HAPO COMMUNITY CREDIT UNION
VISA HELOC ACCOUNT AGREEMENT AND DISCLOSURE

This Agreement covers your VISA HELOC Account issued through HAPO Community Credit Union. In this Agreement the words "you," "your," "yours," and "applicant," mean each and every person who signs the application for this Account. The words "we" and "our," mean HAPO Community Credit Union. You agree, jointly and severally, to the following terms and conditions, Home Equity VISA Disclosure provided with the Loan Application, and any advance form given when a loan advance is made, or credit card receipt, if applicable, given when a loan advance is made, which collectively shall govern this Account. All terms in this Agreement apply to VISA Accounts, except as expressly provided.

1. **You Promise to Pay.** Upon approval by the Credit Union of your application for this Account, you promise to pay the Credit Union at our office or such other place as we designate, the total of all advances, **FINANCE CHARGES**, and other amounts set forth in this Agreement on the payment terms set forth below. This includes any loan requests for credit card purchases, payments to a third party, or for deposit to a deposit account, share, or share draft account of yours or a co-applicant at the Credit Union. You authorize any co-applicant, on his or her signature alone, to request or receive advances under this Agreement and agree to pay those advances the same as if you asked for the loan and it was paid to you.

2. **Credit Line Access.**

   a. **Authorized Access.** You authorize any co-applicant, on his or her signature alone, to request or receive advances under this Agreement. We may honor a request by any one of you to suspend further advances or cancel this Account. Advances may be obtained by telephone request, audio response, credit card purchase, advances at automated teller machines, VISA loan drafts, asking the Credit Union to deposit funds to a designated account, or by requesting an advance in person. Acceptance of advance(s) either by use of the Card, by receipt of cash, or transfer to any of your deposit accounts or loan accounts obligates you to the payment terms of this Agreement.

   b. **Purchases and Cash Advances.** You must sign the Card to use it. Once you have signed the Card, you can use it to purchase goods or services, wherever the Card is honored, up to the full amount of your credit line. You may use your Account to get cash advances from us, other participating financial institutions, or automated teller machines (ATM). No purchase or cash advance may exceed the available funds in your Account. The Credit Union reserves the right to refuse any transaction that would exceed your credit limit, and/or daily purchase or cash advance limit. Purchases are limited to 10 transactions a day. ATM transactions cannot exceed $505 per single transaction. Cash advances are limited to 3 transactions per day and cannot exceed $30,000 a day.

   c. **Loan Drafts.** If we approve, you may obtain advances under your Account by writing preprinted loan checks that we supply to you. Your use of loan checks will be shown as cash advances on your monthly statement. We may not honor your loan check if: your check is post-dated; payment of the check would exceed your credit limit and/or daily cash advance limit; a check is signed by person without authorized access; or any drafts have been reported lost or stolen. You may stop payment on a loan check if you provide us with the exact information describing the check. If you give us incorrect information, we will not be responsible for failing to stop payment. You understand there may be a charge for each stop payment order requested. Our liability for a wrongful dishonor is limited to your actual changes; however, a dishonor for the reasons stated above is not a wrongful dishonor. Only the person whose name is printed on a convenience check may sign it. All convenience checks must be written in U.S. dollars. We will not certify a convenience check. We are entitled to return it unpaid if there is not enough available credit on your Account to pay it, if you are in default under this Agreement, if your card or convenience checks have been reported lost or stolen, or if the convenience check is post-dated. The Credit Union shall have no liability for any convenience check(s) returned in excess of your credit line and/or daily cash advance limits.

   d. **Limitations on Credit Advances.** You will receive a separate document showing the amount of your credit limit, which is the maximum amount you may draw upon without getting specific approval for a loan advance. You agree not to attempt to obtain more credit than the amount of your credit limit. If you temporarily exceed your credit limit, you understand such credit does not increase your credit limit and agree to repay the excess immediately. We will notify you in writing on an advance form, on your statement, or by separate notice if the amount of your credit limit goes up or down. For line of credit accounts, you may access credit on your Account, repay any portion of the amount borrowed, and reborrow any portion up to your credit limit from time to time without limitation. The minimum credit advance that you can receive is $100.00.

e. Additional Access Devices. You request any additional access device, transfer instrument, or other negotiable orders which we may make available in the future. You understand that this request is voluntary, and you may decline the new services at the time the new services are offered to you. We will notify you by separate form of the terms that apply to these services.

3. Term. For purposes of security under this Account, the maximum term of your Account will be twenty **(20) years**, which includes any draw and repayment period and any renewals or extensions thereof. You can request credit advances for five (5) years (the "draw period"). The Credit Union reserves the right to renew the draw period for an additional five (5) year period. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance ("Repayment Period"). The length of the Repayment Period will be ten **(10) years.**

4. Loan Payments.

a. Method of Payment. You promise to pay for loans under this Agreement either by automatic transfers from shares, payroll deduction, or by direct payment. You may pay all or part of your loans early, at any time, without paying any penalty. However, you will keep making your monthly payments so long as you owe the Credit Union any money under this Agreement. If you pay loan advances by automatic transfers, you understand that it is your responsibility to be sure that there are adequate funds in your account either by payroll deduction or personal deposit to cover the payment on the specified date or your loan will become past due.

b. Payroll Deduction. If you are requesting payroll deduction, you grant permission to the Credit Union to adjust your payroll deduction to the nearest one-dollar amount to satisfy all loan payments. You must make your monthly payments in any event, including any time that the Credit Union does not receive your payroll deduction, whatever the reason. If you elect to make payments by payroll deductions with participating companies, then your payments may be made monthly. You authorize us to prepare payroll deduction authorizations for you and submit them to the participating company's payroll departments so long as the deduction amount conforms with your maximum credit limit and the payment schedule included in this Agreement.

c. Minimum Payments. You will make payments at least monthly to meet the Minimum Payment requirements. You agree that you will pay the Minimum Payment on or before the due date indicated on your statement. Minimum Payments will include all amounts past due, late charges, applicable insurance premiums, and the regular payment. During the draw period, payments will be due monthly. Your minimum monthly payment will equal 1.25% of the outstanding balance or $15.00, whichever is greater. During the Repayment Period, payments will be due monthly. Your minimum monthly payment will equal the amount necessary to amortize the outstanding balance over a period of fifteen (15) years or $50.00, whichever is greater. Payments will be applied first to accrued **FINANCE CHARGES**, then to late charges, and the remainder, if any, to the principal loan balance, unless otherwise agreed or required by applicable law.

5. Disbursement of Advances. Advances may be obtained by telephone request, credit card purchase, asking the Credit Union to deposit funds to a designated account, or by requesting an advance in person. Acceptance of advance(s) either by use of the Card, by receipt of cash, or transfer to any of your deposit accounts or loan accounts obligates you to the payment terms of this Agreement.

6. Security Requirements.

a. Collateral. This line of credit will be secured by real property and your dwelling. You grant security in the form of a Line of Credit Trust Deed on your real property and dwelling. You agree to the terms of the Line of Credit Trust Deed, including the due-on-sale provisions as set forth in the Line of Credit Trust Deed. You understand that we specifically reserve the right to enforce the "due-on-sale" clause in the Line of Credit Trust Deed if the law permits. You agree to notify us immediately if there is any change in the ownership of the real property. The Line of Credit Trust Deed secures only advances made under this Agreement and not any other loans you may have with us. If at any point during the draw period or repayment period there is an outstanding balance without the property to use as collateral, the loan will be considered in default and you must re-sign a loan note for an unsecured signature loan at the credit union's current rate and term as of the time of default.

b. Property Maintenance/Insurance. You agree that the dwelling will be owner-occupied. You agree to keep the collateral in good repair and to maintain the property in a state that does not adversely affect its value. You agree to

maintain property insurance on the property covered by the Line of Credit Trust Deed for its full insurable value, with the Credit Union, as loss payee. You agree to obtain title insurance with a line of credit endorsement naming us as insured for the full amount of the Credit Limit and showing your Line of Credit Trust Deed with a lien priority acceptable to us. You agree to obtain flood insurance as may be required by applicable law and if the Property is located in a flood plain and your community participates in a federal flood insurance program. You may obtain property insurance through any company you choose that is reasonably satisfactory to us. If you fail to keep the insurance current and payable as required, we may purchase insurance to protect our own interest and add the premium to your loan balance and assess a **FINANCE CHARGE** on the balance as with all other principal amounts. You understand that all benefits paid by insurance that you purchase will be applied to pay the loan balance. If insurance benefits do not pay the loan balance in full, you will remain responsible for the unpaid balance due and for the **FINANCE CHARGE**, which will continue to accrue on the loan balance due.

