

# CONSUMERS CHOICE CREDIT UNION

## This is Your Line of Credit Plan Agreement and Truth-In-Lending Disclosure

### THIS IS A CONTRACT — BE SURE TO READ IT

This spells out the terms and conditions of your Line of Credit Plan with the Credit Union. This sets out your rights and duties as well as ours.

The wording has been kept as clear and simple as possible. Even so, you may have questions. If you do, please call or write us.

In this contract the word "you" refers to and includes, where appropriate, all persons who sign this contract. "We" or "us" refers to the Credit Union.

#### TRUTH-IN-LENDING DISCLOSURE

There is a U.S. law called the Truth-In-Lending Act. It requires lenders to tell borrowers certain things about consumer line-of-credits they make - in other words, to make a disclosure. This document is not only a contract - It is also a Truth-In-Lending Disclosure.

#### 1. HOW YOU GET A LINE-OF-CREDIT UNDER THIS CONTRACT

By signing the application, you are applying for a self-replenishing Line of Credit Plan to the extent herein provided. Your application must be approved before you can borrow funds under the plan.

We can only approve plans for provident and productive purposes.

You can borrow funds under this line-of-credit contract by the following means:

1. By using a draft (when available). Your signature on a draft shall constitute a request for an advance. Such drafts must be used in accordance with the rules and regulations of the Credit Union.
2. By requesting an advance at the teller counter in any of the Credit Union offices, by mail, or by phone. Your signature on the check voucher or cash disbursement voucher shall constitute a request for an advance.
3. By using "Easy Touch Teller," the Credit Union's telephone operated audio computer system. In this case, use of your personal identification number (PIN) assigned to you is considered the same as your signature in requesting an advance; or by accessing our website at [www.choicecu.org](http://www.choicecu.org) and linking to our CU@Home Online Banking where the use of your PIN is considered the same as your signature in requesting an advance.

#### 2. WHEN LINE-OF-CREDITS ARE GIVEN

The total owing under this contract at any one time may not exceed the amount stated on the front page of this contract.

However, money can be borrowed under the contract in one or more advances from time to time.

Generally, we will make advances to you under this contract if:

1. The total amount owing after the advance doesn't go over the limit stated on the front page;
2. Any papers requesting the line-of-credit are filled out completely and correctly; and
3. You are up to date on all your loans with us, including loans you are co-signed on.

Nevertheless, we have the right to refuse an advance(s) you may ask for, or to cancel the contract if:

1. We decide the credit rating or debt-paying ability of anyone who signed this contract is no longer satisfactory;
2. You break any promise made in this contract; or
3. We decide there is other good cause.

If this should occur, we will give you written notice by first class mail sent to your last known address on our records. The notice is effective when mailed.

#### 3. PROMISE TO PAY BACK WITH FINANCE CHARGE

By signing this application, you promise to pay back the Credit Union all money that anyone borrows under this contract plus a FINANCE CHARGE figured at the daily and corresponding ANNUAL PERCENTAGE RATE shown below. And you make this promise not only for yourself, but jointly with each other person who signs this contract.

A FINANCE CHARGE is the same thing as interest. It is the charge we make for your use of the money we lend you.

##### Figuring Out The Principal Balance

We charge a FINANCE CHARGE (that is, interest) only on that part of the money you borrowed that is still owing when you make a payment. This is called the "principal balance." We figure out the "principal balance" this way:

1. When you borrow money, we add it to the unpaid balance (if any) you previously borrowed;

2. When you make a payment, we deduct from the principal balance any amount that exceeds late charges (if any) and FINANCE CHARGE (interest) then due.

As you can see, the "principal balance" keeps changing. The "principal balance" could be several different numbers during a specific period of time like a month or a calendar quarter.

##### Figuring Out Finance Charge

FINANCE CHARGE (interest) begins to run on each advance under this contract from the date it is posted to our records.

We determine the amount of FINANCE CHARGE (interest) at the time a payment is made, by multiplying:

1. The daily rate stated on the front page, times
2. Each separate "principal balance" since the last payment, times
3. The number of days each separate "principal balance" was owing, and then adding up the results.

