

CONSUMER R.E.A.P.® REAL-ESTATE EQUITY ADVANCE PLAN
LOAN AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURES

(Use for 2nd mortgage line-of-credit loans to individuals for personal, family or household purposes. Not for first lien or equivalent security interest.)

R.E.A.P.® Loan Account ("Account") Number _____
Credit Union _____
Address _____
City, State, Zip Code _____

Maximum Principal Loan Balance Approved _____
Borrower(s) _____
Address _____
City, State, Zip Code _____

For purposes of this Loan Agreement and Federal Truth-in-Lending disclosures (the "Agreement" or "Loan Agreement"), "you" and "your" and "Borrower" refer to each and all of those who have signed this Loan Agreement and "our" and "Credit Union" refer to the Credit Union designated above.

[1] The Borrower hereby requests that the Credit Union advance funds to the Borrower from time to time under the terms of this Loan Agreement. Each advance of funds shall constitute a Loan (referred to as a "Loan" or "Loans" below). The Borrower agrees that the total of all Loans will not, at any given point in time, exceed the Maximum Principal Loan Balance specified above. However, in the event the Maximum Principal Loan Balance is exceeded, the Borrower remains responsible for payments.

[2] The Borrower agrees to pay to the Credit Union the full amount loaned by the Credit Union pursuant to this Loan Agreement, together with a Finance Charge (interest) on the Principal Loan Balance as defined in [3], at the rate stated in [3], and additional charges specified in [5] and [6]. The Borrower further agrees to make payments in the amounts and on the dates specified in [7].

[3] The **FINANCE CHARGE** (interest) is computed and charged each day by applying the Daily Periodic Rate of _____% (corresponding **ANNUAL PERCENTAGE RATE:** _____%) to the Principal Loan Balance. The Principal Loan Balance is determined by taking the beginning balance of the Account each day, adding any new Loans, and subtracting any payments, credits, unpaid Finance Charges and other unpaid charges. This means that the Finance Charge begins to accrue on each Loan made under this Loan Agreement on the day the Loan is posted to the Account. **The Annual Percentage Rate does not include costs other than interest.**

[4] Check a or b below, whichever is applicable.

(a) ☐ The Daily Periodic Rate and the Annual Percentage Rate disclosed in [3] above is a fixed rate.

(b) ☐ The Daily Periodic Rate and the Annual Percentage Rate disclosed in [3] above is a variable rate subject to change on _____ and thereafter on the _____ day of each _____ (the "Change Date"). The Annual Percentage Rate on the date of this Loan Agreement and on each Change Date shall equal:

☐ the highest prime rate published in *The Wall Street Journal* "Money Rates" table on _____, or if *The Wall Street Journal* is not published on that day, the next following day on which it is published

☐ _____

(the "Index"), plus a margin of _____ percentage points. The current value of the Index is _____. The Annual Percentage Rate shall not exceed _____% and shall not be lower than _____%. An increase or decrease in the Daily Periodic Rate and the Annual Percentage Rate will result in a corresponding increase or decrease in the number of payments that must be made to repay the outstanding balance or the amount of each payment of the final payment.

☐ If checked, the Annual Percentage Rate shall be rounded to the _____ percentage point.

☐ If checked, the rate in [3] above is a discounted rate, and is not based on the Index and margin that will be used for future adjustments. The current Daily Periodic Rate that would have been applied by using the current Index is _____% (corresponding Annual Percentage Rate _____%).

[5] In addition to the Finance Charge referred to in [3], we will charge you the following amounts in connection with establishing the Account:

(a) Other Prepaid **FINANCE CHARGES**
(1) _____ \$ _____
(2) _____ \$ _____
Total Prepaid **FINANCE CHARGES** \$ 0.00

(b) Additional Charges
(1) Annual Fee. You agree to pay a nonrefundable annual fee for the availability of the Real-Estate Equity Advance Plan. The annual fee will be payable upon execution of the Agreement and annually thereafter on _____. The annual fee may be charged to your Account and, if so charged, will be shown on a corresponding billing statement provided to you under the Agreement. The Annual fee will be \$ _____
(2) To public officials for recording fees \$ _____
(3) Title exam fee to _____ \$ _____
(4) Title insurance premium \$ _____
(5) Document preparation fee \$ _____
(6) Notary fee \$ _____
(7) Appraisal fee to appraiser \$ _____
(8) Survey fee to _____ \$ _____
(9) Credit report fee \$ _____
(10) _____ \$ _____
(11) _____ \$ _____
Total Additional Charges \$ 0.00

"e" means estimate

You should consult a tax advisor regarding the deductibility of interest and charges under this Agreement.

