



EZ ACCESS LINE OF CREDIT/OVERDRAFT PROTECTION ACCOUNT AGREEMENT

ACCOUNT OPENING CREDIT DISCLOSURES

INTEREST RATES AND OTHER CHARGES

Annual Percentage Rate (APR) for Cash Advances	8.5% This APR will vary with the market based on the 26-Week US Treasury Bill.
Paying Interest	We will begin charging interest on advances on the transaction date.
Minimum Interest Charge	None

FEES

Late Fees	20% of the interest due, but not less than \$0.25.
Overdraft Transfer	\$5.00

How We Will Calculate Your Balance: We use a method called “daily balance”.

Billing Rights: Information on your rights to dispute transactions and how to exercise those rights is provided in your account agreement below.

This is your EZ Access Line of Credit / Overdraft Protection Account Agreement. This, along with the enclosed addendum, includes necessary federal Truth-in-Lending Disclosures. Please read this Agreement and the enclosed addendum carefully and notify us at once if any parts are unclear. In this agreement, the word “you” refers to and includes, where appropriate, all persons who sign this agreement. “We” or “us” refers to the credit union.

This document is not only a contract - it also includes required Truth-In-Lending disclosures. Your Annual Percentage Rate (APR) is discussed below in Section 3.

1. Requesting an Advance - By signing the EZ Access Line of Credit Application, you applied for an EZ Access Line of Credit/Overdraft Protection Plan, and you agreed to abide by the terms and conditions of this Agreement if your application was approved. Your application must be approved before you can borrow under this plan.

We can only approve plans for provident and productive purposes. If we approve your loan application, we will establish a self-replenishing line of credit for you and will notify you of the amount thereof (Credit Limit) in the enclosed addendum. This addendum is hereby incorporated herein as part of this Agreement. You can obtain an advance within your “Credit Limit” under this contract by means of a draft/check, loan draft, electronic transfer (i.e., Automated Teller Machine, TellerPhone 24, or HomeBanking), deposit to your Draft/Checking Account or another account designated by you. You agree that whenever you (or anyone authorized to access your account) obtain an advance against this Line of Credit Contract that such advances shall be subject to the terms of this contract. If we have furnished you with a confidential Personal Identification Number (PIN) for TellerPhone 24, your use of that number with your account number to obtain an advance, is also your signature for purposes of obtaining that advance. TellerPhone 24 advances shall be deposited to an account designated by you. If you have a Draft/Checking Account at Arbor Financial Credit Union, you agree that whenever you or anyone authorized write a draft/check which when posted to you Draft/Checking Account exceeds by one cent, or more, the balance in your Draft/Checking Account and available funds in your Share Account (or as otherwise directed by your Draft/Checking Account Agreement), this shall constitute a request for an advance (minimum \$100.00) against this Line of Credit Contract which shall be sufficient to pay such draft/check. These provisions also apply if you overdraw your Draft/Checking Account by means of Automated Teller Machine or any other electronic means. Deposits that you make to your Draft/Checking Account after a loan advance are not automatically credited back to the loan. Your Draft/Checking Account and TellerPhone 24 service at Arbor Financial Credit Union are governed by other Agreement(s) between you and Arbor Financial Credit Union. If this Agreement conflicts with any of the provisions governing such Agreement(s), the provisions in this Agreement shall control.

2. When Advances are Given - The total owing under this contract at any one time may not exceed the Credit Limit 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 approved; (2)Any papers requesting the advance are filled out completely and correctly; and (3) You are up to date on all of your loans with us. Nevertheless, we have the right to refuse any advance you may ask for or to cancel the contract, if: (1) We decide that the credit rating or debt-paying ability of anyone who signed this contract is no longer satisfactory; (2) You break any promises 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 address on our records. The notice is effective when mailed.

3. Repayment - By signing the Application, you promise to repay to the credit union all money that anyone borrows under this contract plus FINANCE CHARGE as explained below. You make this promise not only for yourself, but jointly with each other person signing the contract. We charge FINANCE CHARGE at a variable daily rate, corresponding to an ANNUAL PERCENTAGE RATE which may change up to 12 times a year. The changes will be made on the first day of each

month. The ANNUAL PERCENTAGE RATE for each month is calculated **by taking the average of the discount rates on the 26-Week U.S. Treasury Bill announced weekly by the U.S. Treasury during the preceding month**, rounding it to the nearest one-tenth percent and adding 7.0 percentage points to that percentage. **However, the ANNUAL PERCENTAGE RATE shall never be less than 8.5% nor greater than 14.5%.** The ANNUAL PERCENTAGE RATE may **increase or decrease by a maximum of 1.0% if the average discount rate on the 26-Week U.S. Treasury Bill** increases or decreases from what it was during the preceding month. An increase may cause you to have to make more payments, but the amount of the payments will not change. The ANNUAL PERCENTAGE RATE will never exceed the maximum rate permitted by law. We may substitute a new index for the variable rate if the index described above becomes unavailable. You may call the credit union during business hours for current information on the ANNUAL PERCENTAGE RATE being charged on your loan(s). **FINANCE CHARGE** (interest) under this contract is figured at a rate of **.0233%** per day, which corresponds to an **ANNUAL PERCENTAGE RATE of 8.5%.**

Calculating the Principal Balance

We charge FINANCE CHARGE (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.” Each separate loan account under this contract has a separate “principal balance.” We calculate the “principal balance” this way: (1) When you borrow money, we add it to the unpaid part of amounts (if any) you previously borrowed on that loan account; (2) When you make a payment on a loan account, we deduct from the unpaid part of amounts you previously borrowed on that loan account, the part of the payment that exceeds late charges (if any) and FINANCE CHARGE (interest) then due on the account. The “principal balance” could be a different amount during a specific period of time, like a month or a calendar quarter.