7. **Periodic Statements.** We will send you a statement showing advances, payments, and credits made to your line of credit account during the billing cycle, as well as your "New Balance," and **FINANCE CHARGE**, and any late charge or other fees. Your statement also will identify the Minimum Payment you must make for that billing period and the date it is due.

8. **FINANCE CHARGES.**

   a. **Circumstances Under Which a FINANCE CHARGE Will Be Imposed.** The total outstanding balance of purchase and cash transactions in the Account on the closing date of a billing cycle, including any **FINANCE CHARGE** will be shown on the Periodic Statement for that billing cycle as the "New Balance."

      (1) Cash Transactions. A **FINANCE CHARGE** will be imposed on cash transactions from the date each cash transaction is made to the date paid. There is no time period within which to pay to avoid a periodic **FINANCE CHARGE** on cash transactions.

      (2) Purchase Transactions. A **FINANCE CHARGE** will be imposed on Credit Card purchase transactions included in the new balance when the entire new balance is not paid in full within 25 days after the closing date. This "grace period" allows you to avoid a **FINANCE CHARGE** on purchase transactions for a billing cycle. If you do not pay within the grace period, your **FINANCE CHARGE** will accrue from the date it is posted to the account.

   b. **Method Used to Determine the Balance on Which the FINANCE CHARGE May be Computed and Amount of FINANCE CHARGE.** The Credit Union figures the **FINANCE CHARGE** on your Account by applying the Daily Periodic Rate to the "Daily Balance" each day of purchase and cash transactions for your Account (including current transactions). To get the "Daily Balance" we take the beginning balance of your Account each day, add any new purchase or cash transactions, and subtract any payments or credits, unpaid **FINANCE CHARGES** and unpaid late charges. Then, we add up the daily **FINANCE CHARGE** for each day of the Billing Cycle to get the total **FINANCE CHARGE** for the Billing cycle.

      The **FINANCE CHARGE** imposed on purchase and cash transactions with respect to a Billing Cycle is determined by multiplying the "Average Daily Balance" by the number of days in the Billing Cycle and multiplying the result by the Daily Periodic Rate.

9. **Periodic Rate and Corresponding ANNUAL PERCENTAGE RATE.** Your **ANNUAL PERCENTAGE RATE** (APR) may vary with changes to an index which is the Prime Rate as published in *The Wall Street Journal* five business days before the closing date shown on your billing statement. If *The Wall Street Journal* stops publishing the Prime Rate, we will select a similar reference rate and inform you on your billing statement or through a separate notice. We calculate your **ANNUAL PERCENTAGE RATE** by adding a margin of 2.00% APR to the Prime Rate.

   The **FINANCE CHARGE** imposed during the billing cycle will be determined by multiplying the Average Daily Balance by the Monthly Periodic Rate. The **ANNUAL PERCENTAGE RATE** is divided by 12 to produce the monthly rate. The **ANNUAL PERCENTAGE RATE** is divided by 365 to produce the daily periodic rate. The **ANNUAL PERCENTAGE RATE** includes only interest and not other costs. Any increase or decrease in the **ANNUAL PERCENTAGE RATE** will affect the amount of monthly payments you will make under the plan. However, if the amount of the monthly payment is not enough to pay at least the **FINANCE CHARGE** accruing during the month and amounts advanced for any insurance premiums, if applicable, we may increase your monthly payment in an amount sufficient to pay such charges effective on the first day of the month following the Change Date.

At the beginning of the repayment period, the **ANNUAL PERCENTAGE RATE** will be adjusted based on an index, which is the highest Prime Rate published in the *Wall Street Journal* as of the previous business day. We add a margin of three percentage points (3.00%) to the index to determine the **ANNUAL PERCENTAGE RATE**. This rate will be a minimum of 6.00% and a maximum of 12.00%, and will be in effect for the remainder of the repayment period. After conversion, the Line of Credit will no longer be available for additional draws.

