

Home Equity Line of Credit Loan Agreement and Promissory Note

This agreement sets forth the terms under which Pelican State Credit Union makes a home equity loan to you. By signing this agreement, you agree to its terms. The words “you” and “your” in this agreement mean each and all of the persons who sign the agreement. The words “we,” “us” and “our” mean Pelican State Credit Union or any person that would have the right to enforce the loan terms.

1. Line of Credit

During the first 5 years of the 20-year loan term, your home equity loan is a line of credit. From time to time during the first 5 years, and subject to the terms and conditions of this agreement, you may obtain advances not to exceed at any time the credit limit of your line of credit, which is \$_____. To obtain an advance, you may use a check or any other device or procedure that we may provide or permit. The amounts of advances you obtain will be the amounts you indicate on such checks or other devices or in such procedures as we designate, but each advance must be for at least \$500. From time to time, we may, but are not required to, increase or decrease the amount of your credit limit. Before your credit limit is increased, you will be required to sign an amendment to this agreement and to the deed of trust securing this agreement (Multiple Indebtness Mortgage) to provide for the increase. You must repay the loan over the last fifteen years of the loan term.

2. Finance Charges

A finance charge will be imposed each day there is an outstanding advance balance on your home equity loan. A finance charge will not be imposed for any day during which no loan balance is outstanding. There is no period within which you may repay any advance without incurring a finance charge.

3. Adjustable Interest Rate

The Annual Percentage Rate applicable to your home equity loan is adjustable and may increase or decrease based on changes in the highest prime rate published daily in the Wall Street Journal’s listing of “Money Rates: If the Wall Street Journal ceases to publish the Index, we will choose a substitute index that is based upon comparable information and, if necessary, a substitute margin, so that the change in the index results in substantially the same rate as required under the previous index.

4. Annual Percentage Rate (Index)

The initial ANNUAL PERCENTAGE RATE of your home equity loan is percent (_____ %). The corresponding Daily Periodic Rate is _____ percent (_____%). The Annual Percentage Rate will never exceed 18 percent or a higher interest rate permitted by applicable law, whichever is lower. The ANNUAL PERCENTAGE RATE is subject to change on the 1st day of each quarter (January, April, July, October) to reflect any change in the Index and will be determined by the Prime Rate on the third Tuesday of February, May, August and November of each published in The Wall Street Journal “Money Rates” table plus _____ percentage points(_____%). The initial fixed rate

Initial(s) _____

will change to an adjustable rate on the first day of the first scheduled quarterly change as stated above. Increases and decreases in the Annual Percentage Rate normally will result in increases and decreases in your payment, except as provided in paragraph (7) of this agreement regarding the minimum payment requirement.

5. Option to convert to Fixed Rate (applicable if checked)

X You would have the option to convert the loan to a fixed-rate loan at any time up to six months prior to the beginning of the 5-year repayment period mentioned in paragraph 1 above, BUT ONLY IF you met ALL of the following requirements:

- (1) on the date of conversion, you were not in default under the loan; AND
- (2) you gave us written notice of your intent to convert; AND
- (3) no later than the date of conversion, you paid us a fee equal to one percent of the outstanding balance; AND
- (4) you signed and gave us any documents required by us to make the conversion effective.

If you qualified for and chose this option, the new fixed interest rate on your loan would be set at a level equal to the current rate we set by our Board of Directors. The new interest rate would be effective as of the first of the month following our receipt of your written notice of your intent to convert.

Your new payment amount would be an amount sufficient to repay the unpaid loan balance as of the date of conversion over the remaining term of your loan in substantially equal payments. Your first new payment would be due on the first of the second month following the month in which we received your written notice of your intent to convert. You would have to make your old payments until the due date of your first new payment, even though the due dates of your old payments will fall after the date of conversion. NOTE that you would not receive any notice from us of your right to exercise this option at that time.

6. Other Charges

- (a) If you fail to make any required payments within 10 days after the due date shown on your billing statement, we may charge you a late charge of 4 percent of the payment. You also may be required to pay any cost of collection, including reasonable attorneys' fees and other cost of the collection permitted under applicable law.
- (b) You must pay various costs relating to the establishment of your home equity loan at the time of settlement. The costs may be paid in cash, or you may finance part or all of them with advancement on your account.

