

APPLICATION, DISCLOSURES, AND PROGRAM AGREEMENT for DEBT PROTECTION PLAN

BORROWER 1 NAME	BORROWER 2 NAME	LOAN NUMBER	ACCOUNT NUMBER	DATE OF LOAN
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This Product is Optional. Your purchase of the Debt Protection Plan ("Plan") is optional. Whether or not you purchase this protection will not affect your application for credit or the terms of any existing credit agreement you have with the Credit Union. You may cancel the Program at any time. See the Program Agreement for an explanation of how the Program may be terminated.

I Elect: <i>(Check only one box)</i>	Cost:	
	<i>Open-end Loans: per \$1,000 of monthly outstanding loan balance</i>	<i>Closed-End Loans: Estimated Total Fee**:</i>
PLAN 1: Plan # 602657 Death: Cancels loan balance* Disability: Cancels up to 12 Payments* Involuntary Unemployment: Cancels up to 6 Payments*	<input type="checkbox"/> Single: \$2.68 <input type="checkbox"/> Joint: \$4.82	<input type="checkbox"/> Single: \$ _____ <input type="checkbox"/> Joint: \$ _____
PLAN 2: Plan # 602658 Death: Cancels loan balance * Disability: Cancels up to 12 Payments *	<input type="checkbox"/> Single: \$1.28 <input type="checkbox"/> Joint: \$2.17	<input type="checkbox"/> Single: \$ _____ <input type="checkbox"/> Joint: \$ _____
PLAN 3: Plan # 602659 Disability: Cancels up to 12 Payments * Involuntary Unemployment: Cancels up to 6 Payments*	<input type="checkbox"/> Single: \$1.83 <input type="checkbox"/> Joint: \$3.47	<input type="checkbox"/> Single: \$ _____ <input type="checkbox"/> Joint: \$ _____
PLAN 4: Plan # 602660 Death: Cancels loan balance *	<input type="checkbox"/> Single: \$0.85 <input type="checkbox"/> Joint: \$1.35	<input type="checkbox"/> Single: \$ _____ <input type="checkbox"/> Joint: \$ _____
<p>* Benefit Maximums: Death Protection cancels a maximum of \$75,000. Cancellations listed are per occurrence. Disability and Involuntary Unemployment cancellations are limited to \$1,000 per month, and \$15,000 over the term of the loan, per each Protected Event and per each protected Borrower.</p> <p>** The Total Fee for a closed-end advance under your Consumer Lending Plan will be disclosed to you at the time you take your closed-end advance.</p>		
<input type="checkbox"/> No, I do not wish to apply for the voluntary Debt Protection Plan at this time. _____ (Borrower 1 initials) _____ (Borrower 2 initials)		

Application Eligibility:

To be eligible to apply, I must meet the following conditions. By signing this Application, I am stating that: (1) I am under age 70; (2) *if applying for Disability or Involuntary Unemployment protection:* I am presently working twenty-four (24) or more hours per week; (3) *if applying for Involuntary Unemployment protection:* I am not self-employed, and I have not received unemployment benefits within the past 2 years.

Borrower's Signature

I acknowledge and agree that: **(a)** I meet the eligibility requirements listed above. If it is discovered that I do not meet the eligibility requirements above, my participation in the Plan will be terminated, I will receive a refund of any fees paid, and an otherwise valid claim will be denied; **(b)** I have received the disclosures herein and have thoroughly read the *Debt Protection Program Agreement ("Agreement")*, and agree to abide by the terms of the Agreement; **(c)** I authorize the Plan fees to be added to my loan each month; and **(d)** I understand that I may not be eligible for all benefits contained in the Plan. This document is hereby incorporated into Borrower's loan documentation as if fully set forth therein. **There are eligibility requirements, conditions, and exclusions that could prevent you from receiving benefits under the Program. See the Program Agreement for details.**

Borrower 1 Signature	Date
Borrower 2 Signature <i>(if applying for Joint Protection)</i>	Date

PROGRAM AGREEMENT

As used in this Debt Protection Plan Program Agreement (“Agreement”), “You”, “Your” or “Borrower” means the person(s) who are obligated to repay a loan to us who have purchased debt protection under this Agreement. “We”, “Our”, “Us” means, Northwest Federal Credit Union, 200 Spring Street, Herndon, VA 20170 “Plan Administrator” means Minnesota Life Insurance Company, 400 Robert Street North, St. Paul, Minnesota, 55101, or one of its affiliates, or a contracted third party.

This Agreement amends your loan or credit agreement. By enrolling in this Debt Protection Plan (“Plan”), you agree to abide by the terms of this Agreement. The Debt Protection Application is a part of this Agreement and is hereby incorporated as if fully set forth herein.

DEFINITIONS

Effective Date means that date on which your Plan becomes effective, which is: (1) in the case of a closed-end loan, the date you enroll in, and your eligibility is approved for, the Plan; or (2) in the case of a line of credit, the later of the date you enroll in, and your eligibility is approved for, the Plan or the date of your first advance under the line of credit.

Working twenty-four (24) or more hours per week: This term means that you are actively working for income for twenty-four (24) hours or more per week. Working means actually performing your job duties and not off of work due to leave of absence; layoff; routine or seasonal work interruption; or any other reason.

Outstanding Balance and Payment: “Outstanding Balance” means the outstanding loan balance as of the date a Protected Event occurs. “Payment” means the minimum monthly loan payment scheduled under your loan agreement. Outstanding Balance and Payment both refer to the protected amount under the Plan and include principal, interest, the Plan fee and any amounts which the creditor and borrower agreed to finance as part of the loan at the time the credit is extended. It does not include late fees or other fees; real estate taxes or property insurance premiums; or any amount that represents defaults in scheduled payments of either interest or principal. A scheduled lump-sum Balloon payment will only be protected if the Protected Event cancels the Outstanding Balance. Additionally, any advance taken during any period of Involuntary Unemployment or Disability will not be protected and the payment for that advance will not be cancelled. You will be responsible for re-paying any amounts that are not cancelled.

Pre-existing condition: means a condition for which you received or had medical treatment, advice or diagnostic tests either for that same condition or a related condition within the six-month period immediately prior to the Effective Date and immediately prior to each and every advance taken. However, any Protected Event resulting from any such condition or a related condition will not be excluded if the Protected Event commences six months or more after the Effective Date of protection or six months or more after the advance is taken.

TERMS OF PROTECTION

Who is eligible for protection?

This Plan protects an eligible Borrower (“Borrower 1”) against Protected Events that occur while you are enrolled in the Plan (“Single Protection”). At an additional cost, you may purchase protection for a Co-Borrower (“Borrower 2”) against the Protected Events within the Plan purchased (“Joint Protection”). Co-signers, guarantors, and non-borrower owners of collateral are not eligible for protection.

What types of loans are eligible for protection under the Plan?

The following types of loans are eligible for protection if the Plan is made available to you on that loan type: closed-end consumer loans; consumer lines of credit; credit cards; and home equity lines of credit.

When can I purchase protection?

For eligible closed-end loans, the Plan can be purchased within 180 days of the loan origination date. For eligible open-end loans, the Plan may be purchased within 180 days of opening the loan, at the time of an advance, or within 180 days of an advance.

What is the Plan Fee and how is it collected?

The Plan Fee is the amount you pay for the Protection. It is calculated by applying the rate per \$1,000 of your monthly outstanding balance and will be charged and collected monthly. For closed-end loans, if the Protection is purchased at loan closing, the fee becomes part of your required monthly loan payment. For open-end loans, the fee will be added to your outstanding balance as an advance each month which must be paid in full each month. If Debt Protection is added after the start of a closed-end loan, the fee will be added to your outstanding balance each month; in such a case, we may either increase your minimum monthly payment or extend the term of your loan. If you fail to pay the fee, we can cancel the protection.

Can the Plan Fee and terms of this Agreement Change?

Yes. We can change the terms of this Agreement, including the rates, at any time. If we do so, you will be provided prior notice and an opportunity to cancel your Agreement under the Plan.

Can this Agreement be contested?

Yes. If an event occurs within the first 2 years of this Plan, and if we find that you did not meet the eligibility requirements at the time of your application, your protection under the Plan will be removed, you will receive a refund of fees paid, and an otherwise valid claim will be denied.

PROTECTED EVENTS

The following describes the types of Protected Events and the protection afforded under each Plan:

DEATH (Plans 1, 2, and 4; Joint Protection Available)

What is the Death benefit?

For each protected borrower, we will cancel the amount of your Outstanding Balance as of the date of death, up to \$75,000. If two protected Borrowers die simultaneously, we will cancel the Outstanding Balance, up to \$75,000. In no event will an excess of \$75,000 be cancelled.

DISABILITY (Plans 1-3; Joint Protection Available)

What does Disability mean and how do I qualify for Disability?

Disability means your continuous inability, due to sickness or injury, to perform the substantial and material duties of your regular occupation and you are under the regular care and treatment of a licensed physician or licensed health care provider. To qualify for Disability protection, you must be disabled for 14 consecutive days. Benefits begin to accrue on the first (1st) day that you are disabled.

What amounts are cancelled under the Disability protection?

For each occurrence of Disability, we will cancel 1/30th of the Payment for each day that you are disabled beginning with the first (1st) day of Disability and continuing for up to twelve (12) Payment cancellations. However, cancellations will immediately cease if you recover or return to work; or if the loan is paid off, is refinanced, or is discharged for any reason. Cancellation is limited to a total of \$15,000 over the term of the loan, regardless of the number of occurrences. The maximum monthly cancellation is \$1,000.

What if the same or related disability occurs?

Please see the “What if I suffer a recurrence?” question in the General Provisions section below.

INVOLUNTARY UNEMPLOYMENT (Plans 1 and 3; Joint Protection Available)

What does Involuntary Unemployment mean and how do I qualify for protection?

Involuntary Unemployment means that you involuntarily lost your employment in which you were actively working for income for twenty-four (24) hours or more per week, and are receiving, unemployment benefits.

To qualify for Involuntary Unemployment protection, the following requirements must be met:

1. You are involuntarily unemployed for 30 consecutive days; and
2. You are receiving unemployment benefits for the period of unemployment for which you are making a claim under this Agreement.

What amounts are cancelled under Involuntary Unemployment protection?

We will cancel 1/30th of the Payment for each day you are involuntarily unemployed, beginning with the first (1st) day of involuntary unemployment and continuing for (a) up to six (6) Payment cancellations per occurrence of Involuntary Unemployment; or (b) until you discontinue receiving unemployment benefits for any reason; or (c) you regain employment; whichever is earlier. Cancellation is limited to a total of \$15,000 over the term of the loan, regardless of the number of occurrences. The maximum monthly cancellation is \$1,000.

EXCLUSIONS

Exclusions apply to both the Outstanding Balance and any and all advances under a line of credit.

Benefits will not be provided under any Protected Event if the Protected Event:

(1) is due to suicide committed within the first 2 years of protection; (2) is due to an intentionally self-inflicted injury; (3) is due to a Pre-existing Condition; (4) results from war or any act of war, whether declared or undeclared; (5) occurs on or after your 70th birthday; (6) results from the same occurrence for which you have already received maximum benefits under this Agreement. Benefits will also not be provided under one Protected Event if you are currently receiving benefits under another Protected Event.

The following exclusions apply in addition to the above:

Benefits will not be provided under Disability protection if:

(1) the disability is related to a normal pregnancy, normal childbirth, or elective abortions. Complications due to pregnancy or childbirth will only be protected if the complications themselves are the cause of the disability.

Benefits will not be provided under Involuntary Unemployment protection if:

(1) your job is terminated because: (a) you retire; (b) you quit or resign your employment for any reason; (c) you lose your employment due to (i) willful or criminal misconduct; (ii) a normal, routine or seasonal shut-down; (iii) discharge from active military service; (iv) disability caused by sickness or injury; or (v) a strike, lockout, or labor dispute; (2) the involuntary unemployment commences within 90 days after your Effective Date; or (3) you received unemployment benefits within 2 years prior to applying for the Plan.

GENERAL PROVISIONS

How do I obtain benefits and verify a Protected Event under the Plan?

To obtain benefits under the Plan, you must notify us of a Protected Event as soon as possible after the occurrence of the Protected Event, and provide any documentation or information required by us at the time of your claim and/or throughout the period for which Payments are being cancelled. You must be able to verify the Protected Event to our satisfaction. If your delay in filing a claim prevents us in any way from determining eligibility under the Plan, no benefit will be issued.

What if I sustain an unrelated injury or sickness while I am disabled?

If you are disabled ("original occurrence") and sustain an additional sickness or injury which would be in and of itself disabling, the additional sickness or injury will not be considered a new occurrence of Disability, but rather will be considered the same occurrence. This means that you will receive benefits only if you did not exhaust your maximum per-occurrence benefits in connection with the original occurrence.

What if I suffer a recurrence of the same or related Protected Event?

If you incur a claim for the same type of Protected Event again within six (6) months after you have recovered or returned to full-time work, we will consider this a continuation of the prior event. (For disability, however, this only applies if you are disabled due to the same condition.) This means that the maximum number of cancellations per occurrence for the prior event will still apply; if that maximum was already reached, no benefits will be issued. If you incur a claim for the same type of Protected Event again more than six (6) months after you have recovered or returned to full-time work, we will consider this a new event and the terms and conditions of the Plan apply as if no prior event occurred. This provision applies whether you return to work full-time with the same or different employer.

What is the status of my loan following the occurrence of a Protected Event?

During the time it takes to process your request for benefits, you are responsible for making your monthly payment by the due date. Once benefits begin, you are responsible for any difference between the minimum payment due on the loan and the amount that is cancelled.

What if the term of my loan ends while I am receiving cancellations under the Plan?

Regardless of the number of cancellations you may otherwise be entitled to, cancellations will cease if the loan is paid off, refinanced, sold or transferred, or discharged for any reason.

How can the Plan be terminated?

You may terminate this Agreement at any time by writing us at Northwest Federal Credit Union, 200 Spring Street, Herndon, VA 20170. If you do so within thirty (30) days of your enrollment in the Plan, we will credit your loan account for any fees charged for this protection. We can terminate this Agreement by giving you written notice at least thirty (30) days in advance of the termination. Termination by us or you will be effective on the first of the month following termination. Fees for the month in which notice of termination is received will still be due and collected from the loan payment.

Your Plan participation will terminate without advance notice if (1) your loan is paid off, refinanced, sold or transferred, or discharged for any reason; (2) required loan payments are past due by 90 days or more; if you bring your loan current after your Protection has been terminated for delinquency, protection will not be reinstated automatically and you must reapply for the Plan. (3) you fail to pay the Plan Fee; (4) when you reach age 70 or die. For Joint Protection, when the oldest borrower reaches age 70, the oldest borrower's protection terminates. Protection will automatically convert to Single Protection for the younger borrower and the monthly fee will be adjusted accordingly. Once the younger borrower reaches age 70, all protection will terminate. If either borrower dies, any death benefits available will be paid, subject to the terms of this Agreement, and the protection for that borrower will terminate; or (5) the protected Outstanding Balance is paid off under the terms of the Plan or all maximum cancellations are reached.

What are the tax implications?

You may be subject to federal, state and local taxes on the amount of your cancelled loan payment or balance. You should consult your tax advisor. We or the Plan Administrator do not provide you with guidance on the tax implications, if any, of a cancelled debt.

What if I have questions about the Plan?

Telephone us at 703-709-8921 or write to us at Northwest Federal Credit Union, 200 Spring Street, Herndon, VA 20170, if you have any questions regarding this Plan.