

(d) **Minimum Payment.** You agree that you will pay not less than the Minimum Payment on or before the due date indicated on your Payment Notice. Minimum Payments include all amounts past due, if applicable, and the Minimum Monthly Payment. The Minimum Monthly Payment and due date for each loan will be set out on your Monthly Payment Notice. The Minimum Monthly Payment for lines of credit will be 3 percent of the outstanding balance at the end of each month or \$25, whichever is greater.

Payments will be applied first to accrued **FINANCE CHARGES**, insurance premiums, late charges, and the remainder, if any, to the principal loan balance, unless otherwise agreed or required by applicable law. Payments in excess of Minimum Payment will not relieve you of your obligation to make your subsequent Minimum Payments, rather they will reduce the principal amounts owing on your Account.

(11) **DISCOUNTED LOAN RATES:** You may receive a .50 percent discount on applicable new loans if you make your loan payments via Payroll Deduction or Direct Deposit. You may receive a .25 percent discount on applicable new loans if you make your loan payments by automatic transfer from your Credit Union account or by ACH from another financial institution.

If you cease making payments via Payroll Deduction or Direct Deposit, the rate will return as of that date to the interest rate that otherwise would have been charged for that loan type. A discount is only available on closed-end loans.

(12) **ACKNOWLEDGMENT AND AGREEMENT:** You understand and agree to the terms of this Agreement. You acknowledge that you have read this Agreement and the Fair Credit Billing Notice that accompanies it. You also understand that the advance forms (including truth-in-lending disclosures made for closed-end loans) are part of each contract with the Credit Union, and that by accepting loan advances in the future you will be agreeing to the terms set forth in this Agreement and on the loan advance forms. The Credit Union may delay any of its rights under this Agreement without losing them.

(13) **YOUR BILLING RIGHTS:** 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 as soon as possible (on a separate sheet) at PO Box 576, Seattle, WA 98111-0576. 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, 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 your credit card bill automatically from your savings or checking 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 bill was correct.

After we receive your letter, we can't 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 don't have to pay any questioned amount while we're investigating, but you still are obligated to pay the parts of your bill that aren't in question.

If we find that we made a mistake on your bill, you won't 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'll have to make any missed payments on the questioned amount. In either case, we'll send you a statement of the amount you owe and the date it's due.

If you fail to pay the amount we think you owe, we may report you as delinquent. However, if our explanation doesn't satisfy you and you write to us within 10 days telling us you still refuse to pay, we must tell anyone we report you to that you have questions about your bill. 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 those rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

(14) **CLOSED-END REPRESENTATIVE TERMS**

11.49% ANNUAL PERCENTAGE RATE			
Term	Loan Amount	Monthly Payment	FINANCE CHARGE
24 months	\$1,000	\$47.05	\$ 129.16
36 months	\$1,000	\$33.13	\$ 192.37
48 months	\$1,000	\$26.21	\$ 257.79
4.49% ANNUAL PERCENTAGE RATE			
Term	Loan Amount	Monthly Payment	FINANCE CHARGE
24 months	\$1,000	\$43.73	\$ 49.31
36 months	\$1,000	\$29.80	\$ 72.66
48 months	\$1,000	\$22.85	\$ 96.30
6.49% ANNUAL PERCENTAGE RATE			
Term	Loan Amount	Monthly Payment	FINANCE CHARGE
24 months	\$1,000	\$44.66	\$ 71.73
36 months	\$1,000	\$30.73	\$ 106.08
48 months	\$1,000	\$23.78	\$ 141.07

In the event you are in default on your loan, the Periodic Rate and **ANNUAL PERCENTAGE RATE** will be increased to the current rate offered for Personal Loans as set forth below (the 'Default Rate'). The Default Rate will be applied to the entire balance from the date of default until the balance is paid in full.

ANNUAL PERCENTAGE RATE (subject to change)	
TYPES OF CLOSED-END LOANS	
Personal	12.24% - 16.99%
New/Used Car up to 84 months	4.49% - 9.99%
New/Used Car 80% financing up to 84 months	4.24% - 9.74%
New/Used Boat, RV	5.99% - 11.49%
New/Used Boat, RV 80% financing	5.49% - 10.99%
Motorcycle	5.49% - 10.99%
Leisure Craft	9.24% - 14.74%
Home Equity up to 85% Loan to Value	6.49%
Home Equity over 85-100% Loan to Value	7.49%
Savings Secured	3.24%
Collegian Loan	7.99%
Choices Loan	7.49%
Education Loan	6.50% - 10.25%

Your rate and the financing terms for which you qualify will be determined by your personal credit history.

