

Loan Application



What to Know About Loans

What do I need to know about applying for a loan?

A loan is used to help you pay for something that you want to buy, like a car, college tuition, school trip or business expenses. Applying for a loan is like asking the bank to trust you to make a purchase and pay the bank over a period of time.

A loan is a serious responsibility. You will be obligated to pay the bank every month. Making monthly payments is important because you will be establishing a history of credit that financial institutions take very seriously. Paying all your loan payments on time every month is the key to

establishing a good credit history that you will be proud to have on your credit record. Please read through the Young Americans Bank loan brochure carefully.

Completing a Loan Application

Which parts do I fill out?

- Use this application to apply for a personal loan, business loan (with a business plan) or an auto loan.
- Complete the page titled Borrower Information and the Budget Planning Worksheet. If you are applying for an automobile loan, you will also need to fill out the Guide for Selecting an Automobile worksheet.
- Applicants under the age of 18 should have a co-signer complete the page for a co-signer. If you are over the age of 18, you may still need to apply for a loan with a co-signer. There are many reasons a co-signer may be required. If you have any questions or need assistance with this application, please consult the bank for details.

Application Approval Procedure

How does the bank decide if my application will be approved?

- A bank officer will review your employment record and credit history and evaluate your ability to make monthly payments without putting yourself in financial difficulty.
- If you are applying with a co-signer, this person's credit history will also be reviewed.
- You will then be contacted with a decision.

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Application Approval Procedure



What else should I know about the approval procedure?

In addition to reviewing your employment and credit history, we will carefully review your application based on “The C’s of Credit” criteria.



The ¢’s of Credit

Character

The applicant’s **character** is often considered the most important factor in a bank’s lending decision. The character of an applicant helps a lender address important questions about responsibility, honesty, and maturity in relation to one’s ability to repay the loan.

Capacity

An applicant’s **capacity** or ability to pay debts and monthly living expenses, as well as the payments on a new loan is also an important consideration. A lender will question an applicant’s job stability, verify the length of employment and calculate current living expenses.

Collateral

Collateral is defined as an item of value that a person owns which could be used to repay the loan, such as a vehicle, home or investments.

Conditions

A lender will also consider other **conditions** that might affect an applicant’s ability to repay the loan. A lender will ask these questions: Will an applicant’s lifestyle change over the term of the loan? Will his or her living expenses increase? For instance, will he or she move from a parent’s home and have additional living expenses? Will the amount of hours an applicant works decrease for any reason, such as to attend college?

Capital

A savings account and other possessions of value are considered **capital**. A lender is interested in an applicant’s capital because it could be another form of payment in case he or she becomes unemployed.

Can We?

Lastly, a lender will consider the bank’s ability to make the loan. A lender will question whether the loan request follows the bank’s lending policy and if the bank typically approves loans for the reason that the loan is needed.

Guide for selecting an Automobile

What is it worth?

This guide is intended to inform and assist a potential borrower in the process of buying an automobile. An auto purchase is often one of the most important and expensive decisions a young borrower will make.

Vehicle Make _____ Model _____ Year _____

Current Mileage _____ Condition of Vehicle _____

How does the car look in general? Are the tires in good condition?
Is there a spare tire? Does everything work—windows, heat, air, etc.?

Loan Value (based on the Blue Book value) \$ _____

Additions/Deletions based on mileage and features \$ _____

True Loanable Value \$ _____

Asking Price of Vehicle \$ _____

Difference Between Asking Price and Loanable Value \$ _____

What terms should I know about automobile loans?