10. Conditions Under Which Other Charges May Be Imposed. We may impose fees and charges on your Account as set forth below. The Credit Union reserves the right to assess other fees in the future, including a late payment fee. You will be notified of any new fees as required by law.

a. Annual Card Fee. None.

b. Returned Check Charge. A $20.00 charge will be imposed for each convenience check drawn on your account that is returned to Credit Union for insufficient funds or Account closure.

c. Miscellaneous Photocopying. If you request a copy of a sales draft or other document, we may charge your Account $2.00 per copy and $15.00 per hour. These charges cover the costs of locating, copying, and delivering the documents to you. If a request is related to a billing error and an error is found, we will reverse any photocopying charges.

d. Late Charges. If any payment is past due for a period of 10 or more days, a late charge may be imposed of $25.00.

e. Attorney Fees and Collection Costs. The Credit Union may start a collection action in the county in which the Credit Union is located or the county where the real property is located. You will pay the Credit Union's attorney fees whether or not there is a lawsuit, including attorney fees on any appeal. You also will pay any collection costs, such as repossession fees and court costs. All of these costs and expenses may be added to my present debt and a **FINANCE CHARGE** may be imposed on them at the highest rate applied to any of my loan advances.

f. Credit Insurance. You understand you may voluntarily purchase credit life insurance (which would pay off the amount owed under your Account in the event of your death) and credit disability insurance (which would pay your monthly payment in the event of disability up to the maximum monthly amount allowed). If you wish to obtain credit insurance through us the cost and term will be as set forth on the Credit Insurance Disclosure, which you signed and received separately. If you choose to purchase credit insurance you agree that the cost of premiums may be added to the principal amount of your Account, which may increase the number of monthly payments.

g. Property Taxes. We may pay any delinquent and unpaid property taxes on the loan security to the principal balance and assess a **FINANCE CHARGE** on the balance.

11. Joint Liability. If you are a co-borrower, as shown by your signing the application for this Agreement, you agree to be equally responsible with the other borrower. We do not have to notify you if payments on the account are not made by the other borrower on time. If this is a joint account, upon request by any party to the account or upon our receipt of inconsistent instructions, we may terminate this Account, refuse any request for any advance, or refuse any other request with respect to the account.

12. Possible Credit Union Actions: We may take the following actions with respect to your line under the circumstances listed below:

a. Termination. We may terminate the line, and require you to pay the entire outstanding balance immediately if any of the following circumstances occur:

(1) You engage in any fraud or material misrepresentation in connection with the line;

(2) You do not meet the repayment terms;

(3) Your action or inaction adversely affects the collateral or our rights in the collateral;

b. Suspension/Reduction of Credit Limit. We may refuse to make additional advances on your line or we may reduce your credit limit immediately if:

(1) Any of the circumstances listed in (a), above, occur.

(2) The value of any dwelling securing the plan declines significantly below its appraised value for purposes of this line.

(3) We reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances.

(4) You are in default of any material obligation under the Agreement or Line of Credit Trust Deed securing the Agreement. All of your obligations under this Agreement and Line of Credit Trust Deed are material to maintaining the Account. The categories of your obligations are set forth in the following paragraphs of these Agreements:

VISA HELOC Account Agreement. 1. You Promise to Pay; 2. Line of Credit Account; 3. Loan Payments; 5. Security Requirements; 9. Other Charges and Closing Costs; 11. Possible Credit Union Actions; and 14. Credit Information/Financial Statements.

Line of Credit Trust Deed. 3. Payment and Performance; 4. Possession and Maintenance of the Property; 5. Indemnity; 6. Due on Sale; 7. Leases; 8. Taxes and Liens; 9. Property Damage Insurance; 11. Warranty/Defense of Title; 12. Condemnation; 13. Imposition of Taxes; 14. Security Agreement; 15. Further Assurances/Attorney in Fact; 17. Possible Actions of Lender; 21. Attorney Fees; and 25. Miscellaneous Provisions.

(5) The maximum **ANNUAL PERCENTAGE RATE** is reached.

(6) Government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for or impairs our security interest such that the value of the interest is less than 120 percent of the Account.

(7) A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.

c. Change in Terms. If the index for variable rate loans is no longer available, we will choose a new index and margin that will result in an **ANNUAL PERCENTAGE RATE** that is substantially similar to your current rate at the time of the change. We may make other changes in terms of this Agreement if you agree to the changes in writing, if the change is insignificant, or the change will unequivocally benefit you for the remainder of your account.

If your account becomes two billing cycles delinquent, it will be considered in default and HAPO Community Credit Union may increase the interest rate on your account by 5.00%. If your account becomes three billing cycles delinquent HAPO Community Credit Union may increase your minimum monthly payment due.

