

## Truth in Lending Disclosure

# OPEN END LOAN PLAN AGREEMENT AND TRUTH IN LENDING DISCLOSURE LOANS SECURED BY PERSONAL PROPERTY, PERSONAL LINES OF CREDIT (FLEX LINE), PERSONAL LOANS AND CREDIT CARDS

### INTRODUCTION

This Open End Loan Plan Agreement and Truth in Lending Disclosure (“Agreement”) covers San Mateo Credit Union’s open end loan Plan. The Plan includes loans secured by personal property such as cars, boats, and San Mateo Credit Union Credit Union shares. The Plan also includes personal lines of credit (Flex Line), personal loans and VISA® and MasterCard® Credit Cards.

Whenever I establish a new sub-account under this Plan, you will disclose to me in writing: (a) the interest rate in effect on my sub-account when it is established; (b) whether the interest rate on the sub-account is fixed or variable; and (c) if the interest rate is variable the following: (i) the margin that will be added to the index to determine the variable interest rate, (ii) the then current value of the index; and (iii) any lifetime minimum or maximum interest rates that can apply to the sub-account.

Each person who signs a request for credit under this Plan, as a primary applicant, co-applicant, or co-signer, is obligated to meet the terms of this Agreement. Co-signers, who do not use or benefit from credit extended under this Agreement but are obligated to pay all amounts borrowed, acknowledge receipt of a copy of this Agreement as well as the separate “Notice to Co-Signer.”

In this Agreement, “I” refers to any person who requests or agrees to repay credit and/or who pledges collateral, as the context indicates. “You” refers to San Mateo Credit Union or your order. **Bold face terms meet Truth in Lending disclosure requirements.** Not all terms in this Agreement apply to all subaccounts. I will read this entire Agreement carefully, taking note of the terms that apply to the sub-accounts that I have and the obligations I have undertaken.

### A. Loan Advances

1. I can request any advance on a secured, personal or credit card sub-account in person, by authenticated telephone request, SMCU OnLine, or by mail. You will deposit the proceeds of the loan advance in a San Mateo Credit Union share account of mine that I designate, or mail a check for the loan proceeds payable to me at my address in your records. I can also authorize you in writing to issue a check for loan proceeds payable to a third party. If the loan proceeds will be used to purchase property such as a vehicle, the loan proceeds check will be jointly payable to me and the seller of the vehicle, unless I have given you written authorization to issue a check payable to the vehicle seller only. Deposit of loan proceeds to my share account, my endorsement of a loan check, or my written instruction to disburse loan proceeds to a third party via check will constitute my acceptance of the loan advance and my consent to the terms of this Agreement.
2. I can also request a personal line of credit (Flex Line) or credit card advance by writing a special loan draft, by authenticated telephone request, or by SMCU OnLine request to deposit loan proceeds to one of my San Mateo Credit Union accounts. There are no fees for printing or normal use of special loan drafts. I will, however, pay fees if special handling of a loan draft is required, such as a stop payment request or an NSF return. Special check handling fees are shown on the San Mateo Credit Union Cost Recovery Schedule, incorporated into this Agreement by reference.
  - i. To stop payment on a special loan draft, I must give you my name, my account number, the exact amount of the loan draft, and the loan draft number. If I fail to supply the exact information, you may not be able to find the loan draft or stop payment on it. You will make reasonable efforts to stop payment, but will not be responsible for loan drafts that clear within 24 hours after you receive my request. Once a loan draft clears, I must resolve any disputes directly with the payee of the loan draft. Merchant dispute rights that apply to plastic card use do not apply to use of loan drafts even though the loan drafts may access a credit card rather than an asset account such as checking.

ii. If a special loan draft would cause me to exceed my credit limit if you paid it, you can return it unpaid and charge me an NSF fee.

