

Credit Union Outreach Solutions, Inc.
StretchPay: The Credit Union Salary Advance Loan Alternative
Implementation Guide

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StretchPay Overview

StretchPay – The Credit Union Salary Advance Loan Alternative, is a special loan program designed to help members who need a small dollar loan to carry them over until they receive their next regularly-scheduled income check. StretchPay is designed to be used as an alternative to expensive for-profit payday lenders who often charge \$15.00 to borrow just \$100 for two weeks.

StretchPay is a special line-of-credit loan designed to make it easy and less expensive for members to get short term credit. StretchPay is set up with one important difference to traditional lines-of-credit, and that is a borrower must repay their entire outstanding balance (plus interest) before subsequent advances are permitted. Thus, if a borrower takes a \$250.00 advance on their StretchPay line of credit, they must pay the balance to \$0.00 before borrowing again.

StretchPay is significantly less expensive than a traditional payday loan. Borrowers will pay a \$35.00 annual fee (for a \$250.00 line of credit) and 18% interest on their advances. The annual fee is taken out of their first advance during a 12-month period. This is as opposed to a traditional payday lender who might charge \$15.00 per \$100.00 borrowed for as little as a two week term.

A Borrower who uses StretchPay for 12 advances on a \$250.00 line of credit during a 12-month period will pay approximately \$77.00 for 12-months access to their loan, while a borrower who uses a traditional payday lender may pay more than \$400.00 for the same amount of credit.

Your credit union is offering StretchPay Lines of Credit in association with a non-profit Credit Union Service Organization called ***Credit Union Outreach Solutions, Inc.*** (CUOSI). Each time you collect an annual fee from a StretchPay borrower, you will forward the fee to CUOSI which will, in turn, help your credit union offset any credit losses sustained under the program. This way you will be able to offer members an alternative to expensive payday lenders without incurring the credit risk sometimes associated with small dollar, minimally underwritten loans.

StretchPay is offered to your members using minimal underwriting criteria. Members must be 18 years old, be an established member with your credit union for at least 60 days and not be delinquent on existing loans or negative in any share account. They must also have verified income, not be in the process of filing for bankruptcy under any chapter of the bankruptcy code and have not caused any participating credit union a loss.

Specifics of the StretchPay loan include:

- Credit limits/minimum advances of \$250.00 (with an annual fee of \$35.00) or \$500.00 (with an annual fee of \$70.00);
- 30-Day repayment term;
- Advances must be paid in full prior to new/additional advances;
- 18% interest rate (or the maximum permitted by applicable law, whichever is lower);
- Payroll deduction is encouraged, but not required.

Benefits of StretchPay

For Your Member:

- StretchPay is significantly less expensive than for-profit payday lenders.
- StretchPay helps build a positive credit history.
- StretchPay keeps your members aligned with their credit union, giving you the chance to cure the financial difficulties that gave rise to their need for a short term payday loan.
- The annual fee is taken from the first StretchPay loan advance during a 12-month period, and no fee is charged to borrowers who no longer need the service.

For Your Credit Union:

- Allows you to offer a payday loan alternative at low cost and without significant financial risk.
- Gives you the opportunity to work with and educate members regarding budgeting and other personal financial management skills.
- Provides interest income at 18% with a minimum of credit risk.
- Gives you a “success story” for how your credit union supports the needs of your community, particularly among members of “modest means.”

Purpose of this Manual

The purpose of this manual is to provide step-by-step instructions for your credit union to implement the StretchPay program, from board approval to making your first StretchPay loan advance.

Summary of Implementation Steps

The following are the steps you will need to follow to implement the StretchPay program. Each step is covered in greater detail later in the manual:

1. Obtain approval from your Board of Directors.
2. Join Credit Union Outreach Solutions, Inc.
3. Adopt a StretchPay Line of Credit policy and procedure.
4. Set StretchPay up on your data processing system.
5. Set up StretchPay documents.
6. Train employees on the StretchPay program.
7. Set up the monthly accounting system for fees and loss recovery.
8. Collections issues
9. Develop a marketing plan.
10. Begin offering StretchPay lines of credit.

Step 1: Obtain Approval from Your Board of Directors

Depending upon the way things work at your credit union, you may need to receive approval from your Board of Directors. There are two issues which may need approval from your Board. First, you will need the authority to offer StretchPay lines of credit to your membership. Second, you will need the authority to join Credit Union Outreach Solutions, Inc., the national non-profit Credit Union Service Organization that will be your partner in offering StretchPay lines of credit. A model recommendation for your Board of Directors is contained in the appendix of this manual. You may also need to seek regulatory approval from your State Regulator or NCUA.

Step 2: Join Credit Union Outreach Solutions, Inc.

Credit Union Outreach Solutions, Inc. is a national, non-profit, credit union service organization that will assist your credit union in making StretchPay lines of credit. You must join CUOSI before you can offer StretchPay to your members.

These are the steps for joining CUOSI:

1. Sign the Member Operating Agreement (a copy is included in the appendix).
2. Sign the Outreach Solutions Agreement (also included in the appendix).
3. Pay your non-refundable membership fee.

Some things to think about:

- The Member Operating Agreement defines how CUOSI is organized and how it operates. The Outreach Solutions Agreement defines precisely how the

StretchPay line of credit is to be offered by participating credit unions. Both are legal documents - please read them carefully.

- The non-refundable membership fee is calculated according to your asset size. The fee is \$25.00 per \$1,000,000 in assets, with a maximum fee of \$15,000.00. This fee is not an investment in the CUSO, and should be expensed on your credit union's books.
- Once your non-refundable membership fee is received you will receive confirmation that your credit union may begin offering StretchPay lines of credit.

Step 3: Adopt a StretchPay Loan Policy and Procedure

A model policy and procedure is included in the appendix of this manual. You may modify these according to your credit union's needs. Be careful, though – many of the policies and procedures are requirements that an individual credit union cannot change as they are part of the Outreach Solutions Agreement.

Important parts of the policy include:

- A summary description of the StretchPay line of credit product.
- A description of the authorized parameters of the loan (credit limits, interest rates, repayment terms, member eligibility requirements, etc.)

Important parts of the procedure include:

- Purpose of the procedure.
- Member qualification procedures (outlined in the Outreach Solutions Agreement).
- Loan specifications.
- Roles and responsibilities for staff.
- Collection guidelines.
- Accounting guidelines.

Step 4: Set StretchPay Up on Your Data Processing System

Refer to your Data Processing System requirements for setting StretchPay up as a new loan product. Though the process may be different depending upon which data processing system you are operating, the following are the key elements of the setup:

1. The system must prohibit additional StretchPay advances unless the outstanding balance is \$0.00. This is a critical element of the program.
2. The system must have a method for recognizing when annual fees are to be collected. On many systems, a 12-month review date is set up during the opening of the StretchPay loan. No advances are permitted after the review date

unless a new annual fee is collected. Upon collecting the subsequent annual fee, a new 12-month review date is set for the next period.

3. StretchPay line of credit documents must be set up on your system if you use electronic forms.

You will want to create a separate loan type for StretchPay using dedicated collateral and purpose codes. A separate general ledger account makes it easy to track your StretchPay portfolio. Remember to set the loan up as an open-end loan to facilitate future advances at the teller counter.

