

CREDIT UNION
PRIVATE EDUCATION LINE OF CREDIT AGREEMENT AND DISCLOSURE

In this Private Education Line of Credit Agreement and Disclosure (“Agreement”) the terms “I”, “me”, “my” and “mine” mean each person who signs this Agreement as a borrower or co-borrower as applicable. The term “Credit Union,” “you,” “your”, “yours”, and “lender” mean _____ Credit Union. The term “Account” means the line of credit account established under this Agreement. This Agreement governs my loan accounts with _____ Credit Union.

1. Loan Account Documents. The operation of and terms applicable to my Account will be governed exclusively by this Agreement and the Account Opening Advice provided to me when I opened the Account. The Account Opening Advice is attached hereto and made a part hereof. In the event of a conflict between this Agreement and the Account Opening Advice, the Account Opening Advice shall control. This Agreement may be modified only in writing and shall not include any oral statement by any Credit Union officer or employee. Each person executing this Agreement, whether as borrower or co-borrower, understands that, my obligations under this Agreement shall be joint and several. Credit Union shall at its option, bring any action for enforcement of this Agreement against either or both borrower and or co-borrower. At Credit Union's option, Credit Union may recover against borrower or co-borrower in any action even if Credit Union does not pursue any remedy against the other or exhaust its remedies against the other.

Co-borrower waives all notices or demands given or required to be given to borrower under this Agreement. This waiver extends to any notice of default or to any notice of modification, extension or indulgence granted to borrower.

2. Loan Advances. By completing and signing this Agreement and using any proceeds, I have requested an ongoing loan relationship with the Credit Union under the terms of this Agreement. This Agreement is an open-end credit plan in which I may be permitted, from time to time, to obtain loan advances from the Credit Union pursuant to the terms of this Agreement. My Account has a “Draw Period” followed by a “Repayment Period”. During the “Draw Period”, I may obtain advances up to my Credit Limit under this Agreement from the time my Account is opened and for so long as I am enrolled at a qualifying educational institution (a “Qualified Student”), as determined by the Credit Union, plus six months, or six years from the date the Account is opened, whichever is earlier provided that my Account has not been suspended pursuant to this Agreement. I agree to provide the Credit Union with any documentation requested to verify that I continue to be a Qualified Student. If I fail to do so, the Credit Union may determine that I am no longer a Qualified Student and may terminate my right to borrow under the Account. Once the Draw Period has terminated, my Account will enter the “Repayment Period”. During the “Repayment Period” I must repay my Account, and I may no longer obtain advances even if I become a Qualified Student again.

a. Authorized Access. I may request loan advances in person, by mail, by telephone or electronic transfer service to the extent applicable. The Credit Union may pay loan advances to me directly, to third parties, or to any deposit or share account of mine as the Credit Union determines in its sole discretion.

- b. Credit Limit.** The Credit Union may set a credit limit, which is the maximum amount I may draw upon at any time without obtaining specific approval for additional loan advances. Any credit limit applicable to my Account will be disclosed to me on the Account Opening Advice. The Credit Union is under no obligation to approve any additional loan advances. I agree not to attempt to obtain credit that exceeds my credit limit. If I exceed my credit limit, I agree to repay the excess immediately.
- c. Qualified Educational Expense.** I agree that all loan proceeds will be used only for Qualified Educational Expenses. For the purposes of this Agreement, the term “Qualified Educational Expense” includes only those educational expenses that are “Qualified Higher Educational Expenses” as defined in 26 U.S.C. § 221(d)(2) and 20 U.S.C. § 1087. These expenses generally include tuition and fees for attending an eligible institution, cost of books, supplies, transportation and other allowable expenses. I agree that the Credit Union is entering into this Agreement and making each advance under this Agreement based on my representation that all advances will be used for Qualified Educational Expenses. I agree that the Credit Union may rely on my representation, and that the Credit Union’s reliance is reasonable. I understand that because this Account provides credit for Qualified Educational Expenses, amounts owed on this Account may not be dischargeable in any bankruptcy proceeding pursuant to 11 U.S.C. § 523. I understand that all advances must be certified by my educational institution as an advance for Qualified Educational Purposes.
- 3. Loan Payment.** The Minimum Payment due on my Account will depend on the payment option I selected on my application to apply to the Draw Period and Repayment Period, as more particularly described below. The “Minimum Payment” will be the applicable payment due based upon the payment method selected during the Draw Period and Repayment Period, as the case may be, plus any amounts past due and all other charges.
- a. Promise to Pay.** I promise to pay the Credit Union all loan advances, interest, and other amounts due in accordance with this Agreement. Such amounts include any advance requested by any co-borrower the same as if the borrower requested and received the advance.
- b. Payment Methods.** I will make my loan payments directly to the lender at the address shown on the billing statement. I may pay all or any portion of my Account at any time without penalty, but any such prepayment will not relieve me of my obligation to make the required regular Minimum Payments and any prepayment shall be credited first to any charges other than principal and finance charges then to finance charges and finally to the outstanding principal balance of my Account. I agree not to send you payments marked “paid in full,” “without recourse” or similar language. If I send such a payment, the Credit Union may accept it without losing any of its rights under this Agreement and I remain obligated to pay the full amount of my Account.
- c. Minimum Payments.** I agree to make the Minimum Payment by the due date specified by the Credit Union. In addition to the Minimum Payment, I agree to pay all amounts past due, including any late charges, immediately. My Minimum Payment during and after the Draw Period depends on the payment option(s) I select.
- i. Draw Period.** I may select, subject to the Credit Union’s approval, one of the following three options for the Minimum Payment during the Draw Period . The

