

# Frequently Asked Questions

## Loan Due-Date Changes Caused by Credit CARD Act of 2009

**Q: Why is this happening?**

A: Recently, the United States Congress created new legislation titled the “Credit CARD Act of 2009.” While the legislation was originally created to improve how credit card issuers operate, it also included language that affects all open-end loans and home equity line of credit loans. At Connexus Credit Union, all auto, personal, line of credit and student loans are entered into under an open-end plan. First mortgages are not affected by this, and their due dates will not be altered.

**Q: Why is my loan due date being changed?**

A: One of the provisions of the new law requires that financial institutions notify borrowers at least 21 days in advance of their actual loan payment due date. To meet this requirement, Connexus will now include a notification of your due date on your monthly statement. Since statements are usually mailed by the 3<sup>rd</sup> of each month, we will be moving the due dates for all Connexus open-end loans to the 27<sup>th</sup> of the month to allow for the required notification of your next loan payment.

If your payment was due anytime between the 28<sup>th</sup> and the end of the month, your loan due date will not change.

**Q: Will my payment amount remain the same?**

A: Yes. All other terms of your loan will remain the same. All that is changing is the due date.

**Q: My loans are on direct deposit or made as an ACH (electronic) payment. How will I be affected?**

A: If your loans are automatically paid through direct deposit or ACH, you do not need to do anything. Your payments will continue as always, whether they are set up as weekly, biweekly, semi-monthly or monthly. Your due date that displays on your statement will be on or after the 27<sup>th</sup>.

**Q: I mail a check or stop by a credit union branch each month to pay my loan. How will I be affected?**

A: There will be no change. You may continue to send your check monthly or stop by the branch to pay your loan as long as we receive your payment by the 27<sup>th</sup> of the month.

**Q: I still have coupons with my original due date. Can I still use them?**

A: Yes. (If you request new coupons, they will reflect the new due dates.)

**Q: I pay my loans via automatic transfer from another Connexus account. Can I still continue to do this?**

A: If your loans are paid automatically via transfer from another Connexus account on a monthly basis, you do not need to do anything. Your payment will automatically transfer on the 27<sup>th</sup>.

**Q: I want to keep paying my loan on the same due date I have always used. That fits into my budget. Do I have to change?**

A: No. You may continue to pay your loan on the same day as before, as long as you make your monthly payment by the due date indicated on your statement.

**Q: What happens if my loans are paid ahead?**

A: If your loans are paid ahead, your next loan payment date will be advanced to the 27<sup>th</sup> of the month. If it is currently due before the 27<sup>th</sup> of the month, it will change to the 27<sup>th</sup> of that month. If it is currently due on the 28<sup>th</sup>, 29<sup>th</sup>, 30<sup>th</sup>, or 31<sup>st</sup>, of the month, your due date will not change.

**Q: Will my interest rate change?**

A: No. Your interest rate will remain the same during the course of your current loan.

**Q: How will this change affect the amount of interest due on my loan?**

A: Interest accrues on your loan daily. For example, if your loan is paid biweekly, each payment includes 14 days worth of interest. If you pay your loan monthly on the same day, you may pay 28-31 days of interest each month, depending on the number of days between payments.

If you continue to make your payments as before, there should be no change in the interest collected over the course of the loan.

If you choose to wait until the new due date of the 27<sup>th</sup>, the amount of interest will be the number of days between payments multiplied by the daily interest rate.

**Q: Is the term of my loan getting extended?**

A: If your loan was scheduled to be paid off in a specific number of payments (36, 48, etc.), then you will still need to make that many monthly payments to pay off the loan. If you are making weekly, biweekly, or semi-monthly payments and start using your new due date on the 27<sup>th</sup> rather than the one you've always used, your loan will consequently be extended for the number of days between your old due date and the new one.

**Q: Do I have to sign new loan papers to make this change take effect?**

A: No. The loan disclosure you signed when you originally took out your loan allows Connexus to make changes to your loan, with prior notice. You received a copy of this disclosure along with copies of your loan papers. The insert that you received with your statement is the “prior notice.”

**Q: Will this affect my credit report or rating?**

A: As long as you continue to make your regularly scheduled payments by the due date, there will be no negative effect on your credit report or rating.

**If you have any other questions, please contact Connexus at 800-845-5025.**