If your data processing system cannot suppress additional advances without the balance being \$0.00, you will want to prohibit StretchPay advances through home banking and audio response channels. By permitting advances only at the teller counter, you can train your staff not to make advances unless the balance is \$0.00.

Finally, if your system cannot suppress advances on a StretchPay line of credit that has an outstanding balance, and you cannot suppress home banking and audio response advances by the member, then train an employee to review a report of advances made on loans that have an active balance. Members who use this loan like they would a traditional line-of-credit or overdraft loan should be called and reminded that advances must be completely paid off before another advance may be taken. If it happens again, remove the member from the program.

Step 5: Set Up StretchPay Documents

StretchPay requires the following documents:

1. *StretchPay Line of Credit Application* - You may use any consumer loan application as approved by your credit union.
2. *StretchPay Line of Credit Note, Agreement, and Truth-In-Lending Disclosure* – A sample is provided in the appendix of this manual. Though you may want your legal counsel to approve your loan note, the note at a minimum must include language that:
 - (a) Allows the periodic rate to be changed;
 - (b) Provides that the outstanding loan balance (principal and interest) is due monthly;
 - (c) Pledges present and future shares or deposits, whether held individually, jointly, or in trust, as security for the loan;

- (d) Defines the credit limit;
 - (e) A cross-collateralization clause for collateral securing other loans with the credit union;
 - (f) Allows for an annual fee to participate in the plan.
3. *StretchPay Line of Credit Closing Letter* – This letter helps borrowers understand the importance of repaying their loan and the consequences of non-payment.
 4. *Monthly Remittance Form* – This form is used to forward annual fees collected to CUOSI and to request reimbursement for credit losses.

It is strongly recommended that each credit union's legal counsel review and approve the loan note, agreement and disclosure. Credit Unions using the attached loan documents believe that those documents fully comply with applicable law and regulation but specifically disclaim making that representation to other credit unions.

Step 6: Train Employees on the StretchPay Program

Employee training is a critical aspect of the StretchPay program. Make sure the training includes the following information:

- Employees should understand why the credit union is offering StretchPay lines of credit – to give members a less expensive alternative to using for-profit payday lenders.
- Employees should understand how the StretchPay program works.
- Employees should understand membership eligibility requirements.
- Employees who close StretchPay lines of credit for members should be trained to remind members of the consequences of non-payment. These consequences may include forfeiture of the right to borrow from the credit union in the future and forfeiture of membership rights (where permitted).

Also, loan officers should be trained to make appropriate suggestions to members at the time of the initial advance (based on review of the credit report and discussion regarding the purpose of the loan). The ultimate objective is to improve the financial well-being of the member, which would be accomplished by reducing the likelihood of future advances. Counseling should be provided as appropriate regarding budgeting, direct deposit or payroll deduction, club account savings programs, financial literacy seminars, and other financial literacy programs which may be offered by your credit union.

Step 7: Set up the Monthly Accounting System for Fees and Loss Recovery

Your credit union should appoint a staff member (and a backup) to process end-of-month accounting for the StretchPay program. The accounting is necessary to remit any annual fees collected to CUOSI, Inc., and to request reimbursement for credit losses.

CUOSI, Inc, will supply a master accounting form for your credit union to use in this process. As loans are made, the annual fees collected are remitted to CUOSI. A pass through general ledger account should be established to account for the annual fees collected and for the subsequent remittance to CUOSI.

As losses occur, a claim is made to CUOSI for 90% of each qualifying loss. (The definition of “qualifying loss” is contained in the Outreach Solutions Agreement.) After funds are received from CUOSI and applied against the defaulted loan, you will want to write-off the balance of the loan against your Allowance for Loan Loss account.

Please note that if your credit union receives recovery on a StretchPay line of credit, the recovery is applied first to the portion of the loan your credit union wrote off, and the remainder of the recovery must be forwarded to CUOSI.

Step 8: Collection Efforts

The Outreach Solutions Agreement with CUOSI requires that your credit union undertake a minimal collection effort before submitting a claim. At least one letter of collection notice should be sent and at least one phone call made (preferably by no later than 10 days past due) to the borrower in an attempt to collect the debt before submitting a claim. Claims may not be submitted until defaulted loans are 120 days past due.

Members causing any credit union a loss through the StretchPay program must be reported to at least one of the three major credit reporting agencies (Experian, Trans Union or Equifax). The full amount defaulted is to be reported, not the “net” amount of the loss (i.e. report a \$250 loss rather than just the 10% loss taken after a reimbursement is paid by CUOSI).

Step 9: Market the Program

There are a variety of ways to successfully market the StretchPay product. Please note that your agreement with CUOSI requires that you use the StretchPay product name. This will allow for joint advertising efforts among participating credit unions.

You may prefer a “soft launch” of the StretchPay program to give your staff experience in making loans without considering the applicant’s credit history. Loan officers and member service representatives should be trained to identify members who might benefit

from the StretchPay program. Some credit unions successfully use “word-of-mouth” advertising to get the program started.

You may also consider using traditional ways of informing members of the program such as newsletters, messages-on-hold, statement messages, etc. Ambassadors at key member groups may also be receptive to informing employees of the program.

Step 10: Offer the StretchPay Program to Your Members!

Congratulations on becoming part of the credit union solution to the high cost of payday lenders! After you’ve completed the above steps, you are ready to begin offering StretchPay to your members.

If you have further general questions about starting your program, please contact:

John Florian or Sue Helmreich
Ohio Credit Union System
800-486-2917

If you have further operational questions about the program, please contact:

Sue Zwiesler or Tammy Adamson
Wright-Patt Credit Union, Inc.
(800)762-0047

Frequently Asked Questions

Can my credit union use underwriting guidelines that are stricter than those required by CUOSI?

Yes, with written notification to the StretchPay Board of Managers. Written notification is required so that the Board of Managers can be assured that any underwriting changes you make will not increase the likelihood of a loan loss. If the board of Managers so determines, you will be contacted about that underwriting guideline.

What is the fee for a member who wants to close their \$250 StretchPay Line of Credit and replace it with a \$500 StretchPay Line of Credit?

The proper procedure is to close the \$250.00 line of credit, then open the \$500.00 line of credit and collect the \$70.00 annual fee. The \$35.00 annual fee paid on the \$250.00 line of credit does not carry over to the new \$500.00 line of credit.

Is a credit union required to offer both a \$250.00 and \$500.00 credit line?

No. A credit union may offer the \$250.00 credit line, the \$500.00 credit line, or both.

Is there a minimum income requirement for a member to open a \$500 StretchPay limit?

Not at this time.

Is a checking account required (which typically is the case at a payday lender) for a member to obtain a StretchPay loan?

Not at this time.

What specific borrower information is required to receive a credit loss reimbursement from CUOSI?

No specific borrower information is required by CUOSI to process a credit loss reimbursement at this time.

How are comments and suggestions regarding the operation of CUOSI, the StretchPay loan product, or any related matter made to CUOSI?

