

Loan Number _____
Agreement Date _____
Credit Limit \$ _____
Maturity Date _____

Lender

Borrower

1. **DEFINITIONS.** In this Agreement, these terms have the following meanings.

A. Pronouns. The pronouns "I," "me" and "my" refer to all Borrowers signing this Agreement, jointly and individually, and each other person or legal entity that agrees to pay this Agreement. "You" and "your" refer to the Lender, or any person or legal entity that acquires an interest in the Line of Credit.

B. Agreement. Agreement refers to this _____, and any extensions, renewals, modifications or substitutions of it.

C. Billing Cycle. Billing Cycle means the interval between the days or dates of regular periodic statements.

D. Credit Limit. Credit Limit means the maximum amount of principal you will permit me to owe you under this Line of Credit, at any one time. My Credit Limit is stated at the top of this Agreement.

E. Line of Credit. Line of Credit refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures, and this Agreement.

F. Loan Account Balance. Loan Account Balance means the sum of the unpaid principal balance advanced under the terms of this Agreement, finance charges, fees, and other charges that are due, and other amounts advanced to me or others under the terms of this Line of Credit.

G. Property. Property means any real or personal property that secures my obligations under this Line of Credit.

Other important terms are defined throughout this Agreement.

2. **PROMISE TO PAY.** I promise to pay to you or your order, at your address, or at such other location as you may designate, so much of the Credit Limit as may be advanced under this Agreement, plus finance charges, fees, charges, costs, and expenses as described in this Line of Credit.

3. **AGREEMENT TERM.** This Agreement begins on the Agreement Date and continues until the Maturity Date. The Draw Period is the period during the term of this Agreement that I may request advances. I may not request advances during the Repayment Period. Periodic minimum payments are required during both the Draw Period and Repayment Period. The Draw Period is _____, and begins on the Agreement Date. The Repayment Period will then continue for _____.

4. **ADVANCES.** I may request advances by the following methods:

A. I write a _____

B. I draw my transaction account below \$ _____ (Triggering Balance). Transaction account number _____

C. I request a withdrawal _____

D. I make a purchase or withdrawal with my _____

E. I authorize you to make a payment to a third person or another account.

You will make the advance by advancing the amount directly to me, depositing it in my transaction account, or by paying a designated third person or account. You will record the amount as an advance and increase my Loan Account Balance.

5. **ADVANCE LIMITATIONS.** You do not have to make any advances during any period in which I have a right to cancel. My ability to request and access advances is also subject to the following additional limitations.

A. **Initial Advance.** On _____ I will receive an Initial Advance of \$ _____.

B. **Minimum Advance.** Subject to the limitations contained in this Agreement, when I request an advance:

6. **MINIMUM BALANCE.** I agree to maintain a principal balance outstanding during the term of this Agreement of at least \$ _____ (Minimum Balance).

7. **CREDIT LIMIT.** Subject to the terms and conditions of this Agreement, I may borrow on this Line of Credit up to the Credit Limit. I agree not to request or obtain an advance that will cause the unpaid principal of my Loan Account Balance to exceed the Credit Limit. I understand that you will not ordinarily grant a request for an advance that would cause the unpaid principal of my Loan Account Balance to be greater than the Credit Limit, but that you may, at your option, grant such a request without obligating yourselves to do so in the future. My Credit Limit will not be increased if I overdraw the Line of Credit. If I exceed the Credit Limit, I agree to pay the amount by which the unpaid principal of my Loan Account Balance exceeds the Credit Limit immediately, even if you have not yet billed me. Any sums in excess of the Credit Limit will not be secured by the Property, unless they are for accrued but unpaid interest or expenditures made pursuant to the security instrument securing the Property.

8. **COMPUTATION OF FINANCE CHARGES.** Finance charges begin to accrue immediately when you make an advance to me. Finance charges will be computed as follows:

9. **PERIODIC RATE AND ANNUAL PERCENTAGE RATE.** The periodic rate used in calculating the **FINANCE CHARGE** is _____% and the corresponding **ANNUAL PERCENTAGE RATE** is _____%. The annual percentage rate includes interest and not other costs.

10. **VARIABLE RATE.** The annual percentage rate may change. It will be based on the value of the Index described as the:

plus _____ percentage points.

