

## **Members Choice™ Borrower Security (Debt Protection)**

### **Help protect your loan. Help preserve your standard of living.**

Whether you're taking out a loan to make home improvements or buy a vehicle, you should take steps to protect you and your family in case something unforeseen happens. You're betting you can pay back your loan and you won't lose your job (through no fault of your own), become disabled (due to injury or illness), or pass away, which could leave your family responsible for your loan balance. Life events can cause financial hardship, making bill-paying difficult. You don't want delinquent payments and defaulted loans to impact your finances.

### **Help play it safe.**

Members Choice Borrower Security is a voluntary loan-payment protection product that is designed to help you get relief from loan payments if a protected life event unexpectedly happens to you. Simple eligibility requirements help ease the signup process.

### **Protection that matters.**

If a protected life event happens to you (and you're a protected borrower or co-borrower on the loan), Members Choice Borrower Security will cancel or waive your loan payments, up to the contract maximums- helping to lessen your worries, and your family's worries, about paying loans during a time when your income may be reduced or lost and paying other household bills becomes challenging. We offer several options you could protect yourself against. These events could include:

- Loss of life, including those caused by acts of war
- Disability, including those caused by acts of war
- Involuntary unemployment

## **Frequently Asked Questions**

### ***What is MEMBER'S CHOICE Borrower Security?***

MEMBER'S CHOICE Borrower Security is a debt protection product offered by Valley 1<sup>st</sup> Community Federal Credit Union. Enrollment in this debt protection is voluntary and not required to obtain a loan.

### ***Does debt protection pay off my debt?***

The benefit of debt protection is that it either cancels or postpones your loan payments. Debt protection offers the following protection:

1. Balance Cancellation- cancels a debt (up to the agreement maximum) if you die.
2. Payment Cancellation- cancels the principal and interest portions of your loan payment (up to the agreement maximum) if you die or become disabled or a victim to another covered event such as involuntary unemployment. The amount is applied to the loan balance as if the payment has been made.

### ***Is MEMBER'S CHOICE Borrower Security expensive?***

The fee is specific to the amount and term of your loan and the protection package you select. The fee is automatically scaled to the amount of protection you select since it is calculated against the outstanding loan balance.

***Why would I need this protection if I have disability benefits through my employer?***

Employer disability benefit packages may cover only a portion of your salary (typically 60% or less) or offer no protection at all.

You should check with your employer on your disability benefits. And, there are typically longer waiting periods before you receive Social Security benefits.

***What types of loans can be protected?***

MEMBER'S CHOICE Borrower Security is typically offered on open- and closed-end consumer loans, credit card balances and home equity/line-of-credit loans, second mortgages, but NOT on first purchase mortgage and other similar real estate loans.

***I have an existing loan with your credit union. Can I protect that loan with MEMBER'S CHOICE Borrower Security, too?***

Yes. You may enroll at any time. A borrower typically doesn't have to complete health questionnaires if protection is elected within 30 days of loan disbursement.

***What types of life events are protected?***

The most common life events you can protect with debt protection are loss of life, disability and involuntary unemployment.

***Can I receive debt protection benefits more than once during the life of the loan?***

Yes. When you enroll in debt protection, it's for the entire duration of the loan. So, you could receive benefits multiple times during the loan term. However, the benefit period or amounts for loss of life, disability or involuntary unemployment events are limited to the benefit maximum. A recurrent event period also applies to some protected events.

***Can I cancel protection? How?***

You can cancel MEMBER'S CHOICE Borrower Security at any time during the life of a loan by providing us with a written notification. If you decide to cancel protection within the first 30 days after purchase, we will refund any program fee that may have been charged to the loan(s) during those 30 days.