An Advisory Council will be formed and periodic conference calls held with the specific objective of allowing every participating credit union the opportunity to shape the evolution of the company and the StretchPay loan product.

Do we have to report StretchPay loans to a credit bureau reporting agency?

Yes. A key component of the StretchPay loan program is to help members become more credit-worthy. Successful repayment of these loans should help improve a borrower's credit score.

Can members have StretchPay loans from more than one credit union at a time?

No. Members should only have one StretchPay loan at a time.

Appendix

To: Board of Directors

From: _____

Date: _____

RE: CREDIT UNION OUTREACH SOLUTIONS, INC.

Please accept this recommendation that your credit union name become a member of Credit Union Outreach Solutions, Inc., a non-profit credit union service organization created to help the nation's credit unions manage the risk of making short-term, small dollar "payday" loans.

CUOS, Inc. is a unique organization that requires no investment from its members. A non-refundable membership fee of (\$25 per \$1,000,000 in assets) is required to become a member.

CUOS, Inc. is an outgrowth of an experimental payday loan model for credit unions that was pioneered in 2003 by other Ohio credit unions. It is a Credit Union Service Organization ("CUSO") that pools the origination fees for payday loans into a fund that serves to offset the credit losses associated with minimally underwritten payday loans.

Included with this request is a summary description of the CUSO-based payday lending model. (*Include the StretchPay Overview.*)

Joining CUOS, Inc. offers several important benefits. It allows for geographic distribution of the risk of making payday loans. It is another service that meets the needs of members of modest means. And, it makes a strong statement for our Credit Union's commitment to helping members achieve greater degrees of economic success.

Please let me know if you have questions regarding CUOS, Inc., and thank you for considering this request.

CREDIT UNION OUTREACH SOLUTIONS, INC.
MEMBER OPERATING AGREEMENT

This MEMBER OPERATING AGREEMENT entered into as of the ___ day of _____, 2006, by and among Wright-Patt Credit Union, Inc. (“Wright-Patt”), Day Air Credit Union, Inc. (“Day Air”), Affinia Federal Credit Union (“Affinia”), Incenta Federal Credit Union (“Incenta”), Atomic Employees Credit Union (“Atomic”), Communicating Arts Credit Union (“Communicating Arts”), FirstDay Financial Federal Credit Union (“FirstDay”), MidState Educators Credit Union, Inc. (“MidState”), Parish Federal Credit Union (“Parish”) and Toledo Area Community Credit Union (“Toledo Area Community”) (collectively “Original Members”), the Ohio Credit Union League (“OCUL”) and Credit Union Outreach Solutions, Inc., an Ohio nonprofit corporation (the “Company”).

WHEREAS, the Original Members desire to participate together in providing an outreach solution for short term financing for the members of the Original Members that are credit unions and the members of credit unions which become Members of the Company in a consistent and uniform manner (the “Outreach Solution”);

WHEREAS, the parties recognize that there needs to be an agreement among the parties concerning the governance and management of the Company in accordance with the provisions of Section 1702.11 of the Ohio Revised Code; and

WHEREAS, the parties desire to provide a mechanism for other credit unions and other appropriate organizations to become Members of the Company.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

ARTICLE I
FORMATION OF THE COMPANY

1.01. *Formation.* The Original Members have formed a nonprofit corporation by filing Articles of Incorporation with the Ohio Secretary of State on March 31, 2003 pursuant to the Ohio Nonprofit Corporation Law.

1.02. *Name.* The name of the Company shall be Credit Union Outreach Solutions, Inc.

1.03. *Principal Office and Place of Business.* The principal office of the Company shall be at 5815 Wall Street, Dublin, Ohio 43017.

1.04 *Purpose of the Company.* The purposes for which this nonprofit corporation has been formed are to associate with credit unions and such other appropriate organizations as determined by the Board of Managers to be organizations which will facilitate the ability of the Credit Union Members to offer in a uniform way Outreach Solutions to their members to, among other things, combat predatory lending practices.

1.05 *Term.* The term of existence of the Company shall be perpetual.

ARTICLE II MEMBERS AND MEMBERSHIP

2.01 *Eligibility.* Credit unions engaged in business in United States and such other appropriate organizations approved by the Board of Managers, as described in Section 1.04 above, shall be eligible for membership in the Company. Interested parties shall apply to the Company for admission as a Member.

As a condition to admission as Members, the Original Members have agreed and each prospective Member must agree to be bound by and strictly comply with the product agreement with the Company respecting the offering of Outreach Solutions (the "Outreach Solutions Agreement"). Additionally, each Member must pay an initial fee ("Membership Fee") to the Company equal to \$25.00 for each \$1,000,000.00 of such Member's assets as reflected in the Member's most recent NCUA 5300 Call Report or State equivalent report with a maximum Membership Fee of \$15,000.00. This Membership Fee shall be non-refundable unless otherwise determined by the Board of Managers. The Board of Managers may waive or modify Membership Fee requirements for applicants having less than \$10,000,000.00 in assets. Non-credit union Members shall pay a Membership Fee of \$15,000.00, unless the Board of Managers agree to waive or modify the Membership Fee for non-credit union Members.

2.02 *Limitations on Members.* No Member in its capacity as a Member in the Company shall have the right unless otherwise provided in this Agreement:

(a) To take part in the control of the Company business, to sign for or to bind the Company or to approve, consent to or, except as otherwise provided in this Agreement, vote on any action taken by the Board of Managers;

(b) To have its initial fee repaid except to the extent provided in this Agreement;

(c) Withdraw from the Company;

(d) To require partition of the Company property or to compel any sale of Company assets; or

(e) To constitute an assignee of its interest in the Company a substituted member.

ARTICLE III

MANAGEMENT: RIGHTS, POWERS AND DUTIES

3.01 *Management.*

(a) The Board of Managers initially consisting of 7 representatives of Original Members shall manage the business and affairs of the Company (the “Managers”). At the first Annual Meeting of Members as hereinafter defined, two Managers will be elected to hold office until the second Annual Meeting, two Managers will be elected to hold office until the third Annual Meeting and three Managers will be elected to hold office until the fourth Annual Meeting. Thereafter, all Managers, except those elected to fill vacancies, shall be elected for three-year terms. All members of the Board of Managers shall be employed by a Member. The Board of Managers may appoint up to four (4) non-voting, ex-officio members to the Board of Managers who need not be representatives of Members. Ex-officio members shall be appointed for terms of one year. Decisions of the Board of Managers shall be presumed to be within its scope of authority and shall be binding upon the Company and each Member. Election to the Board of Managers shall be by a majority of all the Members voting at the Annual Meeting in person, by proxy, by mail ballot or such other ballot as may be permitted by law. Except when the approval of the Members is expressly required by this Agreement or by a non-waivable provision of applicable law, the Board of Managers shall have full and complete authority, power and discretion to manage and control the business affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities which are customary or incidental to the Company’s purpose and the management of the Company’s business.

(b) Wherever this Agreement requires a majority of the members of the Board of Managers to consent, to take action, or for quorum purposes, any such required majority shall mean a majority of the whole number of Managers. If the number of Managers is reduced by reason of the decision of the Board of Managers not to fill vacancies, then the whole number of Managers shall mean the number of Managers remaining on the Board of Managers after a vacancy occurs which is not filled.

