

**LOANLINER<sup>®</sup>**

# SINGLE PREMIUM LOAN AGREEMENT GUIDE



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# SINGLE PREMIUM VERSION OF LOAN AGREEMENT

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## Single Premium

This guide contains a sample of the paper version of the Single Premium Loan and Security Agreements and Disclosure Statement, along with completion instructions. The Single Premium Loan and Security Agreements and Disclosure Statement are available in six (6) versions in either a snap or continuous feed format. The chart below lists the available documents in paper:

Version	Type	Document Number	States Used In	Filing Copy	Filing States
Right to Cure	Fixed Rate	ZXRC2* ZXRC5*	Colorado, DC, Kansas, Maine, Massachusetts, Missouri, Nebraska, West Virginia and state-chartered credit unions lending to borrowers in South Carolina	Yes	Colorado, DC, Nebraska
Iowa	Fixed Rate	ZXIA2* ZXIA5*	Iowa	No	
Louisiana	Fixed Rate	ZXLA2* ZXLA5*	Louisiana	Yes	Louisiana
New Hampshire	Fixed Rate	ZXNH2* ZXNH5*	New Hampshire	No	
Wisconsin	Fixed Rate	ZXWI2* ZXWI5*	Wisconsin	No	
Standard	Fixed Rate	ZXX02* ZXX05*	All other states plus federally chartered credit unions lending to borrowers in South Carolina	Yes	Arkansas, Ohio, South Dakota, Wyoming

The paper version of the Single Premium document has a certificate number preprinted on it and is only available in a fixed rate format.

Our electronic version is found in Chapter 3 of the Closed-End Consumer Lending User Guide, but delivered with stand-alone single premium insurance enrollment and certificate documents.

# Loan and Security Agreements and Disclosure Statement

## Document Description – Single Premium

**When Used:** This document is used when a credit union offers single premium insurance on closed-end loans. It is used to document the transaction. The document is available in a fixed rate format.

**Purpose:** The Loan and Security Agreements and Disclosure Statement provides:

- The disclosure required by Regulation Z
- The contract terms between the Credit Union and the borrower(s)
- The Credit Insurance Enrollment and Certificate of Insurance.

All Truth in Lending disclosures are given in the “Fed Box” area, which is outlined in red. The Loan Agreement and Security Agreement are separate agreements.

**How Distributed:** A copy of this document must be given to:

- a borrower (if joint borrowers, only one needs to receive a copy), and
- each person who is giving his principal dwelling as security for the loan.

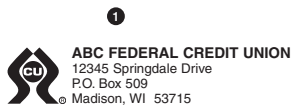
**No. of Parts:** 5

**Components:** Part 1 - Credit union copy of Loan & Security Agreements & Disclosure Statement  
Part 2 - Borrower copy of Loan & Security Agreements & Disclosure Statement  
Part 3 - CUNA Mutual Group copy of Insurance Election  
Part 4 - Filing copy, if applicable  
Part 5 - Borrower’s copy of Credit Insurance Certificate

**Imprinting:** Required for credit insurance enrollment and certificate.

Optional - Credit union’s name, address, telephone number, logo and late charges.

(Blank document not available)



**LOAN AND SECURITY AGREEMENTS AND DISCLOSURE STATEMENT**

Loan Date Loan Number Account Number Certificate Number  
 Borrower 1 Name and Address Borrower 2 Name (and address if different from Borrower 1)

TRUTH IN LENDING DISCLOSURE *e means an estimate					
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments	Total Sale Price	
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.	The total cost of your purchase on credit is	
7 %	\$ 8	\$ 9	\$ 10	\$ 11	
Filing Fees		Non-Filing Insurance		which includes your downpayment of	
\$ 12		\$ 13		\$ 14	
Prepayment: If you pay off early you will not have to pay a penalty. Required Deposit: \$ 15 Annual Percentage Rate does not take into account your required deposit, if any.					
Property Insurance: You may obtain property insurance from anyone you want that is acceptable to the credit union. If you get the insurance from us, you will pay \$ 17					
Late Charge: \$ 18					
Your Payment Schedule will be:					
	Number of Payments	Amount of Payments	When Payments Are Due		
19					
Security: Collateral securing other loans with the credit union may also secure this loan. You are giving a security interest in your shares and dividends and, if any, your deposits and interest in the credit union; and the property described below:					
Collateral	Property/Model/Make	Year	I.D. Number	Type/Lien Amount	Value Key Number
20					
Other (Describe):					
Pledge of Shares \$		in Account Number		\$ in Account Number	
21 SEE YOUR CONTRACT DOCUMENTS FOR ANY ADDITIONAL INFORMATION ABOUT NONPAYMENT, DEFAULT, AND ANY REQUIRED REPAYMENT IN FULL BEFORE THE SCHEDULED DATE.					
ITEMIZATION OF THE AMOUNT FINANCED IF AN AMOUNT IS MARKED WITH AN ASTERISK (*), WE WILL BE RETAINING A PORTION OF THE AMOUNT					
Itemization of Amount Financed of		Amount Given to You Directly	Amount Paid on Your Account	Prepaid Finance Charge	
\$ 22		\$ 23	\$ 24	\$ 25	
Amount Paid to Others on Your Behalf		To	To	To	To
\$ 26		\$	\$	\$	\$

27 **LOAN AGREEMENT** continued on reverse side  **CONSUMERS' CLAIMS AND DEFENSES NOTICE** — IF CHECKED, SEE REVERSE SIDE FOR NOTICE