**iii. If I have a Credit Card, use of special loan draft, audio response or SMCU Online to obtain a loan advance is considered a cash advance and finance charges will begin to accrue as soon as the advance posts. No grace period will apply.**

3. If I have a personal line of credit (Flex Line) or Credit Card and have authorized overdraft protection, I can obtain a credit advance by writing a share draft/check, or using an ATM Card, Debit Card, SMCU OnLine or audio response for a purchase or withdrawal that I do not have sufficient funds in my San Mateo Credit Union share draft/checking account to cover. Overdraft protection advances will be in an amount sufficient to cover the overdraft and will be treated as cash advances, meaning that they will begin to accrue interest as soon as they post. Overdraft advances are available only if I have a San Mateo Credit Union share draft/checking account. Overdraft advances are also subject to the terms of the Truth-In-Savings Disclosure & Account Agreement that apply to share draft/checking accounts.
4. If my request for a Credit Card is approved, each applicant will be issued a Credit Card and will be able to access the account. To make a purchase or cash advance using a Credit Card, I will present the Card or give the Card number to the merchant. If I make the transaction in person, I will sign a sales or cash advance receipt. I will keep the receipts to verify my statements. If I do not make the transaction in person (if, for example, I make a purchase over the telephone or online), the only documentation I receive may be my monthly statement. I can also use my Credit Card at designated ATMs and point-of-sale terminals. To use my Credit Card at ATMs or point-of-sale terminals, I will need a confidential PIN, which will be assigned to me.
5. I agree that I will not use or allow others to use a Credit Card or other San Mateo Credit Union credit for illegal transactions such as illegal on-line gambling. You may refuse to approve a transaction that you reasonably believe to be illegal. However, responsibility for determining whether a transaction is legal rests with me, not the Credit Union. I cannot use the actual or alleged illegality of an authorized transaction as a defense to my obligation to pay it. Authorized use of my credit for illegal transactions will be grounds for termination of my credit privileges.
6. My personal line of credit (Flex Line) or Credit Card will be a revolving loan account. This means that I can borrow the full amount of my approved credit limit, repay the principal in full or in part, and borrow again up to my maximum limit, as long as I remain creditworthy and a member of San Mateo Credit Union in good standing. To be in good standing, I must not be in breach of any obligation that I have to San Mateo Credit Union. Future advances on secured subaccounts are possible, but I may be required to submit a written or authenticated electronic or telephone request for an advance, provide updated credit information, and/ or provide additional security.
7. Each person listed on the Plan as an applicant or co-applicant can, acting alone, obtain credit on any subaccount established under this Plan. Periodic statements on sub-account under this Plan will be addressed to the primary applicant. You can release information about any loan sub-account on this Plan to any individual applicant or co-signer as well as to all of us together.
8. You can refuse to give me a loan advance. Among the reasons you can refuse to give me a loan advance are your having determined that my financial circumstances or creditworthiness have materially declined, my already having borrowed up to my credit limit on the sub-account I attempt to access, my default on an obligation to the Credit Union, or lack of funds available to make loans. You can also refuse to give me a loan advance if you have required a co-signer and the co-signer requests to be released from liability for future borrowing, becomes insolvent or dies and I fail to comply with your request to provide a substitute co-signer who meets your requirements. As long as you comply with fair lending laws, you have discretion to grant credit to me on one type of sub-account but deny credit on another type of sub-account.

## **B. Responsibility For Payment**

Each person who requests credit as a primary applicant, co-applicant or co-signer is responsible, individually and jointly, for paying all amounts borrowed under this Plan. Persons who use credit made available under this Plan (such as persons I authorize to use my Credit Card) are also responsible for repaying amounts that they

have borrowed under this Plan. Each applicant and co-signer remains responsible for paying all sums borrowed under this Plan, even though another person has been ordered to pay the debt by an agreement or order to which the Credit Union is not a party, such as a divorce decree. Any release from the obligation to pay amounts owed under this Plan will be valid only if (a) in writing and signed by an authorized Credit Union employee or (b) pursuant to a court order in an action to which the Credit Union is a party.

### **C. Credit Limits**

You will set credit limits for me on each sub-account established for me under this Plan. You may review my sub-accounts under this Plan from time to time. By establishing any sub-account under this Plan, I authorize you to check my credit with third parties such as consumer reporting agencies and to report your credit experience with me to others. As part of your review process, you may ask me to supply current financial information, increase or decrease my credit limit, adjust my interest rate or variable rate formula, or close one or more of my sub-accounts to future advances. If you take an action that will adversely affect me, you will give me notice required by law. I can request a credit limit increase by submitting an application in writing, using SMCU OnLine, or by authenticated telephone request. All limit increase requests are subject to Credit Union approval.

