

# This is Your Revolving Credit Contract and Truth-in-Lending Disclosure

WALLE RIVER COMMUNITY CREDIT UNION

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

**It spells out the terms and conditions of your Revolving Credit Plan with the Credit Union. It 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 loans they make—in other words, to make a disclosure. This document is not only a contract—it is *also* such a Truth-in-Lending disclosure.

### 1. How You Borrow Under This Contract

By signing this contract, you are **applying** for a Revolving Credit loan plan. Your application must be **approved** before you can borrow money under the plan.

You can ask for an advance under this contract by filling out a form called a "Revolving Credit Request Voucher." If you write or phone us, we will fill it out for you using the information you give us, saving you a trip to the office.

When you request an advance, we have the right to verify whether you continue to meet the significant conditions under which we approved the latest credit application under this contract. If we determine that you do not, we may decline to make

that advance or any further advances under this contract. Significant conditions include (1) your income level, (2) your employment status, and (3) your lack of past due obligations. If you make a request which, if granted, would cause what you owe under this contract to exceed the "signature limit" below, we may request that you complete a new credit application. We may also request a new credit application if any cosigner-guarantor terminates his or her responsibility for further advances. In addition, we may require a new credit application on a periodic basis. Please phone or write to us if you want to know when we will next need such a new application. When you submit a new credit application, we may review that application and your contract under our then current credit standards. We have the right to decline to make further advances on the basis of that review. We may also decline to make further advances if you are in default under this contract or any other loan contract you have with us. If we do decline to make further advances, you must still, of course, repay any amounts you already owe us at that time, according to the payment terms then in effect.

### 2. Promise to Pay Back with Finance Charge

By signing this contract, you promise to pay back to the Credit Union all money that anyone borrows under this contract **plus** FINANCE CHARGE figured at a rate of \_\_\_\_\_% per day, which corresponds to an **ANNUAL PERCENTAGE RATE** of \_\_\_\_\_%.

And you make this promise not only for yourself but jointly with each other person who signs this contract.

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

1. The "signature limit" on this contract is \_\_\_\_\_ (See Section 8 inside.)

2. Payments are due on the \_\_\_\_\_ day of each month (See Section 4 inside.)

3. If a payment is \_\_\_\_\_ or more late, we can charge you \_\_\_\_\_ (See Section 3 inside.)

### Figuring Out the Principal Balance

We charge 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 part of amounts (if any) you previously borrowed;
2. When you make a payment, we deduct from the unpaid part of amounts you previously borrowed the part of the payment 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 your account on our records.

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

1. The daily rate of \_\_\_\_\_% 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.

### 3. Extra Charge for Late Payment

We have the right to make an extra charge if you don't make your payment on time. If we do, the maximum charge will be as indicated on the front page of this contract. You should **always** make your payments on time. That way you will avoid any chance of having to pay a late charge.

### 4. 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.

The payment is due each month on the day stated on the front page of this contract. We call this the "due date."

You must make at least a **minimum** payment every month. The payment is \$3.50 for **each** \$100, or part of \$100, of the **new** "principal balance" that resulted when the amount you last borrowed was added to the principal balance, but not less than \$20.

For example, if the last time you got money the balance went from \$200 up to \$800, the **minimum** payment would be \$28 per month ( $\$3.50 \times 8$ ). But if you took a new advance of, for example, \$1,989, the **minimum** monthly payment would be \$70 ( $\$3.50 \times 20$ ). And so on.

Minimum monthly payments will usually increase when you borrow new money. But they do **not** decrease as the principal balance is being paid off.

There is one exception to the "due date" we mentioned above. If there was no principal balance prior to an advance, the **first minimum** payment won't come due in the month you get that advance—it comes due the following month.

### 5. How Your Payments Are Applied

Each time you make a payment under this contract, it goes **FIRST**, to pay late charges, if any; **SECOND**, to pay interest then owing; and **THIRD**, to reduce the "principal balance".

If the payment isn't enough to cover late charges (if any) and interest then due, the unpaid part of the late charges or interest will be taken out of your later payments. It won't be added to the "principal balance". That way we don't compound interest you owe, or charge interest on late charges.

Amounts applied to the principal balance are generally available to be borrowed again unless you are over your signature limit.

### 6. Paying Off Early

The payments we told you about in Section 4 are **minimum** payments. Of course, you are allowed to make **larger** payments if you want to. And you can pay off this contract, in full or in part, at any time. Any of these steps will result in your paying **less** interest, thus saving you money.

There is no penalty or charge of any kind for paying off all or part of what you owe early.

Even if you do make some extra payments or some early payments, you **still** must make at least the **minimum** payment **every** month until the principal balance is paid in full. If you want to pay ahead and then skip some payments, you must make special arrangements with us.

### 7. Your Savings Are Security for This Contract

By signing this contract, 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 pay any or all amounts owing under this contract. In Section 12, 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 can't get any new advances under this contract.

### 8. Other Security for This Contract

In Section 7, you give us a "pledge" of your savings. You don't have to give us any other security under this contract until you request an advance which, if made, would cause the total amount owing under this contract to exceed the "signature limit" stated on the front page of this contract.

When you wish to exceed your signature limit, we will require one or both of the following:

1. A cosigner-guarantor;
2. A security interest in property you are buying with that advance or in other property.

If you give us a security interest in something other than property you are buying with the advance, that property will be identified by item or type in the legal document you sign to give us the security interest. In most cases, that document will be a "security agreement."

Such a security interest will secure all amounts owing under this contract, not just the amount you get when you give us the security interest.

However, any time the total amount owing under the contract is back down to the signature limit, we will release the security interest if you ask us, provided there is no "default" at that time.

When you wish to exceed your signature limit, you may want to give us a security interest in a specific amount of your savings instead of some other property. You can do this by filing in a dollar amount in the box called "Pledged Shares and/or

Deposits" in a "Revolving Credit Request Voucher" and then signing it and sending it to us. Or you can ask us to fill out the voucher and sign it for you.

Any "Pledged Shares and/or Deposits" are subject to the rules set out in this section for other security and, in addition, if you "default" we can apply them as payment on the amount owing under this contract.

We give up any security interest for any amount owing under this contract except for the security interests provided in this section or in Section 7.

## 9. Protecting Certain Savings

Under the law which regulates the Credit Union, we have certain rights against your shares or deposits. By signing this contract, you give us certain other rights in your savings as explained in Section 7. Nevertheless, none of these rights nor any you give us in Section 8 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.

## 10. Property Insurance

If you give us security for the amounts owing under this contract, we can require you to carry property insurance that would be appropriate for that kind of security.

If we do require property insurance, you can get the insurance from anyone you want that is acceptable to the Credit Union.

## 11. Cosigner-Guarantors

A person who signs this contract even though he or she cannot borrow under it is called a "cosigner-guarantor."

A "cosigner-guarantor" who **signs this contract** is liable to us for all amounts owing under the contract from the time he or she signs it until it is paid in full, no matter how long it takes.

If a "cosigner-guarantor" wants to stop his or her responsibility under this contract, that person must give us a written notice telling us that. Then that person won't be responsible for any advances made **after** we receive the notice. But, of course, he or she stays liable for advances made before we got the notice.

If a "cosigner-guarantor" signs this contract, he or she permits us to do any of the following things under this contract without first telling him or her about it:

1. Make one or more advances to you;
2. Extend the due date of any payment you owe;
3. Reduce your monthly payment;
4. Release any security you may give us;
5. Release some other "cosigner-guarantor";
6. Take additional "cosigner-guarantors."

## 12. 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 promise you make in this contract, **or**
3. An "Event of Default" listed in any security agreement given to us under this contract should occur.

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. We can also, after giving any legally required notice, sue anyone who signs this contract as a "cosigner-guarantor." Or we can do both.

## Full Payment Due Immediately

If you are in "default," we can also demand that you **immediately** pay us the entire amount then still unpaid under this contract, 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 Sections 7 and 8.

## 13. Miscellaneous Provisions

### What if We Decline to Make Advances Under the Contract?

In Section 1, we told you about our right to decline to make further advances under this contract. You may terminate your right to receive further advances at any time. In any such event, you still must pay us all the money you owe us under this contract plus interest and any late charges, and you are still required to follow the repayment terms set out in this contract. The same is true for any "cosigner-guarantor" who signs this contract.

### Can We Check Your Credit?

Yes. By signing this contract, you permit us to make such investigation from time to time as set forth in Section 1 concerning your employment, your credit standing and your financial responsibility. Your signature also permits us to tell credit rating bureaus and other creditors about our experience with you, such as, for example, if you make your payments on time.

### Who Keeps the Contract?

In order to comply with certain laws, the original of this contract with your signature(s) on it must be kept by the Credit Union. However, you have been furnished with an exact unsigned copy of this contract to keep for your records. If you lose your copy, give us a call and we will send you another.

### 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 signature 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 a 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 part-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 if 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 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 payments 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 of the questioned amount, even if your statement was correct.

<b>You Sign Here</b>	<b>Each member who signs below on line A or B can borrow under this contract on his or her separate signature. A person who signs on line C cannot borrow.</b>		
	Signatures	Date Signed	Account No.
<b>A</b>	Member X		
<b>B</b>	Member X		
<b>C</b>	Cosigner-Guarantor X		

A copy of this Contract and Truth-in-Lending Disclosure was:

Received by member (member's initials and date \_\_\_\_\_)

Mailed (staff initials and date \_\_\_\_\_)

### For Credit Union Use Only

Revolving Credit Contract: <input type="checkbox"/> Approved <input type="checkbox"/> Rejected	Cosigner-Guarantor <input type="checkbox"/> Required <input type="checkbox"/> Not required	Credit Committee: X _____ X _____ X _____
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Signature Limit \$ \_\_\_\_\_

Other Conditions (if any) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date of Action \_\_\_\_\_

X \_\_\_\_\_  
Loan Officer