28 1. **Promise to Pay:** You promise to pay \$ to the credit union plus interest on the unpaid balance until what you owe has been repaid. For fixed rate loans the interest rate is % per year. 2. These Agreements are governed by the laws of

29 3. **Collection Costs:**

**SIGNATURES FOR LOAN AND SECURITY AGREEMENTS**

30 **VERMONT NOTICE TO CO-SIGNER: YOUR SIGNATURE ON THIS NOTE MEANS THAT YOU ARE EQUALLY LIABLE FOR REPAYMENT OF THIS LOAN. IF THE BORROWER DOES NOT PAY, THE LENDER HAS A LEGAL RIGHT TO COLLECT FROM YOU.**

**NOTICE TO UTAH BORROWERS:** This written agreement is a final expression of the agreement between you and the Credit Union. This written agreement may not be contradicted by evidence of any oral agreement.  
 By signing as Borrower, you agree to the terms of the Loan Agreement. If property is described in the "Security" section of the Truth in Lending Disclosure, you also agree to the terms of the Security Agreement on the reverse side. If you sign as "Owner of Property" you agree only to the terms of the Security Agreement. **CAUTION: IT IS IMPORTANT THAT YOU THOROUGHLY READ THE AGREEMENT BEFORE YOU SIGN IT.**

<input checked="" type="checkbox"/> (SEAL) _____ DATE _____	<input checked="" type="checkbox"/> (SEAL) _____ DATE _____
BORROWER 1	BORROWER 2
<input checked="" type="checkbox"/> (SEAL) _____ DATE _____	<input checked="" type="checkbox"/> (SEAL) _____ DATE _____
OTHER BORROWER	OTHER BORROWER
<input type="checkbox"/> OWNER OF PROPERTY	<input type="checkbox"/> OWNER OF PROPERTY
<input type="checkbox"/> WITNESS	<input type="checkbox"/> WITNESS

**CREDIT INSURANCE ENROLLMENT FORM/SCHEDULE** CUNA Mutual Group • Madison, WI 53701-0391 • Phone: 800.356.2644

"You" or "Your" means the member and the joint insured (if applicable). A co-signor is not eligible for joint coverage.  
 Credit insurance is **voluntary and not required in order to obtain this loan**. You may select any insurer of your choice. You can get this insurance only if you check "yes" below and sign your name and write in the date. Your signature below means you agree that:

- You are eligible for Credit Disability insurance if you are working for wages or profit for 25 hours a week or more on the Effective Date. If you are off work because of temporary layoff, strike or vacation, but soon to resume, you will be considered at work. Are you working for wages or profit for 25 hours a week or more?  Yes  No
  - If your age will be over the Maximum Age for Insurance on the maturity date of your loan, insurance will be provided up to the Maximum Age. Insurance coverage is not available for Members over Age 70.
- NOTE: THE INSURANCE YOU'RE APPLYING FOR CONTAINS CERTAIN TERMS AND EXCLUSIONS. REFER TO YOUR CERTIFICATE FOR COVERAGE DETAILS.**

YOU ELECT THE FOLLOWING INSURANCE COVERAGE(S)	YES	NO	COVERED MEMBER (please print)
SINGLE CREDIT DISABILITY			
JOINT CREDIT DISABILITY			
SINGLE CREDIT LIFE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
JOINT CREDIT LIFE			

Initial Amount of Loan Insured	Premium Charge	Monthly Payment/Benefit	Term of Certificate in Months	Effective Date of Certificate	Expiration Date of Certificate
CD	CD		CD		CD
CL	CL		CL		CL
c	d	e	f	g	h

If you are totally disabled for more than 30 days, then the disability benefit will begin with the 31st day of disability.

INSURANCE MAXIMUMS	DISABILITY	LIFE
MAXIMUM MONTHLY TOTAL DISABILITY BENEFIT	\$ XXX	N/A
MAXIMUM AMOUNT OF LOAN INSURABLE	\$XX,XXX	N/A
MAXIMUM AGE FOR INSURANCE	XX	XX

GROUP POLICY NUMBER	RATE OF INTEREST USED ON THIS LOAN
XXX-XXXX-X	j
MEMBER'S DATE OF BIRTH	JOINT INSURED'S DATE OF BIRTH
m	m
SECONDARY BENEFICIARY (if you desire to name one)	
n	

<input checked="" type="checkbox"/> _____ DATE _____	<input checked="" type="checkbox"/> _____ DATE _____
SIGNATURE OF MEMBER (Be sure to check one of the boxes above.)	SIGNATURE OF JOINT INSURED (CO-BORROWER)
APP:834-0609MN	(Only required if Joint Credit Life or Joint Credit Disability coverage is selected)

## **Completion Instructions**

Please refer to the document on the preceding pages for the corresponding numbers.

1. Credit Union Information – This space is used to identify the Credit Union as required by Regulation Z, Section 1026.18(a). If your credit union's name, address, telephone number and logo were not imprinted by CUNA Mutual Group, enter the applicable information here.
2. Loan Date – Date of current loan.
3. Loan Number – Loan identification number as defined by the Credit Union.
4. Account Number – Member account number.
5. Certificate Number – CUNA Mutual Group will imprint the certificate number on the document. This certificate number is unique to each single premium loan.
6. Borrower 1 Name and Address/Borrower 2 Name and Address – Name and address of each borrower.

## **Truth in Lending Disclosure**

The Truth in Lending Act requires certain disclosures be segregated from other information on a closed-end lending document per Regulation Z, Section 1026.17(a). The area labeled "Truth in Lending Disclosure" is outlined in red and is referred to as the "Fed Box." The Truth in Lending Disclosure contains the following items:

7. Annual Percentage Rate – Your credit union completes the annual percentage rate (APR) for the loan requested, Regulation Z, Sections 1026.18(e) and 1026.22.  
  
Note: The APR will be the simple interest rate when the only finance charge is interest. If finance charges other than interest are to be included, the APR will be different than the simple interest rate and must be calculated using a calculation device sufficiently sophisticated to correctly compute the correct annual percentage rate. Example of finance charges on consumer loans include:
  - a) credit report fees
  - b) loan processing fees
  - c) mandatory residual value insurance (RVI)
  - d) mandatory guaranteed asset protection (GAP) coverage
8. Finance Charge – Your credit union completes the total finance charge for the loan as required by Regulation Z, Section 1026.18(d).

Note: Any prepaid finance charge should be included in this amount. Do not put an 'e' for estimate in this box. The Disclosure should be completed with the total finance charge known at the time of disclosure.

9. Amount Financed – Regulation Z, Section 1026.18(b) requires that the amount financed be calculated in the following way:
  - a. Start with the principal loan amount.
  - b. Add other amounts that are financed by the lender and are not part of the finance charge. Single premium insurance is financed and will be included in this amount.
  - c. Subtract any prepaid finance charge.

10. Total of Payments – The total of payments for the loan, Regulation Z, Section 1026.18(h), should equal the sum of the payments reflected in the payment schedule.

For example: If the payment schedule has 36 payments of \$100, the total of payments would show \$3,600. The total of payments can include amounts that are not included in the finance charge or amount financed, such as credit life and credit disability insurance. It is not necessary to put an 'e' for estimate in this box. The Loan and Security Agreements and Disclosure Statement should be completed with the total payments known at the time the disclosure is prepared.

11. Total Sales Price – Regulation Z, Section 1026.18(j) requires this disclosure be used whenever your credit union is both the seller and the creditor. This is most likely to happen when you are selling a repossessed vehicle. In this section, you must disclose both the total sales price and the downpayment amount, if any. The total sales price is the sum of the:

- cash price
- amounts that are financed but not finance charges
- finance charge

12. Filing Fees – If you pass on the cost of filing fees (for example, a lien filing fee) to borrowers, whether directly or indirectly, you must disclose the cost — even if the borrower pays the fee in cash to the Credit Union or a third party. This fee is not a finance charge if you only pass on the actual cost charged by government officials, Regulation Z, Section 1026.18(o).

13. Non-Filing Insurance – Enter the dollar amount of the non-filing insurance. This insurance premium is used to perfect the lien in lieu of actually filing the security interest, Regulation Z, Section 1026.18(o).

14. Assumption – This assumption disclosure no longer applies to our Consumer documents. The Closed-End Interim Rules effective 1/30/2011 nullify the use of this document for transactions that are dwellings, such as mobile homes, houseboats and other title property considered a member’s dwelling.
15. Prepayment – Regulation Z, Section 1026.18(k) requires disclosure of whether or not there is a prepayment penalty. The language in the LOANLINER® documents prohibits a prepayment penalty.
16. Required Deposit – Per Regulation Z, Section 1026.18(r) and footnote 45, this language is required when the borrower must maintain a deposit as a condition of the loan.
17. Property Insurance – If your credit union sells property insurance, enter the amount of the insurance premium. The term of the insurance must also be disclosed if it is less than the term of the loan, Regulation Z, Section 1026.18(n).
18. Late Charge – The late charge is any dollar or percentage charge that may be imposed before maturity due to a late payment. This language is provided by the Credit Union and may be printed on the documents. Regulation Z, Section 1026.18(l).
19. Payment Schedule – Enter number, amount(s), and due date(s) of payments, Regulation Z, Section 1026.18(g). If single premium credit insurance is elected and the premium is financed, it is included in the payment amount.
20. Security – The statement “Collateral securing other loans with the Credit Union may also secure this loan” is printed to disclose the existence of a cross-collateral clause in the Security Agreement. The statement “You are giving a security interest in your shares and dividends and, if any, your deposits and interest in the Credit Union; and the property described below:” discloses that shares/deposits are also offered to secure the loan. The description of the collateral must be included here since this portion of the Truth in Lending Disclosure also is part of the Security Agreement. A complete description of collateral should be shown. Also, additional security offered should be disclosed in the “other” field. For “Pledge of Shares,” enter the amount and account number for share secured loans.
21. Contract Reference – This is a statement per Regulation Z, Section 1026.18(p) that the consumer should refer to the appropriate contract documents for information about nonpayment, default and prepayment penalties and rebates.



## Itemization of Amount Financed

22. Itemization of Amount Financed – Enter amount the borrower financed per Regulation Z, Section 1026.18(c). This is the amount shown in the “Amount Financed” disclosure.
23. Amount Given to You Directly – This is the amount of money given to the borrower in the form of cash or a check, as well as funds placed in an asset account. (Asset accounts include, but are not limited to, share accounts, share draft accounts, etc.)  

NOTE: If a check is made out to the borrower and another party, this amount is to be included in this box. You don’t have to show the other party in the Section “Amounts Paid to Others on your Behalf,” Regulation Z, Section 1026.18(c)(1)(i).
24. Amount Paid on Your Account – This is the amount your credit union used to pay off an existing loan balance. This section would include a payment of an existing loan balance (principal and accrued interest) on a prior loan. Only amounts paid to loan accounts should be shown here, Regulation Z, Section 1026.18(c)(1)(ii).
25. Prepaid Finance Charge – Prepaid finance charges include any portion of the finance charge paid prior to or at closing or settlement. They may be paid in cash or financed and withheld from the proceeds. Some common examples include: service fees, loan fees, loan guarantee insurance, credit report fees, residual value insurance and mandatory GAP coverage. Prepaid finance charges are subtracted from the amount financed and added to the finance charge for disclosure purposes. This will result in an APR that is different than the contractual interest rate.
26. Amount Paid to Others on Your Behalf – These boxes are provided to disclose amounts paid to other persons by the Credit Union on the borrower’s behalf. These persons must be identified by name except that payments to government agencies, public officials, credit report agencies, appraisers and insurance companies may be generically identified with phrases like “credit bureau” or “state agency.” If loan checks are made payable to a third party only and not the borrower, the amount and who the third party is must be disclosed, Regulation Z, Section 1026.18(c)(iii) and footnote 40.

This section includes a sentence which reads as follows: If an amount is marked with an asterisk(\*), we will be retaining a portion of the amount. An asterisk should be used whenever the borrower is financing a product for which the Credit Union imposes an “upcharge.” Typically, if the Credit Union sells mechanical breakdown insurance (MBI) or extended warranties and retains a portion of the amount, then an asterisk will be needed. An example

would be if the borrower purchased an extended warranty from the Credit Union. The warranty may cost the Credit Union \$300, but the Credit Union charges the borrower \$400. The \$100 difference is an “upcharge” on this product. The Credit Union needs to disclose that it is retaining a portion of the \$400 that is being charged to the borrower.

27. Consumers’ Claims and Defenses Notice – Whenever your credit union is selling a repossessed vehicle and financing it, the checkbox for the “Consumers’ Claims and Defenses Notice” should be checked. The Consumers’ Claims and Defenses Notice may also be required in other situations where the Credit Union has a business relationship with the seller of goods. The notice appears in the Security Agreement.

### **Loan Agreement**

28. Promise to Pay – This is the contractual promise to repay the principal loan amount plus interest. Your credit union should put the note interest rate here as well as the principal amount borrowed. The contractual interest rate used to amortize the loan may be different than the annual percentage rate if there are prepaid finance charges as part of the loan.
29. Collection Costs – Any collection costs your credit union wants to impose that are permissible under state law are to be disclosed. This language may be imprinted.

### **Signatures**

30. Signature Section – This area contains signature language that will vary on some documents due to state law variations.
31. Borrower’s Signature – The borrower signs and dates the Loan and Security Agreements and Disclosure Statement in this area. Additional signatures may be obtained using these areas. By signing as a borrower, a person is agreeing to the Loan and Security Agreements. If the owner of the collateral is not a borrower, the box “Owner of Collateral” should be checked (this is the ONLY situation when this box should be checked). The owner of collateral is agreeing only to the terms of the Security Agreement. A witness may also sign here. A witness signature is not required under the Truth in Lending Act.

### **Credit Insurance (CMFG Life Insurance Company is the underwriter for credit insurance)**

32. Credit Insurance Enrollment Form/Schedule – The enrollment section on the documents you are using may look different than it appears on the sample.

- a. Credit Insurance Coverage(s) — The borrower must check whether or not insurance is desired.
- b. Covered Member — Lists borrower electing coverage.
- c. Initial Amount of Your Loan Insured — This amount should equal the loan proceeds plus the financed insurance premium. If both coverages are selected, both financed premiums should be added to the amount of the loan. If the borrower pays the insurance premium in cash, don't add the premium amount to the loan proceeds.
- d. Premium Charge — This is the premium calculated for each insurance using the appropriate programmable calculator.
- e. Monthly Payment/Benefit — This is the total monthly payment calculated using the appropriate programmable calculator. If this monthly payment exceeds your credit union's maximum monthly benefit, enter the maximum amount as the monthly payment.
- f. Term of Certificate in Months — Indicates the number of monthly payments for each insurance regardless of how many payments your borrower is making each month. If the term of the loan exceeds your credit union's term maximum, enter the maximum term as the term of the loan.
- g. Effective Date of Certificate — Enter the month, day and year the insurance is to begin. This date should be the same as the date the money is given to your borrower.
- h. Expiration Date of Certificate — Enter the month, day and year each insurance will expire.
- i. Waiting Period — If your credit union has credit disability coverage, this section will be imprinted by CUNA Mutual Group.
- j. Group Policy Number — CUNA Mutual Group will imprint your credit union's group policy number.
- k. Rate of Interest on This Loan — Enter the interest rate from the loan agreement.
- l. Insurance Maximums — The credit insurance maximums applicable to your credit union will be disclosed in this section. These are imprinted by CUNA Mutual Group.
- m. Member's Date of Birth and Joint Insured's Date of Birth — Your credit union must obtain the borrower's date of birth (month, day and year). This information is required to determine the borrower's eligibility for coverage.

- n. Secondary Beneficiary — If the borrower wishes to name a secondary beneficiary who would receive any excess proceeds from an insurance benefit, it should be indicated here. The borrower is not required to name a secondary beneficiary. The borrower or credit union may complete this information.
- o. Signature of Member and Joint Insured — Regulation Z, Section 1026.4(d)(1) requires the borrower's signature if credit insurance is elected. While Regulation Z only requires a signature if the borrower elects insurance, we recommend a signature always be obtained whether insurance is elected or not. Therefore, the borrower signs in this space whether electing or not electing insurance.

NOTE: The Single Premium Referral Request copy is now a separate document. Please review the document sample and instructions found on page 17.

## LOAN AGREEMENT

In this Loan Agreement ("Agreement"), which begins on the reverse side, all references to "Credit Union," "we," "our," or "us," mean the Credit Union whose name appears above and anyone to whom the Credit Union assigns or transfers this Agreement. All references to "you," or "your" mean each person who signs this Agreement as a borrower.

- 33 4. PAYMENTS** — You promise to make payments of the amount and at the time shown in the Truth in Lending Disclosure. You may prepay any amount without penalty. If you prepay any part of what you owe, you are still required to make the regularly scheduled payments, unless we have agreed to a change in the payment schedule. Because this is a simple interest loan, if you do not make payments exactly as scheduled, your final payment may be more or less than the amount of the final payment that is disclosed. If you elect credit insurance, we will either include the premium in your payments or extend the term of your loan. If the term is extended, you will be required to make additional payments of the scheduled amount, until what you owe has been paid. You promise to make all payments to the place we choose. If this loan refinances another loan we have with you, the other loan will be canceled and refinanced as of the date of this loan. Unless otherwise required by law, payments will be applied to amounts owed in the manner we choose.
- 34 5. LOAN PROCEEDS BY MAIL** — If the proceeds of this loan are mailed to you, interest on this loan begins on the date the loan proceeds are mailed to you.
- 35 6. SECURITY FOR LOAN** — This Agreement is secured by all property described in the "Security" section of the Truth in Lending Disclosure. Property securing other loans you have with us also secures this loan. In addition to your pledge of shares, we may also have what is known as a statutory lien on all individual and joint accounts you have with us. A statutory lien means we have the right under federal law and many state laws to claim an interest in your accounts. We can enforce a statutory lien against your shares and dividends, and if any, interest and deposits, in all individual and joint accounts you have with us to satisfy any outstanding financial obligation that is due and payable to us. We may exercise our right to enforce this lien without further notice to you, to the extent permitted by law. **For all borrowers:** You pledge as security for this loan all shares and dividends and, if any, all deposits and interest in all joint and individual accounts you have with the credit union now and in the future. **The statutory lien and/or your pledge will allow us to apply the funds in your account(s) to what you owe when you are in default.** The statutory lien and your pledge do not apply to any Individual Retirement Account or any other account that would lose special tax treatment under state or federal law if given as security.
- 36 7. DEFAULT** — You will be in default under this Agreement if you do not make a payment of the amount required on or before the date it is due. You will be in default if you break any promise you made in connection with this loan or if anyone is in default under any security agreement made in connection with this

## SECURITY AGREEMENT

In this Agreement all references to "credit union," "we," "our" or "us" mean the credit union whose name appears on this document and anyone to whom the credit union assigns or transfers this Agreement. All references to the "Loan" mean the loan described in the Loan Agreement that is part of this document. All references to "you," or "your" mean any person who signs this Agreement.

- 45 1. THE SECURITY FOR THE LOAN** — You give us what is known as a security interest in the property described in the "Security" section of the Truth in Lending Disclosure that is part of this document ("the Property"). The security interest you give includes all accessions. Accessions are things which are attached to or installed in the Property now or in the future. The security interest also includes any replacements for the Property which you buy within 10 days of the Loan and any extensions, renewals or refinancings of the Loan. It also includes any money you receive from selling the Property or from insurance you have on the Property. If the value of the Property declines, you promise to give us more property as security if asked to do so.
- 46 2. WHAT THE SECURITY INTEREST COVERS/CROSS COLLATERAL PROVISIONS** — The security interest secures the Loan and any extensions, renewals or refinancings of the Loan. **The security interest also secures any other loans, including any credit card loan, you have now or receive in the future from us and any other amounts you owe us for any reason now or in the future, except any loan secured by your principal residence.** If the Property is household goods as defined by the Federal Trade Commission Credit Practices Rule or your principal residence, the Property will secure only this Loan and not other loans or amounts you owe us.
- 47 3. OWNERSHIP OF THE PROPERTY** — You promise that you own the Property or, if this Loan is to buy the Property, you promise you will use the Loan proceeds for that purpose. You promise that no one else has any interest in or claim against the Property that you have not already told us about. You promise not to sell or lease the Property or to use it as security for a loan with another creditor until the Loan is repaid. You promise you will allow no other security interest or lien to attach to the Property either by your actions or by operation of law.
- 48 4. PROTECTING THE SECURITY INTEREST** — If your state issues a title for the Property, you promise to have our security interest shown on the title. We may have to file what is called a financing statement to protect our security interest from the claims of others. You irrevocably authorize us to execute (on your behalf), if applicable, and file one or more financing, continuation or amendment statements pursuant to the Uniform Commercial Code (UCC) in form satisfactory to us. You promise to do whatever else we think is necessary to protect our security interest in the Property. You also promise to pay all costs, including but not limited to any attorney fees, we incur in protecting our security interest and rights in the Property, to the extent permitted by applicable law.
- 49 5. USE OF PROPERTY** — Until the Loan has been paid off, you promise you will: (1) Use the Property carefully and keep it in good repair. (2) Obtain our written permission before making major changes to the Property or changing the address where the Property is kept. (3) Inform us in writing before changing your address. (4) Allow us to inspect the Property. (5) Promptly notify us if the Property is damaged, stolen or abused. (6) Not use the Property for any unlawful purpose. (7) Not retitle property in another state without telling us.
- 50 6. PROPERTY INSURANCE, TAXES AND FEES** — You promise to pay all taxes and fees (like registration fees) due on the Property and to keep the Property insured against loss and damage. The amount and coverage of the property insurance must be acceptable to us. You may provide the property insurance through a policy you already have, or through a policy you get and pay for. You promise to make the insurance policy payable to us and to deliver the policy or proof of coverage to us if asked to do so.
- If you cancel your insurance and get a refund, we have a right to the refund. If the Property is lost or damaged, we can use the insurance settlement to repair the Property or apply it towards what you owe. You authorize us to endorse any draft or check which may be payable to you in order for us to collect any refund or benefits due under your insurance policy.
- If you do not pay the taxes or fees on the Property when due or keep it insured, we may pay these obligations, but we are not required to do so. Any money we spend for taxes, fees or insurance will be added to the unpaid balance of the Loan and you will pay interest on those amounts at the same rate you agreed to pay on the Loan. We may receive payments in connection with the insurance from a company which provides the insurance. We may monitor our loans for the purpose of determining whether you and other borrowers have complied with the insurance requirements of our loan agreements or may engage others

Agreement. You will be in default if you die, file for bankruptcy, become insolvent (that is, unable to pay your bills and loans as they become due), or if you made any false or misleading statements in your loan application. You will also be in default if something happens that we believe may seriously affect your ability to repay what you owe under this Agreement or if you are in default under any other loan agreement you have with us.

- 8. ACTIONS AFTER DEFAULT** — When you are in default, we may demand immediate payment of the entire unpaid balance under this Agreement. You waive any right you have to receive demand for payment, notice of intent to demand immediate payment and notice of demand for immediate payment. If we demand immediate payment, you will continue to pay interest at the rate provided for in this Agreement, until what you owe has been repaid. We will also apply against what you owe any shares and/or deposits given as security under this Agreement. We may also exercise any other rights given by law when you are in default.
- 9. EACH PERSON RESPONSIBLE** — Each person who signs this Agreement will be individually and jointly responsible for paying the entire amount owed under this Agreement. This means we can enforce our rights against any one of you individually or against all of you together.
- 10. LATE CHARGE** — If you are late in making a payment, you promise to pay the late charge shown in the Truth in Lending Disclosure. If no late charge is shown, you will not be charged one.
- 11. DELAY IN ENFORCING RIGHTS** — We can delay enforcing any of our rights under this Agreement any number of times without losing the ability to exercise our rights later. We can enforce this Agreement against your heirs or legal representatives.
- 12. CONTINUED EFFECTIVENESS** — If any part of this Agreement is determined by a court to be unenforceable, the rest will remain in effect.
- 13. NOTICES** — Notices will be sent to you at the most recent address you have given us in writing. Notice to any one of you will be notice to all.
- 14. USE OF ACCOUNT** — You promise to use your account for consumer (personal, family or household) purposes, unless the credit union gives you written permission to use the account also for agricultural or commercial purposes, or to purchase real estate.
- 15. NO ORAL AGREEMENTS — THIS NOTE CONSTITUTES A "WRITTEN LOAN AGREEMENT" PURSUANT TO SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, IF SUCH SECTION APPLIES. THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

to do so. The insurance charge added to the Loan may include (1) the insurance company's payments to us and (2) the cost of determining compliance with the insurance requirements. If we add amounts for taxes, fees or insurance to the unpaid balance of the Loan, we may increase your payments to pay the amount added within the term of the insurance or term of the Loan.

- 7. INSURANCE NOTICE** — If you do not purchase the required property insurance, the insurance we may purchase and charge you for will cover only our interest in the Property. The premium for this insurance may be higher because the insurance company may have given us the right to purchase insurance after uninsured collateral is lost or damaged. **The insurance will not be liability insurance and will not satisfy any state financial responsibility or no fault laws.**
- 8. DEFAULT** — You will be in default if you break any promise you make or fail to perform any obligation you have under this Agreement. You will be in default if any property you have given us as security is repossessed by someone else, seized under a forfeiture or similar law, or if anything else happens that significantly affects the value of the Property or our security interest in it. You will also be in default under this Agreement if the Loan is in default.
- 9. WHAT HAPPENS IF YOU ARE IN DEFAULT** — When you are in default, we may demand immediate payment of the outstanding balance of the Loan without giving you advance notice and take possession of the Property. You agree the Credit Union has the right to take possession of the Property without judicial process if this can be done without breach of the peace. If we ask, you promise to deliver the Property at a time and place we choose. If the Property is a motor vehicle or boat, you agree that we may obtain a key or other device necessary to unlock and operate it, when you are in default. We will not be responsible for any other property not covered by this Agreement that you leave inside the Property or that is attached to the Property. We will try to return that property to you or make it available for you to claim.

After we have possession of the Property, we can sell it and apply the money to any amounts you owe us. We will give you notice of any public disposition or the date after which a private disposition will be held. Our expenses for taking possession of and selling the Property will be deducted from the money received from the sale. Those costs may include the cost of storing the Property, preparing it for sale and attorney's fees to the extent permitted under state law or awarded under the Bankruptcy Code.

If you have agreed to pay the Loan, you must pay any amount that remains unpaid after the sale money has been applied to the unpaid balance of the Loan and to what you owe under this Agreement. You agree to pay interest on that amount at the same rate as the Loan, until that amount has been paid.

- 10. DELAY IN ENFORCING RIGHTS AND CHANGES IN THE LOAN** — We can delay enforcing any of our rights under this Agreement any number of times without losing the ability to exercise our rights later. We can enforce this Agreement against your heirs or legal representatives. If we change the terms of the Loan, you agree that this Agreement will remain in effect.
- 11. CONTINUED EFFECTIVENESS** — If any part of this Agreement is determined by a court to be unenforceable, the rest will remain in effect.
- 12. NOTICE TO NORTH DAKOTA BORROWERS PURCHASING A MOTOR VEHICLE** — THE MOTOR VEHICLE IN THIS TRANSACTION MAY BE SUBJECT TO REPOSSESSION. IF IT IS REPOSSESSED AND SOLD TO SOMEONE ELSE, AND ALL AMOUNTS DUE TO THE SECURED PARTY ARE NOT RECEIVED IN THAT SALE, YOU MAY HAVE TO PAY THE DIFFERENCE.
- 13. NOTICE FOR ARIZONA OWNERS OF PROPERTY** — It is unlawful for you to fail to return a motor vehicle that is subject to a security interest, within thirty days after you have received notice of default. The notice will be mailed to the address you gave us. It is your responsibility to notify us if your address changes. The maximum penalty for unlawful failure to return a motor vehicle is one year in prison and/or a fine of \$150,000.00.
- 14. CONSUMERS' CLAIMS AND DEFENSES NOTICE** — *The following paragraph applies only when the box on the reverse side is checked.*
- NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.**

33. Payments – This is the borrower’s promise to make payments as specified in the Truth in Lending Disclosure. It also discloses to the borrower that there is no prepayment penalty and if payments are not made as scheduled, the final payment may be more or less than the final payment that was disclosed. Also, if single premium credit insurance is elected, the premium may be financed or paid in cash.
34. Loan Proceeds By Mail – This is an explanation that interest begins on the date the loan proceeds are mailed, if this loan is transacted through the mail.
35. Security For Loan – Regulation Z, Section 1026.18(m) requires that the creditor disclose the fact that it will acquire a security interest in the property purchased or in other property identified by item or type. The LOANLINER® Loan Agreement discloses that the loan is secured by all items described in the “Security” section of the Truth in Lending Disclosure. The Loan Agreement is designed to handle all types of credit secured by personal property, including mobile homes, but not any other real estate.

The loan is also secured by property securing other loans with the Credit Union.

Much of this section deals with a statutory lien. A statutory lien is applicable to federal and state-chartered credit unions. In 1999, NCUA issued regulations that required federal credit unions to disclose statutory liens in a certain manner. If a borrower’s loan is in default, the statutory lien allows your credit union to apply the balance of shares and dividends in all individual and joint accounts with your credit union to satisfy the obligation.

There is also a general pledge of shares in this section, which allows your credit union to apply the funds in your borrowers account(s) to what they owe when they are in default. This pledge is considered additional security for all loans. The pledge does not apply to Individual Retirement Accounts (IRA) or any other account that would lose special tax treatment under state or federal law if given as security. As long as your borrower is making payments and the loan is not share secured, your borrower has access to his/her shares and/or deposits.

*NOTE: For state-chartered credit unions located in states where statutory liens are not allowed, the general pledge of shares would apply.*

36. Default – This paragraph describes the elements of default and allows your credit union to accelerate the unpaid balance in the event of default. The default language will vary by version, due to state law requirements. Be sure to read this paragraph before deciding whether you can call a loan in default. If you have questions, consult your legal counsel.

37. **Actions After Default** – This section includes a statement allowing the Credit Union to accelerate the unpaid balance in the event of default. If this paragraph gives the borrower a right to cure the default, be sure you comply with the applicable state law on timing and content of the Right to Cure Notice. When a debt is accelerated, interest will continue on the unpaid balance at the same rate. Lastly, your credit union may exercise any other rights given by law when your borrower is in default.
38. **Each Person Responsible** – This paragraph explains that each person who signs the Loan Agreement will be held individually and jointly responsible for paying the entire amount owed under the Agreement.
39. **Late Charge** – This describes that if your borrower is late in making a payment, they promise to pay the late charge shown in the Truth in Lending Disclosure, if one is disclosed.
40. **Delay in Enforcing Rights** – This statement provides that your credit union can delay enforcing any rights under this Agreement without losing the ability to exercise those rights later.
41. **Continued Effectiveness** – This statement deems that if a court finds any part of the Agreement unenforceable, the remainder of the Agreement remains in effect.
42. **Notices** – This paragraph states that your credit union will send notices to the most recent address your borrower gave your credit union in writing and that notice to one is notice to all.
43. **Use of Account** – This paragraph was added to the Loan Agreement due to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA) which gave the Credit Union protection against court-ordered reduction (cramdown) of a secured balance on purchase-money security interests acquired for personal, family or household purposes. This provision will prove a vehicle was purchased for personal use.
44. **No Oral Agreements** – This paragraph applies to Texas transactions and confirms that the rights and obligations of the borrower and lender shall be determined solely from the written Loan Agreements and any prior oral agreements between the lender and borrower are superseded by the Loan Agreement.

### **Security Agreement**

45. **The Security For the Loan** – This paragraph grants your credit union a security interest in the property described in the “Security” section of the Truth in Lending Disclosure. It is very important that you thoroughly describe the collateral in the Truth in Lending Disclosure.

It also permits your credit union a security interest in accessions, proceeds of the collateral, and allows you to obtain additional collateral if the market value of the collateral declines.

46. What the Security Interest Covers – This paragraph states that the property described in the Truth in Lending Disclosure secures the loan. If the property is not a dwelling, then the security for the loan will also be security for other debts with the Credit Union, now and in the future. This is known as a “cross-collateral” clause. However, if the property is household goods as defined by Federal Trade Commission Credit Practices Rule, the security can only secure this loan and not other loans or amounts owed to the Credit Union.
47. Ownership of the Property – This paragraph describes your borrower’s ownership rights. This clause explains that a borrower can be considered in default if they sign the Security Agreement and they do not own the collateral shown in the “Security” section of the Truth in Lending Disclosure. It outlines that the borrower cannot sell the collateral or give anyone else a security interest in it until the debt has been paid, nor can they allow any other security interest or lien to be attached to the property.
48. Protecting the Security Interest – This paragraph requires the borrower to promise to assist the Credit Union in any way to protect the security interest. It also requires the borrower to identify your credit union as lien holder on the title and requires the borrower to sign a financing statement, if necessary.
49. Use of Property – This paragraph outlines the responsibilities of the borrower to maintain the collateral.
50. Property Insurance, Taxes and Fees – This paragraph contains information about taxes, fees and property insurance on the collateral. Your borrower is required to pay all taxes and fees plus insure the property and name the Credit Union as loss payee on an insurance policy. Any amounts spent by your credit union on taxes, fees or property insurance can be added to the loan balance and be subject to interest at the same rate as the original loan. Your credit union has the option of increasing the borrower’s payment to the extent necessary to repay the loan in the original scheduled term or extend the term of the loan to repay these amounts.
51. Insurance Notice – This paragraph states that if your borrower does not purchase property insurance, your credit union can purchase and charge your borrower for insurance that covers only your credit union’s interest in the property.



52. Default – Article 9 of the Uniform Commercial Code (UCC) does not define default, so the contract must define this term. Default is defined as breaking any promise or failing to perform any obligation under this Security Agreement or the LOANLINER® Loan and Security Agreements and Disclosure Statement.
53. What Happens if you are in Default – This paragraph describes your credit union’s rights if the property is in default. It gives your credit union the right to accelerate the debt and repossess the collateral upon default. It establishes the right to sell the repossessed property and to pass any costs involved onto your borrowers. Lastly, it requires your borrower to pay any remaining loan balance after the sale money has been applied. If you are required to give the borrower a right to cure the default, be sure to follow state law requirements on the timing and content of the notice.
54. Delay in Enforcing Rights and Changes in the Loan – This statement provides that your credit union can delay enforcing any rights under this Agreement without losing the ability to exercise those rights later.
55. Continued Effectiveness – This statement deems that if a court finds any part of the Agreement unenforceable, the remainder of the Agreement is still in effect.
56. Notice to North Dakota Borrowers Purchasing a Motor Vehicle – This paragraph states that a motor vehicle may be subject to repossession for North Dakota borrowers. This notice will only appear on the document used for North Dakota borrowers.
57. Notice for Arizona Owners of Property – This paragraph describes responsibilities for Arizona owners of property when in default on a motor vehicle. This notice will only appear on the document used for Arizona borrowers.
58. Consumers’ Claims and Defenses Notice – This is a notice required by the Federal Trade Commission. It is often referred to as the “Holder in Due Course” rule. This notice must be given when the Credit Union is selling a repossessed car. It is also given in those situations in which there is a “business arrangement” between the seller and your credit union. “Business arrangement” is defined as “any understanding, procedure, course of dealing or arrangement, formal or informal, between a creditor and a seller, in connection with the sale of goods or services to consumers or the financing thereof.”
- This rule applies to both affiliations and referrals. Examples of an affiliation would include: maintenance of loan application documents in the office of the seller, agreement by the seller with the creditor to

prepare loan documents, the creditor's referrals of customers to a sales outlet, payment of consideration to a seller for furnishing the loan customers or to a creditor for furnishing sales prospects, the assignment of indirect paper or the referral of loan customers to a creditor, active creditor participation in the sales program, joint advertising efforts, or an agreement to purchase paper on an indirect basis. Referral is viewed as a pattern of cooperative activity directly relating to the arranging of credit. The seller and the creditor must be engaged in cooperative or concerted conduct to send a consumer to the creditor.

The box on the front of the Loan Agreement should be checked if the dealer advised you, by agreement or otherwise, that this notice is applicable. The box should also be checked if you are selling a repossessed vehicle.



**CUNA MUTUAL GROUP**

CMFG Life Insurance Company  
P.O. Box 391 • 5910 Mineral Point Road  
Madison, WI 53701-0391

**SINGLE PREMIUM REFUND REQUEST**

<b>1</b> Credit Union Name	<b>2</b> Group Policy Number
<b>3</b> Loan Number	<b>4</b> Account Number
	<b>5</b> Certificate Number

Insured Borrower's Name \_\_\_\_\_

A. Date of Termination \_\_\_\_\_

1. Premium Refunded:

\$ CL \_\_\_\_\_

\$ CD \_\_\_\_\_

2. Reason for Refund:

Refinanced       Repayment

Death (Credit Disability only)

**CREDIT UNION COPY**

YSPR12

## **Completion Instructions**

Please refer to the document on the preceding page for the corresponding letters.

1. Credit Union Name – Enter your credit union’s name.
2. Group Policy Number – Enter your credit union’s policy number.
3. Loan Number – Enter the borrower’s loan number found on the Note.
4. Account Number – Enter the borrower’s account number.
5. Certificate Number – Enter the Certificate Number that was assigned to the borrower. On the LOANLINER® Closed-End Loan and Security Agreements and Disclosure Statement document, this number is located directly below the LOANLINER® logo.

NOTE: The Single Premium Refund Request is a 2-part document. There is one copy to submit to CUNA Mutual Group and the other is to place in your borrower’s file.