- The **Retail Value** is the amount a buyer will pay for an automobile, also known as an automobile dealer's "asking" price.
- The **Wholesale Value** is the amount an automobile is worth to a dealer, or the amount the dealer will value the vehicle when it is traded in to apply towards the purchase of another, otherwise known as the "trade-in" value.
- The **Blue Book Value** is the value estimated for a vehicle based on an official guide that is specifically used to place a fair value on automobiles. This book contains valuable information for automobile dealers to base the selling price of a vehicle, such as increasing or decreasing the value of a vehicle for low or excessive mileage, and increasing the value for certain features. This book is also called the N.A.D.A. book.
- **Depreciation** is the decreasing value or usefulness of a vehicle over time.
- The **Odometer Reading** is the amount of miles the automobile has traveled, or the automobile's mileage.
- The **Bill of Sale** is the written document between a buyer and seller that shows the price paid for a vehicle. The bill of sale is required when buying an automobile and documents the sale in order for the car to change ownership.
- The **Sales Tax** is the amount of tax that must be paid based on the retail price of a vehicle and where the buyer lives. In Denver, a buyer will pay an additional 7.3% of the vehicle's price in taxes.
- **Comprehensive Insurance** means "full coverage" insurance. This is automobile insurance that protects the driver from any accidental damage regardless of which driver is at fault. This insurance is generally required for a vehicle with an auto loan.

Budget Planning Worksheet

What can I afford?

Outlining your monthly expenses here will determine if a loan would be financially feasible for your individual lifestyle.

List Sources of Income	Gross Income (Before deductions)	Net Income (Take home pay)	Paid How Often?	Monthly Net Income (Monthly take home pay)
1. Employment				
2. Allowance				
3. Public Assistance				
4.				
5.				
Total Monthly Income				

List Expenses	Cost per Month (Monthly payment)	Balance Owed (Outstanding balance)
1. Rent/Mortgage		
2. Auto Loan		
3. Car Insurance		
4. Credit Cards		
5. Student Loan		
6. Other Loans (specify)		
7. Food (groceries, restaurants)		
8. Utilities (gas, electric, water)		
9. Telephone (home service, pager, cell)		
10. Cable Television		
11. Transportation Expenses (gas, repair, bus fare)		
12. Clothing (purchases, dry cleaning, care)		
13. Self Care (haircuts, manicures, cosmetics)		
14. Entertainment (movies, bowling, etc.)		
15. Medical (doctor, hospital, medicine)		
16. Savings (contributions to accounts/investments)		
17. Donations/Gifts		
18. Miscellaneous (specify)		
Total Monthly Expenses		

Disposable Monthly Income Calculation		
Monthly Income \$ _____	Minus Monthly Expenses \$ _____	= Disposable Income \$ _____

Loan Application

Borrower information

ALL ABOUT YOU

Name _____ Phone Number _____
Address _____ Length of Time at Residence _____
City, State, Zip _____
Social Security Number _____ Date of Birth _____ Drivers License _____
School Name & Address _____
Nearest Relative Not Living With You _____ Relationship _____
Address _____ Phone Number _____

LOAN REQUEST

Purpose of Loan _____ Amount Requested \$ _____
Desired Monthly Payment \$ _____ for _____ Number of Months (What you think you can afford)

EMPLOYMENT INFORMATION

Employer _____ Employer Phone Number _____
Employer Address _____ Length of Employment _____
Wage or Salary: Hourly \$ _____ Monthly \$ _____ Position _____
Average Hours Worked per Week _____ Amount of Other Income \$ _____
Previous Employer _____ Length of Employment _____

WHERE YOU BANK

Bank Name _____ Checking Savings

WHAT YOU ALREADY OWE (List Your Liabilities)

Credit Cards	_____	Balance \$ _____	Monthly Payment \$ _____
	_____	Balance \$ _____	Monthly Payment \$ _____
Loans	_____	Balance \$ _____	Monthly Payment \$ _____
	_____	Balance \$ _____	Monthly Payment \$ _____
Car	_____	Balance \$ _____	Monthly Payment \$ _____
Other	_____	Balance \$ _____	Monthly Payment \$ _____

IMPORTANT - PLEASE READ BEFORE SIGNING

Everything I have stated in this application is correct to the best of my knowledge. I understand that Young Americans Bank will retain this application whether or not it is approved. I authorize Young Americans Bank to check my credit history and to answer any future questions about its credit experience with me.

