



Applying for a Loan

You must be an existing CU member to apply for a loan. To become a member please see [Opening an Account](#).

Applying for a loan is four-step process. Each step is described in detail later.

- A. Review Loan Application Requirements
- B. Submit your Short Loan Application
- C. Receive Confirmation of Receipt of your Short Loan Application
- D. When asked by the CU, submit your Full Loan Application

Please contact the CU if you have any questions. [Contact information](#) is available on the CU website, JafariCU.com.

Loan Fees

Short Loan Application Fee: \$25 per application. This fee is **non-refundable**.

Full Loan Application Fee: \$50 per application. This fee is **non-refundable**.

Lien Recording Fee: The CU will charge any fees incurred by the CU for recording the title lien for a vehicle. The current title fee in Texas is \$35-\$45 and \$75-\$85 for Florida.

Late Payment Fee: The CU will charge a fee of \$10 once per month if the borrower's full monthly payment is not received by the due date. This fee will be deducted from the member's CU Share Savings account.



STEP A – REVIEW LOAN APPLICATION REQUIREMENTS

This section describes the general requirements for a loan application. Please review these requirements before you submit a Short Loan Application. Note: *The Short Loan Application Fee and the Full Loan Application Fees are non-refundable, whether your loan application is approved or not.*

Savings Account Balance and Monthly Account Maintenance Fees Requirements

Before applying for a loan, the member must ensure the following:

1. The Savings account balance must be at least \$240 plus any funds required to pay for the Loan Application Fees and Loan Recording Fees.
2. If any member on the Loan Application was not charged the normal monthly Savings Account Maintenance Fee in any of the previous 60 months because of insufficient funds in the member's Savings account the member must first pay the CU any Account Maintenance Fee that would have been charged to the member if the member had maintained sufficient funds in his/her Saving account. For members who joined the CU, for the first time, less than 60 months ago, the normal monthly Saving Account Maintenance Fee will be calculated from the month the member joined the CU.
3. A member who has paid the Voluntary Regular Lending Fee can request a refund of this fee, to the extent un-refunded Regular Lending Fees are available for the member, to meet the Savings account balance requirements as well as paying the Account Maintenance Fee requirements listed above.

Loan Eligibility Requirements

Your loan application must meet the following general eligibility requirements.

1. You must be a current member of the CU to apply for a loan. **NOTE:** If you have a **joint** CU Savings account but want to apply for a loan on your own you must first open your own, separate CU Savings account.
2. The CU provides loans for only the following purposes:
 - a. Refinancing of an existing Auto/Car loan that is the primary vehicle for the member(s)
 - b. Refinancing of an existing US college student loan for the member(s)
 - c. Refinancing of an existing primary or secondary mortgage loan for the member's primary residence.
Note: the CU loan will not be secured by the underlying real estate.
 - d. *Short Term Loan* to pay for one of the following expenses incurred by the member:
 - (1) Medical bills for non-elective treatment
 - (2) Car Repair required to get primary car back into safe, working condition
 - (3) Home Repair for recent damage, to get primary home back into safe, working condition. Includes HVAC/water heater/electrical/plumbing repairs. Loans not permitted for home improvement/enhancement.
 - (4) Home Appliance Repair or Replacement, limited to washer/dryer, refrigerator, dishwasher, oven, and stove, for member's primary home.
 - (5) College Tuition and/or College Textbooks. Must be at least half-time student at a public or accredited college / university, with at least 30 hours of college credit.
 - (6) Loan must be paid back in 12 months, and the loan amount must be between \$750 and \$3,000.

e. *Personal Loan*

- (1) The member is not required to specify the purpose of the loan
 - (2) Loan must be paid back in 12 months, and the loan amount must be between \$1000 and \$2,400.
 - (3) A member cannot apply for a new Personal Loan until at least 6 months after the member’s last Personal Loan was paid off and at least 12 months after the member’s last Personal Loan was issued.
 - (4) If the CU receives multiple applications for Personal Loans, the CU will give priority to those members who have never received a Personal Loan or who have received the fewest number of Personal Loans.
 - (5) The CU will not make any new Personal Loans if the current total of all outstanding Personal Loans is \$50,000 or more.
3. For refinancing an existing loan, you must have made at least 6 monthly payments for the existing loan. And, your three most recent monthly payments must be full payments paid on time – i.e. no late or partial payments in most recent three months.
 4. For *Short Term Loan* ,
 - a. Member must provide documentation for repairs recently done (within last 60 days) or repairs required
 - b. For College Tuition and Text Books, member must apply before the start of the semester.
 - c. Funds will be paid directly to the service provider unless the member has already paid; in such cases, member must provide proof of payment.
 5. A credit file must be available for the member applying for the loan. This does not apply if the member is applying for a loan secured by CU shares (secured by funds in Savings account).
 6. For refinancing an existing loan, the interest rate of the existing loan must be equal to or higher than the current Minimum Interest Rate announced by the CU. You can see the current Minimum Interest Rates for secured loans and unsecured loans in the **Latest Loan Limits** section below.