A. **Rounding.** This rate will be rounded _____

B. **Rate Changes.** The annual percentage rate may increase if the Index rate increases. An Index rate increase will result in a higher finance charge and it may have the effect of increasing my periodic Minimum Payment. A decrease in the Index rate will have the opposite effect as an increase. An Index rate increase or decrease will take effect _____.

The annual percentage rate can increase or decrease _____ (after remaining fixed for _____). If the Index rate changes more frequently than the annual percentage rate, you will use the Index rate in effect on the day you adjust the annual percentage rate to determine the new annual percentage rate. In such a case, you will ignore any changes in the Index rate that occur between annual percentage rate adjustments.

C. **Carryover.** Any annual percentage rate increases or decreases not implemented by you either because of periodic, annual or lifetime rate caps, or because of a statutory limitation, may be carried over to subsequent rate adjustment periods and may be implemented to the extent not offset by opposite movement in the Index rate. If this occurs, the annual percentage rate will not relate to the Index rate in the manner described. When you

(3) **Lifetime Cap.** The **ANNUAL PERCENTAGE RATE** will never be higher than: _____

11. FEES AND CHARGES. I agree to pay, or have paid, the fees and charges listed in the FEES APPENDIX that appears at the end of this Agreement.

12. PAYMENT DATE. During the term of this Agreement, a Minimum Payment will be due on or before the Payment Date indicated on my periodic statement for any Billing Cycle in which there is an outstanding balance on my account. My Minimum Payments will be due: _____

13. MINIMUM PAYMENT. On or before each Payment Date, I agree to make a payment of at least the Minimum Payment amount. During the Draw Period, the Minimum Payment will equal the following:

During the Repayment Period, the Minimum Payment will equal the following:

A. **Rounding.** The Minimum Payment will be rounded _____

B. **Payment of Balance.** If my Loan Account Balance at the end of a Billing Cycle is less than \$_____ my Minimum Payment will equal the entire outstanding Loan Account Balance.

C. **Payment at Maturity.** On the Maturity Date I must pay the entire outstanding Loan Account Balance.

14. PRINCIPAL REDUCTION.

A. **Draw Period.** During the Draw Period, the Minimum Payment will not reduce may not fully repay the principal balance outstanding on my Loan Account Balance.

B. **Repayment Period.** During the Repayment Period, the Minimum Payment will not reduce may not fully repay the principal balance outstanding on my Loan Account Balance.

15. **FINAL PAYMENT.** At maturity, I may have to will repay the entire outstanding Loan Account Balance in a single payment. At that time you may, but are not obligated to, refinance this Line of Credit. If you do refinance this Line of Credit at maturity, I understand that I may have to pay some or all of the closing costs normally associated with a new loan.

17. **NEGATIVE AMORTIZATION.** Under some circumstances, my payments will not cover the finance charges that accrue and negative amortization will occur. Negative amortization will increase the amount that I owe you and reduce my equity in my home. In the event that negative amortization occurs, the unpaid portion will be:

18. SECURITY. You have secured my obligations under this Line of Credit by taking a security interest (by way of a separate security instrument dated _____) in the following Property:

Property securing any other loans that I have with you may also secure this Agreement.

19. PROPERTY INSURANCE. I will insure or retain insurance coverage on the Property and abide by the insurance requirements of any security instrument securing this Line of Credit. **I may obtain property insurance from anyone I want that is reasonably acceptable to you. If I get the insurance from or through you, I will pay \$_____ for _____ of coverage.**

20. COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

21. DEFAULT. I will be in default if any of the following occur.

A. **Payments.** I fail to make a payment as required by this Agreement.

B. **Property.** My action or inaction adversely affects the Property or your rights in the Property.

C. **Fraud.** I engage in fraud or material misrepresentation in connection with this Line of Credit.

22. REMEDIES. After I default, and after you give any legally required notice and opportunity to cure, you may at your option do any of the following:

A. **Termination and Acceleration.** You may terminate this Line of Credit and make all or any part of the amount owing by the terms of this Agreement immediately due.

B. **Advances.** You may temporarily or permanently prohibit any additional advances.

C. **Credit Limit.** You may temporarily or permanently reduce the Credit Limit.

D. **Additional Security.** You may demand additional security or additional parties to be obligated to pay this Agreement.

E. **Insurance Benefits.** You may make a claim for any and all insurance benefits or refunds that may be available on my default.

F. **Payments Made On My Behalf.** You may make amounts advanced on my behalf immediately due, and you may add these amounts to the Loan Account Balance.

G. **Sources.** You may use any and all remedies you have under applicable law or any agreement securing this Agreement.

Except as otherwise required by law, by choosing a remedy you do not give up your right to use another remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

23. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after default, to the extent permitted by law, I agree to pay the following:

include, but are not limited to: my obligation to not commit fraud or misrepresentation in connection with this Line of Credit; my obligation to meet the repayment terms of this Line of Credit; my obligation to not adversely affect the Property or your rights in the Property; my obligation to pay fees and charges; my advance obligations; my obligation to fulfill the terms of the instrument securing this Agreement, and any other security instruments on the Property; my obligation to notify you; and my obligation to provide you with information;

D. Government action prevents you from imposing the annual percentage rate provided for in this Agreement;

E. The priority of your security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of my Credit Limit;

F. The maximum annual percentage rate allowed under this Agreement is reached;

G. You are notified by a regulatory agency that continued advances constitute an unsafe and unsound practice; or

H. Any Borrower requests a suspension of credit privileges.

In order to reinstate my credit privileges under the original terms of this Agreement, I must send you a written request to that effect. My credit privileges will only be reinstated if you determine that the condition which caused you to prohibit additional extensions and/or reduce the Credit Limit no longer exists. If appraisal or credit report fees are incurred in making this determination, you may (if allowed by applicable law) charge me such fees. If credit privileges were suspended at my request, they need not be reinstated unless all Borrowers request reinstatement.

25. SET-OFF. You may set-off any amount due and payable under the terms of this Agreement against my right to receive money from you, unless prohibited by applicable law. For example, your right of set-off will not apply if I may obtain credit under this Agreement by using a credit card.

26. AMENDMENTS. Generally, the terms of this Agreement cannot be changed. You may, however, make the following changes:

A. You may make changes that I agree to in writing at the time of the change.

B. You may make changes that will unequivocally benefit me.

C. You may make insignificant changes.

D. You may change the Index and margin if the original Index becomes unavailable. Any new index will have an historical movement substantially similar to the original Index, and together with the new margin, produce an annual percentage rate substantially similar to the rate in effect at the time the original Index became unavailable.

E. You may make changes that are described elsewhere in this Agreement.

27. TERMINATION. I may terminate this Line of Credit at any time upon written notice to you. Termination by one Borrower terminates the Line of Credit for all Borrowers. Termination will not affect my obligation to repay advances made prior to the termination, nor will it alter my duties to perform under the terms of an instrument securing this Agreement until such instrument is released. Upon termination I will return to you any remaining access devices in my possession that were issued or used in connection with the Line of Credit.

28. WAIVERS AND CONSENT. To the extent not prohibited by law and except for any required notice of right to cure for the failure to make a required payment, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor. To the extent not prohibited by law, I and any other party to this Line of Credit, also consent to the following actions that you may take, and waive defenses that may be available based on these actions, or based on the status of a party to this Line of Credit.

A. You may renew or extend payments on this Agreement, regardless of the number of such renewals or extensions.

B. You may release any Borrower or other person who may be liable for the indebtedness under this Agreement.

C. You may release, substitute or impair any Property securing this Agreement.

D. You may invoke your right of set-off.

E. You may enter into any sales or repurchases of this Agreement to any person in any amounts and I waive notice of such sales or repurchases.

F. I agree that any Borrower is authorized to modify the terms of this Agreement or any other Line of Credit document.

G. You may inform any party who guarantees this Line of Credit of any loan accommodations, renewals, extensions, modifications, substitutions, or future advances.

No delay or forbearance on your part in exercising any of your rights or remedies will be construed as a waiver by you, unless such waiver is in writing and is signed by you.

29. TAX DEDUCTIBILITY. I should consult a tax advisor regarding the deductibility of interest and charges under this Line of Credit.