In this way, we only charge FINANCE CHARGE (interest) on the "principal balance" for the actual number of days you owe that particular "principal balance".

In the rest of this contract, we will use the word "interest" instead of FINANCE CHARGE.

#### 4. EXTRA CHARGE FOR LATE PAYMENT

We have the right to make an extra charge if you don't make your payment on time. If your payment is \_\_\_\_\_ or more late, we charge you \$ \_\_\_\_\_. You should always make your payments on time. That way you will avoid any chance of having to pay a late charge.

#### 5. HOW YOU PAY US BACK

You must pay back the money you borrow from us, plus interest, in monthly payments. A payment is due every month, even if you have previously made extra payments on the line-of-credit.

The payment is due each month on **the 25th**. We call this the "due date."

You must make at least a minimum payment every month on each line-of-credit ("account"). The payment is \$3.50 for each \$100.00, or part of \$100.00, of the principal balance on the last day of each month, or \$25, whichever is greater.

Minimum monthly payments will usually increase when you borrow additional money against the line-of-credit(s). But they **do not** decrease as a line-of-credit is being paid off.

There is an exception to the "due date" we mentioned above. When you get your first advance against a zero (0) balance under this contract, the first minimum payment won't become due in the month you get the advance-it comes due the following month.

1. The "signature limit" on this contract is \$ \_\_\_\_\_
2. The ANNUAL PERCENTAGE RATE (APR) is \_\_\_\_\_ %, which is the equivalent to \_\_\_\_\_ % per day.

#### 6. EACH OF YOU WHO SIGNS IS LIABLE

If you are signing this agreement with any other person or persons, each of you is obligated to pay the entire amount owing under this Agreement. If any of you stop your right to future use of the Plan by taking the steps described herein, we will stop the Plan for all of you, but all of you remain obligated to pay all amounts due under this Agreement.

We may require any of you to pay any amount without asking any other(s) of you to pay. We do not have to notify you that the amount due under this Agreement has not been paid by any other(s) of you. We and any of you can repeatedly agree to extend this Agreement for as long as we want, without notifying any other(s) of you or releasing any other(s) of you from your responsibility under this Agreement. In other words, the obligation of each of you is absolute and not conditioned on anything.

#### 7. HOW YOUR PAYMENTS ARE APPLIED

Each time you make a payment on a line-of-credit under this contract, it goes:

- First, to pay late charges, if any, on the line-of-credit; and
- Second, to pay interest then owing on the line-of-credit; and
- Third, to reduce the "principal balance" on the line-of-credit.

If the payment isn't enough to cover interest and late charges (if any) then due, the unpaid part of the interest or late charges will be taken out

of your later payments. It won't be added to the "principal balance" of the line-of-credit. That way we don't compound interest you owe, or charge interest on the late charge.

## 8. PAYING OFF EARLY

The payments we told you about in Section 5 are minimum payments. Of course, you are allowed to make larger payments if you want to. And you can pay off any line-of-credit under this contract in full or in part, at any time. Any of these steps will result in your paying less interest over the life of the line-of-credit, thus saving you money.

There is not a penalty or charge for paying off all or part of a line-of-credit early. Even if you do make some extra payment, or some early payments, you STILL must make at least the MINIMUM payment EVERY month until the line-of-credit is paid in full. If you want to pay ahead and then skip some payments, you must make special arrangements with us.

## 9. YOUR SAVINGS ARE SECURITY FOR THIS CONTRACT

By signing the application, you give us a security interest called a "pledge" in all present or future shares or deposits in the Credit Union which you have the right to withdraw for your personal use.

If you are in "default", we can take money from your shares or deposits to make any payments that are past due, as well as any late charges. In Section 11 we tell you what a "default" is.

If you are not in "default", you can withdraw from your savings even though they are "pledged" to us. But if you withdraw ALL your shares, you are no longer a member and you must pay off all existing loans in full and will not be able to get any new loans under this contract.

