

**NOTICE OF CHANGE IN TERMS
for
BECU CREDIT CARD ACCOUNTS**

BECU is amending the terms of its credit card accounts effective on August 1, 2010. This Notice contains (i) a summary of the changes in terms; (ii) the replacement provisions to the Agreement; and (iii) an explanation of the balances to which the rate change applies.

Summary Of Change In Terms

What is changing?

Currently the interest rate on your credit card account is variable. Beginning August 1st 2010, we will convert your variable interest rate to a non-variable rate.

What happens to my current interest rate?

Your actual interest rate will not change. The new non-variable **ANNUAL PERCENTAGE RATE** applicable to your credit card account as of August 1, 2010 will be the same as the current **ANNUAL PERCENTAGE RATE** that is disclosed on a separate document when you open your account.

Replacement Provisions to the Agreement. To implement these changes, your Consumer Loan and Credit Card Credit and Security Agreement is amended effective August 1, 2010 as follows:

Credit Card Interest Rate. Section I.C.6. of your Consumer Loan and Credit Card Credit And Security Agreement is revised to read:

6. Daily Periodic Rate (DPR) and ANNUAL PERCENTAGE RATE (APR). The DPR and corresponding APR used to calculate the **FINANCE CHARGE** for your Account will be stated on a document provided to you when you open your Account. (That document is a part of this Agreement.) After you open your Account, rate information will be provided in periodic statements that we send you.

Application of Credit Card Rate Change to Balances

The non-variable rate will apply to transactions made on credit card accounts on or after the effective date of August 1, 2010. Any transactions made before that date will be subject to the existing variable rate and terms. While the existing rate is variable, it is currently set at the minimum rate for your account. Based on these terms, this means that transactions made before August 1, 2010 will continue to receive the minimum rate on your account (your current rate) until they are paid off. For accounts that are currently subject to a default or penalty rate, that rate will remain in effect until the account qualifies for the standard, non-default/penalty rate.

BECU wants to make sure you fully understand these changes to your account. If you have any questions or would like additional information, please contact us at 1-800-233-2328. As always, you can count on competitive rates, fewer fees and member-first service that come along with your locally-issued BECU Visa credit card.

LOAN AGREEMENTS AND DISCLOSURES

Effective December 2009

This Booklet Contains Your:

- >> Consumer Loan and Credit Card
Credit and Security Agreement
- >> Your Billings Rights Notice
- >> Loan Payment Protection Contract

**KEEP THIS BOOKLET
FOR YOUR RECORDS**

*more than
just money™*

BSCU

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I. CONSUMER LOAN AND CREDIT CARD CREDIT AND SECURITY AGREEMENT

A. THE CREDIT AND SECURITY AGREEMENT (CONSUMER LOAN PLAN). This Credit and Security Agreement (“Agreement”), which includes Truth in Lending Act and Fair Credit Billing Disclosures, governs your Plan (“Plan” “Consumer Loan Plan”) with Boeing Employees’ Credit Union (“BECU”). Your Consumer Loan Plan involves open-end loans for personal, family, or household purposes excluding all loans secured by real property or a dwelling. In this Agreement the words “you,” “your,” and “yours” mean any person, which includes the applicant and co-applicant, who signs in acceptance of the Plan and the words “we,” “us,” and “our” mean BECU. When you sign as a loan applicant, you agree individually, and if there is a co-applicant, jointly and severally with any co-applicant, to be bound by all the terms and conditions set out in this Credit and Security Agreement, Credit and Security Agreement Addendum (“Addendum”) as amended from time to time; any Loan Advance Voucher, Loan Proceeds Check, Power of Attorney, if applicable, and any access devices given with any future credit advances, which shall collectively govern your Plan and are incorporated herein by reference. No oral statement by any Credit Union employee is included in this Agreement. While you may not have requested or been approved for a particular feature under your Plan, you agree that if at any time in the future you request or are approved for any such a credit advance, your relationship with BECU for that subaccount will be governed by these agreements.

1. How the Consumer Loan Plan Works. The Plan is a multi-featured, open-end credit plan. We contemplate that, from time to time, you will use your Plan to borrow money from us (“credit advance”). The Plan is a program that will enable you to meet many of your consumer borrowing needs from the date the application is received.

Establishing Your Plan. To establish your Plan, you must complete and sign either the Master Credit Application or the Membership and Master Credit Application form. Each time you submit either form, you request a Plan to be established for you, either individually if the application is in the name of only one applicant or jointly if there is more than one applicant. At any given time, you may have multiple active Plans.

Borrowing Under Your Plan. To borrow under the Plan you must activate each of the Plan’s borrowing features individually. You may do this by submitting a credit advance request as explained below. Upon BECU’s approval of your credit advance request, that feature, or subaccount, of the Plan becomes activated and available for borrowing. At the same time you apply for a loan secured by real property or a dwelling, BECU will establish a Plan from which you may, at your option, request consumer loan credit advances. Home equity and home equity line of credit loans and other loans secured by real property or a dwelling are not part of this Plan and you will be provided separate loan documents upon closing of those loans.

2. Subaccounts Included in the Plan. The Addendum lists the different types of credit advances we offer (called “subaccounts,” “loans” or “features”) and includes the daily periodic rate and corresponding annual percentage rate and any fees and charges that may be imposed under the Plan. If additional terms and conditions will apply to a particular feature, we’ll provide a Loan Advance Voucher which contains a schedule for determining interest rate, payment amount and approximate repayment term related to the particular advance if other than as set out in this Agreement and the Addendum. Certain features of the Plan, such as Line of Credit advances or Credit Cards, are also subject to additional terms described later in this Agreement that may vary from the general Plan terms set out below. **In this Agreement, the word “Loans” mean all types of credit advance subaccounts (including Line of Credit and Credit Card loans listed on the Addendum, except when specifically referring to a Line of Credit loan (“Line of Credit”) or Visa Credit Card loan (“Credit Card”).**

3. Subaccount Credit Advances and Access.

a. How to establish a subaccount under the Plan. You may submit a credit advance request in any manner authorized by us. Any credit advance we make shall establish a loan subaccount under your Plan. When you have multiple active Plans and you make a loan request, it is your responsibility to inform us under which of these Plans to establish your loan. From the date of the Plan application, we may require that you update the information you submitted to us when you established your Plan in order for us to evaluate your credit advance request. This does not mean that we are unconditionally required to make a loan under the Plan each time you submit a credit request and we may also refuse an advance request. We may do this if you are in default of any agreement with us, we do not approve the collateral offered to secure a loan, we reasonably deem ourselves insecure, there has been an adverse change in your financial situation, or if we amend or terminate the Plan or your participation in it. The minimum loan for subaccounts, other than line of credit loans, credit card loans, and certificate of deposit secured loan, is \$250. The minimum loan for certificate of deposit secured subaccounts is \$500.

b. Additional Access Devices for Lines of Credit and Credit Cards. You may 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.

4. Joint Plans. You understand and agree that while the Joint Plan is in effect, you and any co-applicant: (1) has each authorized the other to individually request, authorize, or receive credit advances; (2) has each agreed to be jointly and severally liable for repayment of all amounts owed and for any loans obtained; and (3) has each agreed to all of the loan terms and conditions, even if you did not specifically authorize or request the credit advance or receive any benefit from it. If any one of you does not wish any future loans under the Plan or is unwilling to be personally liable for them, any one of you must write

to BECU to terminate the Plan and the termination will be effective as to all of you.

5. Credit Limit. If we approve your request for a subaccount, we may, but do not have to, establish a credit limit on certain loans. If we establish a credit limit for a loan, 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 you agree to pay us that excess amount, any overlimit fee and applicable finance charges, immediately. We can increase or decrease your loan credit limit at our discretion. We will notify you in writing on a Loan Advance Voucher, on your statement, or by separate notice if the amount of your credit limit goes up or down. We may suspend or close your credit limit or otherwise terminate your ability to use your Account. We may do this at any time and for any reason. Your obligations under this Agreement continue even after we have done this. You may cancel your credit limits established for applicable loans upon written request to BECU. If your account is suspended, you must immediately return any authorized access devices, including convenience checks and credit cards. Any use of a subaccount, access device or service after suspension will be considered fraudulent.

