

## HOME EQUITY CREDIT PLAN AGREEMENT AND DISCLOSURES

This Home Equity Credit Plan Agreement and Truth in Lending Disclosures will be referred to as the "Plan". The Plan consists of this Agreement, together with the accompanying Addendum, the Security Instrument(s), and any other documents executed herewith, which are incorporated into and becomes a part of this Home Equity Credit Plan Agreement and Truth in Lending Disclosures.

THE WORDS "YOU," "YOUR," AND "YOURS" WILL MEAN ALL PERSONS WHO COMPLETED A Home Equity Credit Plan APPLICATION AS A BORROWER, CO-BORROWER. THE WORDS "WE," "US," "OUR," AND "CREDIT UNION" MEAN THE CREDIT UNION INDICATED HEREIN ABOVE. NO ORAL STATEMENT BY ANY CREDIT UNION OFFICER OR EMPLOYEE IS INCLUDED IN THIS AGREEMENT. IF MORE THAN ONE PERSON SIGNS THE AGREEMENT, YOUR OBLIGATIONS UNDER THE APPLICATION, ARE JOINT AND SEVERAL. OTHER IMPORTANT TERMS ARE SET FORTH THROUGHOUT THIS AGREEMENT. THUS, YOU SHOULD READ IT CAREFULLY AND RETAIN A COPY WITH YOUR OTHER IMPORTANT RECORDS.

**1. Revolving Credit Plan:** The Plan establishes a revolving line of credit account ("account") secured by the property described in the Addendum. It is anticipated that you will obtain advances from time to time during the draw period described herein. The maximum amount you can borrow (the "Credit Limit") is disclosed in the Addendum; and is the maximum amount of credit you may have outstanding at any time.

**2. Credit Limit:** You promise that you will not request or obtain any advance or take any other action(s) that will cause your balance to exceed the credit limit set forth in the Addendum. If you exceed the credit limit, you agree to repay the excess to us immediately.

1330 Directors Row Ft Wayne, IN 46808-1288

**NOTES: ALL ADVANCES ARE SUBJECT TO CREDIT UNION REVIEW AND WILL BE GOVERNED BY YOUR CREDIT WORTHINESS AND CREDIT UNION POLICIES IN EFFECT AT THE TIME OF THE ADVANCE REQUEST.**

**3. Promise to Pay:** You promise to repay to us, or as we direct, all advances made to you under the Plan together with all finance charges, other applicable charges, and the costs of voluntary payment protection coverage (if elected and approved) that you are obligated to pay to us under the terms and conditions of the Plan. You agree to pay all required payments, including any Minimum Payment on or before the due date.

**4. Payments:** Your payments will be determined as set forth in the Addendum. Payments will be applied in the order we choose to any finance charges, voluntary payment protection costs, and other applicable charges due before being applied to your unpaid balance. We may change the order that we apply your payments from time to time.

**5. Multiple Party Plans:** If this is a "Multiple Party" Plan, each of you will be individually and jointly responsible for all the promises and other terms in this Agreement, which includes but is not limited to the payment of all amounts you owe. This means that we can require any one or all of you to repay any or all advances in our sole discretion, together with all finance charges, other applicable charges, and voluntary payment protection costs. Further, each of you expressly authorizes the other(s) to obtain advances individually and agrees to repay advances made to the other(s), with or without your knowledge, and you intend for us to specifically rely upon your representations herein. You agree that we may release any borrower, co-signer or guarantor from full or partial responsibility under this Plan without releasing any other party hereto. You agree not to provide conflicting instructions to us regarding your Plan (such as instructing us not to make credit advances to a joint borrower).

**6. Security Interest:** The Plan is secured by a mortgage, deed of trust, security deed, or other security agreement (the "Security Instrument") which may be your dwelling, which Security Interest is described in the Addendum.

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**7. Access Devices for Your Plan:** You can obtain credit advances in any manner authorized by us from time to time. Your application for this account also serves as a request to receive any additional access devices which may be available in the future for this Plan. All of the terms of this Plan will apply to any future access devices we issue to you for accessing this Plan, unless specifically modified by us at the time we issue any new access device.

**8. Your Cost Of Credit:** The FINANCE CHARGE is the cost you pay for credit. Unless described otherwise on the Addendum, the FINANCE CHARGE on each new advance begins on the date of the advance and continues until the advance has been fully paid. There is no "free ride period" that will allow you to avoid a FINANCE CHARGE. To compute the FINANCE CHARGE, the unpaid balance for each day since your last payment (or since an advance if you have not yet made a payment) is multiplied by the applicable periodic rate. The sum of those amounts is the FINANCE CHARGE owed. The periodic rate and corresponding ANNUAL PERCENTAGE RATE are disclosed in the Addendum. The balance used to compute the FINANCE CHARGE is the unpaid balance each day after payments and credits to that balance have been subtracted and any new advances have been added.

**9. ANNUAL PERCENTAGE RATE:** The **ANNUAL PERCENTAGE RATE** under this Plan includes only interest and no other costs. The Addendum shows the current interest rate as a periodic rate and a corresponding ANNUAL PERCENTAGE RATE. If the interest rate for this Plan is a variable interest rate the Addendum explains how the applicable variable interest rate works. If we forego an ANNUAL PERCENTAGE RATE increase, we may return to the full index and margin at any later adjustment date subject to any applicable rate limitations.

**10. Other Charges Under Your Plan.** In addition to finance charges, your Plan is subject to certain other charges as described in your Plan together with the Addendum. We may, in our discretion, add any of these other charges to your Plan Account balance or require that you pay them in cash.

**11. Applying Charges to Your Account:** We may charge your account to pay other fees and costs that you are obligated to pay under this Plan. In addition, we may charge your account for funds required for continuing property insurance coverage or costs to protect or perfect our security interest in the property described in the Security Instrument executed with this Plan. These costs or expenses include, without limitation, payments to cure any default(s) under any other security interests or liens on the property described in the Security Instrument. If you do not pay your property taxes or other assessments we may pay the delinquent taxes and charge your account for the amount we pay. Any amount we charge to your account will be treated as a credit advance. This provision does not impose an obligation on us to provide any of the credit advances referred to in this paragraph.

**12. Limitation on Use:** You promise to use your account

Only for consumer (personal, family or household) purposes, unless we give you written permission to use the account for other purposes such as for the purchase of real estate.

**13. Prepayment:** You may prepay all or part of what you owe at any time without any prepayment penalty.

**14. Your Right to Terminate this Plan:** You can cancel your right to future credit advances under this Plan, by notifying us in writing. If this is a joint account and one of you cancels future credit advances under this Plan, the cancellation will apply to all of you, unless we agree in writing that any one or more of you may continue to obtain advances. Despite cancellation, your obligations under this Plan will remain in full force and effect until you have paid us all amounts due.

**15. Lender's Rights:**

**Termination and Acceleration:** Pursuant to applicable law, we can terminate your credit line and require you to pay us the entire outstanding balance in one payment, and charge you certain fees or suspend additional extensions of credit or reduce your credit limit, if any of the following happen:

- (1) You engage in fraud or make a material misrepresentation at any time in connection with this Plan. This can include, for example, a false statement about your income, assets, liabilities, or any other aspects of your financial condition.
- (2) You do not meet the repayment terms of this Plan.
- (3) Your action or inaction adversely affects the collateral for this Plan or our rights in the collateral. This can include, for example, failure to maintain required insurance, waste or destructive use of the property, failure to pay taxes, death of all persons liable on the account, transfer of title or sale of the property, creation of a senior lien on the property without our permission, foreclosure by a prior lienholder, use of the dwelling for prohibited purposes, or taking of the property through eminent domain.

**Suspension or Reduction:** In addition to any other rights we may have, we can suspend additional extensions of credit or reduce your credit limit during any period in which any of the following are in effect:

- (1) The value of the property securing this Plan declines significantly below the property's appraised value for purposes of this Plan. This includes, for example, a decline such that the initial difference between the credit limit and the available equity is reduced by fifty percent and may include a smaller decline depending on the individual circumstances.
- (2) We reasonably believe that you will be unable to fulfill your payment obligations under this Plan due to a material change in your financial circumstances.
- (3) You are in default of a material obligation of this Plan. We consider all of your obligations to be material. No

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default will occur until we mail or deliver a notice of default to you.

(4) We are precluded by government action from imposing the annual percentage rate provided for under this Plan.

(5) The priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit limit.

(6) We have been notified by a regulatory authority that continued advances may constitute an unsafe and unsound business practice.

(7) The maximum annual percentage rate under this Plan has been reached.

(c) **Change in Terms.** We may make changes to the terms of this Plan if you agree to the change in writing; if the change will unequivocally benefit you throughout the remaining term of this Plan; or if the change is insignificant (such as changes relating to our data processing systems). We may also change the terms of this Plan for other reasons, if stated in the Addendum. If this Plan uses an index to determine your interest rate and the index is no longer available, we will choose a new index and margin. The new index will have a historical movement substantially similar to the original index, and the new index and margin will result in an annual percentage rate that is substantially similar to the rate in effect at the time the original index becomes unavailable.

**16. Notices and Your Periodic Statement:** On a regular basis we will send a statement showing all transactions on your Plan Account during the period covered by the statement. Statements and notices will be mailed to you at the most recent address you have given us in writing with regard to your Plan Account. The Credit Union may in its sole discretion use a more recent address from any other document you have given to us. Notice to any one of you will be notice to all.

**17. Transfer/Assignment:** You cannot assign your rights and obligations under this Plan. In spite of any divorce or agreement between borrowers, each remains responsible for the total amount owed under this Plan. Subject to applicable law, we reserve the right to sell or transfer this Plan to another lender, entity or person, and to assign our rights under the security instrument.