Signature _____ Date _____

Loan Application

Co-signer Information

ALL ABOUT CO-SIGNER

Name _____ Phone Number _____
Address _____ Length of Time at Residence _____
City, State, Zip _____
Social Security Number _____ Date of Birth _____ Drivers License _____
Nearest Relative Not Living With You _____ Relationship _____
Address _____ Phone Number _____

EMPLOYMENT INFORMATION

Employer _____ Employer Address _____
Employer Phone Number _____ Position _____ Length of Employment _____
Annual Salary \$ _____ Other Income \$ _____ Source _____
Previous Employer _____ Length of Employment _____

BANK REFERENCES

Bank Name _____ Checking Savings
Bank Name _____ Checking Savings

LIABILITIES

Mortgage/Rent _____ Balance \$ _____ Monthly Payment \$ _____
Credit Cards/Loans _____ Balance \$ _____ Monthly Payment \$ _____
_____ Balance \$ _____ Monthly Payment \$ _____
Car _____ Balance \$ _____ Monthly Payment \$ _____
Other _____ Balance \$ _____ Monthly Payment \$ _____

ASSETS

Cash, Savings \$ _____ Money Market \$ _____ Stocks \$ _____
Automobile \$ _____ Real Estate \$ _____ Other (please list) \$ _____

Have you ever been the subject of a bankruptcy proceeding or are there any unsatisfied judgements against you? _____

IMPORTANT - PLEASE READ BEFORE SIGNING

The person who signs below hereby unconditionally guarantees the full and prompt payment when due of all amounts owed by the applicant named above to Young Americans Bank. Everything I have stated in this application is correct to the best of my knowledge. I understand that Young Americans Bank will retain this application whether or not it is approved. I authorize Young Americans Bank to check my credit history and to answer any future questions about its credit experience with me.

Signature _____ Date _____

Notice to Cosigner. You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount. The bank can collect this debt from you without first trying to collect from the borrower. The bank can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record. This notice is not the contract that makes you liable for the debt.

Terms To Know

What else should I know about a bank loan?

Borrower	The primary person applying for a loan. This is also the person who is responsible for repayment of the loan.
Co-Signer	A person who signs for a loan made to another person. This person is responsible for repayment of the loan if the borrower cannot pay.
Budget	A plan for a specific period of time that shows how a person's income is used or spent. A budget is a good idea to help a person set and keep financial goals.
Interest	The amount of money paid to the bank for lending money. Interest is also the money a person earns with a savings account, certificate of deposit and other investments.
Debt	An obligation or liability to pay for something. When a person owes money for something it is called a debt.
Debt Ratio	A calculation between what a person earns in income and what that person owes in debt (or what bills that person must pay). This calculation is used to determine whether a person can afford a new loan that will become a new debt.
Credit Record	The history of a borrower's ability and willingness to pay bills on time. A complete record of one's bill-paying history.
Annual Salary	The amount of money (income) earned when employed in an entire calendar year.
Income	The amount of money earned when employed.
Gross Income	The amount of money that a person earns in income before deductions are subtracted. Deductions include things like taxes and health insurance.
Net Income	The amount of money a person earns in income after deductions have been subtracted, also known as take home pay.
Disposable Income	The amount of money that a person has to pay for living expenses such as groceries, rent or mortgage, an automobile, utilities and other bills.
Assets	Things a person owns that are worth money such as a savings account, a certificate of deposit, a home, and an automobile.
Liabilities	Things a person owns but still owes money for—like a home or an automobile—or things a person pays money for such as rent, credit cards and other bills.
Financial Statement	A written document that gives the bank information about a person's financial matters. It includes a person's assets and liabilities.

This information is accurate as of December 2012.
Rates and fees are subject to change.

For more information
please call us at
303-321-BANK (2265)
or write to us at
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Bank Hours:
Monday - Friday, 10am - 5pm; Saturday, 10am - 3pm