6. Promise to Pay. You promise to pay BECU the total of all credit advances under each subaccount (including any credit advances requested by a co-borrower), finance charges, and other amounts set forth in this Agreement on the payment terms set forth below. This includes any requests for payments to a third party or for deposit to a savings or checking account of yours. Payments must be made in U.S. Dollars.

a. Payment Methods. You promise to pay for subaccounts under this Agreement by automatic transfer from shares or deposits, direct deposit, or by personal check, draft, electronic funds transfer, or wire transfer. If you pay by automatic transfers, you understand that it is your responsibility to be sure that there are adequate funds in your account to satisfy the payment on the specified date or your loan will become past due. If you have authorized automatic transfers from your account, you grant BECU permission to adjust your loan payments up to the nearest whole dollar amount and add any fees related to the transfer or release of collateral to your final payment. You must make your scheduled payments on loans under this Agreement regardless of the payment method you select to make payments.

b. Minimum Payment. You agree that you will pay at least the payment amount or required minimum payment specified in this Agreement or set forth on the Loan Advance Voucher or payment coupons for your loan, on or before the due date indicated on your statement or payment coupon. Minimum payments include all amounts past due, late charges, if applicable, any Voluntary Payment Protection costs and the payment amount. Payments will be applied first to late and other charges (other than finance charges), then to accrued finance charges, and the remainder, if any, to the balance, unless otherwise agreed to by BECU or required by applicable law.

c. Crediting Payments. Payments received at BECU, P.O. Box 97050, Seattle, WA 98124-9750 at or before 5:00 PM Pacific Time on any business day will be credited to your Account as of that date; payments received by mail at that address after 5:00 PM Pacific Time, on a weekend or federal holiday will be posted to your Account as of the next business day. Crediting to your Account may be delayed up to five days if payment is received by mail at any other address or not accompanied by any remittance slip or statement we provide.

d. Pre-payment and Irregular Payments. You may pay all or part of your loan(s) early, at any time, without paying any penalty. However, payments in excess of your minimum payment will not relieve you of your obligation to make your subsequent minimum payments on the dates when due. Instead of advancing your payment due date, a prepayment or early payment will reduce the principal amounts owing on your subaccount. BECU reserves the right to refuse partial payments. We may accept late payments, partial payments and payments marked "payment in full" that are not sent to the following address without losing our rights under this Agreement.

ALL COMMUNICATIONS CONCERNING ANY DISPUTED DEBTS, INCLUDING ANY CHECK OR INSTRUMENT TENDERED AS FULL SATISFACTION OF A DEBT (INCLUDING LOANS), SHALL BE SENT ONLY TO THE ATTENTION OF: Risk Management Representative – Account Dispute, P.O. Box 97050, Seattle, WA 98124-9750

7. Periodic Statements. If you have an outstanding debit or credit balance for a subaccount in excess of \$1.00 at the end of a billing cycle/statement period, we will send you a statement to the address shown in your records reflecting balances and activity in that subaccount.

8. Security Agreement

a. Security Interest. For valuable consideration, you grant BECU a security interest under the Uniform Commercial Code in all collateral described in any Loan Advance Voucher, including any extension, renewal, modification of such loan, which accompanies this Agreement, to secure all your other obligations to BECU, now or in the future (excluding those secured by a dwelling or real property). The security interest includes all attachments, accessories, accessions, parts, supplies, upgrades or improvements to such property even if acquired by you after the date of any credit advance (for example tires or batteries attached to a car). **All collateral (other than collateral consisting of a dwelling, real property or household goods) securing one loan will secure all your other obligations to BECU including all existing and future loans.** You represent that except for the security interest granted under this Agreement, you own the collateral free and clear of all liens, security interests and other encumbrances. You agree not to sell, lease, further encumber or transfer the collateral or remove the collateral from the state in which you reside without prior written permission from us. You agree that BECU may come upon your premises and inspect the collateral at any reasonable

time without notice. You agree to give us fourteen (14) calendar day's notice before changing your name, your address or the address where the collateral is kept. You agree to deliver any certificate of title to the collateral to us showing BECU's security interest in the collateral.

b. BECU Lien. You agree BECU has a lien on all your shares, deposits, and dividends in all joint and individual accounts held by you, now and in the future, to the extent of your obligations to BECU. You agree that BECU's lien is independent of any security agreement and BECU may enforce its lien in any manner, at any time allowed by applicable law. You agree that you own any shares pledged and that there are no liens against them other than ours. BECU may, at its sole option, allow you to withdraw a portion of your shares or deposits without affecting its security interest.

c. Pledge of Shares, Deposit Accounts and Certificates of Deposit. You pledge all your BECU shares, deposit accounts, and certificates of deposit in which you have an interest, now and in the future, as security for all credit advances made under this Agreement. However, this pledge will not apply to retirement or other accounts to the extent that applicable law precludes the pledge of such accounts, or to loans secured by real property or a dwelling. You agree that we need not retain or possess any certificate or evidence of account to enforce our security interest. You understand that if you default on your Plan, BECU may apply all that is pledged to repayment of your loan(s). Credit advances secured by a pledge under this paragraph for which an automatic hold is placed on the account are not necessarily the same as the credit advances secured by accounts described in the Addendum. Only credit advances secured by specifically identified accounts subject to automatic holds qualify for the rates for credit advances secured by pledged accounts shown in the Addendum.

By completing and signing the Plan application, you signify your specific intent to pledge to us and to grant us a security interest in all your individual and joint BECU share and deposit accounts you have with us, now or in the future (excluding retirement or other accounts to the extent that applicable law precludes the pledge of such accounts), to secure your BECU loans under the Plan (including the credit card subaccount). You authorize us, without further notice to you, to apply the balances in these account(s) to pay any amounts due under the Plan if you should default.

d. Pledge of Securities. For all securities pledged to BECU, you represent that you have obtained all required consents and we shall retain possession of the securities until all amounts owed to us are paid in full. Unless you are in default under this Agreement, you may retain all voting rights with respect to the securities except with respect to any corporate action requiring a shareholder vote such as a proposed dissolution, liquidation, merger, or sale of substantially all of the assets of the corporation or other entity that issued such securities,

where you agree that we will have the right to exercise all voting rights. You agree to notify us if you receive any notices of corporate action requiring a shareholder vote. You agree to notify BECU of any stock dividend or stock split and to surrender any certificates issued to you in connection therewith. In the event the value of such securities declines to a point at which we deem ourselves insecure we may sell the securities, request additional securities to be pledged or require you to pay the loan balance down. BECU may sell any securities in a manner consistent with applicable federal and state securities laws.

e. Property Maintenance/Insurance. You agree that the collateral securing this loan will be for personal use only and will not be used as a dwelling. Further, you agree to keep the collateral in good repair and to maintain the property in a condition that does not adversely affect its value. You agree (a) to purchase and maintain the following property insurance coverage on the collateral in the form of vehicles, aircraft or vessels for its full insurable value, with the Credit Union as loss payee, against loss and damage: minimum liability for bodily injury or death to any one person in the amount of \$100,000, and for any one injury in the amount of \$300,000; and minimum property damage insurance of \$50,000; (b) that the insurance must provide at least comprehensive fire, theft and collision coverage with deductibles of not more than \$1,000 for vehicles or 10% of the vessel or recreational vehicle loan balance; (c) to provide us with evidence of this coverage upon request; and (d) we may receive any payment of loss or returned premium, and apply the amounts received, at our option, to repair or to replace the vehicle or to your indebtedness under this Agreement, including indebtedness not yet due. You may obtain property insurance through any company you choose that is satisfactory to us. If insurance benefits do not pay the loan balance in full, you will remain responsible for the unpaid balance due and for the finance charges which will continue to accrue on the unpaid subaccount balance. We may also charge your loan any costs necessary to protect our security interest in the collateral including paying any taxes, any fees and charges or making payments to cure defaults under any existing liens on the collateral. You agree we may demand full payment of such costs or we may increase your payment amounts to an amount sufficient to pay the amount in a period generally no greater than a year. We have no obligation to make any payments under this paragraph. YOU AGREE WE MAY EITHER DEMAND FULL PAYMENT OF SUCH COSTS AND AMOUNTS OR WE INCREASE YOUR PAYMENT AMOUNTS.

WARNING-UNLESS YOU PROVIDE US WITH EVIDENCE OF THE INSURANCE COVERAGE AS REQUIRED BY OUR LOAN AGREEMENT, WE MAY PURCHASE INSURANCE AT YOUR EXPENSE TO PROTECT OUR INTEREST. THIS INSURANCE MAY, BUT NEED NOT, ALSO PROTECT YOUR INTEREST. IF THE COLLATERAL BECOMES DAMAGED, THE

COVERAGE WE PURCHASE MAY NOT PAY ANY CLAIM YOU MAKE OR ANY CLAIM MADE AGAINST YOU. YOU MAY LATER CANCEL THIS COVERAGE BY PROVIDING EVIDENCE THAT YOU HAVE OBTAINED PROPER COVERAGE ELSEWHERE. YOU ARE RESPONSIBLE FOR THE COST OF ANY INSURANCE PURCHASED BY US. THE COST OF THIS INSURANCE MAY BE ADDED TO YOUR LOAN BALANCE. IF THE COST IS ADDED TO THE LOAN BALANCE, THE INTEREST RATE ON THE UNDERLYING LOAN WILL APPLY TO THIS ADDED AMOUNT. THE EFFECTIVE DATE OF COVERAGE MAY BE THE DATE YOUR PRIOR COVERAGE LAPSED OR THE DATE YOU FAILED TO PROVIDE PROOF OF COVERAGE. THE COVERAGE WE PURCHASE MAY BE CONSIDERABLY MORE EXPENSIVE THAN INSURANCE YOU CAN OBTAIN ON YOUR OWN AND MAY NOT SATISFY WASHINGTON'S MANDATORY LIABILITY INSURANCE LAWS.

f. Additional Documents and Power of Attorney. You agree to sign any other documents, such as certificates of title, and authorize us to file financing statements as may be necessary to perfect or protect BECU's security interest. To expedite the release or transfer of your interest in any titled collateral in which you have granted BECU a security interest and to which we hold the certificate of title, you hereby give BECU power of attorney to sign your name to such certificate and to apply in your name for the issuance of a certificate of title to any titled collateral in which you became owner. BECU may sign any other documents (such as certificates of title) to perfect our security interest and you authorize BECU to file financing statements to perfect BECU's security interest. You agree to provide us with collateral control or other agreements, in form and substance satisfactory to BECU with such third parties as we may deem necessary to perfect and maintain the priority of our security interest.

9. Finance Charges

a. Default/Penalty Rate. If your total Minimum Periodic Payment is not paid within 29 days of the payment due date (within 27 days during the February credit reporting activity period or 28 days for February leap year reporting activity period), twice within any 12 month period or your subaccount is considered in default for any reason, the Daily Periodic Rate used in calculating the **FINANCE CHARGE** (and corresponding **ANNUAL PERCENTAGE RATE**) will be changed to the Default/Penalty Rate disclosed on the Credit and Security Agreement Addendum, or the highest rate allowed by law. If your Daily Periodic Rate (and corresponding **ANNUAL PERCENTAGE RATE**) is increased as described, it may be subsequently reduced at our discretion after a minimum of twelve months at

which time it is determined that no payment for any amounts owed BECU has been late during the 12-month period, and your other accounts with BECU are in good standing (current and non-negative). Rate changes shall be effective beginning on the first day on the next Billing Cycle following the late payment or determination. A loan whose rate is reduced will be subject to subsequent increases should future payment be missed in a manner described within this section. If the Daily Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** increase, the **FINANCE CHARGE** will increase and your minimum payment may be higher.

b. When Finance Charges Accrue. You will pay a finance charge calculated on the daily unpaid balance of each loan under this Plan, and unless otherwise prohibited by law, the unpaid balance will include any unpaid fees or charges, including finance charges. **This means that interest will be compounded if finance and other charges are not paid on or before the date they are charged to your loan.** The finance charges will begin to accrue as of the date each credit advance is made and/or each fee or charge is added to your subaccount. The finance charge based on your outstanding balance is computed by multiplying the unpaid balance of each loan by daily periodic rates and multiplying the results by the number of days since your last loan payment. When credit advances are added to your existing loan, the finance charge is computed on the balance from the date of the last payment to the date of the new credit advance, then on the total outstanding principal balance to the date of payment.

c. How to Determine Finance Charges. The unpaid principal balance is the amount of the loan outstanding which remains unpaid at the close of each business day after all transactions for the day have been entered. The total finance charge is the sum of the finance charge applied to your outstanding balance and any loan fees, credit report fees, title report fees or appraisal fees, or other finance charges imposed as described below and/or in the Addendum and will be shown on your periodic statement. Your loan payments and BECU's credit advances are entered when made. Credit advances may be directly deposited to one of your deposit accounts and will be subject to a finance charge from the date of deposit even if you do not withdraw the money immediately. Payments will be applied first to late and other charges (other than finance charges), then to accrued **FINANCE CHARGES**, and the remainder, if any to the principal loan balance, unless otherwise agreed to by BECU or required by applicable law.

d. Daily Periodic Rate and Corresponding Annual Percentage Rate. The Daily Periodic Rate and **ANNUAL PERCENTAGE RATE** for which you initially qualify for now and in the future may depend on the type of loan subaccount you request, the loan repayment period, your credit qualifications, credit and employment history and residential status. The Daily Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** for each loan subaccount under your open-end credit plan are

set forth in the Credit and Security Agreement the Addendum accompanying this Agreement and/or relevant Loan Advance Voucher. Your loan rate on any subaccount is subject to change with additional advances, based on your credit history. The Credit Union may change the rates if offers from time to time and may review your credit qualifications periodically and adjust your Daily Periodic Rate and corresponding **ANNUAL PERCENTAGE RATE** based on changes in your credit qualifications. If you receive your initial Loan Advance Voucher after the time of the initial advance on your account, you may cancel this Agreement without obligation by providing the Credit Union with written notice and returning all of the funds advanced to you within three calendar days of the initial advance. Once you use the account funds in any manner or negotiate a loan proceeds check, you waive any right to cancel this Agreement.

e. Automatic Payment Rate Loans. In this Agreement we refer to fixed rate subaccounts as subaccounts with interest rates that do not vary with changes in an index and variable rate subaccounts as those with interest rates that do vary from time to time with changes in an index. The interest rates for fixed rate loans (other than credit card and Line of Credit) and for the variable rate loans shown in the Addendum are discounted rates available only if you establish and maintain automatic payments through direct deposit or some other method of automatic payment. In the event you elect not to establish automatic payments or fail to make an automatic payment at any time, the interest rate for fixed rate loans other than the Line of Credit and Credit Card (and the margin for variable rate loans) will increase by .50% (0.001370% DPR) over the rate (and margin, if any) shown on the Addendum or Loan Advance Voucher. Any increase or decrease in the interest rate will affect the number of payments you will make under the Plan. BECU reserves the right to increase your payment amount in the event of an increase in your interest rate with a term based on the approximate repayment schedule disclosed in the Advance Voucher.

f. Variable Rate Subaccounts.

1) Loans other than Share and Certificate of Deposit Secured. The daily periodic rate and corresponding annual percentage rate for variable rate loans are based upon an index which is the monthly average yield on United States Treasury securities adjusted to a constant maturity of six months, as published by the Federal Reserve Board in a weekly Federal Reserve Statistical Release, and rounded to the nearest one eighth of one percentage point (0.125%). The BECU Board of Directors may, at its discretion, set a lower rate. If the index is no longer available, BECU will choose a new index that is based upon comparable information. BECU adds a margin (specified for the type of loan set forth in the Addendum) to the index. The total of the index, plus the margin amount we add is the annual percentage rate. The annual percentage rate is divided by 365 to produce the daily Periodic Rate. The annual percentage rate will be adjusted semi-annually on July 1 and January 1 each year based on the index value

for the preceding May and November, respectively. Any increase or decrease in the annual percentage rate will affect the number of scheduled payments you will make under the Plan. However, if the amount of the payment is not enough to pay at least the accrued finance charges and voluntary payment protection costs, if applicable, we will increase your payment to an amount sufficient to pay off the balance under the original payment schedule.

2) Share Secured Loans. The Periodic Rate and corresponding annual percentage rate on your share secured subaccount are variable. The rate is 2.00% (“Margin”) above the dividend rate on your BECU shares declared by the BECU Board of Directors for your specifically pledged share account. The total of the dividend rate, plus the amount BECU adds, is the annual percentage rate. The annual percentage rate is divided by 365 to produce the daily periodic rate. The annual percentage rate will be adjusted effective as of the effective date of any change in the dividend rate for your specifically pledged share account or, at BECU’s sole discretion, as of the 1st day of the month following such dividend rate change. Any increase or decrease in the annual percentage rate will affect the number of scheduled payments.

3) Fixed Rate Loans. The Periodic Rate and corresponding annual percentage rate for fixed-rate subaccounts are determined by the type of subaccount listed in the fixed-rate subaccount category set forth on the Addendum and whether or not you establish and maintain automatic payments.

4) Certificate of Deposit Secured Subaccounts. The Periodic Rate and corresponding annual percentage rate for a loan under your Plan secured by a Certificate of Deposit (“CD”) is a fixed rate of 2.00% (“Margin”) above the interest rate on the CD securing the account. The annual percentage rate is divided by 365 to produce the Daily Periodic Rate. You agree to pay the entire outstanding balance of this CD loan no later than the maturity date or early withdrawal of the CD. Any partial withdrawal of interest on the CD may be applied to pay down the CD subaccount. The CD securing this loan under your Plan is part of the collateral in which you have granted BECU a security interest pursuant to the Security Agreement set forth in Section A.8.

10. Default. You will be in default under this Agreement if any of the following happens on any subaccount:

- a. you do not make a payment as required by this Agreement on or before the payment due date;
- b. you exceed your credit limit without our permission;
- c. you become subject to bankruptcy, incompetency or insolvency proceedings or you die;
- d. any time BECU reasonably determines that the value of any security has substantially declined or we reasonably deem ourselves insecure;
- e. you make any untrue statements or omissions or provide

false signatures on any application or financial statement furnished to BECU or fail to provide us financial information we request;

f. your payment item is returned unsatisfied by your financial institution for any reason;

g. any credit card check is returned unpaid by us;

h. if we believe (in our sole discretion) that there has been an adverse change in your financial condition;

i. you violate or fail to comply with any term of this Agreement, of any security agreement securing your loans from BECU or accounts at BECU, but excluding real property); of any other agreement you have with BECU;

j. someone tries to levy, execute upon, or attach or seize any property securing this Agreement (including any share or other accounts at BECU, but excluding real property);

k. you no longer qualify for BECU membership;

l. any necessary title release from a third party is not provided to BECU and/or BECU does not obtain a Certificate of Title showing BECU as the sole lienholder within 30 days of the loan disbursement;

m. you fail to obtain and/or maintain the property insurance required pursuant to Section A.8 of this Agreement.

In the event you redeem any collateral in which you have granted us a security interest pursuant to Section A.8 following an event of default under this Agreement, but prior to our disposition of the collateral under the Uniform Commercial Code, and you thereafter request and we agree to reinstate this obligation, BECU reserves the right to increase the **ANNUAL PERCENTAGE RATE** on any credit advance to interest at the Default/Penalty Rate as disclosed in the Addendum, or the highest rate allowed by law. The daily periodic rate in that circumstance shall be the annual percentage rate divided by 365.

Occurrence of Default. Upon the occurrence of any event of default under this Agreement, BECU may charge interest at the Default/Penalty Rate, or the highest rate allowed by law, on all balances under the Plan following default and/or we have the right to terminate or suspend your credit privileges under this Agreement, to change the terms of your Account and this Agreement, may demand that you immediately pay the entire unpaid balance of all your loans under your Plan, increase the minimum payments, and/or may apply any loan subaccount payment to any outstanding subaccount balance under the Plan. The daily periodic rate, if the rate is increased following a default, shall be the annual percentage rate divided by 365. BECU may start a collection action in the county in which BECU is located or where you reside if you live outside of Washington. **Default on any loan, account or other obligation that you have with us, including loans which are not part of the Plan, will constitute default under this Agreement.**

Disposal Upon Default. You may keep and use any collateral that secures your obligations to BECU under this Agreement so long as you are not in default under this Agreement. If you are in default, BECU will have all of the rights of a secured party under the Uniform Commercial Code, in addition to any other rights BECU may have. You will assemble the collateral and make it available to BECU, if

BECU requests you to do so. BECU may take the property peaceably, and sell it. BECU will apply the “net proceeds” of the sale to reduce the amount you owe. “Net proceeds” means the sale price less the expenses of repossessing, selling, attorneys’ fees, and other lawful expenses. If you are entitled to any notice by law, you agree that 10 days is reasonable time to give you notice of any such sale. Notice will be sent to your last address appearing on BECU records.

11. Fees and Charges

a. Closing Costs and Final Payment. You agree to pay all the other fees, costs and charges related to this Plan as set forth on the Loan Advance Voucher at the time of each credit advance, including any applicable fees and charges such as filing and recording fees, costs incurred in verifying your credit eligibility, any reconveyance or certificate of title processing fee for preparing documents in connection with or the release of security, and any other out-of-pocket expenses. You also agree to pay all release, recording, transfer and reconveyance fees or costs incurred in connection with the release of collateral when your BECU loan is paid in full.

b. Late Charges. If your payment is ten (10) or more days late, you will be charged a late charge in the amount of 5% of the entire scheduled payment amount or \$25.00, whichever is greater.

c. Attorneys’ Fees and Collection Cost. You agree to pay BECU’s internal and external costs, collection and other expenses such as repossession fees, expert witnesses, debt collectors, court costs, and reasonable attorneys’ fees and legal expenses whether or not there is a lawsuit, including attorneys’ fees in any arbitration or mediation, on appeal, in any bankruptcy (or state receivership or other insolvency proceeding) and in any forfeiture or other proceeding. All of these costs and expenses may be added to your present debt and a finance charge may be imposed on them at the highest rate applied to any of your credit advances. The security provisions in Section A.8 of this Agreement also secure payment of all these amounts.

d. Returned Check Charge. If any check or other instrument given as payment on your Plan is uncollectible or is dishonored for any reason, we will charge you a returned check charge of \$25.00. Unless otherwise required by law, we do not have to attempt to collect any check more than once.

e. Failed Automatic Payment Charge. If your payment is late and you have elected to pay your payment by automatic transfer and the funds are not available in your BECU share account on the authorized transfer date, we will charge you a Failed Automatic Payment Charge of \$25.00.

f. Payment Modification Fee. Once BECU has scheduled the required minimum payment and due date for any subaccount established, you agree to pay \$25.00 at any time you request to change the payment frequency or the payment due date for that subaccount. By adjusting your payment frequency, you

understand and acknowledge that: (1) there will be a longer or shorter period of time between payment dates which could affect the amount of interest due; (2) there will be an increase or decrease in your payment amount; and (3) the period of time it will take for you to repay the subaccount could be extended.

If any fee or charge, or any portion of any fee or charge, including but not limited to a finance charge or method of computing a finance charge, would but for this sentence be unlawful, the language of this Agreement shall be automatically reformed to eliminate any excessive or unlawful portion of such fee. In no event shall the fees charged under this agreement exceed the maximum allowed under applicable state or federal law. In its sole discretion, BECU may charge and collect a lesser amount than that specified in this Agreement, or forego any other rights under this Agreement. Any waiver of any provision of this Agreement shall not be deemed a waiver of such rights in the future.

12. Voluntary Payment Protection. We may offer Voluntary Payment Protection to you. Voluntary Payment Protection is not necessary to obtain credit. If you purchase Voluntary Payment Protection from us, you authorize us to add the fees monthly to your loan balance and charge you interest on the entire balance. At our option we will change your payment or the period of time necessary to repay the loan balance. The rate used to determine the fees may change in the future. If the rate changes, we will provide any notices required by applicable law.

13. Amendments

a. Plan Termination. You or any co-applicant may terminate your Plan in writing at any time. BECU may also terminate your entire Plan or any part of your Plan at any time. All other provisions of this Agreement shall otherwise remain in full force and effect until you pay all sums due us. You understand that terminating your Plan will not relieve you of your obligations on any outstanding loan balances at the time of termination.

b. Plan Changes. You agree that BECU may, at any time, change any part of this Agreement, add new provisions, delete existing ones, or change any other terms and conditions of this agreement relating to your Plan or subaccount, provided we have given you notice in advance of the change, if required by law. Any change in terms, including increasing the daily periodic rate of finance charges or increasing or adding fees or charges, will apply to all future credit advances under the Plan as of the effective date of the change, and at our discretion and subject to any applicable laws, will also apply to any outstanding balance on any loan(s) under the Plan as of the effective date of the change. We may also choose to make changes to the annual percentage rate or fees and charges effective as of the first day of your next billing period beginning after the indicated effective date. An increase in the daily periodic rate and the annual percentage rate for a variable rate loan, or for the failure to maintain the automatic payment transfer feature, or other changes specified in this Agreement following default, are contractually agreed and are not considered a change in terms for purposes of this

paragraph. Any notice of change in terms required by law will be sent to the last address appearing on the records of BECU, unless you notify us of the change in your address within a reasonable time prior to the notice being sent.

14. Enforcement. BECU can delay enforcing any right under this Agreement without losing that right or any other right. In the event you die, we can collect any amounts outstanding under your Plan as immediately owed against your estate or against anyone who obtained an advance under your Plan. If any provisions of this Agreement or related agreement are deemed unenforceable or invalid, the remaining provisions will remain in full force and effect.

15. Assignment. We have the right to assign and transfer our rights under this Agreement and any amounts you owe to us. The term “us” shall be deemed to include each and every immediate and successive assignee. You do not have the right to assign or transfer any of your rights, duties or obligations under this Agreement.

16. Notices. All notices and statements will be sent to the last address appearing on BECU records. You agree to advise us promptly if you change your mailing address. We can accept address corrections received from the U.S. Postal Service.

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 Plan. You agree to provide us upon request at any time with a current financial statement, updated credit information, or any appraisal on the collateral requested in our sole discretion. If you fail to provide an acceptable appraisal within a reasonable period of time, we may obtain it ourselves and add its cost to your subaccount. You agree we may obtain or have obtained credit reports, employment or investigative inquiries on you at any time, at our sole option and expense, for any reason, including but not limited to determining whether there has been an adverse change in your financial condition.

18. 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 Federal laws and the laws of the state of Washington as they each apply. In accepting the terms of this contract, you agree that venue for any action brought by you or brought by us to enforce the terms of the agreement is properly located in King County, Seattle, Washington.

19. Acknowledgment and Agreement. You understand and agree to the terms of this Agreement. No consideration has passed or will pass from the borrower to the endorser for endorsement. You acknowledge that you have read this Agreement and the Master Credit Application and the Fair Credit Billing Notice provided to you. You also understand that all Loan Advance Vouchers are part of this Agreement with BECU, and that by accepting credit advances in the future you will be agreeing to the terms set forth on the Loan Advance Voucher which is integrated as part of this Agreement.

20. Captions and Catch lines for Reference Only. Captions and catch lines are intended solely as aids to convenient reference and no inference as to intent with respect to this Agreement may be drawn from them.

B. ADDITIONAL TERMS APPLICABLE TO PERSONAL LINES OF CREDIT

This section contains additional terms and conditions pertaining to the personal line of credit subaccount (“Line of Credit”). The terms and conditions in this section are in addition to and modify the terms and conditions of the Plan with respect to Lines of Credit. All other features, terms and conditions of the Plan, including but not limited to the security interest granted under Section A.8 of this Agreement, are not modified by this section and will also govern your Line of Credit.

1. Joint Accounts. You understand that any joint owner on your checking account or your deposit account with checking account features, or any person authorized to use an access device for this subaccount (e.g., ATM/Debit Card, Telephone Banking, or Online Banking) may access your Line of Credit and you and they agree to be jointly and severally liable for such transactions.

2. Promise to Pay

a. Payment Methods. Your required periodic payment will be made by automatic transfer from your savings or checking account at BECU.

b. Minimum Payment. The Line of Credit payment amount will be the greater of \$25 or 2% of the outstanding balance on your subaccount at the end of the billing cycle statement period which begins on the second day of the month and ends on the first day of the following month (“Ending Balance”). When the credit limit is suspended or terminated, the payment amount will be calculated for the remaining balance at 2% of the outstanding balance. This payment will be fixed at that amount until the balance is paid in full.

3. Subaccount Advances and Access

a. Limitations on Credit Advances. You will receive a Loan Advance Voucher showing the amount of the credit limit on your Line of Credit, which is the maximum amount you may draw upon without getting our specific approval for additional advances. You may access credit on your Line of Credit, repay any portion of the amount borrowed, and reborrow any portion up to your credit limit from time to time without limitation.

b. Overdraft Access. You may access your Line of Credit by writing drafts, using a BECU’s ATM and Debit card at an ATM, and overdrawing your checking account or your deposit account with checking account features with us, as specifically designated by you for overdraft protection. We may, at our sole discretion, access this subaccount on your behalf if you have scheduled automatic payments for which there are not sufficient collected funds in your checking account or your deposit account with checking account features. We will not do this if the advance to cover the scheduled payment would cause

your credit limit to be exceeded. We will treat the overdraft as a request for an advance on your Line of Credit and we will allow such access subject to the terms of this Agreement. You understand that any owner on your checking account or your deposit account with checking account features may obligate you to overdraft advances. Line of Credit overdraft funds transfers will be made in \$100.00 increments (or the unused portion of the available credit limit if less than \$100.00) and will be transferred to your checking account or your deposit account with checking account features. You agree not to let the overdrawn balance exceed your approved credit limit. If you fail to meet any conditions of your checking account or your deposit account with checking account features, we may cancel your Line of Credit immediately without notice. In any event, you hold us harmless from any and all liability which might arise if the transfer does not occur. Transfers from deposit accounts will be governed by the Membership and Account Agreement. Transfers from a Line of Credit will be governed by this Agreement.

c. Suspension of Account. Your ability to draw upon the Line of Credit will be suspended immediately if (1) the checking account or the deposit account with checking account features, as specifically designated for overdraft protection by you, is closed for any reason; (2) your automatic payment transfer to your Line of Credit is cancelled for any reason; or (3) we determine that no Line of Credit advances have been made within ninety (90) days from the account establishment or within one (1) year from the last advance. You may request that your Line of Credit be reinstated, upon re-enrolling for automatic payment transfer or upon reopening a checking account or a deposit account with checking account features.

4. Fees and Charges. BECU reserves the right to charge an Overdraft Transfer Fee when BECU pays a check, fee or other item posted to your checking account when there are not sufficient funds to cover them. The fee for each overdraft protection transfer is set forth on the Addendum made from your Line of Credit.

C. ADDITIONAL TERMS APPLICABLE TO CREDIT CARDS

This section contains additional terms and conditions pertaining to the credit card subaccount of your Plan (“Credit Card”). References to “Credit Card” below relate to the subaccount associated with the credit card and not only to transactions conducted through use of the physical credit card itself. The terms and conditions in this section are in addition to and modify the terms and conditions of the Plan. All other features, terms and conditions of the Plan, including but not limited to the security interest granted under paragraph A.8 of this Agreement, are not modified by this section and will continue to govern your Credit Card subaccount.

1. Responsibility. Any person or entity that has accepted, signed, used, or authorized the use of a Credit Card under the Plan agrees to be and is bound by the terms of this Agreement. In this Agreement, the word “Cardholder” means the applicant and co-applicant(s) for the Plan associated with the Credit Card, and each authorized user

of the Credit Card (“User”), whether named in an application as a User, or otherwise. In this Part C of the Agreement, “you” means the Cardholder(s) associated with a particular Credit Card subaccount. The following additional definitions apply in this Section C and on your monthly statement.

New Balance: The sum of all of the unpaid Purchases, Cash Advances, finance charges, late payment charges, and other charges outstanding on the closing date.

Previous Balance: The sum of all unpaid Purchases, Cash Advances, finance charges, late payment charges, and other charges at the beginning of the billing cycle (it is the same amount that was shown as “New Balance” on the closing date on the statement for the preceding billing cycle).

Purchases: Transactions involving advances other than Balance Transfers, Convenience Checks and Cash Advances.

2. Liability. You will be liable for all credit obtained under your Credit Card by any Cardholder. If there is more than one Cardholder, then each will be liable, jointly and severally, for all credit obtained through authorized use of the Credit Card. If two or more persons are responsible to pay any outstanding balance, we may refuse to release any of them from liability until all of the unexpired Credit Cards issued pursuant to the Plan have been returned to us and/or the balance is paid in full.

3. Internet Transactions. In order to make transactions over the internet, merchants may request your Verified by Visa password to complete the transaction. If a password is not provided, the merchant may deny the transaction. If the password is incorrect, we may deny the transaction.

4. Purchases and Cash Advances. Any Cardholder can use the Credit Card for Purchases and Cash Advances. You will owe us for these amounts, plus finance charges and other charges. You may not use the Credit Card for any illegal or unlawful transaction and we may decline to authorize any transaction that we believe poses an undue risk of illegality or unlawfulness.

5. Convenience Checks and Balance Transfers.

a. Convenience Checks. We may supply you with personalized cash advances as a way to use your Account (“Convenience Checks” or “Checks”). You may use a Check to pay for goods or services, to transfer balances to your account, or for other uses we allow, subject to the following conditions. Only the person whose name is printed on a Check may sign it. We will not certify a Check. We are entitled to return a Check if there is not enough available credit on your Credit Card to pay it, if you are in default under this Agreement, if your Credit Card or Checks have been reported lost or stolen, or if the Check is postdated. Any Check that we pay will be treated as a Cash Advance. You may not use these Checks to transfer balances to this account from other accounts with us. BECU shall not have any liability for any Convenience Check(s) returned.

b. Balance Transfers. You may transfer balances from other accounts or loans with other credit card issuers or other

lenders to this Account, or other balance transfers we allow. But you may not transfer balances to this Account from other accounts with us. If a portion of a requested balance transfer will exceed your available credit line, we may process a partial balance transfer up to your available credit limit.

6. Daily Periodic Rate (DPR) and Annual Percentage Rate (APR).

The DPR and corresponding APR used to calculate the FINANCE CHARGE are variable. The APR is based on the value of an index. The index is the highest Prime Rate as published in The Wall Street Journal in effect on the last day of each calendar quarter. To determine the Annual Percentage Rate that will apply to your credit card, we add a margin to the value of the index. The current range of APRs that can apply is disclosed in the Credit and Security Agreement Addendum. The margin that applies to your account, the current APR, and the minimum and maximum APR applicable to your account, will be stated on a document provided to you when you open your account. Your APR can change quarterly on the first day of the second month following the end of a calendar quarter. There is no limit on the amount by which your rate can change on any given change date other than the maximum and minimum APR that can apply at any time to your account. After you open a credit card, rate information will be provided in periodic statements that we send you.

7. Finance Charges

a. Purchases. A finance charge will be imposed on the portion of purchases included in the New Balance that remains unpaid by the payment due date on your monthly statement, and on purchases made during the following billing cycle.

b. Cash Advances. A finance charge will be imposed on Cash Advances (including Convenience Checks and Balance Transfers) as follows: 1. On each Cash Advance, excluding Convenience Checks and Balance Transfers, a **Cash Advance Fee (FINANCE CHARGE) of 2% of the amount of the Cash Advance, not to exceed \$10.00.**

2. On all Cash Advances, including balance transfers and Convenience Checks, finance charges as described in section C.8. below, regardless of the amount of the Cash Advance, apply from the date of the Cash Advance until paid in full.

8. How to Determine Finance Charges:

a. The types of **FINANCE CHARGES** that may be assessed on your Account are monthly periodic rate finance charges and transaction finance charges. Your total FINANCE CHARGES each billing cycle is the sum of each type of finance charges.

b. Calculation of Finance Charge. All finance charges for Purchases and Cash Advances are added together to calculate the annual percentage rate for each billing cycle.

Calculation of Finance Charges for Cash Advances. A Finance Charge on Cash Advances will be imposed from the date the Cash Advance is posted to your account until paid in full. There is no period in which you can pay a Cash Advance in order to avoid incurring a Finance Charge. We calculate the Finance Charge by multiplying the

Average Daily Balance by the number of days in the billing cycle and then multiplying by the Daily Periodic Rate. We calculate the Average Daily Balance, attributable to Cash Advances by adding the beginning balance of your account each day, add any new Cash Advances and new Cash Advance Fees and subtract any payments, credits posted to your Account and unpaid Finance Charges and other charges. Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle.

Calculation of Finance Charges for Purchases. To avoid incurring Finance Charges on the balance of the Purchases reflected on the statement, you must pay the entire New Balance on or before the Payment Due Date shown on your statement. If you do not pay the entire New Balance on or before the Payment Due Date, the unpaid portion of the New Balance will accrue interest beginning on the first day of the billing cycle in which the payment is due. We calculate the Finance Charge by multiplying the Average Daily Balance by the number of days in the billing cycle and then multiplying by the Daily Periodic Rate. We calculate the Average Daily Balance of Purchases by taking the beginning balance of your account each day that is attributable to Purchases, add any new Purchases as of the date those charges are posted to your Account and subtract any additional payments, credits, and unpaid Finance Charges and other charges (unless you have been notified in advance that Return Check Charges will have Finance Charges assessed). Then we add up all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. If you paid the entire New Balance shown on the previous monthly statement by the Payment Due Date shown on that statement, the portion of the New Balance shown on the current statement that is paid by the Payment Due Date shown on that statement will be excluded from the calculation of the balance each day.

9. Other Fees and Charges

- a.** A Copy Request Charge of \$3.00 may be imposed for copies of each document that you request in connection with this subaccount, other than those provided in response to a billing error notice under the Fair Credit Billing Act.
- b.** A Late Payment Charge of \$25.00 will be imposed on minimum payments not paid by the payment due date.
- c.** A Returned Check Charge of \$25.00 will be charged if any check or other instrument given as payment on your Credit Card is uncollectible or is dishonored for any reason. Unless otherwise required by law, we do not have to attempt to collect any check more than once.
- d.** A Card Replacement Fee of \$5.00 may be assessed for each Credit Card lost, stolen or destroyed.
- e.** A Card Recovery Fee will be charged and added to your balance if: 1) you use your Credit Card after the Credit Card has been cancelled, and 2) we must pay a recovery fee to a third party who obtains the Credit Card for us.
- f.** A Collection Charge will be charged if we must telephone you, write to you, or make a personal visit due to any default on your part.
- g.** A Stop Payment Fee charge of \$5.00 may be imposed for each stop payment on a Convenience Check.

h. A Failed Automatic Payment Charge of \$25.00 will be charged if you have elected to make your payment by automatic transfer and the funds are not available in your BECU share account on the scheduled transfer date.

10. Change in Terms (including Finance Charges). Subject to applicable law, we may change or terminate any term of this Agreement or add new terms at any time, including without limitation adding or increasing fees, increasing your minimum Periodic Payment and increasing the rate or amount of Finance Charge, or changing the method of computing the balance upon which Finance Charges are assessed. Prior notice will be provided to you when required by applicable law. Changes may apply both new and outstanding balances.

11. Security Interest. In addition to the security interest granted under Section A.8 of this Agreement and included in the Plan, one or more of the following is applicable as security for amounts outstanding from time to time in connection with the Credit Card:

a. Deposit Account. If you are issued a secured Credit Card, you have signed or will be required to sign a separate security agreement pledging a portion of your shares and/or deposits in BECU to secure your Credit Card. The amount of the security is the amount of your credit limit and you may not have any access to or control of that amount. We also have a statutory lien against all of your shares and/or deposits at BECU.

b. Goods Purchased. You hereby grant us a security interest in each item purchased with advances obtained under this Agreement. This security interest will remain in full force and effect as long as there is an outstanding balance on the item purchased. If we have the right to demand full payment of your new balance, we may also take possession of this property (you promise to give it to us if we ask) and sell it to satisfy your debts and obligations. Any outstanding debt will be allocated upon the first-bought, first paid rule. You agree that 10 days is reasonable time to give you notice of any such sale.

12. The Minimum Periodic Payment Required

a. Payments. Payments received at Card Services, P.O. Box 84707, Seattle WA 98124-6007 before 5 PM Pacific Time on any business day will be credited to your Account as of that date; payments received on or after 5 PM PT, on a weekend or federal holiday will be posted to your Account as of the next business day. Crediting to your Account may be delayed up to five days if payment is received at any other address or not accompanied by the remittance portion of your Account statement.

b. New Balance. If you elect not to pay your new balance in full, you must make a payment according to the following schedule on or before the due date shown on your statement. If the new balance is less than \$25 your minimum payment will be the full balance; if your balance is \$25 to \$1,000 your minimum payment will be \$25; if your balance is more than \$1,000 your minimum payment will be 2½% of your new balance rounded down to the nearest whole dollar. A credit posting from a

merchant or reversal of fees do not constitute a minimum payment. The minimum payment will be allocated at BECU's discretion to pay off lower rate balances, such as promotional offers, before higher rate balances, such as cash advances or purchases. Payments in excess of the minimum payment will be allocated to pay off higher rate balances first. From time to time, we may allow you to skip your Minimum Periodic Payment due. If you choose to skip that payment, FINANCE CHARGES, and voluntary payment protection costs, if any, will continue to accrue in accordance with this Agreement.

c. Past Due and Overlimit Amounts. In addition to the above, the minimum payment will also include the greater of any amount past due or any amount by which the new balance exceeds the approved credit limit for the account. If your account is past due, and/or overlimit, that amount of the minimum payment is immediately due.

d. Payment in Full. The payment of the new balance in full will not reduce the minimum payment for the next billing cycle if there are new purchases or cash transactions.

13. Lost, Stolen, or Unauthorized Use of Your Card. You agree to notify us immediately, orally or in writing, of the loss, theft, or unauthorized use of your Credit Card. We may investigate any cases of unauthorized use of your Credit Card. We may terminate or limit access to your Credit Card if you have notified us or we have determined that your Credit Card or convenience checks may have been lost or stolen, or that there may be unauthorized access to your Credit Card. Unless you have been negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your lost or stolen Credit Card. If you are liable for unauthorized transactions, your liability will not exceed \$50. You will not be liable for unauthorized transactions that occur after you notify us at:

BECU, P.O. Box 97050, Seattle, WA 98124-9750

Telephone: (206) 439-5700 or outside Seattle at 1-800-233-2328

Hours: 7:00 a.m. - 7:00 p.m. PT Monday-Friday; 9:00 a.m. - 1:00 p.m. PT Saturday

After hours only for use of reporting the loss, theft, or unauthorized use of your Credit Card: Call 1-800-449-7728 .)

14. Additional Provisions

a. Ownership of Credit Cards. Any Credit Card, other credit instrument or device which we supply to you is our property and must be returned to us or our Agent, immediately upon demand. If we ask, you will destroy the Credit Card by cutting it in half and will surrender it to us or our Agent, mail it to us, or take it to a location we designate.

b. Honoring of Credit Card. We will not be responsible for the failure or refusal of anyone to honor the Credit Card or any other credit instrument or device we supply to you.

c. Transfer of Credit Card. You cannot transfer your Credit Card to any other person, although you will be liable for any use by anyone else that has been authorized by you or another Cardholder.

d. Refunds. If a seller agrees to give you a refund or adjustment, you will accept a credit slip for your Credit Card in lieu of a cash refund.

e. Transactions. For statement verification, you will retain your copy of each slip (ticket/draft) resulting from each Purchase, Cash Advance, or other transaction on your Credit Card. We will provide you with photographic or other documentary evidence of each transaction upon your reasonable request or upon proper written notice of a billing error. (See section C.9.b for cost information.)

f. Foreign Transactions and Foreign Exchange. If you use your card for international transactions, the exchange rate between the transaction currency and the billing currency used for processing international transactions is a rate selected by Visa from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date. In addition, a 1 percent (1%) Foreign Transaction Fee is applicable to all International Transactions, regardless of whether or not currency conversion is involved and applies to all international purchases, credit voucher, and cash disbursement original and reversal transactions. The currency conversion rate on the day before the transaction processing date may differ from the rate in effect at the time of the transaction or on the date the transaction is posted on your subaccount. You agree to accept the converted amount in U.S. dollars.

g. Phone Inquiries. Inquiries regarding your Credit Card (you may not inquire about someone else's subaccount) may be made by calling BECU at 206-439-5700 or, outside Seattle at 1-800-233-2328 or by writing us at the address provided above.

h. Our Address. Please address all other correspondence, letters and notices (excluding payments) with respect to Credit Cards to us at: Customer Service P.O. Box 31112 Tampa Florida 336313312.

i. Inactivity. BECU reserves the right to terminate the credit if there are no transactions in one year.

j. Non-Activation. If Cardholder fails to activate Account within 30 calendar days of Account establishment, BECU reserves the right to cancel Account.

k. Closing your Account. You can cancel or close your Account by either calling us at 206-439-5700 or, outside Seattle at 1-800-233-2328 or writing us at the address provided above. If you cancel the Account, you must immediately pay everything you owe us, including any amounts owed but not yet billed to you. If you do not pay us immediately, outstanding balances will continue to accrue finance and other charges and be subject to the terms and conditions of this Agreement. You also agree to return to us or destroy your Card(s) and any unused Convenience Checks. You agree that you will not attempt

to make a Purchase or Cash Advance after you have been notified of your or our termination or suspension of your credit privileges. You further understand and agree that it is your sole responsibility to terminate your authorization of all reoccurring transactions you may have scheduled with merchants or other third parties.

II. YOUR BILLING RIGHTS

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

1. Notify Us in Case of Errors or Questions About Your Billing Statement. If you think your bill is wrong or if you need more information about a transaction on your bill, write us on a separate sheet for Credit Cards at Customer Service, P.O. Box 31112, Tampa FL 33631-3112. For any other subaccount, write us at Risk Management Representative-Account Dispute, P.O. Box 97050, Seattle WA 98124-9750. Write to us as soon as possible. We must hear from you no later than 60 days after we send 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: a) Your name and account number; b) The dollar amount of the suspected error; and c) 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 credit card bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment, your letter must reach us three business days before the automatic payment is scheduled to occur.

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

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you

and you write to us within ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

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

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

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

III. BECU VISA REWARDS PROGRAM OPTION

This section contains Terms and Conditions pertaining to the BECU Rewards Program that you may elect to add to your credit card subaccount at BECU ("Credit Card"). By enrolling in the BECU Rewards Program, you agree to accept the terms and conditions that are in addition to and modify the terms and conditions of the Credit and Security Agreement ("Agreement") and the Application & Security Agreement for Secured Credit Card ("Security Agreement") if you currently have a Secured Credit Card, and the BECU Rewards Program Disclosure and Statement which otherwise governs your Credit Card. The terms and conditions that govern the BECU Rewards Program are contained in the BECU Rewards Program Disclosure that will be sent to you.

1. Enrolling in the BECU Rewards Program. The BECU Rewards Program ("Rewards Program") is restricted to individuals and BECU VISA Cardholders only. By orally instructing us to enroll in this Rewards Program, you agree to waive any express or implied provisions of the original Agreement requiring that amendments or modifications to the Agreement be agreed in writing. The terms of the Rewards Program becomes effective immediately upon our receipt and acknowledgment of your instruction to enroll in the Program and will apply only those purchases of goods and services made with your Credit Card after that effective date.

For each dollar of Net Purchases charged to your Credit Card, you will be awarded one point. Net Purchases means, for any period, the total of all authorized charges posted to your Credit Card for the purchase of goods or services, less any credits for charge reversals or other refunds, but excluding all Cash Advances, other Cash Transactions, all Fees and Incidental Charges and charges to your Credit Card using BECU Visa Convenience Checks, and credit card balance transfers to your Credit Card. Points valid for 5 years.

To participate in the BECU Rewards Program, you agree to pay us an annual participation fee of \$25.00, whether or not you ever earn any points. This annual participation fee will be immediately due and may be charged to your Credit Card upon our receipt and acknowledgment of your instruction and will be fully earned upon payment. You may cancel your Rewards Program participation and obtain a refund by providing the Credit Union with written notice within 14 business days of your request to enroll. Once you use your Account in any manner, you waive any right to a refund of the participation fee. Other significant terms apply. Program terms may change.

IV. LOAN PAYMENT PROTECTION CONTRACT

This contract contains the conditions upon which we will cancel all or a portion of the protected balance and/or cancel or postpone interest and/or the daily payment. You, meaning a borrower enrolled in the program, should read this contract carefully and keep it in your files. This contract explains the terms that both you and we agree to follow for the program. It replaces any and all program contracts previously issued with respect to the loan.

1. DEFINITIONS

ACCIDENTAL INJURY means an occurrence that is unforeseen, unexpected, involuntary, and due to an external cause.

ADMINISTRATOR means CUMIS Insurance Society, Inc., 5910 Mineral Point Road, Madison, Wisconsin 53705, one of its affiliates, or a contracted third party.

ADVANCE means each extension of credit we provide to you under a loan.

BORROWER means a person who is obligated to repay the advance to us, either principally or jointly and severally. It does not include guarantors.

DAILY PAYMENT means the protected periodic payment converted to an equivalent amount per day.

EFFECTIVE DATE OF PROTECTION means the later of the date you enrolled in the program option, the date your protection under the program is reinstated, or the date of the advance.

FULL-TIME EMPLOYMENT or EMPLOYED FULL-TIME means actively working for income 25 hours or more per week.

LENDING AGREEMENT means an open-end line of credit or an open-end credit plan.

LOAN means an open-end line of credit or a credit feature/subaccount under an open-end credit plan.

NON-PROTECTED ADVANCE means any advance not protected according to the Non-Protected Events section of this contract.

PROTECTED BALANCE means the pay-off amount owed under the loan on the first day of a protected event less any non-protected advances.

PROTECTED PERIODIC PAYMENT means the minimum payment amount, including principal, interest, and the program fee, due on the protected balance. It does not include any scheduled balloon payment, escrow amounts, other fee or insurance amounts, the amount of any minimum payment that represents past due payments, or amounts that exceed any credit limit for the loan. For balloon loans, the protected periodic payment will be determined using the

minimum payment amount due for the period immediately preceding the scheduled balloon payment. For variable rate and/or variable payment loans, the protected periodic payment will remain equal to the protected periodic payment as of the first day of the protected event.

WE, US, OUR means the credit union named on the loan and this contract.

2. GENERAL PROVISIONS

PROOF OF A PROTECTED EVENT. You must notify us or our administrator when a protected event occurs. Claim forms and written evidence may be required periodically to show that conditions of the program are satisfied. If you do not report a claim or provide initial or continued proof within one year of the date requested, we will not accept (or continue to accept) your claim.

PAST EVENTS. The program does not protect you from events that occurred before your enrollment in the program. If you enroll in the program as a single borrower and add a joint borrower at a later date, the joint borrower will be considered to have enrolled in the program on the date of becoming a joint borrower.

TAX IMPLICATIONS. You may be subject to federal, state, and local taxes on the amount of a cancelled or postponed debt. You should consult your tax advisor. Neither we, nor our administrator, are able to provide you with tax guidance.

PROGRAM FEE. The program fee is the amount you pay for protection under the program. The rate used to determine the program fee is subject to change. You will receive notice before any increase goes into effect. The program fee will be added to the outstanding balance each month.

CHANGING THE TERMS OF THIS CONTRACT. We have the right to change (including the addition or deletion of) the terms of this contract and apply those changes to the outstanding balance. You will receive notice before any change goes into effect. Your continued payment of the program fee will constitute your acceptance of the change in terms. You have the right to cancel this contract at any time.

CHANGING BETWEEN OPTIONS. If you change from one program option (the "prior program option") to a different program option (the "current program option"), and an event occurs that does not qualify for protection under the current program option because of the new effective date of protection, we will recognize the continuous time protected for a specific event under both program options. However, the level of protection available will be the lesser of:

- a. The protection that would be provided under the current program option if the effective date of protection was adjusted to be the same as the effective date of protection under the prior program option; or
- b. The protection that would have been provided under the prior program option if it had remained in effect.

TERMINATION OF THE PROGRAM. You may terminate this program contract at any time by providing us with written notice at least 5

business days prior to the requested termination date. If you do so within 30 days of enrolling in program, we will credit the outstanding balance for any fees charged for the program. Your protection under the program will automatically terminate:

- a. When you reach age 65.
- b. When any portion of any payment of the loan is past due for 90 days or more. If you bring your loan current, your protection under the program will not be reinstated automatically. You must re-enroll to participate in the program.
- c. When you fail to pay the program fee.
- d. For any other reason by giving you written notice at least 30 days in advance of the termination (or as required by law.) Termination will not affect benefits for a protected event that occurred prior to the termination date as long as an outstanding balance remains on the loan.

ERRORS AND ADJUSTMENTS. If we cancel or postpone more or less than we should have according to the terms of this contract, we will adjust the balance when the error is discovered.

If we issued protection under the program due to our own error, and we recognize our error before a protected event occurs, our obligation to you is limited to return of any program fee you paid. If we recognize our error after a protected event occurs, we will provide benefits for the protected event that occurred, and we will terminate the program for any future events as of the date we recognize our error. However, If you misstated a material fact when enrolling for the program that caused us to issue protection under the program when we otherwise wouldn't have, we will return any program fee you paid when we discover this, and we will not provide any benefits even if an otherwise protected event has already occurred.

WAIVER OF PROVISIONS. We reserve the right to waive any of the requirements described in this contract, at our sole discretion. If we do so, we will not be obligated to waive the same requirements in any other situation and our waiver will not constitute a waiver of any other requirements.

CONTINUED EFFECTIVENESS. If any part of this contract is determined to be unenforceable, the rest will remain in effect.

3. PROTECTED EVENTS

A loan is protected according to the terms of this contract if you are enrolled for the specified program protection and you have paid the applicable program fee. **Option 1, Option 2, Option 3, Option 4 and Option 5: apply to Consumer and Home Equity loans. Option 2 and Option 5: apply to Visa.**

LOSS OF LIFE (Included with Option 1, Option 2, Option 3 and Option 5) If you die, we will cancel 100% of the loss of life amount.

VISA Loans: For each protected borrower, the loss of life amount is the lesser of the protected balance or \$50,000 for Option 2 and Option 5.

Consumer Loans: For each protected borrower, the loss of life amount is the lesser of the protected balance or \$50,000 for Option 1, Option 2, Option 3 and Option 5.

Home Equity Loans: For each protected borrower, the loss of life

amount is the lesser of the protected balance or \$100,000 for Option 1, Option 2, Option 3 and Option 5.

DISABILITY (Included with Visa Loan Option 2 and with Consumer Loan and Home Equity Loan Option 1, Option 2, Option 3 and Option 4) Disability means that you are:

- a. Unable to engage in the significant duties of your occupation for at least 30 consecutive days due to an accidental injury or a sickness;
- b. Under the regular care and treatment of a physician; and
- c. Not working at any job, or combination of jobs, paying you an income equal to or exceeding 80% of the wages you were earning from your full-time employment immediately preceding the date you became disabled.

If you are employed full-time and become disabled, we will cancel the daily payment for each day that you are disabled:

- a. Beginning with the 31st day of disability;
- b. For the next 12 months or until the entire protected balance is cancelled, but not more than \$12,000 per period of disability.

UNEMPLOYMENT (Included with Visa Loan Option 2 and Consumer Loan and Home Equity Loan Option 1, Option 2 and Option 4)

Involuntary unemployment means that for at least 30 consecutive days you are not working at any job, or any combination of jobs for 25 hours or more per week and that you are actively seeking full-time employment. This includes honorable discharge from active military service by the United States Armed Forces. Involuntary unemployment does not include any annual, regularly scheduled, or seasonal layoff or any period of unemployment that occurs while you are a temporary employee, independent contractor, self-employed, or employed by a joint borrower. It also does not include any retirement, vacation, strike, unionized labor dispute, lockout, sabbatical, family leave, disability, termination due to your willful or criminal misconduct, resignation by agreement with your employer, voluntary furlough, voluntary unemployment or voluntary loss of wages.

If you are employed full-time and become involuntarily unemployed, we will cancel the daily payment for each day that you are involuntarily unemployed:

- a. Beginning with the 31st day of involuntary unemployment;
- b. For the next 3 months or until the entire protected balance has been cancelled, but not more than \$1,500 per period of involuntary unemployment.

We will initially require proof that you have received federal, state, or railroad unemployment benefits for the period of unemployment to determine if you meet the definition of involuntarily unemployed. You must provide evidence of your continued involuntary unemployment each month by demonstrating your continued registration with a state unemployment office or a recognized employment agency.

FAMILY LEAVE (Included with Consumer Loan and Home Equity Loan Option 1, excludes Visa loans) Family leave means that you take an unpaid leave of absence from your full-time employment for at least 30 consecutive days, with your employer's written approval, to attend to the needs of your newborn, newly adopted or foster child, or to care for a spouse, child or parent with a serious health condition,

as defined by the Federal Family and Medical Leave Act. It does not include any leave of absence that occurs while you are a temporary employee, independent contractor, self-employed, or employed by a joint borrower.

If you are employed full-time and take a family leave, we will cancel the daily payment for each day of your family leave:

- a. Beginning with the 31st day of the family leave;
- b. For 3 months or until the entire protected balance has been cancelled, but not more than \$1,500 per period of family leave.

4. NON-PROTECTED EVENTS FOR CONSUMER, HOME EQUITY AND VISA, UNLESS OTHERWISE NOTED

An advance is not protected by the program if the event:

- a. Is due to the commission of a felony.
- b. Is caused by or results from an atomic explosion or any other release of nuclear energy (except when used solely for medical treatment).

Additional non-protected events are specified below.

An advance is not protected by **Loss of Life** protection if the event:

- a. Occurs within the 6 months immediately following the effective date of protection for the advance, and is related to a pre-existing condition for which you received advice, diagnosis, or treatment (including medication) within the 6 months immediately preceding the effective date of protection for the advance.
- b. Is the result of a suicide or an intentionally self-inflicted injury that occurs within the 12 months immediately following the effective date of protection for the advance.
- c. Occurs on or after age 65.

An advance is not protected by **Disability** protection if the event:

- a. Occurs within the 6 months immediately following the effective date of protection for the advance, and is related to a pre-existing condition for which you received advice, diagnosis, or treatment (including medication) within the 6 months immediately preceding the effective date of protection for the advance.
- b. Is related to normal pregnancy.
- c. Is due to an intentionally self-inflicted injury.
- d. Occurs on or after age 65.

An advance is not protected by **Unemployment** protection if the event:

- a. Occurs within the 6 months immediately following the effective date of protection for the advance.
- b. Is due to an intentionally self-inflicted injury.
- c. Occurs on or after age 65.

For Consumer and Home Equity loans an advance is not protected by **Family Leave** protection if the event:

- a. Occurs within the 6 months immediately following the effective date of protection for the advance.
- b. Occurs on or after age 65.

5. CONCURRENT PROTECTED EVENTS If we are canceling the daily payment for one protected event and another protected event occurs:

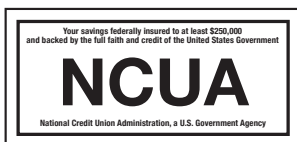
- a. The amount cancelled will be applied to the dollar limitation for the first protected event.
- b. We will not cancel more than the daily payment for any one day.

6. RECURRENT EVENTS If you incur a claim for the same type of protected event again within one year after you have recovered or returned to work, we will consider this a continuation of the prior event. For disability, however, this only applies if you are disabled due to the same condition. Any remaining time period available from the earlier protected event will continue beginning with the date of the recurrence. If you incur a claim for the same type of protected event more than one year after recovering or returning to work, we will consider it a new protected event. This provision applies whether you return to work with the same or a different employer.

7. STATUS OF THE LOAN AFTER A PROTECTED EVENT During the time it takes to process your claim, you remain responsible for making at least the minimum payment due on the loan by the payment due date. You are responsible for any difference between the minimum payment due on the loan and the amount cancelled or postponed. If you have a valid claim, we will refund the portion of your payment(s) that should have been cancelled or postponed according to the terms of this contract. This contract will be governed by the local law of the State of Washington. Loan Payment Protection (referred to as “the program”) is voluntary and not required in order to obtain credit. We will not consider whether or not you elect Loan Payment Protection in making our credit decision.

The program contains certain terms and exclusions. You are eligible for the program if you are a borrower on the loan and under age 65 on the effective date of protection. The program protects the first two borrowers listed on the lending agreement. The protected borrower(s) may not qualify for all benefits. Your election for Loan Payment Protection applies to the open-end credit plan and/or open-end line of credit (all existing and future subaccounts); will remain in effect, according to the terms of the contract, unless subsequently modified; and means you authorize the program fee to be added to your outstanding balance each month. If your election represents a change in the program for an existing loan and the cost of the newly elected protection results in increased program fees, you agree to increase your payment or to make more payments of the same amount until what you owe has been repaid.

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