

Business Overdraft Line of Credit Contract

THIS IS A CONTRACT – BE SURE TO READ IT. It spells out the terms and conditions of your Business Line of Credit Plan with the Credit Union. It sets out your rights and duties as well as ours. The wording has been kept as clear and simple as possible. Even so, you may have questions. If you do, please call or write us. In this contract, the word “you” refers to and includes, where appropriate, all persons who sign this contract. “We” or “us” refers to the Credit Union.

Business Name	Account Number	APR
Borrower(s) Name and Address	Date	Requested Credit Limit

PAYMENT TERMS

1	Interest on business overdraft loan accounts under this contract will be charged at the annual rate of: _____ (see Section 3).
2	Payments each month will be calculated at _____ % of the outstanding accumulated overdraft advances. Minimum monthly payments on each loan account are \$50.00 (see Section 5).
3	Payments are due on the 1st day of each month (see Section 5).
4	If a payment is 10 days or more late, we will charge you a late fee of \$35.00 for each payment that is past due. (see Section 4).
5	The total amount owing under this contract at any time may not exceed _____ (see Section 2).

1. Overdraft Advances Under This Contract

By signing this contract you are applying for an Overdraft Business Line of Credit loan plan. Your application must be approved funds will be advanced under the plan. We can only approve advances under this plan to pay amounts that otherwise would result in an Overdrawn account due to your issuing drafts or making other charges to your draft account that would result in exceeding the available balance in your share draft and/or share savings account(s). You must maintain a regular share draft or transaction account to utilize this Overdraft Business Line of Credit Loan. Once you have been approved, advances under this contract will be made only if there are not sufficient funds in your draft account to pay for outstanding drafts that you have issued to other parties. This account may not be used to pay for loan payments that you owe to us on other loans or on this loan. Other Advances may also be requested by means of a check drawn on your regular account(s) if there are not sufficient funds available in that account to cover the check you issue, since the signature on the check is a signed request for an advance.

2. When Overdraft Advances Are Given

The total owing under this contract at any one time may not exceed the amount stated on the front page 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 does not go over the limit stated in #5 above.
2. Any papers requesting the advance are filled out completely and correctly; and
3. You are up-to-date on all your loans with us.

You also hereby authorize us to make an advance on this loan to cover any and all that you may incur by issuing non-sufficient funds, checks, or by depositing checks that are returned without payment for any reason, or for any misuse of your automated teller machine which results in a loss to the credit union.

Nevertheless, we have the right to refuse any advance you may ask for under the contract if:

1. We decide that the credit rating or debt paying ability of anyone who signs 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 received.

3. Promise to Pay Back with Finance Charge

By signing this contract, you promise to pay back to the Credit Union every day that anyone borrows under this contract plus FINANCE CHARGE (interest) as explained below. And you make this promise not only for yourself, but jointly with each other person who signs the contract. FINANCE CHARGE is the same thing as interest. It is the charge we make for your use of the money we lend you.

Figuring Out the Principal Balance

We charge FINANCE CHARGE (that is, interest) only on that part of the money you borrowed that is still owing when you make a payment. This is called the “principal balance”. Each separate loan (“account”) under this contract has a separate “principal balance”. We figure out the “principal balance” this way:

1. When you borrow money, we add it to the unpaid part of amounts (if any) you previously borrowed on that loan.
2. When you make payment on a loan, we deduct from the unpaid part of amounts you previously borrowed on that loan the part of the payment that exceeds late charges (if any) and FINANCE CHARGE (interest) then due on the loan.

As you can see, the “principal balance” on each loan keeps changing. The “principal balance” could be several different numbers during a specific period of time like a month or a calendar quarter. The “Outstanding Account Balance” is the “principal balance” plus accrued interest and all other charges.

Figuring Out Finance Charge

For each loan under this contract, FINANCE CHARGE (interest) begins to run from the date it is posted to your account on our records.

We determine the amount of FINANCE CHARGE (interest) at the time a payment is made by multiplying, for each day since your last payment, the principal balance for that day times the daily periodic rate for that day. This gives us the interest for each day. We take the interest determined for each day and add it all together to get the FINANCE CHARGE.

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”. For the rest of this contract, we will use the word “interest” instead of FINANCE CHARGE.