7. Payments, Prepayments and Loan Term

You promise to pay us the amounts of all advances you obtain under your home equity loan, and any other charges and finance charges due as provided in this

Initial(s) _____

agreement, by the end of the loan term, which may be extended from time to time. You may pay all or any part of your outstanding loan balance at any time without penalty.

During the term of your loan, you will have to pay the interest that accrued during the billing period and principal divided by the remaining term on the loan, or \$75 whichever is greater.

8. Your Billing Statement and Payment Schedule

We will send you a monthly billing statement if your account has a debit balance or other outstanding charge of more than \$1.00, or during which finance or other charge has been imposed. The billing statement will show the activity on your account for the applicable billing period and the Annual Percentage Rate applicable.

9. Security

To secure payment of all amounts owed on your home equity loan, you must give us security interest in the real property described in the Multiple Indebtedness Mortgage that you sign at the time of the loan settlement. You also must assign us (a) any rents or profits from the property, (b) any proceeds of the insurance you must obtain under paragraph 10 below, and (c) any proceeds of any condemnation award, or sale in lieu of condemnation, for such property. You also pledge and grant to us a security interest in, and a right of set-off against, all monies and other property of yours that is on deposit with us or under our control. We have the right, but are not required, to take such action as is necessary to protect the security interest described in this paragraph. Any amounts we may pay in exercising our right to protect our security interests must be paid by you on demand, and will bear interest at the Annual Percentage Rate then applicable to your account until paid.

10. Insurance

- (a) You must insure the real property described in the Multiple Indebtedness Mortgage against fire, casualty, and other hazards. The amount of insurance must equal at least the credit limit of your home equity loan plus the full amount of any lien(s) that have priority over the Multiple Indebtedness Mortgage, unless we otherwise agree. You may obtain this insurance from an insurance company of your choice that is acceptable to use, but you must name us as a loss payee and furnish us with satisfactory proof of insurance.
- (b) You must obtain title insurance equal to the amount of your credit limit on the real property described in the, Multiple Indebtedness Mortgage, unless we otherwise agree. You may obtain this insurance from an insurance company of your choice that is acceptable to us, but you must furnish us with satisfactory proof that our interests are protected.

Initial(s) _____

11. Default

You will be in default under this agreement if any of the following occurs, each of which constitutes a breach of a material obligation of yours under this agreement:

- i. You fail to make any payment when due or to pay any charge or fee when due;
- ii. Your action or failure to act adversely affects our security for your loan or a right we have in the security (an attempt by any other creditor to take money or other property of yours that is in our possession is an example of a failure to act that would adversely affect our security or security interest);
- iii. A court determines that you are bankrupt or insolvent; or
- iv. You gave or give us false or materially misleading information in connection with any extension of credit to you under your loan.

12. Results of Default

If you are in default, we may lower your credit limit, we may refuse to make any further loans under your loan, we may refuse to pay any outstanding checks that would require us to make an additional loan to you, we may foreclose on the real property described in the Multiple Indebtedness Mortgage securing your loan, we may take whatever other action is permitted under the Multiple Indebtedness Mortgage, and we may exercise any and all of our rights with respect to any other property securing your loan. We also may demand that you pay the full amount you owe on your loan immediately. After default, we may assess interest at the increased rate of 2 percent per month on the outstanding principal balance of your loan until all amounts due are paid in full.

You agree to pay any costs we incur in collecting what you owe following your default. If we have to sue you to collect what you owe, you agree to pay our legal fees, including court costs. In addition to our other rights and remedies under this agreement and the Deed of Trust, we reserve your credit limit. If we honor the check or other device, the amount that is more than your credit limit will be due and payable immediately.

13. Sale or Transfer of Property

If all or any part of the real property described in the Multiple Indebtedness Mortgage is sold or transferred, we have the right to declare all amounts you owe us under your home equity loan to be immediately due and payable.

14. Amendments; Suspension of Credit Privileges

We may change the terms of this agreement by mailing or delivering a notice to you at the last address we have for you in our loan records at least 15 days before the effective date of the amendment. The amendment will be effective and will become

Initial(s) _____

applicable to your account only if you agree to the amendment. Any amendment will apply to existing amounts owed on your account unless otherwise specified. The terms of this agreement may not be changed without prior written consent.

Notwithstanding the above, neither notice of nor your agreement to an amendment is required when the amendment involves an increase in your credit limit, a reduction of any component of finance or other charge, a change in insignificant terms (such as our address for billing purposes), the termination of your loan in accordance with this agreement, or any change that benefits you, or when the amendment results from your default or delinquency or from an agreement involving a court proceeding.

In addition, neither notice nor your agreement is required for a reduction in your credit limit or a suspension of your credit privileges if (i) the value of the property securing your loan drops significantly below the original value at which we appraised it, (ii) a material change in your financial circumstances gives us reason to believe that you will not be able to make the required payments, (iii) governmental actions precludes us from charging the Annual Percentage rate permitted by this agreement or adversely affects the priority of our security interest such that the value of our security interest falls below the 115 percent of the maximum amount you borrow under the loan, or (iv) the cap on the maximum Annual Percentage Rate permitted under this agreement prevents us from increasing the Annual Percentage Rate to match one or more increases in the index (see sections titled "Adjustable Interest Rate" and "Annual Percentage Rate"). If we refuse to make further loans to you but do not terminate your account, you must notify us in writing if you would like to obtain further advances and can demonstrate that the condition that gave us the right to refuse to make further loans has changed. We may charge your account for appraisal and credit report fees we incur in investigating whether any condition permitting us to suspend your credit privileges or reduce your credit limit continues to exist.

15. Rights and Remedies

We may exercise any of our rights and remedies under this agreement and the Deed of Trust without losing any of the rights and remedies it does not exercise, and we may delay enforcing any of our rights and remedies under this agreement and the Multiple Indebtedness Mortgage without losing them.

16. Termination

Either you or we may terminate this agreement at any time for any reason by giving written notice of termination. Such termination will not relieve you or your obligation to repay all amounts you owe under your loan. Upon termination of this agreement, you must immediately return all unused checks or other devices used to obtain advances.

If we terminate your account in any circumstance other than your default, you must repay all amounts owed in monthly installment payments over the remaining term of your loan, commencing with the monthly billing period following the billing period in which we terminated the account or received your notification of termination. Your

Initial(s) _____

Page 6 of 7

monthly installment payment for each billing period will equal the sum of (a) accrued unpaid finance charges **plus** (b) the higher of (i) \$75 or (ii) the product of one divided by the number of months remaining in the loan term multiplied by the loan balance outstanding as of the date of termination **plus** (c) any other amounts due under the loan. You may pay all or any portion of the amount you owe at any time; a partial prepayment, however, will not excuse you from making future monthly payments when due.

17. Joint Obligations

If more than one person signs this agreement, then each of you is fully and personally obligated to pay all amounts owed under this agreement, and each of you may terminate this agreement. Each of you authorizes the other(s) to initiate any and all transactions under this agreement, or to terminate this agreement. We may enforce our rights and remedies under this agreement against each of you individually or against all of you together.

18. Credits and Other Information

You agree that we can make credit investigation it deems appropriate to evaluate your credit. You may be required, from time to time, to supply us with updated credit information. You also may be required, from time to time, to supply us with information regarding the real property described in the Multiple Indebtedness Mortgage.

Initial(s) _____

Page 6 of 7

19. Governing Law

This agreement is governed by the laws of the United State of America and of the state or district, which this loan was originated.

20. Acknowledgement

By signing below, you acknowledge that you have read this agreement that you agree to our terms that you received a completed copy of this agreement before signing the Multiple Indebtedness Mortgage and before using your home equity loan, and that you have not exercised your right to rescind this transaction.

Borrower

Address

Date

Borrower

Address

Date

STATE OF:
COUNTY OF:

Sworn to and Subscribed before me this _____ day of _____ 20____

Notary Public

My Commission Expires: