



invested in you

Home Equity Line of Credit Agreement

Effective: April 1, 2010

503-227-5571 or 800-452-0900

www.unitusccu.com

This Agreement covers your Home Equity Credit Account ("Account") issued through Unitus Community Credit Union ("Credit Union"). This Account is a loan plan separate from any other open-end loan plan offered by the Credit Union. In this Agreement, the words "you," "your," "yours" and "applicant", mean each and every person who signs the application for this Account. The words "we", and "our" mean Unitus Community Credit Union. You agree, jointly and severally, to the following terms and conditions, the Home Equity Credit Account Disclosures provided with the Loan Application, and any advance form given when a loan advance is made, which collectively will govern this Account.

1. Payment Requirements.

- a. **Promise to Pay.** Upon approval by the Credit Union of your application for this Account, you promise to pay the Credit Union at our office or such other place as we designate, the total of all advances, **FINANCE CHARGES**, and other amounts set forth in this Agreement on the payment terms set forth below. This includes any loan requests for credit card purchases, payments to a third party, or for deposit to a deposit account, share draft account of yours or a co-applicant at the Credit Union.
- b. **Method of Payment.** You promise to pay for loans under this Agreement either by automatic transfers from shares, payroll deduction, or by direct payment. You may pay all or part of your loans early, at any time, without paying any penalty. However, you will keep making your monthly payments so long as you owe the Credit Union any money under this Agreement. If you pay loan advances by automatic transfers, you understand that it is your responsibility to be sure that there are adequate funds in your account either by payroll deduction or personal deposit to cover the payment on the specified date or your loan will become past due.
- c. **Payroll Deduction.** If you are requesting payroll deduction, you grant permission to the Credit Union to adjust your payroll deduction to the nearest one-dollar amount to satisfy all loan payments. You must make your monthly payments in any event, including any time that the Credit Union does not receive your payroll deduction, whatever the reason. If you elect to make payments by payroll deductions with participating companies, then your payments may be made monthly. You authorize us to prepare payroll deduction authorizations for you and submit them to the participating companies' payroll departments so long as the deduction amount conforms with your maximum credit limit and the payment schedule included in this Agreement.
- d. **Minimum Payment.** You will make payments at least monthly to meet the Minimum Payment requirements. You agree to pay not less than the Minimum Payment on or before the indicated due date on your statement. Minimum Payments include all amounts past due, late charges, applicable insurance premiums, and the current Minimum Monthly Payment. Payments will be first applied to accrued **FINANCE CHARGES**, then late charges, overdraft charges, and the remainder to principal loan balance, unless otherwise agreed or required by law. Payment in excess of your Minimum Monthly Payment does not affect your obligation to make subsequent Minimum Monthly Payments, but instead will be applied toward reduction of your principal loan balance. The Minimum Monthly Payment is determined as follows:
 - (1) **Home Equity Line of Credit Interest Only.** For Home Equity Line of Credits under your Account, you may obtain credit advances for Ten (10) years ("draw period"). Interest only payments will be due on a monthly basis during the draw period. Your monthly payment will be the interest accrued on your outstanding loan balance at the time of statement cutoff. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance ("repayment period"). The length of the repayment period will depend on the ANNUAL PERCENTAGE RATE and amount of the outstanding loan balance at the end of the draw period. Payments will be due on a monthly basis during the repayment period. Your minimum monthly payment will equal 1.5% of the outstanding loan balance as of the beginning of the repayment period.
 - (2) **Home Equity Line of Credit.** For Home Equity Line of Credits under your Account, you may obtain credit advances for Ten (10) years ("draw period"). Your minimum monthly payment will be the greater of \$50.00 or 1.5% of your outstanding loan balance at statement cutoff during the draw period. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance ("repayment period"). The length of the repayment period will depend on the ANNUAL PERCENTAGE RATE and amount of the outstanding loan balance at the end of the draw period. Payments will be due on a monthly basis during the repayment period. Your minimum monthly payment will equal 1.5% of the outstanding loan balance as of the beginning of the repayment period.