13. Conditions of Card Use. The use of your Card and Account are subject to the following conditions:

a. Ownership of Cards. Any Card or other credit instrument or device which we supply to you is our property and must be returned to us, or to any person whom we authorize to act as our agent, or to any person who is authorized to honor the Card, immediately according to instructions. The Card may be repossessed at any time in our sole discretion without demand or notice. You may not use the Card or Account for any transaction that is illegal or unlawful, and we may decline to authorize any transaction we believe poses an undue risk of illegality or unlawfulness. You cannot transfer your Card or Account to another person.

b. Honoring the Card. Neither we nor merchants authorized to honor the Card will be responsible for the failure or refusal to honor the Card or any other credit instrument or device we supply to you. If a merchant agrees to give you a refund or adjustment, you agree to accept a credit to your Account in lieu of a cash refund.

c. Currency Conversion. Purchases and cash advances made in foreign countries and foreign currencies will be billed to you in U.S. dollars. The conversion rate to dollars will be at (i) the wholesale market rate or (ii) the government-mandated rate, whichever is applicable, in effect one day prior to the processing date, increased by 1%.

d. Notices and Payments. All notices will be sent to your address as shown in the application. You agree to advise us promptly if you change your mailing address. All payments should be mailed to us at the remittance address shown on your monthly statements. Payments received at that address will be credited to your Account as of the date received. Written notices and inquiries to us must be sent to:

HAPO Community Credit Union
601 Williams Blvd.
Richland, WA 99354
(509) 943-5676

e. Personal Identification Number. If we issue you a Personal Identification Number ("PIN") for use with your Card in accessing your line of credit at automatic teller machines ("ATMs"), these numbers are issued to you for your security purposes. These numbers are confidential and should not be disclosed to third parties. You are responsible for safekeeping your PIN. You agree not to disclose or otherwise make available your PIN to anyone not authorized to sign on your Accounts. To keep your Account secure, please do not write your PIN on your Card or keep it in the same place as your Card.

14. Delay in Enforcement. The Credit Union can delay enforcing any right under this Agreement without losing that right or any other right.

15. Loss or Theft of VISA Credit Card. You agree to notify us immediately of the loss, or the theft, or the use without your permission of any Card or other credit instrument or device which we supply to you. You may be liable for the unauthorized use of your Card. You will not be liable for any losses provided you were not grossly negligent or fraudulent in handling your Card. You will not be liable for unauthorized use which occurs after you notify: VISA Department, PO Box 31216, Tampa, FL, 33631, or telephone: (800) 654-7728, orally or in writing of loss, theft, or possible unauthorized use. In any event, your liability for unauthorized Card transactions shall not exceed $50.00. You and any Guarantor of this Agreement agree the liability limits in this section will not apply to your Guarantor=s obligation for use of the Card, including unauthorized use of the Card.

16. Notices. All notices will be sent to your address as shown in the application. You agree that you must notify us immediately of any change in your name, address, or employment.

17. Credit Information/Financial Statements. You authorize us to release information to others (e.g., credit bureaus, merchants, and other financial institutions) regarding the status and history of your line of credit. You agree to provide us annually (or more often, in our sole discretion) with a current financial statement and updated credit information upon request.

18. Tax Deductibility. You understand that you should consult a tax advisor regarding the deductibility of interest and charges for the line.

19. Governing Law. This Agreement will not take effect until it is approved by us in the state of Washington. This Agreement shall be governed by the laws of the state of Washington.

20. Billing Errors Notice, 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 Bill.

If you think your bill is wrong, or if you need more information about a transaction on your bill, write to us at the address listed above. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill 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 pay your Account bill automatically from your share or share draft, 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 bill 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 bill 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 bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any **FINANCE CHARGE** 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 bill. And, we must tell you the name of anyone to whom we reported you. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we do not follow these rules, we cannot collect the first $50.00 of the questioned amount, even if your bill was correct.

Special Rule 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:

- 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

- The purchase price must have been more than $50.00.

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

You understand and agree to the terms of this Agreement. You acknowledge that you have read this Agreement, the Deed of Trust, the Fair Credit Billing Notice and the Home Equity VISA Disclosure provided to you earlier. You also understand that all Loan Advance Vouchers and Loan Proceeds Checks and Powers of Attorney, if applicable, are part of this Agreement with the Credit Union, and that by accepting loan advances in the future you will be agreeing to the terms set forth on the Loan Advance Voucher, Loan Proceeds Check and Power of Attorney, if applicable, which are integrated as part of this Agreement.

X_____

«Borrower_First_And_Middle_Name_36» «Borrower_Last_Name_And_Suffix_37» Date

X_____

«Co_Borrower_First_And_Middle_Name_68» «Co_Borrower_Last_Name_and_Suffix_69» Date