### **D. Repayment Terms**

1. I promise to pay you at your office or any address you designate, in U.S. Dollars, using payment instruments drawn on U.S. financial institutions, all sums loaned to me or to others I have authorized to obtain credit under this Agreement, plus a Finance Charge that you will determine as disclosed in this Agreement. You can accept payment instruments bearing legends such as "payment in full" without waiving your rights. The Finance Charge is the amount of money that I pay for the money that I borrow. **The finance charge is calculated based on an annual percentage rate.**
2. **Finance Charge Calculation.**
  - i. On each sub-account under this Plan, the interest component of the Finance Charge is determined daily based on the unpaid principal balance of funds loaned to me. Each day, you determine the balance outstanding on the sub-account by adding any new advances or charges to the previous day's balance and subtracting any payments and credits. Then you multiply the day's balance by the Daily Periodic Rate (1/365 of the Annual Percentage Rate) applicable to the sub-account to determine the interest component of the Finance Charge for the day. The interest Finance Charges for each day of the billing cycle are added together to determine the total interest component of the Finance Charge for that sub-account during that billing cycle.
3. **When you approve a sub-account under this Agreement, you determine the interest rate that will apply to my sub-account applying your loan policies in effect at the time. Among the factors that can affect my interest rate are my credit history and the type of sub-account I request. The fixed or variable ANNUAL PERCENTAGE RATE assigned to any sub-account established for me under this Agreement will be disclosed to me in writing before I become obligated. If the interest rate is variable, the written rate disclosure I receive will also tell me (a) the name of the external index to which the variable rate is tied, (b) the index value at the time the sub-account is established, (c) the margin that will be added to the index to determine the variable rate, (d) the frequency with which rate changes can occur, and (e) any lifetime maximum or minimum rates applicable to the sub-account.**
  - i. **If I establish a sub-account secured by San Mateo Credit Union shares, the interest rate will remain fixed at the rate disclosed to me at the time of the advance and will not change unless I take another advance. If I take another advance, you will disclose to me in writing the rate that will apply to any existing balance and the new advance at the time of the new advance.**
  - ii. **If I establish a sub-account secured by a San Mateo Credit Union certificate, the loan interest rate will be fixed for the term of the pledged certificate. At the maturity of the certificate, I can renew the loan at the interest rate you are then charging or pay the advance in full.**

**My pledging shares or a certificate as security for a loan sub-account will not affect the dividend rate I earn.**

4. **Whether a sub-account under this Agreement is designated as fixed-rate or variable-rate, the Board of Directors of San Mateo Credit Union can authorize a change in the fixed rate or variable rate formula. If this happens, you will give me at least 15 days' advance written notice of the change. After the change takes effect, the new rate or variable rate formula will apply to my existing balance as well as to advances.**
5. **On Credit Cards, there is a 25-day grace period on purchases. Finance charges on Credit Card cash advances accrue from the effective date they post to my account. There is no grace period on Credit Card cash advances or personal line of credit (Flex Line) advances.**
6. **If I obtain a Credit Card cash advance or make a Credit Card purchase in a foreign country or foreign currency, VISA International or MasterCard International may charge a fee of 1% of the transaction amount, which you will pass on to me. This is not a Credit Union charge but may be considered a Finance Charge.**
7. On personal lines of credit (Flex Line), personal loans and secured loans, payments will be applied first to any fees and charges such as late charges, then to unpaid periodic Finance Charges, and finally to principal. On Credit Cards, payments will be applied in the following order: (a) first to unpaid fees and charges, if any; (b) then to unpaid periodic Finance Charges due on purchases, cash advances and balance transfers; (c) then to purchase, cash advance and balance transfer principal balances subject to discounted Annual Percentage Rates; (d) then to other previously billed purchase, cash advance and balance transfer principal balances; and (e) finally, to current purchases, cash advances and balance transfers.
8. I am responsible for ensuring that there are adequate funds available from payroll deduction or in my other automatic payment source account to make my payments under this Plan when they are due.
9. **I can prepay my outstanding balance on any subaccount, in full or in part, without incurring a prepayment penalty.**
10. **The minimum payment will increase as my loan balance increases. The minimum payment on Credit Cards will equal 2% of the principal balance or \$15.00, whichever is greater. The minimum payment on personal lines of credit (Flex Line) will equal 3% of the principal balance or \$15.00, whichever is greater. If my Credit Card or personal line (Flex Line) balance is less than \$15.00, I must pay it in full. On sub-accounts secured by personal property and personal loans, minimum monthly payments will be calculated at an amount sufficient to pay off my loan at the current interest rate over the months remaining in the payment schedule to which you and I agreed when I took the advance. Subsequent advances on personal loan sub-accounts and sub-accounts secured by personal property will result in changes to the payment schedule.**
11. You will send me monthly periodic statements of all subaccounts I have under this Agreement. Those statements will give me information required by law on all sub-accounts I have under this Agreement, including but not limited to the amounts of my required payments, the dates that they are due, and the current ANNUAL PERCENTAGE RATES and Daily or Monthly Periodic Rates applicable to my sub-accounts.
12. I must make the required minimum payment shown on my statement on or before the due date specified. Payments that exceed the required minimum payment will be applied to reduce principal balances and will not extend the next payment due date. If I wish to pay a sub-account ahead, I must obtain your written consent.
13. If I exceed my authorized credit limit, I agree that if you ask me to do so in writing, I will immediately make a lump-sum payment sufficient to reduce my balance to an amount within my approved limit.
14. You can apportion my payments among my sub-accounts under this Agreement in any manner consistent with a reasonable formula stated in your loan policy and applicable law.
15. You may from time to time allow me to skip a payment if I am in good standing on all obligations to you. If you do this, you will send me a notice of the rules applicable to the skip payment, including the payment that may be skipped, any procedure I must follow to accept the skip payment offer, and any fee that may be associated with accepting the skip payment offer. Interest will continue to accrue on my entire outstanding balance during any period in which I am permitted to skip a payment. You need not honor my acceptance of a skip pay offer, if, when you receive my acceptance, I am in default on any obligation I have to the Credit Union.