2. Credit Line Access.

- a. **Authorized Access.** You authorize any co-applicant, on his or her signature alone, to request or receive advances under this Agreement and agree to pay those advances the same as if you asked for the loan and it was paid to you. We may honor a request by any of you to suspend further advances or cancel this Account.
- b. **Limitations on Credit Advances.** If the Credit Union grants you a line of credit, the Credit Union will notify you of the amount of your Account, which is the maximum amount you may draw upon without getting specific approval for additional loan advances, and the minimum monthly payment amounts. Advances on the line of credit may be obtained at any time up to your credit limit, so long as your line of credit has not been suspended or credit limit reduced. You agree not to attempt to obtain more credit than the amount of your line of credit or after the draw period. If you temporarily exceed the maximum of your line of credit, you understand such credit does not increase your line of credit and you agree to repay the excess immediately. We will notify you in writing on an advance form, on your statement, or by separate notice if the amount of your credit limit goes up or down. For line of credit accounts you may access credit on your Account, repay up to your credit limit from time to time during the draw period without limitation. For loan accounts you may access your Account once and you must repay the amount borrowed in accordance with the payment terms.
- c. **Loan Drafts.** If we approve, you may obtain advances under your Account by writing pre-printed loan drafts that we supply to you. Your use of loan drafts will be shown as credit advances on your monthly statement. We may not honor your loan draft if: your draft is post-dated; payment of the draft would exceed your Credit Limit; a draft is signed by a person without authorized access; the amount of the draft is less than the minimum required amount; your Account has been terminated; or suspended or any drafts have been reported lost or stolen. You may stop payment on a loan draft if you provide us with the exact information describing the draft. If you give us incorrect information we will not be responsible for failing to stop payment. You understand there may be a charge for each stop payment order requested. Our liability for a wrongful dishonor is limited to your actual losses, however, a dishonor for the reasons stated above is not a wrongful dishonor.
- d. **Additional Access Devices.** You request any additional access device, transfer instrument, or other negotiable orders, which we may make available in the future. You understand that this request is voluntary, and you may decline the new services at the time the new services are offered to you. We will notify you by separate form of the terms that apply to these services.
- e. **Term.** For purposes of the security under this Account, the maximum term of your Account will be thirty-years (30), which include any draw and repayment period and any renewals or extensions thereof.

3. Security Requirements.

- a. **Deed of Trust.** Real property and your dwelling will secure this line of credit. You grant security in the form of a Deed of Trust on your real property and dwelling. You agree to the terms of the Deed of Trust, including the due-on-sale provisions as set forth in the Deed of Trust. You

understand that we specifically reserve the right to enforce the "due-on-sale" clause in the Deed of Trust if the law permits. You agree to notify us immediately if there is any change in the ownership of the real property. The Deed of Trust will not secure any credit advances in excess of your credit limit. The Deed of Trust secures only advances made under this Agreement and not any other loans you may have with us.