[6] If checked below, unless prohibited by law, your Account will be subject to the following additional charges:

(a) ☐ A **FINANCE CHARGE** of _____ for each Loan made under the Agreement.

(b) ☐ A charge of _____ in any month in which we receive less than the minimum payment within _____ days after its due date as specified in [7].

(c) ☐ A **FINANCE CHARGE** of _____ in any billing cycle in which the Principal Loan Balance on the last day of the billing cycle is less than \$33.34. In any billing cycle in which this charge is imposed, we will not impose the Finance Charge in [3] or the charge permitted in (b) above.

(d) ☐ A charge of _____ for each share draft presented for payment that is returned unsatisfied because you do not have an account with the drawee, do not have sufficient funds in your account, or do not have sufficient credit with the drawee.

(e) ☐ _____

THIS LOAN AGREEMENT INCLUDES ALL THE PROVISIONS ON THE REVERSE/NEXT SIDE.
SEE REVERSE/NEXT SIDE FOR IMPORTANT INFORMATION REGARDING YOUR RIGHT TO DISPUTE BILLING (STATEMENT) ERRORS.
EACH BORROWER ACKNOWLEDGES RECEIPT OF THE EARLY DISCLOSURE OF TERMS AND THE ACCOMPANYING BROCHURE ABOUT HOME EQUITY LINES OF CREDIT AND OF A COMPLETED COPY OF THIS LOAN AGREEMENT.

Signed this _____ day of _____.

Borrower

The Borrower promises to make payments of at least the minimum payment by the _____ day of the month. A minimum payment is required for each month in which there is a debit balance in the Borrower's Account and any additional amounts paid will reduce the Borrower's balance but will not prepay any future minimum payments. Each payment will be applied first to the Finance Charge then due, then to any late charge due, and the remainder will be applied to the Principal Loan Balance; any unpaid portion of the Finance Charge will be paid by subsequent payments and will not be added to the Principal Loan Balance. Negative amortization is not possible.

☐ If checked, the Borrower agrees to maintain the share draft account identified below and authorizes the Credit Union to automatically debit the account for the minimum payment and any other charges or fees owed to the Credit Union.

Share draft account number _____.

[8] The Borrower may request Loans from the date of this Loan Agreement until the _____ anniversary of this Loan Agreement (the "Draw Period"). The length of the subsequent repayment period is indefinite: after the end of the Draw Period, the Borrower must continue to make at least the minimum payments as specified in [7] until the Borrower's Account is repaid in full. Such requests shall be documented on a request for advance form made available by the Credit Union unless the Borrower requests Loans under any of the following alternatives (only those options checked are applicable):

☐ The Borrower may request a Loan by accessing the Borrower's R.E.A.P.® share draft account with the Credit Union. Such requests are subject to the terms and conditions of that account.

☐ The Borrower may request a Loan by use of the Borrower's R.E.A.P.® credit card account, subject to the terms and conditions of that account.

☐ Other _____

The Borrower's continued membership with the Credit Union during the Draw Period is of the essence. A request by the Borrower shall authorize the Credit Union to disburse from time to time Loans up to the full amount of the line of credit established. If there is more than one Borrower each of you shall be jointly and severally liable to the Credit Union for all sums so disbursed even though one or more of you may receive no benefit therefrom.

During the Draw Period, the Credit Union may refuse the Borrower's request for a Loan if the Loan would cause the balance owing the Credit Union under this Loan Agreement to exceed the Borrower's Maximum Principal Loan Balance, or if any of the following conditions, or any of the conditions set forth in [9], exists: (a) the value of the dwelling that secures this Loan Agreement declines significantly below the dwelling's appraised value for purposes of this Loan Agreement; (b) the Credit Union reasonably believes that the Borrower will be unable to fulfill the repayment obligations under this Loan Agreement because of a material change in the Borrower's financial circumstances; (c) the Borrower is in default of any material obligation under this Loan Agreement; (d) the Credit Union is precluded by government action from imposing the Annual Percentage Rate provided for in this Loan Agreement; (e) the priority of the Credit Union's security interest is adversely affected by government action to the extent that the value of the security interest is less than 120% of the credit line; (f) the Credit Union is notified by its regulatory agency that continued advances constitute an unsafe and unsound practice; or (g) the maximum Annual Percentage Rate is reached.

