

~~CONFIDENTIAL~~

1-4-6

DISPATCH		CLASSIFICATION	PROCESSING ACTION
		SECRET	MARKED FOR INDEXING
TO	Chiefs of Station and Base	X	NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM	Chief, [REDACTED]		MICROFILM 25X1A2d1
SUBJECT	Credit Union Automobile Loans		

ACTION REQUIRED - REFERENCES

For information only. May be destroyed after reading.

1. As part of the effort to encourage the use, on a reimbursable or allowance basis, of private vehicles for official use, the Organization requested the Credit Union to consider granting preferential interest rates for new automobile loans where the vehicle would be taken or purchased overseas. The Credit Union recently approved such a change.

2. In the past, the standard interest rate on Credit Union loans for the purpose of purchasing new vehicles has been $\frac{1}{2}\%$ per month on the unpaid balance with the vehicle title released to the Credit Union as collateral. However, in the case of new vehicles either taken overseas or purchased abroad, the loans have been converted to co-maker loans with the interest rate raised from $\frac{1}{2}\%$ to $3/4\%$, since owners must retain their titles and the Credit Union is thus denied this collateral.

3. Effective 1 May 1964, the $\frac{1}{2}\%$ interest rate will be retained on loans converted to co-maker loans for vehicles purchased or taken abroad. In view of this preferential rate, headquarters has agreed to assist in monitoring the disposal of automobiles overseas on which Credit Union loans have been granted.

4. Chiefs of Station and Base will be notified by headquarters of all personnel under their jurisdiction who have such a preferred interest automobile loan. In turn, Chiefs of Station and Base will be requested to advise headquarters whenever an employee concerned sells or otherwise disposes of the automobile. This reporting will permit the Credit Union to take appropriate action to protect its interests.

5. It should be noted that the above applies only to loans made after 1 May 1964 for the purchase of new vehicles. The interest rate on loans for the purchase of used cars remains at $3/4\%$.

FOR THE CHIEF, [REDACTED]

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