4. Extra Charge for Late Payments

We have the right to make an extra charge if you do not make your payment on time. If we do, the maximum charge will be as indicated in number 4 of this contract. You should **always** make your payments on time so you will avoid any chance of having to pay a late charge.

5. How You Pay Us Back

You must pay back the money you borrow from us, plus interest, in monthly payments. The payments are due each month on the day stated in Number 3 of this contract. We call this the “due date”. You must make at least a minimum payment each month on each loan (account). The amount of each minimum payment is determined in the manner explained in Number 2 of this contract. Minimum monthly payments usually increase when you borrow new money, but they do not decrease as a loan is paid off.

There are exceptions to the “due date” we mentioned above. When you get a new loan under this contract, the first minimum payment will not come due in the month you get the loan; it comes due the following month.

6. How Your Payments Are Applied

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

If the payment is not enough to cover late charges (if any) and interest then due, the unpaid part of the late charges or interest will be taken out of your later payments. It will not be added to the “principal balance” of the loan. That way we do not compound interest you owe or charge interest on late charges.

7. Paying Off Early

The payments we told you about in Section 5 are **minimum** payments. Of course, you are allowed to make **larger** payments if you want to. And you can pay off any loan under this contract, in full or in part, at any time. Any of these steps will result in you paying less interest over the life of the loan, thus saving you money.

There is no penalty or charge of any kind for paying off all or part of a loan early. Even if you do make some extra payments or some early payments, you still must make at least the **minimum** payment **every** month until the loan is paid in full. If you want to pay ahead and then skip some payments, you must make special arrangements with us.

8. Your Savings Are Security for This Contract

By signing this contract, you give us a security interest – called a “pledge” – in all present or future shares or deposits with the Credit Union which you have the right to withdraw for your personal use. Collateral that you have pledged to secure other loans with the Credit Union may also secure this loan.

If you fail to make your payments when due, the Credit Union may accelerate the entire balance due and apply any or all of your shares or deposits at the Credit Union to either make any payments that are past due or pay the entire balance owing, plus interest and 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 savings, you are no longer a member and you cannot get any new advances under this contract.

9. Cross Collateralization

You hereby grant a security interest to the Credit Union in all assets and collateral separately pledged to the Credit Union as collateral for this, or any loan transaction. You further agree that any security interest granted to secure this loan shall also collateralize any other indebtedness that you may now have or may have in the future with the Credit Union. It is the intention of this grant to provide for cross-collateralization to further secure the payment of this loan and all other indebtedness to the Credit Union now owed or hereafter owed by you. Whether or not said indebtedness was intended to be secured or personal, you grant a security interest to the Credit Union in all assets or whatever nature and kind that are pledged hereby as collateral for the within indebtedness.

10. Protecting Certain Savings

Under the law which regulates the Credit Union, we have certain rights against your shares or deposits. By signing this contract, you give us certain other rights in your savings as explained in Section 8. Nevertheless, none of these rights will apply against any All Savers Certificate or against any shares or deposits that are part of an Individual Retirement Account (IRA) or a Keogh Plan.

This provision assures that by signing this contract you do not risk losing tax advantages tied to these kinds of savings.

11. Co-makers and Guarantors

A person who signs this contract even though he or she cannot borrow under it is called a "co-maker" if he or she is also a member of the Credit Union or a "guarantor" if not a member. A "co-maker" or "guarantor" who signs this contract is liable to us for all loans we make under the contract from the time he or she signs it until those loans are paid in full, no matter how long it takes. If a "co-maker" or "guarantor" wants to stop his or her responsibility for loans under this contract, that person must give us a written notice telling us that. Then that person will not be responsible for any new loans made after we receive the notice. But of course, he or she stays liable for the loans made before we got the notice. If a "co-maker" or "guarantor" signs this contract, he or she permits us to do any of the following things under this contract without first telling him or her about it.

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

12. What Happens In The Case of Default

You are in "default" if:

1. You fail to make a minimum monthly payment when it is due;
2. You die; or
3. You break any other promise you make in this contract.

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. This Note is being executed and delivered, and is intended to be performed in the State of _____. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of _____ shall govern the validity, construction, enforcement and interpretation of this Note. In the event a legal action is filed to collect money owing to the credit union under this Note, or any other instruments executed in connection herewith, the undersigned irrevocably agrees that venue for such suit shall lie in the judicial district for the City of _____, _____ County, _____.

If this Note is placed in the hands of an attorney for collection or if it is collected through any legal proceedings at law or in equity or in bankruptcy, receivership or other court proceedings, Maker promises to pay all costs and expenses of collection including, but not limited to, court costs and the reasonable attorneys' fees of the holder hereof.

Full Payment Due Immediately

If you are in "default", we can also demand that you immediately pay us the entire amount then still unpaid on all your loans under this contract, plus interest and late charges, if any. We do not 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.

Right to Your Savings

When you are in "default", we have certain rights to your savings. These have already been explained in Section 8.

13. Miscellaneous Provisions

What if We Cancel the Contract?

In Section 2, we told you about our rights to refuse any loan you ask for and to cancel the contract. If we do either of these things, you still must pay us all the money you owe under the contract plus interest and any late charges, and you are still required to follow the repayment terms set out on this contract. The same is true for any "co-maker" or "guarantor" who signs this contract.

Can We Check Your Credit?

Yes. By signing the contract, you permit us to make such investigation from time to time as we think is necessary concerning your business credit, co-maker and/or guarantor's individual employment, your individual credit standing and your financial responsibility. Your signature also permits us to tell credit rating bureaus and other creditors about our experience with you, such as, for example, if you make your payments on time.

Who Keeps the Contract?

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

Can This Contract Be Changed?

Yes, it can! We need this power because this contract may last for many years and economic conditions will change during that time. So we can, for example, increase the interest rate (though not above maximum rate allowed by law), increase the minimum monthly payment or change the signature limit. Changes we make will apply to new loans you get after the date of the change. Changes which affect you adversely (for example, an increase in the interest rate) may also apply to amounts you already owe if you get a new loan after such a change has been made. Of course, we will only make changes the law permits.

If the law requires an advance notice of change, we will mail the notice to the last address we have for you in our records and will follow any other procedure that law requires.

Does the Credit Union Have to Enforce Its Rights?

Sometimes, in order to help you over a trouble spot, we may tell you it is okay to be late with a payment, or to skip a payment, or to send in a partial-payment and so on. And sometimes we may simply accept payments a little bit late and not say anything about it. However, if we do any of these things, or if in any other way we fail to insist that you strictly observe a promise you have made in this contract, we still have the right to insist thereafter that you do keep your promises strictly. For example, we may let you send in payments 5 or 10 days late for several months and not say anything, but we still have the right to require you make later payments on time, or to start adding late charges even though we did not before.

Your Billing Rights - Keep this information 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 bill is wrong or if you need more information about a transaction on your bill, write us on a separate sheet of paper, the address shown on your bill as soon as possible. We must hear from you no later than 60 days after we mail you our first bill on which the error or problem appeared. You can telephone us if you are doing so, but we reserve your rights.

In your letter, give us the following information:

- The dollar amount 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 unsure about.

You do not have to pay any amount in question while we are investigating, but you are still obligated to pay the parts of your bill that are not in question. While we investigate your question, we cannot report you as delinquent or take any action to collect the amount you question.

Your Rights and Responsibilities After We Receive Your Written Notice

We will 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, or continue to bill you for the amount you question, including finance charges, and we can't add 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 you find that we made a mistake on your bill, you will not have to pay any finance charges related to the 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 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 that 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 bill was correct.

YOU SIGN HERE		EACH MEMBER WHO SIGNS BELOW CAN BORROW UNDER THIS CONTRACT ON HIS OR HER SEPARATE SIGNATURE (A PERSON WHO SIGNS ON BEHALF OF ANOTHER CANNOT BORROW)					
		SIGNATURES			DATE SIGNED	ACCOUNT NUMBER	
A	X	Name of Business					
	By: Its:						
B	X	Name of Business					
	By: Its:						
C	X	INDIVIDUAL CO-MAKER OR GUARANTOR					
C	X	INDIVIDUAL CO-MAKER OR GUARANTOR					
A COPY OF THIS CONTRACT		<input type="checkbox"/> RECEIVED BY MEMBER	MEMBER'S INITIALS	DATE	<input type="checkbox"/> MAILED	STAFF INITIALS	DATE