Loan Amount Limits

The maximum amount the CU can loan is limited based on the type of loan, the member’s credit history and income, and the member’s existing debt obligations.

Credit Tier

Each loan application is assigned a Credit Tier based on the member’s credit score, as shown below.

Credit Score	Credit Tier
750 and above	A+
700 to 749	A
650 to 699	B
600 to 649	C
550 to 599	D
549 and below	E



Collateral

You may provide collateral to the CU to secure your loan. In some cases, the CU may require you to provide collateral to issue the loan. Currently, the CU accepts the following types of collateral only:

1. An auto/car owned by the member. The CU will place a lien on the title of the auto. Currently the CU can accept only autos titled within the state of Texas or Florida. The auto must be no older than 15 years.
2. Shares. These are funds that you deposit with the CU and the CU will return these funds back to you as your CU loan is paid back. The collateral amount will be the amount of your loan.

Credit Limits for Secured Loans

The loan amount for loans secured by collateral are shown below.

Collateral	Maximum Loan Amount
Auto less than 2 model years old	90% of value of auto for Tier B and above, up to \$25,000 80% of value of auto for Tier C, up to \$15,000 80% of value of auto for Tier D, up to \$10,000 80% of value of auto for Tier E, up to \$5,000
Auto between 2 and 15 model years old	Same as for Auto less than 2 model years old above
Shares Secured Loans	\$30,000

Auto Value will be the higher of www.NADAGuides.com's Average Trade-In **Total Base Price** or the **Clean Retail Total Base Price**. If NADA value is not available, the Credit Union will determine Auto Value as Kelly Book Value, www.kbb.com, **Used Car Price, Buy From a Dealer, Fair Purchase Price**.

Credit Limits for Unsecured Loans

For loans that are not secured by collateral the maximum CU loan amount is determined using the member's Credit Score and the member's Gross Monthly Income.

Each loan application is assigned a Credit Tier based on the member's credit score, as shown below.

Credit Tier	Maximum Unsecured Loan Amount
A+	4 times Gross Monthly Income, up to \$12,000
A	4 times Gross Monthly Income, up to \$12,000
B	3 times Gross Monthly Income, up to \$9,000
C	2 times Gross Monthly Income, up to \$3,000
D	1 times Gross Monthly Income, up to \$3,000
E	1 times Gross Monthly Income, up to \$1,500

For example,

1. If a member's Credit Tier is C and the member's Gross Monthly Income is \$1,200, the maximum loan amount will be \$2,400: 2 x \$1,200.



2. If a member's Credit Tier is B and the member's Gross Monthly Income is \$4,000, the maximum loan amount will be \$9,000: $3 \times \$4,000 = \$12,000$ but B loans are limited to a maximum of \$9,000.

If a member can provide an auto/car as collateral for an unsecured loan, the Maximum Loan Amount will be increased by the value of the collateral as described for secured loans. If Shares (funds) are provided as collateral, the Maximum Loan Amount will be increased by 100% of the value of the collateral.

Note for members who are not US Citizens/Residents: If one of the members is not a US Citizen/Resident and the CU is relying 50% or more on the non-Citizen/Resident member's income to approve the loan, the CU will not approve any unsecured loan.

Existing CU Loans and Loan Limits for Single and Joint Members

The maximum amount that can be lent to a single member is the lower of (a) \$25,000 and (b) 10% of the CU's Net Worth. The maximum amount that can be lent to joint members is the lower of (a) \$40,000 and (b) 20% of the CU's Net Worth.

If a member already has any existing loans from the CU the Maximum Loan Amount for the new loan will be reduced by the amount of the existing CU loan(s).

If a member is a co-signer on any existing loans, half of the loan CU loan amounts will be used to calculate the amount of the existing CU loans.

