estate loans that we sell to the Federal Home Loan Bank of Chicago (FHLBC), we retain the servicing for the loans we sell. For loans we sell, the loan record is on our core system, so the loan balance and payments are reflected on the member's statement. We keep track of the home owner's insurance and taxes. For the secondary mortgage market loans (loans sold to the FHLBC) we do purchase money loans and refinance loans. The type of properties that qualify are stick built single-family homes, modular homes and some double wide manufactured homes. For the loans we sell we must follow their rules, partial payments cannot be applied, once the full payment is made for the month an extra amount can be applied as a "curtailment" for principle reduction. If a member pays extra with their payment, the extra amount is applied to principle reduction. Interest is calculated on the accrual interest method, using a 360-day year and interest is paid in arrears, the October payment pays the interest for September. The interest rates for the secondary market loans are set by the FHLBC, the interest rates can change daily, check with the credit union at the time of the application.

How the processing works:

- Step one: complete an application packet;
- Step two: after application is returned to the credit union; the application is reviewed to determine that the minimum requirements are met;
- Step three: send out a loan estimate to the borrowers;
- Step four: when the loan estimate papers are returned; the processing of the loan begins;
- Step five: once the processing is complete and the loan meets the requirements and it is approved, a closing disclosure is sent to the member and a closing date is set.
- Closing costs vary, check with the credit union at the time of the application.

The minimum requirements include:

- A satisfactory credit score with at least 2 years history in the credit bureau, for inhouse loans the credit union can work with members with lower credit scores;
- At least 2 years employment history for the borrower(s);
- Debt ratio no higher than 43%;
- A down payment of 20% of the sale price or appraised value *whichever is less if the loan is for a purchase of a home or private mortgage insurance is required; the maximum loan to value for refinanced loans is 80%, for a refinanced double wide manufactured loan in the secondary mortgage market the maximum loan to value is 65%.

*There are down payment assistance programs from Northwest Regional Planning, and the credit union offers one from the FHLBC. Both programs are income based, check with the credit union for additional details.

Loan Processing includes:

- An appraisal; it usually takes 3 weeks for an appraisal, right now it can take up to 6 weeks;
- Title work, usually it is a title policy for small loans we can use a letter report;
- Verification of employment and income;
- Verification of down payment money;
- Order tax transcripts;
- Verification of rent, if the borrower is not a current home owner;
- Any other verification that is deemed necessary.