(c) A majority of members of the Board of Managers may call a meeting of the Board of Managers at the Company’s principal offices or at any other

place that the members of the Board of Managers calling the meeting determine, upon at least ten (10) business days' prior notice to the other members of the Board of Managers. In the alternative, meetings may be held by conference telephone, provided that each member of the Board of Managers can hear the others. The presence of a majority of the members of the Board of Managers in person or by telephone shall constitute a quorum for the transaction of business. Wherever this Agreement calls for the consent of the Board of Managers, the affirmative vote of a majority of the members of the Board of Managers satisfying the quorum requirement shall be required. The Board of Managers also may make decisions, without holding a meeting, by the unanimous written consent of the members of the Board of Managers. Minutes of each meeting and a record of each decision (including written consents) shall be kept by the designee of the Board of Managers and shall be given to the members of the Board of Managers promptly after the meeting.

(d) The Board of Managers shall elect from their own number a Chairman, Vice Chairman, Secretary and Treasurer who shall have such powers as the Board of Managers shall determine in its sole discretion. The Board of Managers may remove without liability to the Company, but subject to claims under any applicable employment agreement, with or without cause, any officer of the Company. The Board of Managers may fill or not fill any vacancy in any office. Resignation of officers or members of the Board of Managers shall be effective upon receipt unless otherwise agreed by the Board of Managers. The remaining Managers, even though less than a majority of their number, may by a vote of the majority of their number, fill any vacancy for the office of Manager for the unexpired term in accordance with the conditions and qualifications set forth in this Agreement.

(e) *Committees.* The Board of Managers may appoint such committees as it deems necessary. Committee members need not be members of the Board of Managers or representatives of Members of the Company.

(f) The Board of Managers may increase or decrease the number of Managers on the Board of Managers or amend or restate the Member Operating Agreement only with the consent of sixty-six and two-thirds percent (66 2/3%) of the Managers.

(g) Notwithstanding anything in this Agreement to the contrary, without the prior consent of the Members, the Board of Managers shall not have any authority to:

(i) Merge, combine or consolidate with any other corporation or other entity, or sell to any other such corporation or other entity a controlling interest in the Company, or purchase an equity interest in or the assets of any other corporation or other entity;

(ii) Dissolve, liquidate, or change corporate structure of the Company;

(iii) Except in the ordinary course of business and consistent with past practice, sell, transfer, lease, license, encumber or otherwise dispose of any of the Company's assets;

(iv) Provide any guaranty of the indebtedness of any third party.

3.02 *Meetings of and Voting by Members*

(a) An annual meeting ("Annual Meeting") of the members shall be held in April of each year or at such time as the Board of Managers may agree. A meeting of the Members may be called at any time by a majority of the Board of Managers or by a majority of the Members. Meetings of Members shall be held at the Company's principal place of business or at any other place designated in the notice of the meeting ("Notice") not less than ten (10) nor more than sixty (60) days before each meeting. The Notice of the meeting shall be delivered to each Member entitled to vote at the meeting. The presence of a majority of the Members in person, by proxy or mail ballot shall constitute a quorum for purposes of the transaction of business. The Notice shall state the time, place and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy or by mail ballot. A Member may consent either in person or by written proxy signed by the Member or by its duly authorized attorney in fact.

(b) Except as otherwise provided in this Agreement, whenever this Agreement requires the consent of the Members, it shall require the affirmative consent of at least a majority of the Members present at the meeting in person, or by proxy or by mail ballot.

(c) *Certain Actions.* The consent of the Members shall be required to approve the decision to take any of the following actions:

(i) Merge, combine or consolidate with any other corporation or other entity, or sell to any other such corporation or other entity a controlling interest in the Company, or purchase an equity interest in or the assets of any other corporation or other entity;

(ii) Dissolve, liquidate, or change the corporate structure of the Company;

3.03 *Duties of Parties.* Each member of the Board of Managers and any officer elected by the Board of Managers shall devote such time to the business and affairs of the Company as is necessary to carry out the duties set forth in this Agreement or as approved by the consent of a majority of the members of the Board of Managers.

3.04 *Compensation.* Neither the officers nor members of the Board of Managers or Members serving on committees shall receive any compensation for their services.

3.05 *Liability and Indemnification*

(a) No manager or officer shall be liable, responsible, or accountable, in damages or otherwise, to any Member or to the Company for any act performed by the manager or officer within the scope of the authority conferred on the manager or officer by this Agreement, except as otherwise provided by law.

(b) The Company shall indemnify any manager or officer for any act performed by the manager or officer within the scope of the authority conferred on the manager or officer by this Agreement unless the act is established by clear and convincing evidence to have been undertaken with deliberate intent to cause injury to the Company, with reckless disregard for the best interest of the Company or to be an intentional breach of this Agreement. The Company shall also advance expenses as incurred by any manager or officer in defending any action for which the manager or officer is entitled to indemnification under this Article III, provided, that the manager or officer agrees to reimburse the Company for such advances in the event that the manager's or officer's actions are proven by clear and convincing evidence to have been undertaken with deliberate intent to cause injury to the Company, with reckless disregard for the best interest of the Company or to be an intentional breach of this Agreement.

ARTICLE IV
TRANSFER OF MEMBERSHIP INTERESTS

4.01 *Restrictions on Transfer of Interests.* No Member may transfer all or any portion of or any interest or rights in the Member's membership in the Company without the consent of the Board of Managers.

4.02 *Withdrawal.* A Member desiring to withdraw as a Member of the Company shall surrender its membership interest to the Company for redemption.

The compensation, if any, paid to the withdrawing Member for its membership interest shall be determined by the Board of Managers in its sole discretion.

4.03 *Expulsion.* A Member may be expelled upon a majority vote of the Board of Managers for failure to pay any sums required by this Agreement or the Product Agreement or otherwise breaches either agreement, and fails to cure such breach within a reasonable time following notice from the Board of Managers. The compensation, if any, paid to an expelled Member for its membership interest shall be determined by the Board of Managers in its sole discretion.

4.04 Each Member hereby acknowledges the reasonableness of the prohibitions contained in this Article in view of the purposes of the Company and the relationship of the Members. The transfer of any membership interest or interest therein in violation of the prohibitions contained in this Article shall be deemed invalid, null and void, and of no force or effect. Any person or entity to whom a membership interest or any interest therein are attempted to be transferred in violation of this Article shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company or have any other rights in or with respect to the membership interest.

ARTICLE V RIGHTS AND OBLIGATIONS OF MEMBERS

5.01 *Limitation on Liability of Members.* Members shall not be liable for obligations of the Company unless otherwise provided by law.

5.02 *Waiver of Claims of Members.* By accepting Membership in the Company, Members waive any claim against the Company and/or the Board of Managers except for the willful misconduct of either.

ARTICLE VI SALE, DISSOLUTION AND LIQUIDATION

6.01 *Dissolution of the Company*

(a) The Company shall be dissolved upon the consent of two-thirds (2/3) of the whole of the Board of Managers and the consent of two-thirds (2/3) of the whole Membership.