## 10. PROTECTING CERTAIN SAVINGS

Under the law, which regulates the Credit Union, we have certain rights against your shares or deposits. By signing the application, you give us certain other rights in your savings as explained in Section 9. Nevertheless, none of these rights will apply against any shares or deposits that are part of an Individual Retirement Account (IRA) or a Keogh Plan.

This provision assures that by signing this contract you don't risk losing tax advantages tied to these kinds of savings.

## 11. WHAT HAPPENS IN THE CASE OF DEFAULT

You are in "default" if:

1. You fail to make a minimum monthly payment when it is due,  
Or
2. You break any other promises you make in this contract.

When this happens, we have certain rights, which are designed to help us collect what you owe us. These rights are set out in this section.

### Lawsuit

When you are in "default", we can sue you in a court of law.

### Full Payment Due Immediately

If you are in "default", we can also demand that you immediately pay us the entire amount then still unpaid plus interest and late charges, if any. We don't have to give you any advance notice if we decide to do this.

Once we have done this, you lose your right to make monthly payments under the contract and you must pay us in full right away.

### Rights To Your Savings

When you are in "default", we have certain rights to your savings. These have already been explained in Section 9.

## 12. MISCELLANEOUS PROVISIONS

### What If We Cancel The Contract?

In Section 2, we told you about our rights to refuse any advance you ask for and to cancel this contract. If we do either of these things, you still must pay us all the money you owe under this contract plus interest and late charges (if they apply), and you are still required to follow the repayment terms set out in this contract.

### Can We Check Your Credit?

Yes. By signing the application, you permit us to make such investigation from time to time as we think is necessary concerning your employment, your credit standing, and your financial responsibility. Also, by signing this application, you understand that the Credit Union may request a new application from you every three years. Upon review of that application, we can terminate your Line-of-Credit for reasons specified above. Your signature also permits us to tell the credit rating bureaus and other creditors about our experience with you, such as, for example, if you make your payments on time.

### Record Keeping

You hereby agree that we may keep the Personal Hassle-free Instant Line-Of-Credit Application bearing your signature attesting that you will be bound by

all of the terms and conditions of this contract. A copy of the Line of Credit Plan Agreement and Truth-In-Lending Disclosure was provided to you when you applied for your Line-of-Credit.

### Can This Contract Be Changed?

Yes it can! We need this power because this contract may last for many years and economic conditions will change during that time. So we can, for example, increase the interest rate (though not above the maximum rate allowed by law), increase the minimum monthly payment, or change the credit limit. Changes we make will apply to new advances you get after the date of the change. Changes which affect you adversely (for example, an increase in the interest rate) may also apply to amounts you already owe if you get a new advance after such a change has been made. Of course, we will only make changes the law permits.

If the law requires an advance notice of change, we will mail the notice to the last address we have for you in our records and will follow any other procedures the law requires.

### Does The Credit Union Have To Enforce Its Rights?

Sometimes, in order to help you over a trouble spot, we may tell you it's okay to be late with a payment, or skip a payment, or to send in a partial payment, and so on. And sometimes we may simply accept payments a little bit late and not say anything about it. However, if we do any of these things, or if in any other way we fail to insist that you strictly observe a promise you have made in this contract, we still have the right to insist thereafter that you do keep your promises strictly. For example, we may let you send in payments 5 or 10 days late for several months and not say anything, but we still have the right to require you to make later payments on time, or to start adding late charges even though we didn't do that before.

### YOUR BILLING RIGHTS - KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

### Notify Us In Case Of Errors Or Questions About Your Statement

If you think your statement is wrong, or you need more information about a transaction on it, write us on a separate sheet at the address listed on the statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first statement on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- \* Your name and account number.
- \* The dollar amount of the suspected error.
- \* Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

### Your Rights And Our Responsibilities After We Receive Your Written Notice

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the statement was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to send you statements which reflect the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your outstanding balance that are not in question.

If we find that we made a mistake on your statement, you will not have to pay any finance charges or late charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payment on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your statement. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50.00 of the questioned amount, even if your statement is correct.