Calculating the Finance Charge

FINANCE CHARGE (interest) is added to each advance under this contract from the date it is posted to a loan 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, times; (2) Each separate “principal balance” on the loan account since the last payment, times; (3) The number of days each separate “principal balance” was owing, and then adding 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. Late Payments - If you don’t make a payment within 10 days of when it is due, we can charge you and you agree to pay a **late charge of 20% of the interest due, but not less than 25 cents.**

5. Repayment - You must repay 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 on the 25th of each month. You must make at least a minimum payment every month. Your minimum monthly payment amount is equal to \$3 per \$100 (or part of \$100) of the new “principal balance” resulting from your last advance, but not less than \$15.00. Minimum monthly payments will usually change when you borrow new money, but they do not change as a loan account is being paid off. In no event will the due date be within 21 days of the date of said advance.

6. How Your Payments are Applied - Each time you make a payment on a loan account 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” on the loan account. 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 and will not be added to the “principal balance.” (Consequently,

we will not compound interest you owe or charge interest on late charges.)

7. Early Payoff - You may make larger payments or pay off the entire balance at any time without penalty. If you make extra or early payments, you still must make at least the minimum payment every month until the account is paid in full.

8. 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 fail to make your payments when due, we can take money from your shares/savings or deposits to make any payments that are past due, as well as any late charges. While your payments are up-to-date, you can withdraw from your savings even though they are “pledged” to us. But if you withdraw all your shares/savings, you are no longer a member and you will not be able to obtain any new advances under this contract. We waive any security interest for any amount owing under this contract except for the “pledge” of your savings.

9. Protecting Certain Savings - Under the law which regulates the credit union, we have certain rights against your shares/savings or deposits. By signing this contract, you give us certain other rights in your shares/savings as explained in Section 8. Nevertheless, none of these rights will apply against any shares/savings 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. Co-makers and Guarantors - A person who co-signed the Application is called a “co-maker” if he or she is a member of the credit union, or a “guarantor” if not a member. A “co-maker”or “guarantor” **who signs the Application** is liable to us for all advances we make under the contract from the time he or she signs it until those advances are paid in full, no matter how long it takes. If a “co-maker” or “guarantor” wants to stop his or her responsibility for advances under this contract, that person must give us a written notice telling us that. Then that person won't be responsible for any **new** advance(s) you get **after** we receive the notice. But of course, he or she stays liable for advances that were made before we received the notice. If a “co-maker” or “guarantor” signs the Application, 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) Allow you to withdraw any of your savings; (5) Release some other “guarantor” or “co-maker”; (6) Make additional “co-makers” or “guarantors”.

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; (2) You break any other promise you made in this contract; (3) You are in default under any other agreement with Us. 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 sue anyone who signs this contract as a “co-maker” or “guarantor” or we can do both. You agree to pay all usual and customary costs of collection including reasonable attorney fees and all court costs permitted by law.

Full Payment Due Immediately

If you are in “default”, we can also demand that you immediately pay us the entire amount still unpaid on all your loan accounts 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 Section 8.

12. Miscellaneous Provisions -

What Happens if the Contract is Cancelled?

In Section 2, we told you about our rights to refuse advances you ask for and to cancel this contract. You also can cancel this contract if you want to, but even if the contract is cancelled or an advance is refused, you still must pay us all the money you owe on 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 “co-maker” or “guarantor” who signed the application.

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, credit standing and financial responsibility. Your signature also permits us to tell credit rating bureaus and other creditors about our experience with you, such as, if you make your payments on time.

Who Keeps the Contract?

In order to comply with certain laws, the portion of this contract with your signature(s) on it must be kept by the credit union. However, you have been furnished with the unsigned portion of this contract to keep for your records.

Can this Contract be Changed?

Yes. We need this ability as 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 and may also apply to amounts you already owe. (For Example: an increase in the interest rate.) 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 that the law requires.

Does the Credit Union have to Enforce its Rights?

Sometimes, in order to help you over a trouble spot, we may give you permission to be late with a payment, skip a payment, send in partial payment, etc. 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.

Your Billing Rights: Keep this Document for Future Use

**This notice tells you about your rights and our responsibilities
under the Fair Credit Billing Act.**

What To Do If You Find A Mistake On Your Statement

If you think there is an error on your statement, write to us at:

Arbor Financial Credit Union
1551 South 9th Street
Kalamazoo, MI 49009

In your letter, give us the following information:

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Description of problem: If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within 60 days after the error appeared on your statement.
- At least 3 business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

What Will Happen After We Receive Your Letter

When we receive your letter, we must do two things:

1. Within 30 days of receiving your letter, we must tell you that we received your letter. We will also tell you if we have already corrected the error.
2. Within 90 days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- If we made a mistake: You will not have to pay the amount in question or any interest or other fees related to that amount.
- If we do not believe there was a mistake: You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within 10 days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all of the rules above, you do not have to pay the first \$50 of the amount you question even if your bill is correct.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The agency that administers compliance with this law concerning this Credit Union is:

Office of Financial and Insurance Regulation
P.O. Box 30220
Lansing, MI 48909-7720

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