(b) If the Company is dissolved, the Board of Managers shall wind up its affairs. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company, including Members who are creditors,

in satisfaction of the liabilities of the Company, and then to the Members as determined in the sole discretion of the Board of Managers taking into consideration the contributions made to the Company by the individual Members, less distribution received.

(c) If the Company is dissolved, the Board of Managers shall promptly file a Certificate of Dissolution with the Secretary.

ARTICLE VII

BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS

7.01 *Accounts.* All funds of the Company shall be deposited in a financial institution account or accounts maintained in the Company's name. The Board of Managers shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the persons who will have authority with respect to the accounts and the funds therein.

7.02 *Books and Records.*

(a) The Board of Managers shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's affairs. The records shall include, but not be limited to, financial statements of the Company for the three most recent fiscal years, a copy of the Articles of Incorporation and this Member Operating Agreement, the Product Agreement, together with any relevant powers of attorney, information regarding the amount of cash or agreed value of property or services contributed, or agreed to be contributed in the future, by each Member and the respective rights of the Company and each Member regarding the return of contributions.

(b) The books and records shall be maintained in accordance with Generally Accepted Accounting Principles ("GAAP"). Such books and records shall be available at the Company's principal office for examination by any Member at any and all reasonable times during normal business hours. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records. The Company shall also provide complete access to its books and records to the appropriate regulatory authorities as determined reasonably necessary by them in carrying out their responsibilities.

7.03 *Annual Accounting Period.* The annual accounting period of the Company shall be the calendar year. The Board of Managers shall engage an independent outside firm of Certified Public Accountants to perform a certified audit

of the Company's books and records at the end of each taxable year. A copy of the certified audit report shall be provided to each Member upon its completion.

7.04 *Reports.* Within a reasonable time after the end of each calendar year of the Company, the Board of Managers shall cause to be sent to each entity which was a Member at any time during the accounting year then ended, that information concerning the Company which is necessary for preparing a Member's tax returns for that year.

ARTICLE VIII GENERAL PROVISIONS

8.01 *Burden and Benefit.* The covenants and agreements contained herein shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

8.02 *Applicable Law.* This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio.

8.03 *Pronouns and Plurals.* All pronouns used herein shall be deemed to refer to masculine, feminine, neuter, singular or plural as the identity of the person or persons may require in the context, and the singular form of nouns, pronouns, and verbs shall include the plural, and vice versa, whichever the context may require.

8.04. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart, except that no counterpart shall be binding unless signed by the manager.

8.05. *Separability of Provisions.* Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

8.06. *Partition.* The Members agree that Company property is not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably

waives any and all rights that it may have to maintain any action for partition of any Company property.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

ORIGINAL SIGNATURES ON FILE

OUTREACH SOLUTIONS AGREEMENT

This AGREEMENT (the "Outreach Solutions Agreement") entered into as of the ___ day of _____, 2006, by and among Wright-Patt Credit Union, Inc. ("Wright-Patt"), Day Air Credit Union, Inc. ("Day Air"), Affinia Federal Credit Union ("Affinia"), Incenta Federal Credit Union ("Incenta"), Atomic Employees Credit Union ("Atomic"), Communicating Arts Credit Union ("Communicating Arts"), FirstDay Financial Federal Credit Union ("FirstDay"), MidState Educators Credit Union, Inc. ("MidState"), Parish Federal Credit Union ("Parish") and Toledo Area Community Credit Union ("Toledo Area Community") (collectively the "Credit Unions"), and the Ohio Credit Union League ("OCUL"), and the Company as hereinafter defined.

WHEREAS, the Credit Unions and OCUL represent all of the current members of an Ohio nonprofit corporation known as Credit Union Outreach Solutions, Inc. (the "Company"); and

WHEREAS, the Company was formed to provide outreach solutions for its Credit Union members one of which is a product to provide a low cost short-term outreach loans (the "Outreach Loan Product") to their members in a uniform manner and to also minimize the risk of the Credit Unions offering the Outreach Loan Product; and

WHEREAS, the purpose of this Agreement is to describe the outreach loan program (the "Outreach Loan Program") and to set forth the requirements to which the Credit Unions must adhere for providing the Outreach Loan Product to their members.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Membership Fee. Each Credit Union has paid or secured to be paid a membership fee ("Membership Fee") to the Company in accordance with Section 2.01 of the Company's Member Operating Agreement. The Membership Fees are being held by the Company in a fund to cover the Company's operating expenses and to provide a back-up source of funds to reimburse the Credit Unions which suffer losses as a result of having offered the Outreach Loan Product to their members as hereinafter described.

2. The Outreach Loan Product. The Company has developed the Outreach Loan Product to be used by the Credit Unions in offering the Outreach Loan Program to their members. The Outreach Loan Product is an open-end line of credit instrument which will allow eligible Credit Union members to borrow either \$250.00 or \$500.00 in an annual credit limit ("Credit Limit") at any one time during the course

of a twelve-month period. Each loan will bear interest at the lesser of the rate of eighteen percent (18%) per annum or the state usury rate and require payment in full within thirty (30) days. Successive loans of up to \$500.00 in increments of \$250.00 may be made to Credit Union members throughout the twelve-month duration of the line of credit provided each preceding loan is paid in full and the loan balance is brought to zero before such successive loans are disbursed. A copy of the Outreach Loan Product as it is currently configured is attached hereto as Exhibit A.

3. Eligibility. In order to be eligible for the Outreach Loan Program, a Credit Union member must have been a member of the Credit Union for at least sixty (60) days prior to his application; must have verifiable income; must not be currently delinquent in any loan obligation to the Credit Union or possessing of a negative balance in any deposit account held with the Credit Union; must not be currently in bankruptcy proceedings and must not have caused any of the Credit Unions a loss at any time prior to such member's application of which the Credit Union member should be aware. No additional underwriting criteria shall be imposed on the Credit Union by the Company. Although a credit report shall not be used in determining loan eligibility, each Credit Union shall be required to retrieve a credit report on each applicant prior to such applicant's initial advance to determine whether the report reflects that the applicant has caused a loss to any of the participating Credit Unions.

4. Annual Fee. If a Credit Union member meets the underwriting criteria set forth in paragraph 3 above, such member must pay an annual fee (the "Annual Fee") as a condition to such member's receipt of an initial advance under the loan. The Annual Fee paid shall be measured by the Credit Limit selected by the member or \$35.00 for a Credit Limit of \$250.00 or \$70.00 for a Credit Limit of \$500.00. If any subsequent advance is greater than the initial credit limit, the Annual Fee shall be adjusted accordingly. The Annual Fee shall be remitted to the Company for deposit in a Company fund to be used to defer losses incurred by Credit Unions in connection with their offering loans under the Outreach Loan Program (the "Loan Loss Reserve") as hereinafter described.

5. Loan Loss Reserve. The Loan Loss Reserve shall consist initially of Annual Fees remitted by the Credit Unions participating in the Outreach Loan Program. In the event the Company determines that the amounts in the Loan Loss Reserve are insufficient to reimburse the Credit Unions for the losses incurred by them in the Outreach Loan Program, the Company may increase the Annual Fee, which increase shall be effective sixty (60) days following written notice to the Credit Unions of such increase. The Annual Fee may be reduced by the Company in similar fashion. The Company may also, in its discretion, use Membership Fees as a source of funds to replenish the Loan Loss Reserve, provided such use is in proportion to the Membership Fees paid by the individual Credit Unions.