option I have selected, and the Credit Union has approved, will be disclosed on the Account Opening Advice at the time my Account is opened.

- (A) Deferred Payment. If I elect the Deferred Payment option, no Minimum Payments are required during the Draw Period. Because interest accrues during this period, the amount I owe will increase even if I do not receive additional advances.
- (B) Interest Only. If I elect the Interest Only option, my Minimum Payment during the Draw Period will be the amount of interest accrued at the end of each billing cycle.
- (C) Full Repayment. If I select the Full Repayment option, my Minimum Payment during the Draw Period will be the amount necessary to amortize the balance after my most recent advance over twenty (20) years if my account balance is less than \$40,000 or over twenty-five (25) years if my account balance is \$40,000 or more. My Minimum Payment will be adjusted on the first day of each quarter following the most recent change in the Index (as defined in the Account Opening Advice) in order to repay the balance over the appropriate scheduled period based on my account balance.

- ii. Repayment Period.** After the Draw Period ends, I will continue to make payments under the option I selected for the Draw Period. Minimum Payments for the Repayment Period are calculated as follows:

If I selected the Full Repayment option for the Draw Period, my Minimum Payments will continue as during the Draw Period. If I selected Deferred Payment or Interest Only payments during the Draw Period, I may select, subject to the Credit Union's approval, one of two following options for the Repayment Period. Unless I request and the Credit Union approves the Graduated Payment option, my Minimum Payments will be determined under the Full Repayment option.

- (A) Graduated Payment. If I select the Graduated Payment option, my Minimum Payment for the first twenty four (24) months of the Repayment Period will be the amount necessary to amortize the account balance over forty (40) years from the beginning of the Repayment Period. After the first twenty-four (24) months of the Repayment Period, my Minimum Payment will be the amount necessary to amortize the balance from the beginning of the Repayment Period over eighteen (18) years if my account balance is less than \$40,000 or over twenty-three (23) years if my account balance is \$40,000 or more. My Minimum Payment will be adjusted on the first day of each quarter following the most recent change in the Index in order to amortize the account balance over the applicable period.
- (B) Full Repayment. If I select the Full Repayment option, my Minimum Payment will be the amount necessary to amortize the balance from the beginning of the Repayment Period over twenty (20) years if my account balance is less than \$40,000 or over twenty-five (25) years if my account balance is \$40,000 or more. My Minimum Payment will be adjusted on the first day of each quarter following the most recent change in the Index in order to amortize the account balance over the applicable period.

- d. **Crediting Payments.** Payments received prior to any posted transaction cutoff hours will be credited as of the day they are received and processed. Payments received after a transaction cutoff hour may not be credited until the next business day. All payments will be credited first to accrued **FINANCE CHARGES**, then to any other sum due under this Agreement, and finally to the outstanding principal balance of my Account.

4. **FINANCE CHARGES.**

- a. **When FINANCE CHARGES Accrue.** Each loan advance under my Account will be subject to a **FINANCE CHARGE** beginning on the date the advance is posted to my Account. **FINANCE CHARGES** will continue to accrue on my Account until the entire outstanding balance is paid in full. Loan advances deposited to a deposit account will be subject to a **FINANCE CHARGE** from the date of deposit even if the funds are not withdrawn immediately.
- b. **How to Determine FINANCE CHARGES.** I will pay a **FINANCE CHARGE** based on the unpaid principal balance of my Account each day plus an additional **FINANCE CHARGE** in the form of the Draw Fee, if applicable. During the Draw Period, the Account balance is the outstanding balance of advances that I have obtained that remains unpaid at the close of business each day after all transactions for the day have been posted. During the Repayment Period, the Account balance is the sum of all advances that I have obtained, all interest that accrued during the Draw Period and all Draw Fees and other charges that remains unpaid. The **FINANCE CHARGE** based on my unpaid principal balance is computed by multiplying the account balance by a Periodic Rate for the number of days in the billing cycle. Any applicable Draw Fees which are an additional **FINANCE CHARGE** are disclosed on the Account Opening Advice, and will be shown on the next periodic statement after they are imposed on the Account. If I fail to make interest payments before the beginning or resumption of repayment or during a period of forbearance, I agree that Credit Union may capitalize such interest so that such interest will become part of the principal balance at the beginning or resumption of repayment and after any forbearance period. I am responsible for paying the interest due on my Account from the date the Credit Union disburses the funds until the Account is paid in full.
- c. The initial Periodic Rate, the corresponding Annual Interest Rate and **ANNUAL PERCENTAGE RATE** for my Account, and any variable rate terms, will be shown on the Account Opening Advice provided when I opened my Account. The Credit Union may change the rate it offers from time to time. The Annual Interest Rate is divided by the number of days in a calendar year to obtain the Periodic Rate. Once I negotiate any loan proceeds check or use the account funds in any manner, I waive any right to cancel this Agreement.

5. **Security Interest.** To secure this Account and all my other obligations to the Credit Union (except loans secured by real estate or a dwelling), I grant the Credit Union a security interest in all my shares and deposits with the Credit Union. Collateral securing other loans I may have with the Credit Union (except real estate or a dwelling) also secures this Account.

6. Account Fees and Charges.

- a. **Account Fees and Costs.** I agree to pay the fees and costs related to this Account as set forth on the Account Opening Advice. The account fees and costs include any application fee, filing and recording fee, transfer fee, and reconveyance fee in connection with the release of the collateral.
- b. **Credit Insurance.** I may voluntarily purchase credit life insurance and credit disability insurance to protect the payment of my Account. I may select any insurer of my choice. If I request credit insurance through the Credit Union, the cost and terms will be as set forth on the Credit Insurance Election and Disclosure. If I elect to purchase insurance, I agree that the cost of premiums may be added to my account balance which may increase the amount of my payments.
- c. **Late Charge.** If any loan payment is past due, I agree to pay a late charge as set forth on the Account Opening Advice.
- d. **Collection Costs and Attorney's Fees.** If I am in default under the terms of this Agreement, I agree to pay the Credit Union's costs in enforcing this Agreement and collecting any amounts I owe on my Account. The Credit Union's costs include, to the extent permitted by applicable law, reasonable attorney's fees if the Credit Union hires an attorney who is not a salaried employee of the Credit Union, and legal expenses whether or not a lawsuit is commenced, plus any court costs and all other reasonable sums allowed by law. Attorney's fees and legal expenses include those related to bankruptcy proceedings, including efforts to modify or vacate any automatic stay, confirm non-dischargeability, trials, appeals, and any anticipated post-judgment collection. I agree that all collection costs and reasonable attorney fees of the Credit Union are secured in accordance with this Agreement.
- e. **Draw Fee.** I agree to pay a draw fee for each advance on my Account as set forth on the Account Opening Advice.
- f. **Returned Payment Fee.** I agree to pay a fee for any payment returned for insufficient funds.

7. Events of Default. I will be in default if any of the following happen:

- a. I fail to make any payment when due;
- b. I break any promise I have made to the Credit Union in this Agreement or any other agreement with the Credit Union;
- c. Any other creditor or governmental agency tries to take any of the collateral, including a garnishment of my Credit Union shares;
- d. The collateral is abandoned, lost, stolen, damaged, sold, borrowed against, levied upon, seized, or attached;
- e. There is any material adverse change in my financial condition;

- f. I or any guarantor die, become insolvent, make an assignment for the benefit of creditors, a receiver is appointed, or a petition for bankruptcy is commenced by or against me;
- g. Any information or representation I make on any application or agreement with the Credit Union is not true;
- h. The Credit Union in good faith deems itself insecure, to the extent permitted by applicable law;
- i. I exceed the credit limit of my Account: or
- j. I fail to maintain membership in good standing with the Credit Union.

8. Credit Union Actions. I agree the Credit Union may accept late payments and partial payments and can delay enforcing any of its rights under this Agreement without waiving any of its rights. The Credit Union's waiver of its rights in one instance does not constitute a waiver of its rights in other instances, or waiver of any other default. I agree the Credit Union may permit a modification, extension, or renewal of any term under this Agreement, or release or substitute collateral or any other person obligated for repayment of this Agreement or any guaranty, and I will remain liable for repayment of this Account. In addition, the Credit Union may take other actions on my Account as follows:

- a. Suspension of Account.** The Credit Union may suspend my ability to draw upon the line of credit or to request additional loans immediately, without prior notice to me, under the following conditions: (1) I am in default under this Agreement or any other agreement with the Credit Union; (2) any credit evaluation or verification indicates adverse information; (3) any time the Credit Union reasonably determines the value of the collateral has declined; or (4) I request, in writing, a suspension of this Account. If my Account is suspended or in default, I must immediately return any authorized access devices, including loan drafts or cards. In addition, I authorize the Credit Union to terminate any other access service. Any use of such access device or service following suspension or default will be considered fraudulent.
- b. Acceleration of Account.** Upon default, I waive demand and any notice, including notice of intent to accelerate and notice of acceleration. The Credit Union may declare the entire Account immediately due, without prior notice. The Credit Union may exercise any of its rights under the Agreement and/or the Account Opening Advice and applicable law.
- c. Forbearance.** Under certain circumstances, I may request that the Credit Union modify the payment terms of this Agreement. I understand that the Credit Union is under no obligation to make any modification. If the Credit Union chooses to modify the payment terms, I understand that I will remain responsible for all interest accruing during any period of forbearance and that you will add any interest that I do not pay during any forbearance period to the account balance.
- d. Credit Union Lien/Security Interest in Accounts.** I grant a consensual security interest in all my shares and deposits, present and future, and all accounts, except Individual Retirement Accounts, with the Credit Union as security for all advances made under this Agreement. In addition, to the extent permitted by applicable law, and to the extent of

my indebtedness to the Credit Union, I also acknowledge that the Credit Union has a statutory lien on all my shares, deposits, and accumulated dividends or interest in all of my accounts at the Credit Union. I agree that if I default on my Account, the Credit Union may setoff the balance in any such accounts to pay any amounts due under this Agreement. The Credit Union may, solely at its option, allow me to withdraw a portion of my shares or deposits without affecting its security interest.

e. Credit Verification. I agree to provide the Credit Union upon request at any time with current financial information, updated employment and credit information, or a new appraisal or valuation of collateral. I understand that the Credit Union may record such information in its files and rely on it to make decisions about my Account. I authorize the Credit Union at any time to release information to any credit bureau, merchant or other financial institution regarding the status and history of my Account.

9. Amendments. To the extent permitted by applicable law, I agree the Credit Union may amend the terms of this Agreement from time to time. The Credit Union will notify me of any changes as required by law. Any notice of change in terms required by law will be sent to my address of record. I agree to inform the Credit Union in writing of my current address at all times. The Credit Union will consider this address my address of record. Notices will be mailed to me at the most recent address I have provided the Credit Union in writing. To the extent permitted by law, I agree that notice to any one borrower will be considered as giving notice to all borrowers.

10. Applicable Law. I agree this Agreement will be governed by federal law applicable, and to the extent not preempted by federal law and interpreted in accordance with the laws of the state in which the Credit Union is located without regard to conflict of law provisions. If any provision of this Agreement is invalid, the rest of the provisions shall remain valid.

11. Privacy. I agree that Credit Union may share information regarding this Agreement and the Account with others for the purpose of providing the Account and the related services to me.

I agree to the terms and conditions of this Agreement and acknowledge receipt of a copy of this Agreement and a Private Education Line of Credit Account Opening Advice.

Borrower
BOS111 12373382.4

Date

Co-Borrower

Date