**18. Your Obligation to Keep Information Updated:** You agree to provide us with updated financial information and information about matters relating to the title, condition or value of the property securing this Plan. You further agree that we, in our sole discretion, may obtain credit reports and appraisals at any time.

**19. Property Insurance:** You promise and agree to insure the property described in the Security Instrument that secures this Plan, in the amount we may require from time to time, against fire and other hazards including but not limited to flood insurance. You may obtain such insurance from anyone you choose that is acceptable to us. We have the right not to accept the insurer if we have a reasonable basis to do so, but are not obligated to provide our basis or

an explanation for our decision. Subject to applicable law, we may purchase insurance to protect our own interest, if you fail to obtain or maintain insurance as required, add the premium to your balance and/or pursue any other remedies available to us. Any insurance proceeds shall be payable directly to the Credit Union as loss-payee, mortgagee or co-insured, as designated by us. We have no duty to insure, or to continue to purchase insurance; and if we are required to purchase and administer insurance, we may add our administrative expenses of up to \$150.00 to the amounts you owe. Further, it is understood that our purchase of insurance shall not cure your default. If we add such insurance, we, in our sole discretion, may adjust your payments or demand immediate payment of the full cost. We, in our sole discretion, may use the proceeds of any insurance to repair or replace the Collateral, or to repay what you owe, which payment shall not constitute a satisfaction of any remaining deficiency, which you agree to pay to the Credit Union on demand. You appoint the Credit Union as your attorney-in-fact to endorse any insurance drafts or checks in your name(s) and on your behalf. In the event of your default under this loan, the Credit Union is authorized to cancel any insurance and credit any premium refund received by the Credit Union against the unpaid balance on your account.

**20. Voluntary Payment Protection:** We may but are not required to offer Voluntary Debt Protection to you. Voluntary Debt Protection is not necessary to obtain credit and is completely voluntary. If you purchase Voluntary Debt Protection for this Plan you authorize us to add the fees monthly to your loan balance, to pay such fees to the person(s) that provide the service, and charge you interest on the entire balance. At our option we will change your payment or the period of time necessary to repay the loan balance as needed. The rate used to determine the fees or may change in the future. If the rate changes, we will provide any notices required by applicable law. If you fail to pay any amount hereunder, we may cancel the plan or, at our option, pay the amounts you owe for these services and add them to your outstanding plan balance, upon which interest will accrue. We have no obligation to pay or continue to pay such amounts. Borrower may cancel coverage at any time by informing the Credit Union of the intent to do so. See agreement for specific terms and conditions of the Debt Protection agreement. The proceeds of this plan will be paid to the Credit Union.

**21. Delay And Changes In The Plan:** We may waive or delay exercising any of our rights under this Plan or any related agreements without losing our ability to exercise those rights in the future. We can enforce this Plan against your heirs or legal representatives. If we change the terms of the Plan, you agree that this Plan will continue to protect us.

**22. Improper Transactions:** You warrant and agree that you will not use any Credit Union Accounts or Services, including but not limited to loans, to make or facilitate any illegal transaction(s) as determined by applicable law; and

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that any such use, including any such authorized use, will constitute an event of default under this Agreement. The Credit Union may decline to accept, process or pay any transaction that we believe to be illegal or unenforceable (regarding your obligation to pay us) under applicable law, including but not limited to any transaction involving or relating to any gambling activity. You agree that the Credit Union will not have any liability, responsibility or culpability whatsoever for any such use by you or any authorized user(s); or for declining to accept, process, or pay any such transaction. You further agree to indemnify and hold the Credit Union harmless from any suits, liability, damages or adverse action of any kind that results directly or indirectly from such illegal use.

**23. Severability:** If any law or judicial ruling limits or renders any term(s) of this Plan unenforceable, the other terms shall remain in full force and effect. In this Agreement, except as specifically indicated, the singular includes the plural and the masculine includes the feminine and neuter Section headings are for convenience only and shall not govern the interpretation of this Agreement.

**24. Governing Law:** This Agreement or any dispute or claim arising hereunder shall be construed in accordance with and be governed by the Laws of the State set forth in the Addendum.

**25. Due On Sale:** You promise to notify the Credit Union immediately if you enter into an agreement to sell or transfer ownership of all or any part of the property securing this account. If you sell or transfer ownership

without first obtaining the written consent of the Credit Union, the Credit Union may exercise its rights described in the Security Instrument, including the right to demand immediate payment in full of all sums secured by the Security Instrument.

**26. Tax Consequences:** You should consult a tax advisor regarding the deductibility of interest and charges under this Plan.

**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 your statement, write us on a separate sheet at the address listed on your 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.

If you have authorized us to pay a credit card account automatically from your share account or share draft account, 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 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 statements to 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 statement 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.

**SPECIAL RULE FOR CREDIT CARD PURCHASES.** If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right: (a) You must have made the purchase in your home state or, if not within your home state, within 100 miles of your current mailing address; and (b) The purchase price must have been more than \$50. These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.