

189—5.10(533) Long-form disclosure. The long-form disclosure must state:

5.10(1) *The product is optional.* “Your purchase of [product name] is optional. Whether or not you purchase [product name] will not affect your application for credit or the terms of any credit agreement you have with the credit union.”

5.10(2) *Explanation of debt suspension agreement.* “If [product name] is activated, your duty to pay the loan principal and interest to the credit union is only suspended. You must fully repay the loan after the period of suspension has expired.” And, if applicable: “This includes interest accumulated during the period of suspension.”

NOTE: This provision is applicable if the contract has a debt suspension feature.

5.10(3) *Amount of fee.* For closed-end credit: “The total fee for [product name] is \$_____.” For open-end credit, either: “The monthly fee for [product name] is based upon your account balance each month multiplied by the unit cost, which is \$_____.” or “The formula used to compute the fee is _____.”

5.10(4) *Financing the payment of the fee.* “Adding the fee to the amount you borrow will increase the cost of [product name].”

NOTE: This provision is applicable if the credit union offers the option to pay the fee in a single payment. Lump-sum payment of the fee is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.10(5) *No refund of fee paid in lump sum.* “You have the option to purchase [product name], which includes a refund of the unearned fee if you terminate the contract or repay the loan in full prior to the scheduled termination date. Prices of refund and no-refund products may differ.”

NOTE: This provision is applicable if the credit union offers the option to pay the fee in a single payment for a no-refund debt cancellation product. This provision is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.10(6) *Refund of fee paid in lump sum.* Either: “If you pay the fee in a single payment, you may cancel [product name] within 30 days and receive a full refund.” or “If you finance the payment of the fee as part of your loan and you pay off your loan early, you will receive a refund of any unearned fee calculated by the actuarial method.” or “If you cancel [product name] after the first 30 days of your loan, you will not receive a refund.”

NOTE: This provision is applicable where the borrower pays the fee in a single payment and the fee is added to the amount borrowed. This provision is prohibited where the debt subject to the contract or agreement is a residential mortgage loan.

5.10(7) *Termination of [product name].* Either: “You have no right to cancel [product name].” or “You have the right to cancel [product name] in the following circumstances: _____.” And either: “The credit union has no right to cancel [product name].” or “The credit union has the right to cancel [product name] in the following circumstances: _____.”

5.10(8) *Eligibility requirements, conditions, and exclusions.* “There are certain eligibility requirements, conditions, and exclusions that could prevent you from receiving benefits under [product name].” And either: “The following is a summary of the eligibility requirements, conditions, and exclusions: [Summary of eligibility requirements, conditions, and exclusions.]” or “You may find a complete explanation of the eligibility requirements, conditions, and exclusions in paragraph(s) _____ of the [product name] agreement.”