

Consumer Loan Agreement



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This Consumer Loan Agreement ("Agreement") governs your Loan accounts with Michigan Columbus Federal Credit Union. In this Agreement the terms "you" and "your" mean each person who signs the Consumer Loan Application, an Advance Disclosure or this Agreement as a borrower or owner of collateral, as applicable. The term "Credit Union" means Michigan Columbus Federal Credit Union.

1. Consumer Loan Documents

Under this Agreement you are establishing an ongoing Loan relationship with the Credit Union. You may request and receive Consumer Loans from time to time and you may establish a Personal Line of Credit account.

a. Consumer Loans. Each Consumer Loan that you request and we approve from time to time will be considered a separate Loan transaction that is consummated at the time a Loan Advance Disclosure for each Loan is accepted by you. The terms applicable to your Consumer Loans will be governed by: (i) the Consumer Loan Application; (ii) this Agreement; (iii) the Loan Advance Disclosures provided with each Loan; (iv) a Loan proceeds check endorsement; and (v) other Loan documents required under this Agreement. These Loan documents are incorporated in and integrated as part of this Agreement.

b. Personal Line of Credit. Upon your request and approval by the Credit Union, your Personal Line of Credit will be established as an open-end, revolving Line of Credit. The terms applicable to your Line of Credit account will be governed by: (i) the Consumer Loan Application; (ii) this Agreement; (iii) the Line of Credit Account Disclosure provided at account opening; (iv) a Loan proceeds check endorsement; and (v) other Loan documents required under this Agreement. These Loan documents are incorporated in and integrated as part of this Agreement.

2. Accessing Your Loans & Line of Credit

If more than one person signs this Agreement or one of the Loan documents, your obligations under this Agreement, are joint and several. You and any co-applicant, jointly or alone, may request and receive Loan advances under this Agreement, to suspend further advances, or terminate this Agreement. You may request Loan advances in person, by mail, by telephone or electronic transfer service, or Loan draft to the extent applicable. The Credit Union may disburse Loan proceeds to you directly, to third parties, or to a deposit or share account of yours or any co-applicant in accordance with your instructions.

a. Consumer Loan Advances. You may request and obtain one or more Consumer Loans from the Credit Union from time to time. You will receive a Loan Advance Disclosure at the time of each Loan which will contain specific disclosures regarding Loan amount, interest rate, fees, and security related to the particular advance. You may decline any Loan transaction after receiving the Advance Disclosure without obligation by notifying us within three days after receiving the Advance Disclosure and returning all Loan proceeds to us. However, once you have consummated the Loan transaction by retaining or using the Loan proceeds, you may no longer decline the transaction.

b. Line of Credit Advances. If offered, you may request and obtain a Line of Credit account from the Credit Union. You will receive Line of Credit Account Disclosures at the time your account is opened which will contain specific disclosures regarding interest charges, fees, and terms related to the account. At the time of your initial Line of Credit advance, you will receive Personal Line of Credit Advance Disclosures, as applicable, which will contain specific disclosures regarding your approved credit limit, payment terms, and security related to the account. For a Line of Credit

account, you may access credit on your account up to your approved credit limit, prepay any portion of the balance, and request subsequent advances from time to time without limitation, provided you are not in default. The approved credit limit for a Line of Credit account is the maximum amount you may draw upon at any time under that account without getting specific approval for additional Line of Credit advances.

3. Payment Terms

a. Promise to Pay. You promise to pay the Credit Union all Loan or Line of Credit advances, interest, fees and charges and other amounts due in accordance with this Agreement.

b. Payment Methods. You may make payments on your Consumer Loan or Line of Credit by automatic transfer from shares, payroll deduction, or by direct payment, as applicable. If you make automatic transfer payments, you are responsible for maintaining adequate funds in your account to satisfy your payments. If the Credit Union does not receive your payroll deduction, the Credit Union will not waive your payment requirement and you remain responsible for making timely payments. You may pay all or any portion of your account at any time without penalty, but any such prepayment will not relieve you of your obligation to make the required minimum payments. After your loans are paid, the Credit Union may deposit payroll deduction amounts to your share account unless otherwise notified.

c. Periodic Payments. For Consumer Loans, you agree to make the Periodic Payment as specified on the Loan Advance Disclosure by the due date specified by the Credit Union. In addition to the Periodic Payment, you agree to pay all amounts past due, including any late fees, immediately.

d. Crediting Payments. Payments received at any office of the Credit Union 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 fees and charges, then to accrued interest, and finally to the outstanding principal balance of your Loan or Line of Credit.

4. Interest Charges

a. When Interest Accrues. Each Consumer Loan or Line of Credit advance will accrue interest beginning on the date the advance is posted to your account. Interest will continue to accrue on your account until the entire outstanding balance is paid in full. Loan advances deposited to a deposit account will be subject to interest from the date of deposit even if the funds are not withdrawn immediately.

b. How to Determine Interest. You will pay interest based on the unpaid principal balance of your Loan or Line of Credit. The unpaid principal balance is the outstanding account balance which remains unpaid at the close of business each day after all transactions for the day have been posted. The interest based on your unpaid principal balance is computed by multiplying that balance by a Periodic Rate and multiplying by the number of days since the last payment or credit. To get the Periodic Rate, we divide the interest rate by 365.

c. Interest Rate. The interest rate for each Loan will be set forth on the Loan Advance Disclosure. For Line of Credit accounts, the interest rate will be set forth on the Line of Credit Advance Disclosure. The Credit Union may change the rates it offers from time to time.

d. Automatic Payment & Rate Discount. If designated on your Loan Advance Disclosures, you authorize automatic loan payment transfers. So long as you maintain automatic payments from your Credit Union deposit account, the Annual Percentage Rate stated

above includes a rate discount of specified percentage points. If you terminate automatic payments, the rate discount will no longer apply and your margin (and resulting Annual Percentage Rate) will be increased by the specified percentage points the day after termination.

5. Fees and Charges

You agree to pay the fees and costs as set forth on the Loan Advance Disclosure provided with each Loan including any application fee. You agree to pay the fees and costs as set forth on the Line of Credit Account Disclosures.

a. Late Fee. If any Loan payment is more than 10 days past due, you agree to pay a late charge equal to 20% of the interest due, with a minimum of \$35.

b. Returned Payment Fee. If any Loan payment is returned unpaid for any reason, you agree to pay a returned payment fee of \$35.

c. Collection Costs and Attorney Fees. If you are in default under the terms of this Agreement, you agree to pay the Credit Union's costs in enforcing this Agreement and collecting any amounts you owe. The Credit Union's costs include, to the extent permitted by applicable law, reasonable attorney fees if the Credit Union hires an attorney, and legal expenses incurred whether or not a lawsuit is commenced, plus any court costs and all other reasonable sums allowed by law. Attorney fees and legal expenses include those related to bankruptcy proceedings (including efforts to modify or vacate any automatic stay), trials, appeals, and any anticipated post-judgment collection actions. You agree that all collection costs and attorney fees incurred by the Credit Union are secured in accordance with this Agreement.

d. Voluntary Payment Protection. We may offer Voluntary Payment Protection to you. Voluntary Payment Protection is not necessary to obtain credit. If you purchase Voluntary Payment Protection from us, you authorize us to add the fees or insurance charges monthly to your Loan balance and charge you interest to the entire balance. The rate used to determine the fees or insurance charges may change in the future. If the rate changes, we will provide any notices required by applicable law.

6. Events of Default

You will be in default if any of the following happen:

- a.** You fail to make any payment when due;
- b.** You break any promise you have made to the Credit Union in this or any agreement with the Credit Union;
- c.** Any other creditor or governmental agency tries to take any of the collateral, including a garnishment of your 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 your financial condition;
- f.** You 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 you;
- g.** Any information or representation you make on any application or agreement with the Credit Union is not true; or
- h.** The Credit Union in good faith deems itself insecure.

7. Credit Union Actions

You agree the Credit Union may accept late payments and partial payments and can delay enforcing any of its rights under this Agreement without losing them. 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. You 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 you will remain liable for repayment of your Loan or Line of Credit. The Credit Union may exercise any of its rights

under the security agreement and applicable law. In addition, the Credit Union may take other actions as follows:

a. Suspension of Line of Credit Advances. The Credit Union may suspend your ability to draw upon a Line of Credit or use any access device or advance checks, without prior notice to you, under the following conditions: (i) you are in default under this Agreement or any other agreement with the Credit Union; (ii) any credit verification indicates adverse information; (iii) any time the Credit Union reasonably determines the value of the collateral has declined; or (iv) you request a suspension of this account.

b. Acceleration of Loan Balance. Upon default, you waive demand and any notice, including notice of intent to accelerate and notice of acceleration. The Credit Union may declare the entire balance of your loans immediately due, without prior notice.

c. Credit Union Lien/Security Interest. To the extent permitted by applicable law and to the extent of your indebtedness to the Credit Union, the Credit Union has a statutory lien on all your shares, deposits, and accumulated dividends or interest in all of your accounts at the Credit Union. In addition, you grant the Credit Union a security interest in all shares, deposits, and accumulated dividends or interest in all your accounts at the Credit Union, individual or joint, (except Individual Retirement Accounts). In the event that you fail to make any payments due to the Credit Union pursuant to the terms of this or any other agreement with the Credit Union, you authorize the Credit Union to immediately exercise its lien and apply the balance in these accounts to pay any indebtedness to the Credit Union, without further notice to you.

d. Credit Verification. You 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, as permitted by law. You understand that the Credit Union may record such information in its files and rely on it to make decisions about your account. You 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 your account.

8. Security Agreement

a. Security Interest. You grant the Credit Union a security interest, under the Uniform Commercial Code of the state in which the Credit Union is located, in all collateral described on any Loan Advance Disclosure or Line of Credit Account Disclosure received under this Agreement to secure your loans and Line of Credit account under this Agreement and all your other obligations (except those secured by a dwelling or real property) to the Credit Union. Collateral granted under this Agreement covers your past liabilities to the Credit Union and any liabilities that may arise in the future, regardless of form. These include, but are not limited to, loans for consumer purposes, liability which is sole or joint, absolute or contingent, primary or secondary, purchase money or non-purchase money, and liability under promissory notes, credit cards, open accounts, or overdrafts (but not loans secured by a dwelling or real property). The collateral includes accessions and additions installed in or affixed to the collateral and any proceeds of the collateral. All collateral securing this Loan will secure any extension, renewal, or modification of this Loan and all your other obligations.

b. Maintenance. You agree that collateral securing this Loan will be for personal use and will not be used as a dwelling. Except for our security interest, you own the collateral free and clear. You will not allow any other liens on the collateral, even if they are junior to ours. You agree to maintain the collateral in good working order and repair any damage that affects its value. Except for vehicles, you agree to keep the collateral at your address of record, unless we tell you that 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. You may move the collateral to your new address only if you

give the Credit Union the new address in advance. You agree the Credit Union may come upon your premises and inspect the collateral at any reasonable time without notice.

c. Insurance. You agree to keep the collateral insured with casualty and fire coverage satisfactory to the Credit Union, including an acceptable deductible. For vehicles, this means collision insurance and comprehensive insurance with a deductible amount acceptable to the Credit Union. You may provide this insurance through an existing policy or a new policy obtained from anyone you want that is acceptable to the Credit Union, and you agree to provide the Credit Union with proof of that coverage. You agree to name the Credit Union as loss payee. If you fail to pay any liens, buy or maintain insurance, or make repairs to the collateral, we may do so. You agree we may add any insurance or maintenance costs to the amount you owe under this Agreement and may adjust your monthly payments to pay the Loan over its originally scheduled term. The added amounts will bear interest at the rate charged under this Agreement. Insurance we purchase will cover only the Credit Union's interest in the collateral and will not be liability insurance. This security provision also secures those amounts. You understand that all benefits paid by insurance that you or the Credit Union purchases and any insurance refunds or rebates will be applied first to pay the Loan balance.

WARNING - UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPER COVERAGE ELSEWHERE. YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR LOAN BALANCE. IF THE COST IS ADDED TO THE LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE. THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY ANY NEED FOR PROPERTY DAMAGE COVERAGE OR ANY APPLICABLE MANDATORY LIABILITY INSURANCE REQUIREMENTS.

d. Sale of Collateral Upon Default. You may keep and use the collateral while this Agreement is not in default. If you are in default, we will have all of the rights of a secured party under the Uniform Commercial Code of the state in which the Credit Union is located, in addition to any other rights we may have. Upon request, you agree to make the collateral available to us at a place we designate. You authorize us to take possession of the collateral peaceably, with or without legal process, and sell it. If you are entitled to any notice required by applicable law, you agree that ten calendar days prior notice is enough. Unless you ask us in writing to give you notice at a different address, notice sent to you at your address of record will be sufficient.

e. Additional Documents and Power of Attorney. You agree to sign any other documents, such as financing statements, applications for certificates of title, and certificates of title, to perfect our security interest. You agree to give us an irrevocable power of attorney to sign your name to title certificate(s) and to apply in your name for the issuance of a certificate or title to any motor vehicle you have given as collateral. To the extent permitted by applicable law, you agree we may endorse any check payable to you, if you refuse, and you waive protest of such action.

9. Amendments

To the extent permitted by applicable law, you agree the Credit Union may amend the terms of this Agreement from time to time. The Credit Union will notify you of any changes as required by law. Any notice of change in terms required by law will be sent to your address of record. You agree to inform the Credit Union in writing of your current address at all times. The Credit Union will consider this address your address of record. Notices will be mailed to you at the most recent address you have provided the Credit Union in writing. To the extent permitted by law, you agree that notice to any one borrower will be considered as giving notice to all borrowers. No oral statement by any Credit Union officer or employee is included in this Agreement, which may be modified only in writing. For Line of Credit Accounts, changes will apply to existing accounts to the extent set forth in the change in terms notice. For loans, changes will apply to new loans taken after the change becomes effective.

10. Applicable Law

You agree this Agreement will be governed by and interpreted in accordance with the laws of the State of Michigan. If any provision of this Agreement is invalid, the rest of the provisions shall remain valid. If a lawsuit is commenced, you agree to submit to jurisdiction of the courts in the county where you reside.

Member:	Date:
Co-Borrower:	Date:
Grantor:	Date:
Grantor:	Date: