

NOTE-(Continued)

- A. Payments-** You promise to make payments of the amount and at the time shown in the Truth-in-Lending disclosure on the reverse side until what you owe has been repaid. You may make larger payments without penalty. If you do prepay part of what you owe, subsequent payments will remain due as scheduled. If you do not make payments as scheduled, your last payment may be larger than the amount of the other payments. You promise to make payments at the place chosen by the credit union. If this loan is being made by mail, interest on this loan begins when the loan proceeds are mailed. If this loan refinances an earlier loan, said loan will be cancelled and refinanced as of the date on the reverse side.
- B. Pledge of Savings-** You agree this loan is also secured by all the shares and deposits in your individual and joint accounts with the credit union now and in the future. Shares and deposits in an Individual Retirement Account and any other account that would lose special tax treatment under state or federal law if given as security are not subject to the security interest you give in your shares and deposits.
- C. Default-** You will be in default if you do not make a payment of the amount required when it is due. You will be in default if you break any promise you made in connection with this loan. You will be in default if you die, file for bankruptcy or become insolvent, that is, unable to pay your obligations when they become due. You will be in default if you make any false or misleading statements in any credit application or update of credit information. You will be in default if something happens which the credit union believes may substantially reduce your ability to repay what you owe. You will be in default if any person seeks to garnish or attach any money we hold on deposit for you, or we otherwise owe you. You will be in default if you or the guarantor default in the payment of any money you owe us under any other agreement. When you are in default, the credit union can demand immediate payment of the unpaid balance of this loan without giving you advance notice. If the credit union demands immediate payment

- of the unpaid balance, you will continue to pay interest at the same interest rate until what you owe has been repaid. If the credit union has demanded immediate repayment of the unpaid balance, the credit union can apply the shares and deposits that you have given as security under this agreement towards what you owe. The credit union can also exercise any other rights the law gives the credit union when you are in default. You agree to pay all usual and customary costs of collection including reasonable attorney fees and all taxable court costs permitted by law, whether this loan is secured or unsecured.
- D. Each Person Responsible-** Each person who signs this agreement will individually and jointly responsible for paying the entire amount owed. That means the credit union can enforce its rights under this agreement against any one of you individually or against all of you together.
- E. Late Charge-** If you are late in making a payment, you agree to pay the late charges shown in the Truth-in-Lending Disclosure on the reverse side. If no late charge is shown, you will not be charged one.
- F. No Waiver-** The credit union can delay enforcing any of its rights any number of times without losing its rights.
- G. Notices-** Notices will be mailed to you at the most recent address you have given the credit union in Writing. Notice to any one of you will be notice to all.
- H. Changes in Interest Rate-** If this is a variable rate loan, all changes in the interest rate on this Note will be made on the first day of a "rate period". A "rate period" means a year that begins on July 1 and ends on the following June 30. Until the first day of the "rate period" following the date of this loan, the interest rate is the ANNUAL PERCENTAGE RATE shown on the reverse side. Changes in the interest rate may alter the number of payments required to pay the loan in full. Your payment will change only if an interest rate change would make your payment insufficient to cover monthly interest due. We may substitute a new index for the variable rate if the index described on the reverse side becomes unavailable.

SECURITY AGREEMENT

- 1. Security Interest:** You give the credit union a security interest in the "Collateral" described on the reverse side. (If no property is described or specified in that "Collateral" box, this Security Agreement does not apply.) This security interest also covers accessions to that property (like a tape deck in a car) and the proceeds of any insurance on the property.
- 2. Obligations Secured:** The security interest secures the loan described on the reverse side, and any renewals or extensions thereof, and any sums which become due to us under any other loan agreement you have with us.
- 3. Perfecting Security Interest:** You promise to sign any financing statement necessary to perfect the security interest or any amendment necessary to correct any error in such financing statement. You authorize credit union to complete any such document in any necessary respect if it was signed while incomplete. You promise to get the security interest noted or endorsed on a certificate of title, or application therefor, when that is necessary to perfect the security interest.
- 4. Ownership of Collateral:** You promise that you own the Collateral or will acquire it with the proceeds of the loan, and that no one else has an interest in or claim against it. You promise not to sell or otherwise dispose of the Collateral, or any part of it, without credit union's written permission and you also promise to keep it free from liens or security interests adverse to credit union's.
- 5. Use of Collateral:** You promise, (a) to keep the Collateral in good order and repair, reasonable wear and tear excepted; (b) not to use it in violation of any law or ordinance; (c) to let credit union inspect and examine it at reasonable times; (d) to notify credit union if you move the Collateral from the address where it is now located; (e) not to remove the Collateral from the State of Michigan without credit union's written permission.
- 6. Insurance and Taxes on Collateral:** You promise to keep the Collateral insured against theft, fire and extended coverage perils and, if it is a motor vehicle, against physical damage, in amounts satisfactory to credit union. The insurance must be payable to you and credit union and must provide for 10 days prior written notice of cancellation to credit union. It must also provide that any premium refund upon cancellation shall be paid to credit union. You also promise to pay all taxes and assessments on the Collateral when due.
- 7. Payment by Credit Union:** If you don't keep your promises in paragraphs 4, 5, and 6 above, credit union can, but doesn't have to, pay amounts necessary to remove adverse liens or security interests, and can, but doesn't have to, pay the repairs, taxes or assessments, or insurance premiums. At the credit union's discretion, amounts so paid are due and payable forthwith, or the credit union may treat this cost as a further extension of credit or choose to increase the monthly payments so the loan will be paid off when originally scheduled. In either case, such amounts are secured by the Collateral and bear interest at the rate in the Note. Such payment(s) by credit union is not a waiver of your default(s) in failing to make those payments as required by this Security Agreement.

- If you have agreed to pay the loan, you will also have to pay any amount that remains unpaid after the sale money has been applied to what you owe on the loan and under this agreement. You agree to pay interest on that amount at the same rate as the loan until that amount has been paid.
- 8. Default:** You are in default under this Security Agreement if (a) you fail to make a payment on any of the "Obligations Secured" when it is due; (b) you break any promise you make in this security agreement; (c) you become insolvent or a receiver is appointed for your property, or if court proceedings are started for liquidation of your debts; (d) a levy, seizure, or attachment is made on the Collateral; (e) the Collateral is lost, stolen, destroyed, or substantially damaged; (f) you fail to acquire the Collateral with the loan proceeds - if that was the purpose of the loan; or (g) any oral or written statement by you or any third party to induce credit union to make this loan proves to have been false in any material regard when it was made. You will be in default if any person seeks to garnish or attach any money we hold on deposit for you, or we otherwise owe you. You will be in default if you or the guarantor default in the payment of any money you owe us under any other agreement.
- 9. Remedies:** While you are in default, credit union has the right to take possession of the Collateral wherever found, without court process if taking can be made without breach of the peace but otherwise by use of court process, and in the event of such taking of possession, you and credit union have the rights and duties concerning the Collateral, and otherwise, provided by law or this Security Agreement. You promise to assemble the Collateral and deliver it to credit union at a reasonable and convenient time and place. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, credit union will give you "reasonable notice" of a time and place of any public sale or of the time after which any private sale or other intended disposition of the Collateral will be made. You agree that mailing of a written notice to you at least 5 days before the sale or disposition is "reasonable notice." Expenses of retaking, holding, preparing for sale, selling and the like, if paid by credit union, are secured by the Collateral according to the terms of this Security Agreement and include, to the extent permitted by law, reasonable attorney fees and expenses. You agree that credit union may, in taking the Collateral, take possession of any personal property in the Collateral. Credit union will hold such personal property for 5 days after the taking. If you do not claim it within that time, you authorize credit union to treat it as abandoned.
- 10. Other Rights:** No waiver of a default will be a waiver of any other default, or of the same kind of default on a future occasion. This Security Agreement is binding on your heirs, personal representatives, successors and assigns, as well as on you. When 2 or more people who have interests in the Collateral sign on the reverse side, their obligation under this Security Agreement is joint and several.

NOTARY CERTIFICATE

STATE OF \_\_\_\_\_

County of \_\_\_\_\_ ss.

The undersigned notary public certifies that this is a true copy of the original security agreement, executed, and delivered by the debtor named therein and to the secured party herein.

YOUR SIGNATURE ON THE REVERSE SIDE IS YOUR SIGNATURE ON THIS SECURITY AGREEMENT.

((Seal) My Commission expires: \_\_\_\_\_

NOTARY PUBLIC

Residing in \_\_\_\_\_

(COUNTY)