## **E. Insurance**

1. I can voluntarily elect to purchase Credit Life and/or Credit Disability Insurance. Credit insurance is optional and not required to get my loan requests approved. If I elect either or both, the monthly premiums will be added to my loan balance and accrue finance charges until paid. Premiums per \$1,000 of balance outstanding at the end of the billing cycle are: single credit life, \$0.40; joint credit life, \$0.70; single credit disability, \$1.60. If I choose to obtain credit insurance, I must sign a separate authorization and I will receive a detailed disclosure of terms and costs.
2. I must insure personal property that secures loan advances made to me under this Agreement against loss and casualty. The insurance can be obtained from any source reasonably acceptable to you. If I fail to maintain adequate insurance, I authorize you to either (a) pay my insurance premiums for me or obtain insurance for me and add the premiums to my loan balance, or (b) obtain insurance that will insure only your interest in the property and add the premiums to my loan balance, or (c) declare the loan due and payable in full and take possession of the security property and sell it, as more fully described in the Security Agreement. I agree that any insurance premiums added to my loan balance will accrue interest at the rate called for by this Agreement on the sub-account that requires the insurance I failed to maintain. You can increase my payment amount, and my automatic payments if I have them, to cover the insurance premium and additional interest. Insurance that you obtain to insure only your interest in the property may not meet legal requirements imposed on me to maintain insurance on the property. You will give me 15 days' notice prior to obtaining insurance that will protect only your interest in the property. The notice will tell me the cost of the insurance. If, within the 15-day period, I do not provide proof that I have obtained the insurance required by this Agreement, you can purchase insurance that will protect only your interest in the property.

## **F. Other Charges**

**The following fees can be added to the related sub-account balance and accrue interest at the rates called for by this Agreement until paid in full.**

1. **For each loan draft that is returned unpaid, I will pay your usual fee for NSF share drafts, disclosed on the San Mateo Credit Union Cost Recovery Schedule, incorporated into this Agreement by reference.**
2. **If I request research on my account, I will pay \$25.00 per hour, unless the research reveals a Credit Union error as defined by the Fair Credit Billing Act and Federal Reserve Regulation Z.**
3. **If my personal loan or secured loan payment is 10 or more days late, I will pay a late fee of 3% of the payment due (\$15.00 minimum). If my personal line (Flex Line) or my Credit Card payment is 10 or more days late, I will pay a late fee of 3% of the payment due (\$5.00 minimum; \$10.00 maximum).**
4. **If I exceed my credit limit by more than 120% or \$500, whichever is less, I will pay an over-limit fee of \$10.00.**
5. **.For Credit Card cash advances I obtain I will pay a cash advance fee equal to 2% of the amount advanced. The cash advance fee does not apply to the use of special loan drafts.**