**SCHOOL EMPLOYEES CREDIT UNION
OF WASHINGTON**

(206) 628-4010 • 1-888-628-4010

www.secuwa.org

325 Eastlake Avenue East • PO Box 576 • Seattle, WA 98111-0576
1500 West 4th Avenue • Suite 100 • Spokane, WA 98201-7256



MEMBER'S COPY

CONTRACT TERMS

(Including Promissory Note)

This Agreement contains the terms of a series of loan agreements between the Member and School Employees Credit Union of Washington (the "Credit Union"). The Member and the Credit Union want to establish an ongoing lending relationship. Some parts of this relationship may involve a line of credit, under the terms of which the Credit Union agrees to make credit available to the Member so long as the Member is not in default and the program continues in existence. Other terms involve closed-end loans, in which the credit decision is made by the Credit Union upon specific application by the Member without any advance commitment. However, when closed-end loans are made, they will be made under the terms of this Agreement, together with any additional documents signed at that time. Those who sign as Applicants ("you" and "your") agree to these terms, jointly and severally, for all loans from the Credit Union made under this Agreement. You also agree that any advance form given when a loan is made is part of this Agreement.

(1) **MAKING LOANS:** You promise to pay to the Credit Union, on order, the full amount of principal and **FINANCE CHARGE** for all loan advances made to you (or on your behalf) by the Credit Union. If a loan is made to you or for your benefit by the Credit Union and is not specifically covered by another agreement between you and the Credit Union, it will be covered by this Agreement. This includes loan advances made through a deposit to any account in which you have an ownership interest at the Credit Union.

This Agreement includes both open-end and closed-end loans. Any loan which is not specifically designated by the Credit Union on its records as an open-end loan will be treated as a closed-end loan. Open-end loans refer only to the line of credit described below.

If the Credit Union makes a loan under this Agreement, you promise to pay the Credit Union for the loan under the terms of this Agreement. This includes: (a) a request of any co-applicant; (b) a request for payments to a third party; and (c) a request for deposit to an account at the Credit Union (such as a regular savings account or a checking account, whether belonging to you or to a co-applicant). No matter which co-applicant requests the loan, or how or where any co-applicant asks that the loan be paid, it is the same as if you asked for the loan and it was paid to you. Credit Union loans are not assumable.

(2) **PAYING LOANS:** At the Credit Union's option, you promise to pay for loans under this Agreement either by automatic transfers from shares, share drafts, net pay, payroll deduction, or by direct payment. Payments will be applied first to accrued **FINANCE CHARGES**, insurance premiums, late charges, and the remainder, if any, to the principal loan balance, unless otherwise agreed or required by law. You may pay all or part of your loans early, at any time, without paying any premium or penalty. However, you will keep making your monthly payments so long as you owe the Credit Union any money under this Agreement. Your monthly payments and due date will be set out in the truth-in-lending disclosure for each closed-end loan and you agree to pay at least that amount for each closed-end loan.

(3) **AUTOMATIC TRANSFERS/NET PAY/PAYROLL DEDUCTION:** If you pay loans 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 loans will become past due. Net pay transfers would be made contingent only upon receipt of your paycheck for that pay period. If you are on payroll deduction you grant permission to the Credit Union to adjust your payroll deduction by rounding to the next \$5 increment to satisfy all loan payments. After all your loans are paid, the Credit Union may deposit your payroll deduction to your shares until you notify the Credit Union otherwise in writing. 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.

(4) **LINE OF CREDIT:** The Credit Union offers an Overdraft Protection Line of Credit.

You may access your Overdraft Line of Credit by writing checks, initiating an

automated teller machine ("ATM"), VISA, or other transfer of funds and overdrawing your checking account. We will treat the overdraft as a request for a loan advance on your line of credit, subject to the terms of this Agreement. All overdraft line of credit advances will be made in increments of \$100.00 and deposited to your checking account. If you exceed your credit line you authorize the Credit Union to transfer funds from a savings account or to return overdraft items for insufficient funds. Your minimum monthly payment will be 3 percent of your outstanding balance or \$25.00, whichever is greater, plus any amounts remaining unpaid from prior months. You authorize the Credit Union to automatically transfer the minimum monthly payment from your checking account or a savings account if there are insufficient funds in your checking account. If the Credit Union grants you a line of credit, you will receive a separate document showing the amount of your line of credit, which is the maximum amount you may draw upon without getting specific approval for a loan advance, and how to determine your minimum monthly payment. If the amount of your line of credit goes up or down, the Credit Union will notify you in writing. This may be on an advance form, on your statement, or by separate notice.