- (1) **Consent by Credit Union.** Grantor shall not transfer or agree to transfer all or part of Grantor's interest in the Property without the prior written consent of Credit Union. Any attempt to transfer shall entitle the Credit Union to terminate and accelerate the indebtedness under the Deed of Trust. A "sale or Transfer" means the conveyance of real property or any right, title, or interest therein, whether legal or equitable, whether voluntary or involuntary, by outright sale, deed installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three years, lease-option contract or any other method of conveyance of real property interest. If any Borrower is a corporation, transfer also includes any change in ownership of more than 25% of the voting stock of Borrower. If Grantor or prospective transferee applies to Credit Union for consent to a transfer, Credit Union for consent to a transfer, Credit Union may require such information concerning the prospective transferee as would normally be required from the new loan applicant.
 - (2) **Effect of Consent.** If Credit Union consents to one transfer, that consent shall not constitute consent to other transfers or a waiver of this section. No transfer by Grantor shall relieve Grantor of liability for payment of the Indebtedness. Following a transfer, Credit Union may agree to any extension of time for payment or modification of the terms of this Deed of Trust or the Agreement or waive any right or remedy under this Deed of Trust or the Agreement without relieving Grantor from liability. Grantor waives notice, presentment, and protest with respect to the indebtedness.
 - b. **Other Security.** If your Account is secured by your dwelling, which is property other than real property, you grant the Credit Union a security interest under the Uniform Commercial Code of the state in which the Credit Union is located in all collateral described on any Home Equity Loan Advance Voucher and any previous or subsequent Home Equity Loan Advance Vouchers. The collateral includes property purchased later and accessions (for example, tires or batteries attached to a car), whether added now or later.
 - (1) **Ownership.** You agree to keep the collateral in good repair and not to sell it or otherwise dispose of it. Except for the security interest granted under this Agreement, you own the collateral free and clear. You will not allow any other liens on the collateral, even if they are junior to the Credit Union's lien. Except for vehicles, you agree to keep the collateral at your home unless the Credit Union tells you otherwise. If the collateral is a vehicle, you will keep it at your present address, except for routine use, and you will not do anything that requires registering the vehicle in another state. If you move, you may move the collateral to your new address if you give the Credit Union the new address in advance.
 - (2) **Enforcement Fees and Costs.** You will pay any amount the Credit Union pays to someone else to help enforce this Agreement. This includes the Credit Union's attorneys' fees, whether or not there is a lawsuit, including court costs and any fees on appeal. This security provision also secures all of these amounts.
 - (3) **Additional Documents and Power of Attorney.** If applicable, you agree to sign any other documents, such as financing statements and certificates of title, to perfect or protect the Credit Union's security interest. To expedite the release or transfer of your interest in any motor vehicle in which you have granted the Credit Union a security interest and to which the Credit Union holds the certificate of title, you hereby give the Credit Union power of attorney to sign your name to such certificate and to apply in your name for the issuance of a certificate of title to any motor vehicle in which you became owner. The Credit Union may sign any other documents (such as financing statements and certificates of title) to perfect the Credit Union's security interest and the Credit Union may file a copy of this Agreement as a financing statement.
4. **Property Maintenance/Insurance.** You agree that the dwelling will be owner-occupied unless specifically exempted under the particular loan program you requested/received. You agree to keep the collateral in good repair and to maintain the property in a state that does not adversely affect its value. You agree to maintain property insurance on the property covered by the Deed of Trust for its full insurable value, with the Credit Union, as loss payee. You agree to obtain title insurance with a line of credit endorsement naming us as insured for the full amount of the Credit Limit and showing your Deed of Trust with a lien priority acceptable to us. You agree to obtain flood insurance as may be required by applicable law and if the Property is located in a flood plain and your community participates in a federal flood insurance program. You may obtain property insurance through any company you choose that is reasonably satisfactory to us. If you fail to keep the insurance current and payable as required, we may purchase insurance to protect our own interest and add the premium to your loan balance and assess a **FINANCE CHARGE** on the balance as with all other principal amounts. You understand that all benefits paid by insurance, which you purchase, will be applied to pay the loan balance. If insurance benefits do not pay the loan balance in full, you will remain responsible for the unpaid balance due and for the **FINANCE CHARGE**, which will continue to accrue on the loan balance due.
5. **Periodic Statements.** Each statement period, we will send you a statement showing advances, payments, and credits made to your Account during the billing cycle, as well as your "New Balance", and **FINANCE CHARGE**, and any late charge or other fees. Your statement also will identify the Minimum Payment you must make for that billing period and the date it is due (except on the Home Equity Line of Credit Interest Only program).
6. **FINANCE CHARGES.**
- a. **FINANCE CHARGE Accrual.** You will pay a **FINANCE CHARGE** calculated on the daily-unpaid balance of all loans under this Account and any loan fee applicable to your Account. The **FINANCE CHARGES** will begin to accrue as of the date each loan advance is issued or loan fee imposed. Multiplying the unpaid principal balance of your loans by a Periodic Rate, and multiplying the result by the number of days since your last loan payment compute the **FINANCE CHARGE** based on your outstanding balance. When advances are added to your existing loans, the **FINANCE CHARGE** is computed on the principal balance from the date of the last payment to the date of the new advance, then on the total outstanding principal balance to the date of payment at the prevailing rate at the time of each advance.
 - b. **FINANCE CHARGE Calculation.** The unpaid principal balance is the amount of loan outstanding and unpaid at the close of business each day after all transactions for the day have been entered. The total **FINANCE CHARGE** is the sum of the **FINANCE CHARGE** on your outstanding balance and any loan fees imposed and will be shown on your monthly statement. Your loan payments and the Credit Union's loan advances are made when entered. Advances may be directly deposited to one of your deposit accounts and will be subject to a **FINANCE CHARGE** from the date of deposit even if you do not withdraw the money immediately.
 - c. **LOAN ORIGATION FEE [FINANCE CHARGE]:** You will pay a loan origination fee of \$295.00 when your loan is opened.
7. **Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE.**
- a. **Variable Rate Loans.** For Home Equity Lines of Credit and Home Equity Lines of Credit Interest Only, the Daily Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** is calculated by adding or subtracting a margin to the U.S. Prime Rate published in *The Wall Street Journal (Western Edition)* on the third (3rd) Tuesday of March, June, September, and December of each calendar year. If the third (3rd) Tuesday is a holiday, we will use the Prime Rate published the next day. If more than one Prime Rate is published we may choose the highest rate. If *The Wall Street Journal (Western Edition)* ceases publication or ceases to publish the Prime Rate, we reserve the right to use the Prime Rate published in any other newspaper of general circulation, or we may substitute a similar reference at our sole discretion. As described above, the **ANNUAL PERCENTAGE RATE** may vary each quarter. The **ANNUAL PERCENTAGE RATE** is divided by 365 to produce the daily Periodic Rate. The current Periodic Rate and **ANNUAL PERCENTAGE RATE** will be shown on the Advance Voucher at the time you open your Account. The **ANNUAL PERCENTAGE RATE** does not include costs other than interest.
 - b. **Home Equity Line of Credit.** The **ANNUAL PERCENTAGE RATE** will be adjusted on the first day of the billing period directly following the month in which we calculate the rate. There is a maximum **ANNUAL PERCENTAGE RATE** of 16% and a minimum **ANNUAL PERCENTAGE RATE** of 4.99% over the life of the loan. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the number of monthly payments you will make under the plan. However, if the amount of the monthly payment is not enough to pay at least the **FINANCE CHARGE** accrued during the month and amounts advanced for any insurance premiums, if applicable, we may increase your monthly payment in an amount sufficient to amortize the loan balance over the original schedule.

- c. **Home Equity Line of Credit Interest Only.** The **ANNUAL PERCENTAGE RATE** will be adjusted on the first day of the billing period directly following the month in which we calculate the rate. There is a maximum **ANNUAL PERCENTAGE RATE** of 16% and a minimum **ANNUAL PERCENTAGE RATE** of 4.00% over the life of the loan. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the number of monthly payments you will make under the plan. However, if the amount of the monthly payment is not enough to pay at least the **FINANCE CHARGE** accrued during the month and amounts advanced for any insurance premiums, if applicable, we may increase your monthly payment in an amount sufficient to amortize the loan balance over the original schedule.
8. **Conditions Under Which Other Costs and Charges May Be Imposed.** We may impose fees and charges on your Account as set forth below. The Credit Union reserves the right to assess other fees in the future, including a late payment fee. You will be notified of any new fees as required by law.
- a. **Closing Costs.** You agree to pay all other fees and charges related to the line of credit as set forth in the Agreement and on the Advance Voucher when you open the Account, including any annual fees and other charges such as an origination fee, filing fees, charges due us for costs incurred in verifying your credit eligibility, appraising the value of the security, obtaining a title insurance policy in the amount of the credit limit, and upon releasing the security upon full payment and a reconveyance fee for preparing documents in connection with the release of security.
- b. **Late Charges.** If any payment is past due for a period of 10 or more days, a late charge may be imposed of 5% of the past due payment amount. The minimum late charge is \$20.00 and there is no maximum.
- c. **Attorney Fees and Collection Costs.** The Credit Union may start a collection action in the county in which the Credit Union is located or the county where the real property is located. You will pay the Credit Union's attorneys' fee, whether or not there is a lawsuit, including attorney fees on any appeal. You also will pay any collection costs, such as repossession fees and court costs. All of these costs and expenses may be added to your present debt and a **FINANCE CHARGE** may be imposed on them at the highest rate applied to any of your loan advances.
- d. **Payment Protection.** You understand you may voluntarily purchase loss of life protection (which would pay off the amount owed, subject to policy limits, under your Account in the event of your death) and disability protection (which would pay your monthly payments in the event of disability up to the maximum monthly amount allowed). If you wish to obtain payment protection through us the cost and term will be as set forth on the Unitus Loan Protection Contract on the Loan Application, which you signed and received separately, or on the Loan Advance Voucher. If you choose to purchase payment protection you agree that the cost of premiums may be added to the principal amount of your Account, which may increase the number of monthly payments.
- e. **Property Taxes.** You agree to pay any property taxes assessed against the collateral. We may pay any delinquent and unpaid property taxes on the loan security to the principal balance and assess a **FINANCE CHARGE** on the balance. We may also charge your Account any costs necessary to protect our security interest in the collateral including making payments to cure defaults under any existing liens or the collateral.
9. **Joint Liability.** If you are a co-borrower, as shown by your signing the application for this Agreement, you agree to be equally responsible with the other borrower. We do not have to notify you if the other borrower does not make payments on the account on time. If this is a joint account, upon request by any party to the Account or upon our receipt of inconsistent instructions, we may terminate this Account, refuse any request for any advance, or refuse any other request with respect to the account.
10. **Delay in Enforcement.** The Credit Union can delay enforcing any right under this Agreement without losing that right or any other right.
11. **Notices.** All notices will be sent to your address as shown in the application. You agree that you must notify us immediately of any change in your name, address, or employment.
12. **Possible Actions.** We may take the following actions with respect to your Account under the circumstances listed below:
- a. **Termination and Acceleration.** We may terminate your Account and require you to pay the entire outstanding balance immediately, and charge you certain fees if any of the following circumstances occur:
- (1) You engage in any fraud or material misrepresentation in connection with your Account. For example, if there are false statement or omissions on your application or financial statements;
 - (2) You do not meet the repayment terms of the Account; or
 - (3) Your action or inaction adversely affects the collateral or our rights in the collateral. For example, if you fail to: maintain insurance, pay taxes; transfer title to or sell the collateral, prevent the foreclosure of any items, or waste of the collateral.
- b. **Suspension/Reduction of Credit Limit.** We may refuse to make additional advances on Account line or reduce your credit limit during any period in which the following exist or occur:
- (1) Any of the circumstances listed in a., above;
 - (2) The value of any dwelling securing the Account declines significantly below its appraised value for purposes of the Account;
 - (3) We reasonably believe that you will not be able to meet the repayment requirements of the Account due to a material change in your financial circumstances; or
 - (4) You are in default under any material obligation of your Account. All of your obligations under the Account (Agreement and Deed of Trust) are material to maintaining the Account. The categories of your obligations are set forth in the following paragraphs of these Agreements:
- (A) **Home Equity Credit Account Agreement.** 1. Payment Requirements; 2. Credit Line Access; 3. Security Requirements; 4. Property Maintenance/Insurance; 8. Conditions Under Which Other Costs and Charges May Be Imposed; 10. Joint Liability; 12. Notices; 13. Possible Actions; and 15. Credit Information/Financial Statements.
 - (B) **Deed of Trust.** 1. Payments and Performances; 2. Possession and Maintenance of Property; 3. Taxes and Liens; 4. Property Damage Insurance; 5. Expenditures by Credit Union; 7. Condemnation; 10.1. Consent by Credit Union; 10.2. Effect of Consent; 11. Security Agreement; Financing Statements; 14. Consequences of Default; 14.5. Attorney Fees and Expenses; 16.2. Unit Ownership Power of Attorney; 16.3. Annual Reports; 16.5 Joint and Several Liability; 16.8. Waiver of Homestead Exemption; and 17.3. No Modifications.
- c. **Change in Terms.** The Credit Union reserves the right to renew or extend this Account in the future. If the index for variable rate loans is no longer available, we will choose a new index and margin that will result in an **ANNUAL PERCENTAGE RATE** that is substantially similar to your current rate at the time of the change. If you stop making your loan payments automatically, your **ANNUAL PERCENTAGE RATE** will increase. The Credit Union reserves the right to renew or extend the terms of this Account in the future. If the Credit Union renews or extends the draw period for advances on a line of credit, the terms for advances and repayment will be the same as the original terms. The Credit Union reserves the right to temporarily reduce the variable rate from time to time. We will notify you of any variable rate reduction and the period when the reduced rate will be in effect. We may make other changes in terms of this Agreement if you agree to the changes in writing, if the change is insignificant or the change will unequivocally benefit you for the remainder of your Account.
14. **Tax Information.** You should consult a tax advisor regarding the deductibility of interest and charges under the Account.
15. **Credit Information/Financial Statements.** You authorize us to release information to others (e.g., credit bureaus, merchants, and other financial institutions) regarding the status and history of your Account. You agree to provide us upon request at any time with a current financial statement, updated credit information, and pay for any credit report or appraisal fees for determining your continued credit eligibility or reinstatement of credit privileges.
16. **Governing Law.** This agreement will not take effect until it is approved by us in the state of Oregon. The laws of the State of Oregon shall govern this Agreement and matters related to the Deed of Trust will be governed by the state where the collateral is located.
17. **Billing Errors Notice 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 Bill.

If you think your bill is wrong or if you need more information about a transaction on your bill, write to us on a separate sheet at PO Box 1937, Portland, Oregon, 97201-1937. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, provide us with 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.

If you have authorized us to pay your Account bill automatically from your share or share draft, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

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 bill 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 bill you for 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 bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any **FINANCE CHARGE** related to any questioned amount. If we didn't make a mistake, you 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 bill. And, we must tell you the name of anyone to whom we reported you. 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 bill was correct.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

- 18. Acknowledgment and Agreement.** You understand and agree to the terms of this Agreement. You acknowledge that you have read this Agreement, the Deed of Trust, the Fair Credit Billing Notice and the Home Equity Credit Account Disclosures provided to you earlier. You also understand that all Loan Advance Vouchers and Loan Proceeds Checks and Powers of Attorney, if applicable, are part of this Agreement with the Credit Union, and that by accepting loan advances in the future you will be agreeing to the terms set forth on the Loan Advance Voucher, Loan Proceeds Check, and Power of Attorney, if applicable, which are integrated as part of this Agreement.