If the Credit Union refuses a Loan request for any of the above reasons, the Borrower may request in writing that the Credit Union reinstate Loan privileges. If the Credit Union is satisfied after investigation that the condition requiring suspension of Loan privileges has been eliminated, Loan privileges will be reinstated. To the extent allowed by law, the Credit Union may charge the Borrower for the Credit Union's out-of-pocket expenses for such investigation and add such charges to the balance of the Borrower's Account.

The endorsement of the Credit Union's check issued to the Borrower pursuant to this Loan Agreement, the deposit by the Credit Union, upon request, of a Loan in an account within this Credit Union or in an account held by the Borrower in another institution or the Credit Union's acceptance of and action on any other request made by use of an access device approved under this Loan Agreement shall constitute the Borrower's acceptance of the Loan made pursuant to this Loan Agreement. Any of the above actions shall constitute an acknowledgment by the Borrower that the funds provided were received by the Borrower pursuant to the Borrower's request. A verification of any request for a Loan will be furnished to the Borrower within a reasonable time after the making of the Loan.

The Borrower may prepay all or any part of the Borrower's outstanding Account balance without penalty. The Borrower's rights under this Loan Agreement are not transferable or assignable. If there is more than one Borrower, all promises, obligations, pledges, authorizations, waivers and liabilities under this Loan Agreement shall be joint and several.

[9] The Credit Union may suspend Loan privileges or terminate this Loan Agreement at any time if: (a) there is fraud or material misrepresentation by the Borrower in connection with this Loan Agreement; (b) the Borrower fails to meet the repayment terms of this Loan Agreement for any outstanding balance; or (c) any action or inaction by the Borrower adversely affects the property defined in [11] or any of the Credit Union's rights in such property. The Credit Union's failure to exercise its rights to suspend or terminate Loan privileges under this section shall not constitute a waiver of such rights. If Loan privileges are suspended, they may be reinstated at the Credit Union's option.

[10] The following transaction limits apply if checked:

☐ The Borrower is required to maintain a minimum outstanding principal balance of \$ _____

☐ The minimum amount for which Loan requests may be made is \$ _____

☐ _____

[11] This Loan Agreement is secured by a real estate mortgage dated _____ (the "Mortgage") on property located at _____

(the "Property") and all of the terms and conditions of the Mortgage are incorporated herein and made a part of this Loan Agreement.

To the extent not prohibited by law, this Loan Agreement is also secured by present and future security agreements between the Credit Union and the Borrower or any other person providing security for the Borrower's obligations. However, this Loan Agreement is not secured by any principal dwelling unless described in this Loan Agreement.

The Credit Union disclaims as security for this Loan Agreement any security interest, other than a purchase money security interest, the Credit Union holds on the date of this Loan Agreement in property listed in Section 422.417 (3) of the Wisconsin Statutes.

The Credit Union disclaims and will not enforce the Mortgage as security (a) for any principal amounts that exceed the Maximum Principal Loan Balance, plus Finance Charges owing under the Loan Agreement, if this Loan Agreement is secured by your principal dwelling, or (b) if, at the time the Loan Agreement is declared due and payable as a result of an event of default or other termination, the full unpaid obligation (including unpaid finance charges) is less than \$1,000.00.

[12] CREDIT LIFE INSURANCE AND CREDIT DISABILITY INSURANCE ARE NOT REQUIRED BY THE CREDIT UNION. IF REQUESTED, IT WILL BE PROVIDED AT THE COST SET FORTH ON A SEPARATE CREDIT INSURANCE APPLICATION.

THE BORROWER MAY OBTAIN PROPERTY INSURANCE FROM ANYONE ACCEPTABLE TO THE CREDIT UNION. IF THE BORROWER OBTAINS THIS INSURANCE FROM THE CREDIT UNION, THE BORROWER WILL PAY \$_____ FOR A TERM OF _____.

[13] IN ADDITION TO THE SECURITY SET FORTH IN SECTION [11], the Borrower hereby grants the Credit Union a security interest and lien in any shares, deposits and other accounts the Borrower may now or hereafter have with the Credit Union, except any accounts for which the granting of the security interest and lien will remove the tax-exempt status of the account. THE CREDIT UNION MAY, AT ANY TIME AFTER AN EVENT OF DEFAULT HAS OCCURRED, AND UPON NOTICE AND EXPIRATION OF ANY RIGHT TO CURE IF REQUIRED BY SECTION 425.105 OF THE WISCONSIN STATUTES, SET OFF AGAINST ANY SHARES, DEPOSITS, SHARE CERTIFICATES, CERTIFICATES OF DEPOSIT, OR OTHER ACCOUNTS NOW OR HEREAFTER HELD BY THE CREDIT UNION ALL OR ANY PART OF THE UNPAID BALANCE OF THE LOAN AGREEMENT, INCLUDING INTEREST, STATUTORY COSTS AND EXPENSES. The Credit Union will not set off against an account balance under this section if such application will adversely affect the tax-exempt status of the account.

[14] This Loan Agreement may be amended only in writing signed by both the Borrower and the Credit Union, except that the Credit Union may unilaterally (a) change the Index and margin used under a variable rate program if the original Index is no longer available, (b) make a change that will unequivocally benefit the Borrower throughout the remainder of this Loan Agreement, or (c) make an insignificant change.

[15] This Loan Agreement is subject to the Wisconsin Consumer Act (the "Act") and the Borrower shall not take any action or permit any event to occur that materially impairs your ability to pay the amounts due under this Loan Agreement. Under the Act, a default in payment shall be deemed to have occurred if the Borrower fails to make payments when due on two occasions within any 12 month period. Upon default, the entire outstanding balance of this Loan Agreement shall, unless excused by the Credit Union's Board of Directors, become immediately due and payable, subject only to any right to cure default that you may have under Section 425.105 of the Wisconsin Statutes. In such event, the Credit Union may exercise all of our rights under this Loan Agreement and the Mortgage consistent with applicable law. The Borrower hereby waives presentment for payment, demand, protest, and dishonor of this Loan Agreement except to the extent notification is expressly required by applicable law.

[16] The Credit Union has made no representations or warranties regarding any of the following: (a) the collection or enforcement of the obligation herein; (b) the collection of any collateral or other security obtained herein; or (c) the financial condition of any Borrower. Each of you must independently determine the collectibility of the obligation and the creditworthiness of any of you.

[17] The validity, construction and enforcement of the Loan Agreement are governed by the internal laws of Wisconsin. To the extent not prohibited by the Wisconsin Consumer Act, the invalidity of any provision of this Loan Agreement does not affect the validity of any other Loan Agreement provision. All terms not otherwise defined have meanings as provided in the Wisconsin Consumer Act, Uniform Commercial Code and Federal Reserve System Regulations at 12 C.F.R. Part 226. All numerical references to statutory sections shall be to those sections as they may be renumbered from time to time. This Loan Agreement is intended to be the complete and final statement of the terms and conditions governing the relationship between the Borrower and the Credit Union under this Loan Agreement. The terms of this Loan Agreement shall take precedence over any inconsistent provisions of any document evidencing a security interest to secure this Agreement.

[18] The Borrower agrees to furnish or authorize to be furnished credit and financial information, including but not limited to current financial statements (as the Credit Union may require from time to time). The Borrower authorizes the Credit Union to investigate the Borrower's credit standing prior to the Credit Union's acceptance of this Loan Agreement and at any time thereafter. The Borrower authorizes the Credit Union to disclose information to third parties relating to the Borrower's credit standing with the Credit Union.

[19] Borrower(s) agree to provide consistent instructions to Credit Union in connection with any request for a Loan under this Loan Agreement; this is a material obligation under this Loan Agreement. Any Borrower may terminate the right to obtain Loans under this Loan Agreement at any time and for any reason by written notice to Credit Union. Such termination shall be binding upon all Borrowers. However, Credit Union shall be allowed a reasonable time to process any such notice before it shall take effect.

[20] Borrower agrees (a) to notify Credit Union immediately if any R.E.A.P.® share draft(s) or R.E.A.P.® credit card is lost or stolen, (b) to notify Credit Union of any change in your address, and (c) not to request a Loan to make a payment due under this Loan Agreement.

[21] _____

YOUR BILLING RIGHTS
Keep This Notice For Future Use

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

Notify Us In Case of Errors or Questions About Your Statement.

If you think your statement is wrong, or if you need more information about a transaction on your statement, write us on a separate sheet at the address listed on your statement. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first statement on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights. In your letter, give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.

If you have authorized us to make your payment automatically from your savings or share draft account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

Your Rights and Our Responsibilities After We Receive Your Written Notice.

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the statement was correct.

After we receive your letter, we cannot try to collect any amount you question or report you as delinquent. We can continue to request payment from you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your loan balance that are not in question.

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

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your statement. And we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your statement was correct.

Special Rules for Credit Card Purchases.

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in your home state or, if not within your home state, within 100 miles of your current mailing address, and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if the Credit Union owns or operates the merchant, or if the Credit Union mailed you the advertisement for the property or services.