## **G. Security Interests**

1. You will, at your option, take a security interest in personal property that I purchase with the money I borrow under this Agreement. You may also take a security interest in property I already own. The security interest gives you the right to take possession of the property and sell it to pay off all or part of my loan balance if I default on any term of this Agreement (including but not limited to the Security Agreement section of this Agreement). Personal property I have pledged as security for a loan advance will be described on a disbursement document at the time of the advance. My endorsement of the loan proceeds check or written authorization to disburse a loan proceeds check to a third party constitutes to my consent to the Security Agreement in the personal property. The security interest will take effect immediately.
2. **Cross-Collateral:** Property that I have pledged or in the future pledge as security for San Mateo Credit Union loans also secures obligations incurred under this Agreement, as long as I receive written notice of the

security interest at the time of the new advance. This cross-collateral provision does not extend to security interests in my primary residence unless I am given appropriate disclosures and rescission rights.

3. I affirm your right under California Financial Code Sec. 14856 to impress a lien on San Mateo Credit Union shares in which I have an interest to the extent of my obligations to you. If I have a Credit Card, I further give the following express consent: In consideration for and as a condition of San Mateo Credit Union making credit available to me via plastic card (whether a credit card or a personal line of credit (Flex Line) that can be accessed for overdraft protection via debit or ATM card), I agree that if I do not make my required payments, you can take any San Mateo Credit Union shares in which I have an interest, unless prohibited by law or the share agreement, to recover all or part of my delinquent obligation. This consent is not a pledge by me of any shares and will not affect my right to withdraw funds prior to my default and your exercise of your rights under this consent. I expressly agree that the rights given to San Mateo Credit Union by this paragraph apply to all funds I voluntarily deposit to San Mateo Credit Union shares unless such funds are exempt from creditors' remedies under applicable law. Your exercise of your rights under this paragraph will not be an election of remedies.
4. Pledge of Specific Shares: A specified balance in one or more of my San Mateo Credit Union share accounts may be pledged as security for repayment of amounts loaned to me under this Agreement. The amount pledged and the share account number(s) will be shown on a separate security agreement. I cannot withdraw the pledged shares as long as the pledge is in effect. If I default on my payments, you can apply the pledged shares to pay off the obligation in full or in part. If you inadvertently permit me to withdraw pledged shares prior to the payment in full of the loan sub-account the shares are pledged to secure, you can increase the interest rate on the sub-account to the highest interest rate you are then charging on personal lines of credit (Flex Line) or Credit Card sub-accounts, require me to pledge other shares as security, or declare the loan in default.

## **H. Changes in Terms**

1. Changes in variable interest rates may be made without notice. They apply to the entire unpaid principal balance at the time of the change, as well as to new advances.
2. You have the right to change other terms of this Agreement or specific sub-accounts by giving me proper advance written notice. If I do not pay off and close the subaccount prior to the change in terms effective date, the change in terms will apply to existing balances as well as new advances.

## **I. Honest Dealing**

I agree to promptly notify you of any information that affects my creditworthiness or ability to pay off amounts I borrow under this Plan, including but not limited to a change in my name, address or employment. I will not apply for or accept any loan advance or use a Credit Card or personal line of credit (Flex Line) if I have reason to believe that I will be unable to make the required payments. By requesting or accepting an advance, I warrant that I know of no reason creditors would make claims against me or why I would be unable to make my required payments at the time of the advance or in the future.

## **J. Additional Terms Applicable to Co-signers**

As a co-signer, I understand that I am obligated to repay any amount borrowed under this Plan up to the credit limit you have established for the borrower(s) to the same extent as the borrower(s), whether or not I get any of the money borrowed or benefit from the extension of credit. I understand that if I had not agreed to repay amounts borrowed, you would not have approved the credit application. You can proceed against me if payments are delinquent even before you seek to recover from the borrower(s) or take and sell any Property pledged as security for the loan. You will give me notice required by law of any action you take that could adversely affect me. You will notify me of any delinquency if you intend to hold me accountable for it. Any extension of the loan or partial settlement with the borrower(s) or one or more other co-signers will not waive your rights to collect from me as the co-signer. I can stop being obligated for future advances by notifying you that I will not be responsible for them. But the borrower(s) and I will remain jointly and individually liable for paying all amounts borrowed under this Plan according to the terms of this Agreement prior to your receipt of my notice.

