

Line of Credit (LOC) Loan Agreement Disclosure Statement

September 15, 2021

In this Agreement the words “you” and “your” mean each and all of those who apply for the Line of Credit or who sign the Agreement. Everyone who applies and signs under this Agreement must be a member of this Credit Union. “Account” means your Line of Credit with us. The word “PIN” means Personal Identification Number used to access Credit Union-owned Automated Teller Machines (ATMs) to receive Disbursements from your available Line of Credit. “We,” “us” and “ours” means this Credit Union.

1. Acceptance of Line of Credit Agreement. When you accept or use your Line of Credit, you agree to the terms of this Agreement. You may use your ATM Card to access your Line of Credit with us. You may secure Disbursements on your Line of Credit by written request to the Credit Union, through online banking or use of your ATM Card at Credit Union-owned ATMs.

2. Responsibility. Your Line of Credit account will be an open-end account. This means you may borrow the full amount of the Line of Credit, repay the principal, accrued interest and fees in full or in part, and borrow again up to the full amount of the Line of Credit. You agree to pay us the amount of Disbursements, any fees and charges and the finance charges that you, your co-applicant and/or authorized users make. Each person who makes Disbursements or permits another to make Disbursements agrees to be jointly and severally liable to the Credit Union for all obligations due to the Credit Union hereunder. You promise to pay for all Disbursements made by anyone you authorize to do so, and whether or not you notify us that he or she will be doing so. Your obligation to pay the account balance continues even though an agreement, divorce decree or other court judgment to which we are not a party may direct you or one of the other persons responsible under this Agreement to pay the account.

3. Credit Line. Upon approval of your application, a self-replenishing Line of Credit will be established. You agree not to let the account balance exceed this approved Credit Line. Each payment you make on the account will restore your Credit Line by the amount of the payment which is applied to the principal. You may request an increase in your Credit Line by written application to us, which must be approved by the Credit Union.

4. Termination. We may revoke your Line of Credit and suspend or terminate your right to obtain credit under this Agreement at any time for good cause after giving you written notice. Good cause includes your failure to comply with this Agreement, or our adverse reevaluation of your credit-worthiness. You may also terminate this Agreement at any time by written notice to us. Termination by either of us does not affect your obligation to pay the account balance.

5. Credit Information. You authorize us to investigate your credit standing when opening, renewing or reviewing your account, and you authorize us to disclose information regarding your account credit standing to the extent authorized in our bylaws, account agreements and applicable laws and regulations.

6. Finance Charges. A FINANCE CHARGE will be imposed on each Disbursement from the transaction date and continue daily until the date each Disbursement is paid in full.

The FINANCE CHARGE for a statement cycle is computed by applying the periodic rate to the "daily balance" of your account for each day in the billing cycle. To get the "daily balance" we take the beginning balance of your account each day, add any new purchases and advances (Disbursements) and subtract any payments and credits. To determine the Periodic Rate, we take the "Index Rate," as defined below, add a Margin and divide that number by 365 to arrive at the periodic rate. For example, if the index rate were 5.0% and the margin were 7.0%, the Periodic Rate for that billing cycle would be 0.0329% (5.0% plus 7.0% divided by 365). A periodic rate of 0.0329% corresponds to an ANNUAL PERCENTAGE RATE of 12.00%. The margin is based on an evaluation of your credit history. The Annual Percentage Rate will not be lower than 7.00% or higher than 18.00%, regardless of the index rate.

7. Index Rate. The Index Rate used for calculating your Periodic Rate for a billing cycle is the Prime Rate as announced in the Wall Street Journal on the "Periodic Rate Adjustment Date" immediately preceding the first day of the billing cycle. There are 12 Periodic Rate Adjustment Dates: the last business day of each month.

Because the Index Rate may go up or down, the Periodic rate applied to your Daily Balance may also increase or decrease, thereby increasing or decreasing the number of payments you will be required to make in order to repay your Total New Balance.

The Periodic Rate that is applied to your Daily Balance appears on your monthly statement. The Periodic Rate, in effect at the time of your Line of Credit approval, was provided to you in a separate Credit Union acceptance letter.

8. Monthly Payment. We will mail you a statement every month showing your Disbursements, payments and credits, the Total New Balance, the FINANCE CHARGE, and the Minimum Payment required. Every month you must pay at least the Minimum Payment within 25 days of your statement closing date. You may, of course, pay more frequently, pay more than the Minimum Payment, or pay the Total New Balance in full, and you will reduce or eliminate the FINANCE CHARGE by doing so. However, doing so will not dismiss your obligation to make a payment within each statement cycle.

The minimum monthly payment will be \$30.00 or 3.00% of the total outstanding balance, whichever is greater.

If, at any time, your Total New Balance exceeds your Credit Limit, you must immediately pay the excess upon our demand.

We will apply your payments first to previously billed and unpaid Fees and Finance Charges, then previously billed unpaid Disbursements. Disbursements will be paid off in the order they were posted to your Account.

9. Fees. We reserve the right to charge fees including, but not limited to the following schedule.

Delinquency fee - 30 days +	5% of the monthly payment amount or \$30.00, whichever is greater.
-----------------------------	--

10. Default. You will be in default of the Agreement if (i) you do not make any required payment by the date it is due, or if you fail to comply with or perform any of the terms, conditions, or provisions of this Agreement; (ii) your ability to repay us is materially reduced; (iii) you begin, or any other person puts you in a bankruptcy, insolvency or receivership proceeding; (iv) you have furnished to us any credit information which is materially incorrect in any respect; (v) the value of our security interest materially declines; (vi) you attempt to make Disbursements in excess of your Credit Limit without our permission; or (vii) you die. We have the right to demand immediate payment of your full account balance if you default, subject to our giving you any notice required by law. To the extent permitted by law, you will also be required to pay our collection expenses, including court costs and reasonable attorney's fees. Our failure to exercise any of our rights when you default does not mean that we are unable to use those rights later with regard to that or another default. We can accept late payments or partial payments without losing any of our rights under this Agreement.

11. Consent To Recover Delinquent Payments. In consideration for and as a condition of the Credit Union granting a Line of Credit to you, you agree that if you fail to make your required payments, the Credit Union, subject to limitations imposed by applicable law, can take funds from any Credit Union account in which you have an interest to recover all or part of your delinquent debt without advance notice to you and without waiving other rights we have to collect what you owe. This consent is not a pledge of any funds and will not affect your right to withdraw funds prior to our exercise of our rights following your payment default. This consent applies to all funds you voluntarily deposit to Credit Union accounts, including funds such as social security direct deposits that are normally exempt from creditors' remedies. You understand that we will never require you to deposit exempt funds to Credit Union accounts. This consent does not apply to Individual Retirement Accounts.

12. Effect of Agreement and Amendments. This Agreement governs all transactions on your account. We may amend the terms of this Agreement, including rates, at any time, to the extent permitted by applicable law. If we do so, we will notify you in writing in accordance with the applicable law. Except as limited by applicable law, any amendment will apply to all then outstanding unpaid indebtedness arising from the use of your Line of Credit prior to the effective date of the amendment. Any such amendment will not require your written consent, but your consent (if required by applicable law) may be evidenced by your use of the Line of Credit after we give you notice of the amendment. We may at any time add new credit services or discontinue any credit service.

13. Our Business Days. Our business days are **Monday through Friday, 8:00 A.M. – 4:30 P.M. ET.** Federal holidays are excluded.

14. What To Do If You Think You Find A Mistake On Your Statement

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

Northwest Federal Credit Union

ATTN: Loan Servicing Department, P.O. Box 1229, Herndon VA 20172-1229

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.

You must notify us of any potential errors in writing or electronically. 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, the following are true:

- 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. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to 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 Line of 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.

15. Copy Received. You acknowledge receipt of a copy of this Agreement.

Information described in this disclosure is current as of 9/2021.
Subject to change.