30. PERIODIC STATEMENTS. If I have an outstanding balance on my account or have any account activity, you will send me a periodic statement at the end of each Billing Cycle. This periodic statement will reflect, among other things, credit advances, finance charges, other charges, payments made, other credits, my previous account balance and my new account balance. The periodic statement will also identify my Minimum Payment for the cycle and the date it is due (Payment Date).

31. JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS. My obligation to pay this Line of Credit is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on this Line of Credit, or any number of us together, to collect on this Line of Credit. Extending this Line of Credit or new obligations under this Line of Credit, will not affect my duty under this Line of Credit and I will still be obligated to pay this Line of Credit. The duties and benefits of this Line of Credit will bind and benefit the successors and assigns of you and me.

32. INTEGRATION AND SEVERABILITY. This Agreement is the complete and final expression of the agreement. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

33. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Agreement.

34. NOTICE, FINANCIAL REPORTS, AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address above, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I will provide you any financial statement or information you request. All financial statements and information I give you will be correct and complete. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Line of Credit and to confirm your lien status on any Property. Time is of the essence.

35. CREDIT INFORMATION. I agree to supply you with whatever information you reasonably feel you need to decide whether to continue this Line of Credit. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

36. APPLICABLE LAW. This Agreement is governed by:

37. OTHER TERMS. If checked, the following addenda are attached to and made a part of this Agreement:

A. **Automatic Withdrawal**

B. **Conversion Option**

C. **Credit Insurance**

D. **Initial Rate**

E. **Preferred Rate**

F. _____

38. ADDITIONAL TERMS.

SIGNATURES. I understand that terms following a only apply if checked. By signing, I agree to the terms of this Agreement and acknowledge receipt of a copy of this Agreement.

BORROWER:

X _____ X _____ X _____

X _____ X _____ X _____

LENDER:

X _____

**MY BILLING RIGHTS
KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about my rights and your responsibilities under the Fair Credit Billing Act.

Notify You In Case of Errors or Questions About My Bill

If I think my bill is wrong, or if I need more information about a transaction on my bill, I will write you at the address listed on my bill. I will write to you as soon as possible. You must hear from me no later than 60 days after you sent me the first bill on which the error or problem appeared. I can telephone you, but doing so will not preserve my rights.

In my letter, I will give you the following information: (a) My name and account number, (b) The dollar amount of the suspected error, (c) Describe the error and explain, if I can, why I believe there is an error. If I need more information, I will describe the item I am not sure about.

If I have authorized you to pay my bill automatically from my savings, checking, share draft or other account, I can stop the payment on any amount I think is wrong. To stop the payment my letter must reach you three business days before the automatic payment is scheduled to occur.

My Rights and Your Responsibilities After You Receive My Written Notice

You must acknowledge my letter within 30 days, unless you have corrected the error by then. Within 90 days, you must either correct the error or explain why you believe the bill was correct.

After you receive my letter, you cannot try to collect any amount I question, or report me as delinquent. You can continue to bill me for the amount I question, including finance charges, and you can apply any unpaid amount against my Credit Limit. I do not have to pay any questioned amount while you are investigating, but I am still obligated to pay the parts of my bill that are not in question.

If you find that you made a mistake on my bill, I will not have to pay any finance charges related to any questioned amount. If you didn't make a mistake, I may have to pay finance charges, and I will have to make up any missed payments on the questioned amount. In either case, you will send me a statement of the amount I owe and the date that it is due.

If I fail to pay the amount that you think I owe, you may report me as delinquent. However, if your explanation does not satisfy me and I write to you within ten days telling you that I still refuse to pay, you must tell anyone you report me to that I have a question about my bill. And, you must tell me the name of anyone you reported me to. You must tell anyone you report me to that the matter has been settled between us when it finally is. If you don't follow these rules, you can't collect the first \$50 of the questioned amount, even if my bill was correct.

Special Rule for Credit Card Purchases

If I have a problem with the quality of property or services that I purchased with a credit card, and I have tried in good faith to correct the problem with the merchant, I may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right: (a) I must have made the purchase in my home state or, if not within my home state within 100 miles of my current mailing address; and (b) The purchase price must have been more than \$50.

These limitations do not apply if you own or operate the merchant, or if you mailed me the advertisement for the property or services.