## **K. Default – Lien – Acceleration**

1. If I fail to make any of the agreed payments, I agree that you can apply any San Mateo Credit Union shares in which I have an interest (except where prohibited by law or the applicable share agreement) at any time to pay off, in full or in part, my delinquent loan. Your right may arise under the lien laws or by my consent or both, but is not a pledge by me of any shares. Except for shares specifically pledged as security for a loan advance, I will have full access to shares before you impose a lien on them.
2. If I default on my loan payments or breach any other material provision of this Agreement or other Agreements I have with you, you may declare the entire unpaid balance due and payable immediately without notice. Unless prohibited by law, a default on one sub-account under this Plan or a default on any other obligation to the Credit Union will be considered a default on all obligations to the Credit Union. Even if you accept a late or partial payment, you are not waiving your right to accelerate payment of the loan and declare the entire unpaid balance due. The interest called for by this Agreement will continue to accrue even after my default and acceleration until the amount I owe is paid in full.
3. My default will give you the right to terminate this Agreement or any sub-account under this Plan and demand that I return to you any issued Credit Cards or loan drafts.
4. When pursuing one remedy to deal with my default you are not giving up your other rights.

## **L. Collection Costs**

If I default, I agree to pay reasonable collection costs you incur before taking legal action. If you take legal action to collect what I owe or otherwise enforce your rights, I agree to pay your reasonable attorney's fees and court costs in addition to any other amounts the court finds that I owe you. I will pay your attorney's fees whether the legal action you take is a collection lawsuit, a proceeding to protect your interests if I become a debtor in bankruptcy, a judicial or non-judicial foreclosure of personal or real property, or another type of legal action. I agree that any collection costs can be added to my loan balance and accrue interest at the rates called for by this Agreement until paid in full.

## **M. Termination**

1. You can terminate this Plan or any sub-account at any time by sending me a notice in writing. The notice will tell me the reasons for the termination. Reasons you can terminate this Plan include (a) my failure to make required payments, your having a reasonable belief that I am unable or unwilling to pay what I owe you, (c) a request by a borrower to be released from future obligations under this Plan, or your discontinuing this Plan or any sub-account under this Plan. A significant increase in my obligations, my filing for bankruptcy relief, my unemployment and my death are all examples of circumstances that could lead you to take this action.
2. You will terminate this Plan or any sub-account under this Plan if I ask you to do so.
3. I agree that all issued Credit Cards and loan drafts are your property. I agree to return them to you if I ask you to close the related sub-accounts or upon your request. I will remain responsible for transactions made using my Credit Cards or loan drafts until I return them to you, even if the related sub-accounts have been terminated at my request or your demand.
4. Termination by me or you of this Plan or any sub-account established under this Plan will not relieve me of my obligations to pay what I owe and otherwise comply with the terms of this Agreement as to amounts I owe the Credit Union.

## **N. Liability for Unauthorized Use**

I will generally have no liability for the unauthorized use of a Credit Card under VISA and MasterCard operating rules and Credit Union policy. Nonetheless, I understand that all Credit Union members benefit if losses due to unauthorized Card use claims are kept to a minimum. I agree to notify you promptly of the loss or theft of my Card. The 24-hour number to report the loss or theft of my Card is 1-800-449-7728 I will refer to the

Electronic Funds Transfer Agreement in my Member Account Handbook for information regarding my potential liability for unauthorized access to my Credit Card or Line of Credit for overdraft protection.

## **O. Other Credit Card Terms**

- 1. Merchants: You are not responsible for the failure or refusal of any merchant to honor my Card. You are subject to good faith claims and defenses (other than tort claims) arising out of goods or services I purchased with the Card if (a) I made my purchase within my home state or 100 miles of my home and (b) my purchase cost more than \$50. These limits do not apply if I made my purchase in response to an advertisement you sent or participated in sending to me, or if you own or operate the merchant.** If I live in California, your right to collect payment from me for Credit Card purchases is subject to my defenses against the merchant if (a) the purchase price exceeded \$0, (b) I made the purchase in California, (c) I have made a written demand on the merchant and attempted in good faith, without success, to obtain satisfaction of my claim from the merchant, and (d) I give you written notice specifying (i) the name of the merchant, (ii) the purchase date, (iii) the purchase amount, (iv) the goods or services purchased, (v) the nature of my defense, and (vi) the action I took to attempt to obtain satisfaction from the merchant. Regardless of where I live, you are relieved from liability if I have already paid you for the disputed transaction.
- 2. Credits: If a merchant who honors my Card gives me credit for returns or adjustments, he will do so by sending a credit slip which you will post to my account. If my credits and payments exceed what I owe you, you will deposit it to my share account or refund it to me on my written request if it is \$1.00 or more. Although you will promptly credit all payments and credits as required by law, you have the right to delay, for the maximum period allowed by law, increasing my credit limit or issuing refunds for credit balance until final collection of non-cash items presented for payment on my account.**
- 3. For transactions initiated in foreign currencies, the exchange rate between the transaction currency and the billing currency (U.S. Dollars) will be (a) a rate selected by VISA or MasterCard from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA or MasterCard receives, or (b) the government-mandated rate in effect for the central processing date. For transactions initiated outside the United States, VISA or MasterCard will add a 1% charge to the transaction amount, and you will pass the charge on to me.**

