



Checking Line of Credit (CLOC) Agreement and Disclosure

Navy Federal Credit Union is identified in this document as "Navy Federal" or "We," and the Borrower (Member) and any Co-Borrower will be identified as "Borrower" or "I."

Borrower's Name and Address

Dear Borrower:

Please find below your Checking Line of Credit Agreement and Disclosure (CLOC Agreement).



Credit Union Checking Line of Credit (CLOC) Agreement and Disclosure

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How We Will Calculate Your Balance: We use a method called "daily balance." See your account agreement for more details.

Billing Rights: Information on your rights to dispute transactions and how to exercise those rights is provided in your account agreement.

1. The Borrower accepts a Checking Line of Credit (CLOC) approved by Navy Federal, and until default occurs as defined in this agreement, or until terminated by Navy Federal as provided in paragraphs 7.b. and 7.c. below, the Borrower may access said loan (1) by negotiating a CLOC check, (2) by negotiating a check that exceeds the available funds in the checking account, or (3) by initiating other types of transactions on the checking account for which check funds are not available. The Borrower agrees (a) not to exceed the open-end loan amount stated above and (b) to repay all amounts borrowed in accordance with the terms of this agreement, with an **Interest Charge** computed by applying the single daily Periodic Rate (as specified in the agreement) to the loan balance outstanding, which is an **Annual Percentage Rate** (as specified in the agreement).
2. I hereby authorize use of this open-end loan privilege by the joint owner (if any) of my checking account.
3. I understand that this CLOC does not alter or replace my Checking Agreement except as follows: (a) Navy Federal is hereby authorized to pay a check that exceeds the share balance in my checking account by advancing credit from my CLOC in the amount required to clear the overdraft. (b) If funds that are needed to pay a check are not available in either my checking account or CLOC, Navy Federal is authorized to pay a check by transferring the amount of the resulting overdraft from my savings. (c) Navy Federal is also authorized to refuse any check that exceeds the funds available in my checking account, savings account, or CLOC. A fee (as published in Navy Federal's current *Schedule of Fees and Charges*) will be assessed on my checking account for each refused check.
4. I authorize Navy Federal to pay individual CLOC checks by advancing credit from my CLOC and understand the following conditions: (a) All negotiated CLOC checks will be paid **only** from funds available in my CLOC. Each negotiated CLOC check will be charged to the CLOC as of the date of receipt by Navy Federal. Navy Federal will not be responsible for CLOC checks that are post-dated if they are paid before the date of the instrument. Also, Navy Federal is under no obligation to pay or refuse payment of a CLOC check on which the date is more than six (6) months old. (b) Navy Federal is authorized to refuse any CLOC check that exceeds the funds available in the CLOC. A fee (as published in Navy Federal's current *Schedule of Fees and Charges*) will be assessed on my checking account for each refused check. (c) Navy Federal may, at its option, pay a CLOC check that exceeds the available line of credit balance. My CLOC will be subject to an over-limit fee if, at any time, my credit limit is exceeded as a result of payment of a CLOC check. Also, I agree to pay the amount by which the credit limit is exceeded immediately. (d) Except for negligence, Navy Federal is not liable for any action it takes regarding the payment or non-payment of a CLOC check.
5. I agree that for those months in which a CLOC loan balance exists, I will make the required payment indicated on the monthly periodic statement by the payment due date. The minimum monthly payment will be the greater of (1) 2% of the "Total Outstanding Balance" shown on the monthly periodic statement or (2) \$20.00. However, the Total Outstanding Balance will be due when it is less than \$20.00.
6. If the Borrower fails to forward the required payment amount in time to ensure that the funds are received by Navy Federal on or before the payment due date, Navy Federal is authorized to automatically deduct the payment amount due from the Borrower's checking account on the payment due date. If funds are not available in the checking account, Navy Federal is authorized to cover the payment by transfer of funds from the Borrower's savings account. Borrower acknowledges and agrees that authorization to cover the payment by transfer of funds applies to all funds Borrower voluntarily deposits into Navy Federal accounts, including Social Security funds, as permitted by law.
7. I further agree that: (a) Navy Federal may change the terms of this agreement upon forwarding written notice of the change to the undersigned at the address shown on the credit union's records at least 45 days prior to the date the change becomes effective. However, Navy Federal may reduce the various fees or charges without notice to me. (b) Navy Federal may terminate this agreement: (1) upon adverse re-evaluation of the Borrower's creditworthiness; (2) upon failure of the Borrower to satisfy the terms of the agreement; or (3) at the option of the Borrower or of Navy Federal with good cause. Navy Federal has the right of assignment of this agreement. (c) Navy Federal may terminate this agreement or restrict access to the CLOC without prior notice upon default, when expressly agreed to by the Borrower, or at any time upon forwarding written notice of such termination or restriction to the Borrower at the address shown on the credit union's records. Termination or restriction shall not affect the Borrower's obligation to pay the loan balance outstanding or any of the other rights provided for herein. (d) A new loan application may be required to increase my credit limit. (e) I may terminate this agreement at any time by contacting Navy Federal.
8. Borrowers authorize Navy Federal without notice or demand and without affecting their liability hereunder, from time to time, to release or substitute any one or more of the joint owners.
9. I acknowledge receipt of this agreement. My signature(s) indicate(s) agreement with all loan terms and conditions. This contract is made under and pursuant to the laws of the State of Virginia.

Navy Federal reports the status of loans and credit information to appropriate credit reporting agencies, pursuant to federal regulations.

By typing your name and clicking on the "Accept and Submit" button, you are creating an electronic signature and delivering your signed CLOC Agreement. From that point on, the CLOC Agreement will show your typed name whenever it is displayed. If you choose not to submit the electronically signed CLOC Agreement, you can click on the "I Decline to Sign Electronically" button. **Please Note:** Your electronic signature is not effective until you click on the "Accept and Submit" button and the CLOC Agreement is delivered. Once submitted, your electronic signature will be just as enforceable as a handwritten signature.

By electronically signing, you expressly agree that this CLOC Agreement is a transferable record and that Navy Federal may, at our option, convert this CLOC Agreement and your electronic signature into a paper original. You further agree to be bound by your signature whether it remains in electronic form or is reduced to paper.

By clicking "Accept and Submit," I understand and agree to be bound by the terms and conditions set forth in the CLOC Agreement and Disclosure.

Disclosures

1. Interest Charge

- The daily Periodic Rate and the Annual Percentage Rate used to compute and accrue the Interest Charge on the CLOC loan advances are shown on the front of this agreement.
- The Interest Charge on CLOC loan advances begins to accrue on the date an advance is posted to your account and continues to accrue daily on the unpaid principal balance.
- The CLOC loan balance increases as new amounts are advanced and decreases as payments are made and credits are applied. The CLOC principal balance is the balance to which Navy Federal applies the daily Periodic Rate to compute the Interest Charge.
- To compute the Interest Charge on your CLOC, begin with the first loan advance and multiply that amount by the daily Periodic Rate to determine the daily interest. Then multiply the daily interest by the number of days that the principal balance remains unchanged to determine the interest accrued for that number of days. Each time the principal balance changes, the daily interest needs to be recalculated. To determine the total Interest Charge, add the results for each interim calculation of daily interest.

2. For purposes of this section, the words "I" and "we" mean Borrower (Member) and any Co-Borrower and does not mean Authorized Users of the CLOC.

a. Security Interest Specific for CLOC. I/We acknowledge and pledge, specifically as a condition of my/our use of the CLOC, that I/we have voluntarily granted Navy Federal Credit Union a security interest in all of my/our individual and joint share accounts at Navy Federal Credit Union. If my/our CLOC becomes delinquent, this security interest may be used without further notice to pay all or part of such delinquency. This security interest does not apply to shares in an Individual Retirement Account (IRA).

b. I/We acknowledge and pledge to Navy Federal a statutory lien in my/our shares and dividends on deposit in all joint and individual accounts and any monies held by Navy Federal now and in the future, to the extent of any loan made and any charges payable. The statutory lien does not apply to shares in any IRA.

I/We acknowledge and pledge to Navy Federal a security interest in the collateral securing loan(s) that I/we have with Navy Federal now and in the future, including any type of change or increase, and any proceeds from the sale of such collateral and of insurance thereon, not to exceed the unpaid balance of the loan. This security interest in collateral securing other loans does not apply to any loan(s) on my/our primary residence.

3. Your Billing Rights: Keep this document for future use.

This notice tells you about your rights and our responsibilities under the Fair Credit Billing Act.

What to Do if You Find a Mistake on Your Statement

If you think there is an error on your statement, write to us at:

Navy Federal Credit Union
P.O. Box 3000
Merrifield, VA 22119-3000

You may also contact us on the Web at navyfederal.org or send a fax to 1-703-206-3132.

In your letter, give us the following information:

- Account information: Your name and account number.
- Dollar amount: The dollar amount of the suspected error.
- Description of problem: If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us:

- Within sixty (60) days after the error appeared on your statement.
- At least three (3) business days before an automated payment is scheduled, if you want to stop payment on the amount you think is wrong.

You must notify us of any potential errors in writing or electronically. You may call us at 1-888-842-6328 or 1-703-255-8837 for collect international calls, but if you do, we are not required to investigate any potential errors, and you may have to pay the amount in question.

What Will Happen After We Receive Your Letter

When we receive your letter, we must do two things:

1. Within thirty (30) days of receiving your letter, we must tell you that we received it. We will also tell you if we have already corrected the error.
2. Within ninety (90) days of receiving your letter, we must either correct the error or explain to you why we believe the bill is correct.

While we investigate whether or not there has been an error:

- We cannot try to collect the amount in question or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

After we finish our investigation, one of two things will happen:

- If we made a mistake: You will not have to pay the amount in question or any interest or other fees related to that amount.
- If we do not believe there was a mistake: You will have to pay the amount in question, along with applicable interest and fees. We will send you a statement of the amount you owe and the date payment is due. We may then report you as delinquent if you do not pay the amount we think you owe.

If you receive our explanation but still believe your bill is wrong, you must write to us within ten (10) days telling us that you still refuse to pay. If you do so, we cannot report you as delinquent without also reporting that you are questioning your bill. We must tell you the name of anyone to whom we reported you as delinquent, and we must let those organizations know when the matter has been settled between us.

If we do not follow all the rules above, you do not have to pay the first \$50 of the amount you question, even if your bill is correct.

Additional provisions only applicable to overdrafts as a result of an Electronic Funds Transfer (EFT) transaction:

You may call us to report a suspected error on your statement; however, we may require that you send us your complaint or question in writing within ten (10) business days. We will provisionally credit your account for the amount of the billing error within five (5) business days [twenty (20) business days for new member accounts] of receiving your error notification. We will attempt to tell you the results of our investigation within ten (10) business days [twenty (20) business days for new member accounts]. If we need more time, however, we may take up to ninety (90) days to investigate your claim. We will report the results of our investigation to you within three (3) business days. If it is determined that the charges are valid, we will send you a written explanation, and any provisional credits will be reversed.

If you do not notify us at once of the unauthorized activity on your Navy Federal Debit Card, you may be held financially liable for a portion/ all of the unauthorized purchases and/or ATM cash disbursements conducted. If you notify us within two (2) business days after learning of the loss or theft, you can lose no more than \$50 if someone uses your Navy Federal Debit Card without your permission. If you do not tell us within two (2) business days and we can prove we could have stopped the losses from occurring if you had told us, you could lose as much as \$500. If you do not tell us about any unauthorized use of your account within sixty (60) days after the statement was sent to you, you may be liable for the cost of all unauthorized transfers made after the sixty (60) days. If a good reason (such as deployment) kept you from telling us, we may extend the time periods.

- 4. Notice of Claim:** Neither Borrower nor Navy Federal may commence, join, or be joined to any judicial action (as either individual litigant or the member of a class) that arises from the other party's actions pursuant to this agreement or that alleges the other party has breached any provision of, or any duty owed by reason of, this agreement, until such party has notified the other party of such alleged breach and afforded the other party a reasonable period after the giving of such notice to take corrective action.

5. Other Provisions

- The Borrower and Co-Borrower may request that payment of a CLOC check be stopped by providing notification to Navy Federal in such form as Navy Federal may establish. A fee will be assessed on your checking account in the amount shown on Navy Federal's current *Schedule of Fees and Charges* for each stop-payment request.
- The Borrower may request a copy of a paid CLOC check when required. A fee will be assessed on your checking account in the amount shown on Navy Federal's current *Schedule of Fees and Charges* for each CLOC check copy.

6. Default Agreement

The occurrence of any of the following shall constitute default: failure to make payments as specified; failure to perform in accordance with this agreement; failure to stay within your approved CLOC limit; discovery that any warranty or statement of Borrower made in connection with this transaction is incorrect in any material respect; death, insolvency, business failure, or entry of a discharge in bankruptcy or receivership by or against the Borrower, Co-Borrower, or any property of either. Any default by Borrower under any of the terms or provisions of any other agreement between Borrower and Navy Federal, whether existing now or in the future, shall constitute a default under all agreements. Under default, the balance due under this agreement, plus any interest, charges, and fees, shall become immediately payable without further notice to the Borrower at the option of Navy Federal. If the amount due is not paid immediately, Navy Federal shall have the right to take such action as is available to it under the law. Such action may include taking possession of all stated collateral and sell, or otherwise dispose of the same, or any part thereof, at public or private sale upon such terms as Navy Federal may elect, and apply the proceeds received from such a sale to the amounts owed. Borrower will be liable to Navy Federal for any deficiency to the extent permitted by law. In the event of default, all reasonable costs of collection, including, but not limited to, court costs, expenses, and reasonable attorney's fees, will be paid by the Borrower. Navy Federal may also revoke any and all membership privileges previously extended to the Borrower (except the right to vote and to maintain a savings account) without prior notice to the Borrower. The waiver by Navy Federal of any default by the Borrower shall not be a waiver of any subsequent default. If Borrower is in default, Navy Federal may obtain any information it deems necessary to cure or collect said default, including Borrower's current contact information, as permitted by law. Contact to an Borrower's employer will be limited to obtaining current contact information. You agree that if you do not make payments on your account in accordance with this agreement, you will accept calls from Navy Federal regarding your account at any telephone number provided by you (including cellular telephone numbers). In addition, we may use pre-recorded voice messages or automatic dialing devices to contact you at any telephone number associated with your account. You agree such calls will not be "unsolicited" calls for the purpose of state and federal laws.

7. Military Annual Percentage Rate

The following statement applies to covered borrowers (Active Duty servicemembers and their dependents) under the Military Lending Act: Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account). If you would like to hear this message orally, please call 1-800-667-9596.