CU Total Loan Limits

The total amount of loans the CU can issue, to all members, generally depends on the amount of deposits the CU has as well the CU's Net Worth (capital). The CU's Loan Policy includes the following limits on the loans issued by the CU:

1. The total amount of all loans that can be issued by the CU.
2. The total amount of all loans that can be issued for each of the Credit Tiers C, D and E specifically. Credit Tiers are described above.
3. The total amount of unsecured loans that can be issued by the CU.
4. The total amount of unsecured loans that can be issued for each of the Credit Tiers C, D and E specifically.
5. The total amount the CU can loan to a member, whether issued as one loan or more than one loan, secured or unsecured, cannot exceed 10% of the CU's Net Worth.

How can the CU Total Loan Limits affect your loan application?

The CU cannot issue a new loan if issuing the loan will cause the CU to exceed any of the CU Total Loan Limits. For example, if the CU Total Loan Limit for Unsecured Credit Tier C loans is \$40,000 and the CU has existing Credit Tier C total unsecured loans for \$39,000, the CU can approve only \$1,000 for a new unsecured Credit Tier C loan.



Latest Loan Limits

This section shows the latest Loan Limits published by the CU:

CU Loan Limits As of 10/01/2019		
Minimum Interest Rate - Unsecured Loans	3.25%	
Minimum Interest Rate - Secured Loans	3.25%	
Total Loans Limit per Member (NCUA 10% rule)	33,113	
	UnSecured	All loans
Total Loans Limit - All Credit Tiers	404,534	848,980
Existing Loans	166,133	486,363
Funds available for New Loans	238,400	362,616
Total Loans Limit - Tiers C,D,E combined	121,360	254,694
Existing Loans - Tiers C,D,E	5,807	42,219
Funds available for New Loans - Tiers C,D,E	115,553	212,475
Total Loans Limit - Tiers D,E combined	80,907	169,796
Existing Loans - Tiers D,E	-	6,471
Funds available for New Loans - Tiers D,E	80,907	163,325
Total Loans Limit - Tier E	40,453	84,898
Existing Loans - Tier E	-	-
Funds available for New Loans - Tier E	40,453	84,898

Documents Requirements

When asked by the CU, the member must provide the following documentation:

1. If refinancing an existing loan, Loan statement/screenshot for the existing loan, showing the loan’s current balance, interest rate, monthly payment and the most recent 6 months of payment history. If you have multiple student loans you can include information about all your student loans as long as the current balance, interest rate and monthly payment for the specific loan you are applying for is included.
2. Recent proof of income. Example: Pay stub for employment income, recent federal income tax return and recent business bank statements for self-employed, investment account statement for investment income.
3. Three months of recent bank statements for bank/credit union accounts other than this CU. The statements must demonstrate the member’s income. Also, if refinancing an existing loan, the bank statement must show the member’s payments for the existing loan.
4. If the collateral is an automobile the member must provide proof of insurance and payoff statement from the current lender. Also, please provide a picture of the front and the back of the car (showing license plate), and a picture of the odometer (current miles).
 - a. If you have the car title please provide a picture of the car title.
 - b. For cars registered in Florida please provide a copy of the title or a screenshot of the Certificate of Title from the Florida DMV website.
5. If the collateral is member shares (funds) the member(s) providing the collateral amount must show a recent bank/credit union statement showing funds are available.



6. For *Short Term Loan*, the member must provide documentation demonstrating actual or expected cost of car repair, home repair, etc. If the member has paid for the expenses already, proof of payment must be provided. For College Tuition, documentation must include college transcript and college tuition bill showing the member has completed 30 college credit hours and the member is at least half-time student.

The CU's Credit Committee may ask for additional information, if needed.

Please **don't submit these documents** until you are asked to do so by the CU. These documents are not required when you submit your Short Loan Application.

Other Requirements

Your loan application must meet these requirements as well.

1. A member can submit a new Short Loan Application only **once every three months**. If you submitted a Short Loan Application in the past please wait at least three months before you submit a new Short Loan Application. **However**, a member may apply for a *Short Term Loan* at any time as long as the member does not already have an existing *Short Term Loan*.
2. A member whose CU Loan Application was denied because the member did not meet the CU's credit and income criteria for the borrower must **wait at least 6 months** from the date the CU loan application was denied before submitting a new Short Loan Application.
3. A member who was asked to provide a Full Loan Application but did not provide one in a timely manner must **wait at least 6 months** from the date the CU loan application was denied before submitting a new Short Loan Application.
4. A member who has received a CU loan must **wait at least 6 months** from the date the CU loan was issued before submitting a new Short Loan Application.
5. A member who has an existing *Short Term Loan* cannot apply for a new *Short Term Loan*.
6. A member who has an existing *Personal Loan* cannot apply for a new *Personal Loan*.
7. A member who is behind on payments for an existing CU loan cannot get a new CU loan.
8. A member who has caused loss to the CU cannot get a new CU loan.



STEP B – SUBMIT YOUR SHORT LOAN APPLICATION

Please review the **STEP A- LOAN APPLICATION REQUIREMENTS** described above and email or call the CU if you have any questions. Note: *The Short Loan Application Fee and the Full Loan Application Fees are **non-refundable**, whether your loan application is approved or not.*

The Short Loan Application consists of basic loan and income information. This information is used to determine if your loan meets some of the CU's loan eligibility requirements. The Short Loan Application Fee is **\$25** and is **non-refundable**.

The following information must be provided about your loan in the Short Loan application:

1. Loan Type: The type of your existing loan. E.g. Auto/Student/Mortgage/*Short Term Loan/Personal Loan*.
2. Loan Amount: The approximate loan balance for your existing loan, or the amount being requested for a *Short Term Loan*. Round up to nearest dollar.
3. Interest Rate: If refinancing an existing loan, the interest rate for your existing loan. Round up to nearest tenth of percent. E.g. 5.5% if 5.452%.
4. Monthly Payment: The monthly payment for your existing loan. Round up to nearest dollar.
5. Gross Income: Your monthly gross income. This is your income before any payroll and tax deductions. Round up to nearest dollar.
6. Collateral: If you choose to provide any collateral, indicate the type of collateral. E.g. Car/Shares (Shares = funds in your CU Savings account). Please leave this blank if you are not providing any collateral.
7. Collateral Value: If you are providing collateral, please provide your best estimate of the value of the collateral. Round up to nearest dollar. Please leave this blank if you are not providing any collateral. **Note:** *The CU will verify the value of the collateral as described earlier.*

The Short Loan Application must be submitted to the CU's Houston office. Please ensure your Savings Account has sufficient funds to pay the Short Loan Application Fee \$25.

The Short Loan Application can be submitted via the CU's Online Banking website. You can also submit your Short Loan Application in person or by mail – please see the instructions below.

Submitting the Short Loan Application via Online Banking

Send Secure Mail for Short Loan Application

You can submit your Short Loan Application using the Online Banking's **Secure Mail**. Please see the CU's [Online Banking Help](#) about how to use Secure Mail. When sending the Short Loan Application please type **Short Loan Application** in the message's **Topic**, and provide the following information in the **Message** section: (you can copy/paste the text below and fill out the information):

Loan Type:
Loan Amount: \$
Interest Rate: %
Monthly Payment: \$
Monthly Gross Income: \$
Collateral (if any):
Collateral Value: \$



Submitting Short Loan Application in Person or by Mail.

If you want to submit the loan application in person or by mail, please print or write the following information on a plain piece of paper, and sign it. **NOTE:** Co-Applicant information is required for joint applications only.

JAFARI NO-INTEREST CREDIT UNION SHORT LOAN APPLICATION	
CU Account Number:	Date:
Applicant Name:	Co-Applicant Name:
Loan Type:	Loan Amount: \$
Interest Rate %:	Monthly Payment: \$
Monthly Gross Income: \$	Collateral: Collateral Value: \$
Applicant Signature:	Co-Applicant Signature:

Please deliver the Short Loan Application in person to CU Houston office, during the CU’s normal office hours, or mail your Short Loan Application. [Contact information](#) is available on the CU website, JafariCU.com.

STEP C – RECEIVE CONFIRMATION OF RECEIPT FOR YOUR SHORT LOAN APPLICATION

The CU will send you an email or an Online Banking Secure Mail to confirm the receipt of your Short Loan Application. This may take 7-10 days. Please contact the CU if you don’t receive the confirmation after 10 days.

STEP D – WHEN ASKED BY THE CU, SUBMIT YOUR FULL LOAN APPLICATION

The CU’s Credit Committee will evaluate your Short Loan Application. If your loan application meets the general eligibility requirements, the CU will contact you and ask you to submit a Full Loan Application. Along with your Full Loan Application you will also be asked to provide the documents listed in the **Documents Requirements** section above.

This may take 1-2 weeks. Please contact the CU if you don’t hear from the CU in 2 weeks.