## **P. General Terms**

The terms of this Agreement and any disbursement documents or notices sent to me announcing that my credit request was approved must be read together as part of the whole agreement. When the singular is used, the plural is implied if there is more than one obligor. If any part of this Agreement is found to be invalid, the other parts will remain in effect. Applicable federal and California law will govern this Agreement to the extent permitted by law, without regard to conflict of law principles. The language of this Agreement shall not be construed against either party.

NOTICE: Important information regarding my rights to dispute billing errors and terms and conditions of the open-end loan security agreement are found below.

## **Q. Security Agreement**

- 1. "Property" means property that I pledge as security for repayment of loan advances I receive under this Agreement.**
- 2. I agree that there will be no other claims or interests in the Property other than your security interest. I agree to take, at my own expense, any steps necessary to show you as the sole lienholder of the Property. I understand that you do not guarantee the physical or legal condition of property, whether or not loan proceeds were used to purchase the Property, and whether or not you obtained an appraisal, title report or similar document or information prior to making the decision to loan me money. I must take up any disputes regarding the condition of the Property with the seller or other third parties whose actions or failures to act adversely affected the physical or legal condition of the Property. If I do not take the necessary steps to show you as**

sole lienholder, you can, at your option, (a) declare my loan in default and demand that I immediately pay in full all sums advanced to me; (b) take the necessary steps and add your costs associated with doing so to my loan balance, where they will accrue interest at the rate called for by this Agreement; or (c) increase the interest rate on the sub-account for which I pledged the property as security to the highest rate you are then charging for Credit Cards or personal lines of credit.

3. I will furnish you with any documents that you reasonably request regarding the Property. I agree to make the Property available to you for inspection upon request.
4. I will not remove the Property from the state where I live except temporarily (40 days maximum) without first obtaining your written consent. I will not remove the Property from the United States without first obtaining your written consent. I will not change the location where I regularly keep the Property without telling you.
5. I will not sell the Property or give additional security interests in the Property without either getting your permission or paying my loan balance in full.
6. I will not use the Property for any unlawful purpose or engage in conduct that would subject the property to seizure by a government agency.
7. I will protect the Property from deterioration or damages, make all needed repairs, pay all government fees such as taxes, registration fees, and fines, maintain adequate insurance coverage naming you as loss payee, and furnish you with proof of such insurance upon request.
8. You can require me to provide additional security if, in your reasonable opinion, the value of the Property is insufficient in relation to the credit limit or unpaid balance of the related sub-account.
9. Any additions to the Property (such as optional equipment installed on a vehicle) are also subject to the security interest.
10. If you make proper written disclosures to me, the Property pledged to secure one loan advance under this Agreement will also secure other sub-account balances I have under this Agreement at the time of the pledge and will secure other advances I take in the future. This provision does not apply to security interests in real property unless I am given legally sufficient notice and rescission rights.
11. If I make any false statements to you to obtain credit under this Agreement or if I default on any obligations under this or other agreements I have with you, you may, in addition to your other rights, take possession of the Property and, after giving legally required notice, sell the Property in a commercially reasonable manner.
12. If I default, I agree to deliver the Property to you at your request. If I fail to deliver the Property to you, I authorize you or your agent to enter the place where the Property is kept and take possession of it without advance notice to me and without obtaining a court order. I waive any rights to claim that in taking the Property you interfered with my legal rights to any extent.
13. I understand that if the proceeds of the sale do not meet all of your expenses of taking and selling the Property, including necessary repairs, costs of notices, reasonable attorney's fees and like expenses, as well as the total unpaid balance of the loan, earned finance charges and unpaid costs, I will have to pay you the remaining delinquent balance on demand. This amount is called the "deficiency." If I do not pay the deficiency, you can sue me to collect it, and I must pay, in addition to the deficiency, your reasonable attorney's fees and costs of suit.
14. If the proceeds of the sale result in a surplus, you can apply the surplus to any other delinquent obligation I have to you. If I have no other delinquent obligations, you will deposit the surplus funds to my Name share account or issue a check to me for the surplus proceeds.
15. I appoint you my attorney-in-fact to do anything reasonable and necessary to protect your security interest in the Property.