If you are granted a line of credit, it will be subject to all the terms of this Agreement. It will be a separate contract from any closed-end loans the Credit Union makes to you under the terms of this Agreement. Either of us may cancel the line of credit for any reason by notice to the other. You understand that a cancellation will not affect your obligations on loans outstanding at the time of cancellation. Your ability to draw upon the line of credit may be suspended immediately if any of the following happen:

- (a) You no longer reside or work in the state of Washington;
- (b) You are in default under this Agreement or any other agreement you have with the Credit Union;
- (c) Any evaluation of your credit now or later indicates adverse information; or
- (d) The Credit Union reasonably deems itself insecure on your loans.

(5) **REAL ESTATE LOANS:** The terms of this Agreement also apply to closed-end loans secured by real property or a dwelling. These loans will be secured solely by a deed of trust on the real estate or dwelling, and not by any other collateral securing any other loans (including deposit accounts, except as otherwise authorized by law). You understand that the advances secured by real property are severable for purposes of collection if you default.

The credit union charges no fees for any completed loan and waives third-party fees whenever possible. However, some loans require fees beyond our control, for which you are responsible. Examples include, but are not limited to, title insurance policy and cancellation fees. All loans over \$50,000 require an appraisal by a state-certified/state-licensed appraiser who has been approved by the Credit Union. If those costs are incurred and you later cancel your request, you will be responsible for payment of these fees.

If your loan is for home improvements, you understand and agree that contractor's selection and acceptance of work and materials are entirely your responsibility. You further understand and agree that payments will begin according to the terms of the note even if the work is still in progress.

(6) **DEFAULT:** Each closed-end loan is a separate, severable contract, and each is separate from any line of credit. However, the terms of this Agreement apply to all loans the Credit Union makes to you or on your behalf, including the following default terms.

You will be in default on all your loans if any of the following happens on any of your loans from the Credit Union:

- (a) Someone tries to levy, execute upon, or attach any property securing any of your loans from the Credit Union (including any share or other accounts at the Credit Union) excluding real property; or
- (b) You become insolvent, bankrupt, or die.

The Credit Union may declare at its option without notice or presentment all of the loans or any combination of them in default if any of the following occur:

- (a) Any monthly payment is not paid when due;
- (b) You violate any term of this Agreement, of any security agreement securing your loans from the Credit Union, or any other agreement you have with the Credit Union; or
- (c) You do not provide the Credit Union with proof of property insurance naming the Credit Union as loss payee for items secured by these advances.
- (d) The Credit Union reasonably deems itself insecure on your loans.

Upon default and thereafter, the Credit Union may declare at its option, without notice or presentment, the entire unpaid balance of any or all of your loans immediately due and payable, and you agree to pay that amount. The Credit Union may start a collection action in the county in which the Credit Union is located. You will pay the Credit Union's attorneys' fees whether or not there is a lawsuit, including any fees on any appeal. You also agree to pay any collection costs, such as repossession

fees, collection agency costs and fees, and court costs incurred by us in collecting your loan. All of these costs and expenses may be added to your loans and a **FINANCE CHARGE** may be imposed on them at the default rate set forth in Section 14.

(7) **AMENDMENTS:** The Credit Union may change any part of this Agreement, including all terms and conditions and **ANNUAL PERCENTAGE RATE**. (When the index on a variable rate loan changes, the change in **ANNUAL PERCENTAGE RATE** is automatic.) Any loans made after a change in terms will subject all loans made under this Agreement to the new terms. Any notice of change in terms required by law will be sent to your address of record, which is shown on the application, unless you have requested in writing that the Credit Union change your address of record within a reasonable time prior to the notice being sent.

(8) **SECURITY:** The Credit Union may require security for loans under this Agreement. Normally, that security will be what you buy with the proceeds of the loan. To secure each and every loan made under this agreement (except obligations secured by real property or a dwelling), you grant the Credit Union a security interest under the Washington Uniform Commercial Code in all collateral described in the advance voucher which accompanies this Agreement or a later loan. This includes property purchased later and accessions (for example, tires or batteries attached to a car), whether added now or later. All collateral securing one loan will secure all your other obligations (except those secured by real property or a dwelling) to the Credit Union, including all existing loans, future loans, and credit cards.

(a) **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 can move it. 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 to a new location in Washington state, you may move the collateral to your new address if you give the Credit Union the new address in advance.

(b) **Pledge of Shares.** You pledge all shares and funds, present and future, and all accounts with the Credit Union in which you have an interest, as security for all loan advances made under this Agreement. You understand that if you default on your loans or credit cards, the Credit Union may apply all that is pledged to your loan or credit card balance. However, this pledge will not apply to retirement accounts to the extent that applicable law precludes the pledge of such accounts, or to loans secured by real property or a dwelling.

If you receive a share-secured loan advance under your line of credit or otherwise, you may not withdraw the shares or other account pledged until the loan advance is paid in full.

(c) **Insurance/Maintenance.** You will keep the collateral insured with casualty and fire coverage satisfactory to the Credit Union, including an acceptable deductible. For vehicles, this means collision insurance with a deductible of not more than \$500 and comprehensive insurance with a deductible of not more than \$500. You will provide the Credit Union with proof of that coverage. You also will name the Credit Union as the loss payee. If you fail to pay other liens, buy insurance, or make repairs to the collateral, the Credit Union may do so. The Credit Union may then add what it pays to the amounts you owe under this Agreement. The added amounts will then bear interest at the rate charged under this Agreement. This security provision also secures those amounts. If the Credit Union receives a refund of Benefit Fund premium, you agree that the refund is secured by this security provision, and the Credit Union may apply the refund to any amounts you owe.

(d) **Disposal upon default.** You may keep and use the collateral while this Agreement is not in default. If you are in default, the Credit Union will have all of the rights of a secured party under the Washington Uniform Commercial Code, in addition to any other rights the Credit Union may have. All collateral shall secure any and all obligations of applicant(s) to the Credit Union. You will assemble the collateral and make it available to the Credit Union, if the Credit Union requests you to do so. The Credit Union may take the property peaceably and sell it. The Credit Union will apply the "net proceeds" of the sale to reduce the amount you owe. "Net proceeds" means the sale price less the expense of repossessing, selling, lawyers' fees, and other lawful expenses. If you are entitled to any notice by law, you agree that 10 days' prior notice is enough. Unless you ask the Credit Union in writing to give you notice at a different address, that notice sent to you at the address shown on the Application will be sufficient.

(e) **Enforcement of 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 lawyers' or bankruptcy fees whether or not there is a lawsuit, including any fees on appeal. You also will pay court costs. This security provision also secures all of these amounts.

(f) **Additional Documents and Power of Attorney.** You will 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(s) in which you have granted the Credit Union a security interest and to which the Credit Union holds the certificate(s) of title, you hereby give the Credit Union irrevocable power of attorney to sign your name to such certificate(s) and to apply in your name for the issuance of a certificate of title to any motor vehicle in which you become 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.

(9) **LATE CHARGES:** If we have not received your payment by the 10th day after the payment due date, you will be charged a late charge of \$20.00.

(10) **FINANCE CHARGES — OPEN END LINE OF CREDIT LOANS (EXCLUDING HOME EQUITY LINES OF CREDIT)**

(a) When **FINANCE CHARGES** accrue, you will pay a **FINANCE CHARGE** calculated on the daily unpaid balance of your loan balance under this Agreement and a **FINANCE CHARGE** for any overdraft transfers. **FINANCE CHARGES** will begin to accrue as of the date each loan advance is made. The **FINANCE CHARGE** based on your outstanding balance is computed by 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.

When advances are added to your existing loan balance, 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 new outstanding principal balance to the date of payment at the prevailing applicable Periodic Rate.

(b) **How to determine FINANCE CHARGES.** The unpaid principal balance is the amount of the loan outstanding, which remains unpaid at the close of business each day after all transactions for the day have been entered. The amount of the **FINANCE CHARGE** paid from each payment made during the cycle will be shown on your monthly statement. Your loan payments and the Credit Union's loan advances are entered when made. 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) **Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE.** The Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** for *variable* rate open-end line of credit loans are based upon an index that is the Credit Union's average cost of funds for the preceding calendar quarter of each year. The index is determined by using the weighted average of the nominal rate of interest the Credit Union has paid during the preceding calendar quarter on its regular savings accounts, checking accounts, certificates of deposit, IRAs, borrowed funds, and any other savings account or instrument offered during the calendar quarter. The Credit Union adds a margin of 7.5 percent to the index. The total of the index, plus the margin amount we add, is the **ANNUAL PERCENTAGE RATE**. The **ANNUAL PERCENTAGE RATE** is divided by 365 to produce the daily Periodic Rate. The **ANNUAL PERCENTAGE RATE** will be adjusted on the first day of February, May, August, and November. The minimum **ANNUAL PERCENTAGE RATE** will be 10 percent and in no case will exceed the maximum amount allowed by law. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** may affect the amount and number of monthly payments you will make under the Account. However, if the amount of the payment is not enough to pay at least the accrued **FINANCE CHARGES** and insurance premiums, if applicable, we will increase your monthly payment in an amount sufficient to pay off the loan balance under the original payment schedule. The daily Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** are:

PERIODIC RATE 0.027398%	ANNUAL PERCENTAGE RATE 10.00%
--	--

In the event you are in default on your line of credit loan, the Periodic Rate and **ANNUAL PERCENTAGE RATE** will be increased to:

PERIODIC RATE 0.049315%	ANNUAL PERCENTAGE RATE 18.00%
--	--

(the "Default" Rate)