At the end of each calendar year, the Company shall audit the experience of the Loan Loss Reserve and provide the results of the audit (the "Audit Results") to the Member Credit Unions within one hundred twenty (120) days of the end of each calendar year. If any Credit Union's reimbursements from the Loan Loss Reserve exceed its remittances to the Loan Loss Reserve by more than one hundred fifty percent (150%) as reflected by the Audit Results, such excess amount shall be promptly remitted to the Company for deposit in the Loan Loss Reserve. In like manner, if any Credit Union's reimbursements are less than fifty percent (50%) of its remittances, the Company shall promptly reimburse to such Credit Union the difference between fifty percent (50%) of its remittances and the amount of the reimbursements received.

6. Withdrawal or Expulsion of Credit Union. If a Credit Union elects to withdraw as a Member of the Company or is expelled as provided in the Company's Member Operating Agreement, then such withdrawing or expelled Credit Union shall cease to be a participant under this Agreement as of the effective date of its withdrawal or expulsion as a Member of the Company. In the event, during the course of such Credit Union's participation under this Agreement and the one hundred twenty (120) day period following the termination of such participation, its aggregate remittances exceed its aggregate reimbursements as described in paragraph 5 above, and if the Board of Managers in its sole discretion agrees, the Company shall pay to such Credit Union up to ninety percent (90%) of such excess one hundred twenty (120) days following the termination of such Credit Union's participation under this Agreement. No further or other payment shall be required by the Company under this Agreement to any withdrawing or expelled Credit Union.

7. Promotion of Outreach Loan Program. Each participating Credit Union hereunder agrees to use its reasonable best efforts to promote the Outreach Loan Program to its members and to encourage its members to take advantage of the Outreach Loan Product. Credit Unions must abide by the marketing guidelines as established by the Board of Managers from time to time.

8. Loan Default. When a Credit Union member fails to pay any principal or interest on an advance made pursuant to the Loan Program when due, or is otherwise in default, the Credit Union shall contact its member by telephone, in person, or by mail, and attempt to bring its member in compliance. If the Credit Union fails to have its member cure such default and its member remains in continuous default for a period of one hundred twenty (120) days, the Credit Union may apply to the Company for reimbursement from the Loan Loss Reserve. Upon receipt of such application, the Company shall promptly reimburse the Credit Union in an amount which is up to ninety percent (90%) of such Credit Union's principal loss. In the event the Credit Union has a partial or full recovery of the loss in the future, such recovery up to the

extent of the Credit Union's reimbursement shall promptly be remitted to the Company for deposit in the Loan Loss Reserve.

9. Each party shall indemnify, protect and hold harmless the other parties and its officers, directors, employees and agents from all Claims made by members, directors, officers, employees, agents or any third party as a result of the indemnifying party's negligence or breach of any legal or contractual duty. "Claim(s)," as used in this Agreement, shall mean all claims, causes of action, judgments, damages, costs or expenses, including without limitation, attorneys' fees and court costs related to either party's failure to comply with the terms, conditions, or provisions of this Agreement.

10. This Agreement may only be amended or modified by a writing signed by a majority of the Board of Managers.

11. This Agreement shall inure to the benefit of and be binding upon the parties, and their respective representatives, successors and assigns.

12. Neither this Agreement nor any parties' interest herein shall be assigned to any third party without the consent of all the parties.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

ORIGINAL SIGNATURES ON FILE

StretchPay

A Credit Union Salary Advance Alternative

Monthly Accounting Form

Settlement Month as of:

CU Name	
Contact Name	
Contact Number	

Total Fees Collected (Current Month)

		Number	Dollar
1.	Number of \$250 StretchPay loans opened		\$ -
2.	Number of \$500 StretchPay loans opened		\$ -
3.	Amount of \$250 Loan Renewals		\$ -
4.	Amount of \$500 Loan Renewals		\$ -
5.	Total StetchPay Fees for month		\$ -

Losses (Current Month)

		Number	Dollar
6.	Count/Dollar of Loan Losses (over 120 days past due)		
7.	Dollar Amount of Loan Loss x 90%		\$ -
8.	Recovery of previous charge-offs		\$ -
9.	Total allowable loan loss		\$ -

Settlement

10.	Total fees collected (same as Totals #3 above)		-
11.	Total loan loss (same as #7 above)		-
12.	Excess fees (subtract line 9 from line 8) -Send check to StretchPay Program		FALSE
13.	Excess charge-offs (subtract line 9 from Line 8) -Check will be sent to you from StretchPay Program		FALSE

StretchPay Portfolio at Month End

		Number	Dollar
14.	Total Number/Dollar of StretchPay Loans outstanding as of month end		
	January 0, 1900		
15.	Total Number/Dollar of StretchPay Loans over 30 days delinquent as of month end		
	January 0, 1900		

No later than 10 days following month end, sent this form to Sue Zwiesler at *Wright-Patt Credit Union*, Attn: Sue Zwiesler, P. O. Box 286, Fairborn, Ohio 45324, or email to s_zwiesler@wright-pattcu.com, or fax to 937-912-8330. If you have any questions, please call Sue Zwiesler at 937-912-7330.

Date: ~

Account Number: ~

Member Name: ~

Thank you for allowing Wright-Patt Credit Union, Inc. to help you with your short term cash needs with **StretchPay, the Credit Union Salary Advance Alternative**. We are making this loan to help if you find yourself short of cash before payday.

Your StretchPay Line of Credit is much cheaper than what you'd pay at a traditional check cashing outlet, so you'll want to make sure you take care of your responsibilities according to your loan agreement. By using a StretchPay Line of Credit you'll give yourself the chance to get ahead without getting caught in a cycle of ever increasing fees from other lenders.

To participate in a StretchPay Line of Credit you must pay an annual fee which allows you to make advances and get cash for one year. The fee ensures that each time you pay your loan as agreed you will be able to borrow again.

It is extremely important that you pay this loan in full and on time! If you do not pay the loan as agreed, you will lose all membership privileges in the Credit Union and you will not be eligible for additional loans from us now or in the future.

We will report your payment history to the credit bureau agencies. Timely payment will improve your credit rating and help you save money if you borrow in the future. If you don't pay your StretchPay Line of Credit as agreed, your credit will suffer and all other creditors will know that you defaulted on your loan. Not paying this loan will make it virtually impossible for you to borrow in the future.

Please help us improve your financial status by acknowledging the importance of timely repayment of this loan by signing below:

~

Applicant Signature

~

Date



"Your Community Financial Cooperative"
P.O. Box 286, Fairborn, Ohio 45324
Local (937) 912-7000 Wats: (800) 762-0047
TDD (937) 912-7001

CREDIT LINE ACCOUNT AGREEMENT AND DISCLOSURE

THIS IS YOUR CREDIT LINE ACCOUNT AGREEMENT AND IT INCLUDES NECESSARY FEDERAL TRUTH-IN-LENDING DISCLOSURE STATEMENTS, FIRST TIME USER/STUDENT VISA, VISA PLATINUM, SHARE SECURED VISA, FIRST TIME USER/STUDENT MASTERCARD, MASTERCARD PLATINUM AND SHARE SECURED MASTERCARD AGREEMENTS, AND ANY SPECIAL INSTRUCTIONS REGARDING THE USE OF YOUR FIRST TIME USER/STUDENT VISA, VISA PLATINUM, SHARE SECURED VISA, FIRST TIME USER/STUDENT MASTERCARD, MASTERCARD PLATINUM AND SHARE SECURED MASTERCARD CREDIT CARDS, AND/OR ANY OTHER ACCOUNT ACCESS DEVICE. PLEASE BE CERTAIN TO READ THIS AGREEMENT CAREFULLY AND NOTIFY US AT ONCE IF ANY PARTS ARE UNCLEAR.

In this Agreement the reference to "We", "Us", "Our" and "Credit Union" mean WRIGHT-PATT CREDIT UNION, INC. The words "You" and "Your" mean each person accepting this Agreement. If this is a joint Account, read singular pronouns in the plural. The words "Card" and "Credit Card" mean any First Time User/Student VISA, VISA Platinum, Share Secured VISA, First Time User/Student MasterCard, MasterCard Platinum or Share Secured MasterCard Credit Card issued to You by Us and any duplicates or renewals. Convenience Checks mean the special Account access devices that We may provide for Your use from time to time.

You, as the Borrower, under a Credit Line Account ("Account"), understand that the following Federal Disclosure Statement and the terms and conditions found herein constitute Our Agreement with You. Your Account may be accessible through a variety of means which could include advance request forms, vouchers, checks, charge slips, Convenience Checks, Credit Cards and the like. Regardless of the access means, You promise to pay Us all amounts charged to Your Account by You or by any user who has access to Your Account, with actual, apparent or implied authority for use of Your Account, including Finance Charges and other fees or charges described herein.

FEATURE CATEGORIES. Your Account has Feature Categories which may include Signature, Signature Line of Credit (including Overdraft Protection), Stretch Pay Line of Credit, Personal Property Secured (a label to reference certain Feature Categories secured by personal property described on a separate sheet of paper labeled "Additional Disclosure - Federal Truth-in-Lending Act" and/or "Credit Line Account Advance Request and Security Agreement"), Share Secured-Standard, Share Certificate Secured, First Time User/Student VISA, VISA Platinum, Share Secured VISA, First Time User/Student MasterCard, MasterCard Platinum and Share Secured MasterCard.

ADVANCES. Whenever You request a transaction, We may require You to prove Your identity. If You request an advance by telephone, We will deposit the amount requested in Your Share Account or Your Share Draft Account and You authorize Us to do this, or We may draw a draft or check made payable to You and mail it to You. When the amount advanced appears on a subsequent statement, that will be conclusive evidence of Your telephone request. You understand that all advances are subject to Our prior approval and, in particular, whether or not any specific secured advance request is approved may be, in part, determined by how much equity You have or will have in the shares and/or collateral offered as security.

For advances under Your Stretch Pay Line of Credit Feature Category, all advances must be equal to Your approved Credit Limit.

SECURITY. As permitted by law, to secure all transactions under this Agreement in either joint or individual Accounts, We have the right to impress and enforce a statutory lien against Your shares on deposit with Us (other than those deposits established under a governmental approved tax deferral plan such as an IRA or KEOGH Account), and any dividends due or to become due to You from Us to the extent that You owe on any unpaid balance on Your Account and We may enforce Our right to do so without further notice to You. Additionally, You agree that We may set-off any mutual indebtedness.

Whether additional security will be required depends on the type of advance You request. If You request an advance under a Feature Category which describes personal property, that property, including the proceeds of the sale of such property, must also be given as collateral. For example, a Feature Category called "New Car Advances" means the security will be a new car. The fact that we are acquiring a security interest in certain Property or Shares will be disclosed in the Credit Line Account Advance Request and Security Agreement form related to any initial secured advance. You will be provided a copy of that form at the time You receive the initial advance for any secured Feature Category.

Except for Our security interest, any Collateral pledged as security for Your Account is owned free and clear from any liens, adverse claims, security interests or encumbrances. Without Our express written consent, no other liens, security interests or encumbrances will be allowed to attach to the Collateral. You agree to inform Us immediately if the Collateral is to be moved from the address We have on file for You or at such other address at which You have informed the Credit Union the Collateral is now located. The Collateral will not be sold or otherwise transferred and at all times the Collateral will be kept in good repair. The Collateral shall not be used for any unlawful purpose. We shall receive Your full cooperation in obtaining everything that We require to place and/or maintain Our security interest and/or lien in the Collateral. We may examine and inspect the Collateral at any time, wherever located. All taxes or assessments on the Collateral shall be paid as they come due; if not paid, We may pay them and will be entitled to reimbursement or alternatively, charge that amount to Your Account, under the related Feature Category.

You acknowledge that You own any shares and/or collateral pledged as security and that there are no other liens against them other than Ours. You agree to perform all acts which are necessary to make Our security interest in the shares and/or collateral being pledged enforceable.

All certificates which are pledged as Collateral must be renewed until Your outstanding balance is paid in full. Failure to renew any certificates securing any advance will cause Your entire outstanding Account balance to become immediately due and payable.

OTHER SECURITY. Collateral (other than household goods or any dwelling) given as security under this Agreement or for any other loan You may have with Us will secure all amounts You owe Us now and in the future.

LIEN ON SHARES. If You have been issued a Credit Card, You grant and consent to a Lien on Your shares with Us (except for IRA and KEOGH Accounts) and any dividends due or to become due to You from Us to the extent You owe on any unpaid Credit Card balance.

ACCOUNT RESTRICTIONS. In order to receive and maintain a Share Secured-Standard, Share Certificate Secured, Share Secured VISA or Share Secured MasterCard Feature Category, You agree to give Us a specific pledge of shares which will equal Your Credit Limit. In the event that You default on Your

Account, We may apply these shares toward the repayment of any amount owed on Your Share Secured-Standard, Share Secured Certificate, Share Secured VISA or Share Secured MasterCard Feature Category. You may cancel Your Share Secured-Standard, Share Certificate Secured, Share Secured VISA or Share Secured MasterCard Account at any time by paying any amounts owed on Your Share Secured-Standard, Share Certificate Secured, Share Secured VISA or Share Secured MasterCard Feature Category. To be certain that Your entire balance and all advances on Your Account are paid, any shares pledged may not be available to You for 30 days after You have cancelled and any outstanding balance is paid in full.

LINE OF CREDIT LIMITS. You will be notified of each specific Credit Limit for each Feature Category for which You are approved. Unless You are in default, any Credit Limits established for You will generally be self-replenishing as You make payments.

You will keep Your unpaid balance within Your Credit Limit set by Us, and You will pay any amount over Your Credit Limit on Our demand whether or not We authorize the advances which caused You to exceed Your Credit Limit. Even if Your unpaid balance is less than Your Credit Limit, You will have no credit available during any time that any aspect of Your Account is in default.

JOINT ACCOUNTS. Each Borrower will be responsible, jointly and severally, for the repayment of any amounts owed. If any Account access device, such as a Personal Identification Number (PIN) is requested and approved, You understand that any such Account access device(s) will be mailed only to the primary Borrower at the address that We have on file for You. We may refuse to follow any instructions which run counter to this provision.

MINIMUM MONTHLY PAYMENTS (PAYMENT SCHEDULE). Though You need only pay the Minimum Monthly Payments, You understand that You have the right to repay at any time without penalty. You also understand that You will only be charged periodic Finance Charges to the date You repay Your entire balance. You may make larger payments without penalty. Any partial payment or prepayment will not delay Your next scheduled payment. All payments to Us must be in lawful money of the United States. We may apply each payment to whichever Feature Category We wish. For all Feature Categories (except VISA and MasterCard), payments will be applied first to any Late Charges owing, then to the Finance Charge due, then to the outstanding principal balance. As permitted by law, the order in which We may apply VISA and MasterCard payments is at Our discretion. Any unpaid portion of the Finance Charge will be paid by subsequent payments and will not be added to Your principal balance. You understand that any delay in the repayment of Your unpaid balance will increase Your periodic Finance Charges and any acceleration in the repayment of Your unpaid balance will decrease Your periodic Finance Charges.

Signature Line of Credit Minimum Monthly Payments will be based upon Your approved Credit Limit and will be established in accordance with the following table, plus any portion of the Minimum Payments shown on prior statement(s) which remains unpaid, plus any amount that exceeds Your approved Credit Limit:

Approved Credit Limit	Corresponding Payment Amount
\$250.00	\$12.12
\$500.00	\$17.33
\$750.00	\$26.00
\$1,000.00	\$34.67
\$1,500.00	\$52.00
\$2,000.00	\$69.33
\$2,500.00	\$76.87
\$3,000.00	\$92.25
\$3,500.00	\$107.82
\$4,000.00	\$112.00
\$4,500.00	\$126.00
\$5,000.00	\$140.00
\$5,500.00	\$154.00
\$6,000.00	\$168.00
\$6,500.00	\$181.00
\$7,000.00	\$195.00
\$7,500.00	\$209.00
\$8,000.00	\$223.00
\$8,500.00	\$237.00
\$9,000.00	\$251.00
\$9,500.00	\$265.00
\$10,000.00	\$279.00

Stretch Pay Line of Credit Minimum Payments will be an amount equal to all outstanding principal together with accrued but unpaid Finance Charges at the end of each billing cycle.

Personal Property Secured, Share Secured-Standard, Share Certificate Secured, and Signature Minimum Monthly Payments will be disclosed to You at the time of each advance on a separate page titled "Credit Line Account Advance Request and Security Agreement".

First Time User/Student VISA, VISA Platinum, Share Secured VISA, First Time User/Student MasterCard, MasterCard Platinum and Share Secured MasterCard Minimum Payments will be an amount equal to 3.00% of Your new unpaid First Time User/Student VISA, VISA Platinum, Share Secured VISA, First Time User/Student MasterCard, MasterCard Platinum or Share Secured MasterCard balance at the end of each billing cycle, subject to the lesser of \$25.00 or Your balance, plus any portion of the Minimum Payments shown on prior statement(s) which remains unpaid, plus any amount that exceeds Your approved Credit Limit.

You may, by separate agreement, authorize Us to charge Your payment directly to Your Share or Share Draft Account.

LATE CHARGE (EXCEPT FOR VISA AND MASTERCARD). If Your payment is 10 or more days late, You will be charged 5.00% of the payment due.

OTHER FEES AND CHARGES (EXCEPT FOR VISA AND MASTERCARD). For all Feature Categories (except VISA and MasterCard), You will be charged a \$75 FINANCE CHARGE each time You request and We agree to lower the periodic rate and corresponding Annual Percentage Rate applicable to such Feature Category.

STRETCH PAY LINE OF CREDIT ANNUAL MEMBERSHIP FEE. Stretch Pay Line of Credit Accountholders with approved Credit Limits of \$250.00 will be charged a \$35 Annual Membership Fee for continued participation in the Stretch Pay Line of Credit program. Stretch Pay Line of Credit Accountholders with approved Credit Limits of \$500.00 will be charged a \$70 Annual Membership Fee for continued participation in the Stretch Pay Line of Credit program. This fee is required each year to continue credit availability whether or not You use Your Account throughout the year.

FINANCE CHARGES (EXCEPT FOR VISA AND MASTERCARD). A Finance Charge will be assessed on any unpaid principal balance for each Feature Category of Your Account for the period such balance is outstanding. Balances change each time advances are made, payments are made or credits given under any Feature Category. The Finance Charge begins to accrue on the date of each advance and there is no grace period.

HOW TO DETERMINE THE FINANCE CHARGE (EXCEPT FOR VISA AND MASTERCARD). For all Feature Categories (Except for VISA and MasterCard), the Finance Charge is determined by multiplying Your unpaid balance at the close of each day in the billing cycle being accounted for by the applicable Daily Periodic Rate. The unpaid balance is the balance each day after payments, credits, and new unpaid Finance Charges to that balance have been subtracted and any new advances, insurance premiums or other charges have been added to Your unpaid balance. These daily Finance Charges are then added together and the sum is the amount of the Finance Charge owed for the Feature Category being accounted for. The total Finance Charge You owe on Your Account for each billing cycle is the sum of all the Finance Charges due for all applicable Feature Categories.

VISA AND MASTERCARD FINANCE CHARGES. In the case of any transactions under Your First Time User/Student VISA, VISA Platinum, Share Secured VISA, First Time User/Student MasterCard, MasterCard Platinum or Share Secured MasterCard Feature Categories, the balances subject to the periodic Finance Charge are the average daily transactions balances outstanding during the month (new and previous). To get the average daily balance, We take the beginning balance of Your Account each day, add any new purchases, cash advances, insurance premiums, debit adjustments or other charges and subtract any payments, credits and unpaid Finance Charges. This gives Us the daily balance. Then, We add up all the daily balances for the billing cycle and divide them by the number of days in the billing cycle. The Finance Charge for a billing cycle is computed by multiplying the average daily balance subject to a Finance Charge by the Monthly Periodic Rate.

You can avoid Finance Charges on purchases by paying the full amount of the entire balance owed each month within 25 days of Your statement closing date. Otherwise, the new balance of purchases, and subsequent purchases from the date they are posted to Your Account, will be subject to a Finance Charge. Cash advances are always subject to a Finance Charge from the later of the date they are posted to Your Account or from the first day of the billing cycle in which the cash advance is posted to Your Account.

VARIABLE RATE (EXCEPT SHARE SECURED-STANDARD). If Your Feature Category is subject to a Variable Rate, advances are subject to a Variable Rate which is based on the highest 28-Week United States Treasury Bill Rate as published in the Money Rates section of The Wall Street Journal in effect on the last day of each calendar quarter of each year ("Index") plus Our Margin. The Index plus the Margin equals the Interest Rate. Changes in the Index will cause changes in the Interest Rate on the first day of the month immediately following any such change in the index. