

**189—5.5(533) Refunds of fees in the event of termination or prepayment of the covered loan.**

**5.5(1)** *Refund.* If a debt cancellation contract or debt suspension agreement is terminated (including, for example, when the borrower prepays the covered loan), a credit union shall refund to the borrower any unearned fees paid for the contract unless the contract provides otherwise. A credit union may offer a borrower a debt cancellation product that does not provide for a refund only if the credit union also offers that borrower a bona-fide option to purchase a comparable contractual arrangement that provides for a refund.

**5.5(2)** *Method of calculation.* A credit union shall calculate the amount of a refund using a method at least as favorable to the borrower as the actuarial method. However, if the refund calculation produces a result of less than \$5, the unearned fees may be considered to be zero and no refund will be owed to the borrower.