# **BILLING RIGHTS**

*KEEP THIS NOTICE FOR FUTURE USE*

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

## **State and Local Law**

The following summary of my rights under federal law does not cover any rights I may have under state or local law. If, under state or local law, I have a longer period of time in which to send an inquiry to you concerning my statement, reliance on any such longer time period could result in my losing important rights that I could preserve by acting more quickly under federal law. State or local provisions, if any, only become operative after expiration of the time period provided by Federal Reserve Regulation Z for submitting proper written notice of an error.

## **Notifying You in Case of Errors or Questions About My Statement**

**If I think my statement is wrong, or if I need more information about a transaction on my statement, I will write to you at the address listed on my statement. 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 statement on which the error or problem appeared. I can telephone you but doing so will not preserve my rights.**

**In my letter, I will tell you**

- 1. My name and account number.**
- 2. The dollar amount of the suspected error.**
- 3. A description of the error, and, if I can provide one, an explanation of 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 make my loan payment automatically from my share or share draft account, I can stop the payment on any amount I think is wrong. To stop the payment, my request must reach you 3 business days before it is scheduled to occur. If I telephone my request, you can require me to confirm my oral request in writing. If I fail to do so, my oral request will lapse 14 days after it is made. If I order you to stop one of these payments 3 business days before it is scheduled to occur and you do not do so, you will be liable for my losses or damages.**

**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 statement 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 must still pay the parts of my statement that are not in question.**

**If you find that you made a mistake on my statement, I will not have to pay any finance charges related to the questioned amount. If you did not 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 it is due.**

**If I fail to pay the amount you think I owe, you may report me as delinquent. However, if your explanation does not satisfy me and I write to you within 10 days telling me that I still refuse to pay, you must tell anyone to whom you report me that I have a question about my statement. And you must tell me the name of anyone to whom you reported me. You must tell anyone to whom you report me 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 statement was correct.**

## **ATM DISCLOSURE**

This part of this Agreement includes special provisions applicable to the use of a Credit Card to obtain cash advances at Automated Teller Machines (ATMs). I will refer to the separate Electronic Funds Transfer Agreement

and Disclosure in my Truth-In-Savings Disclosure and Account Agreement for terms and conditions applicable to the use of electronic transfer devices (such as ATMs) to access Credit Union asset accounts such as checking and savings.

## AVAILABLE SERVICES

1. Obtain up to \$10.00 per day on my Credit Card account.
2. ATMs are generally available 24 hours a day, 7 days a week.

## DOCUMENTATION OF TRANSACTIONS

Cash advances will be shown on receipts dispensed by the ATM (unless the machine tells me in advance that receipts are not available or I elect not to get a receipt) and on my periodic statement.

## CREDIT UNION LIABILITY

If you do not properly complete a transaction according to my agreement with you, you will be liable for my direct losses or damages. However, there are some exceptions. You will not be liable if:

1. Through no fault of yours, I do not have sufficient available credit to make the transaction.
  - i. The ATM system was not working properly and I knew about the breakdown when I started the transaction.
  - ii. My Card or PIN has been reported missing and you have blocked its use.
  - iii. Circumstances beyond your control such as fire, flood, electrical failure, or malfunction of the central data processing facility prevent completion of the transaction despite your reasonable precautions.
2. My membership is not in good standing due to my breach of a material obligation to the Credit Union.
3. You establish other lawful exceptions and give me any advance notice of them that may be required by law. In no event will you be liable for indirect, consequential or punitive damages.

## SECURITY

I will not use ATMs unless it appears safe to do so. I will not key in my PIN if someone is looking. When I have finished my transaction, I will take my Card, receipt and cash and leave the site.

~SAN MATEO~  
CREDIT UNION

### SAN MATEO CREDIT UNION

P.O. BOX 910

REDWOOD CITY, CA 94064-0910

(650) 363-1725 or Toll-Free (888) 363-1725

*www.smcu.org*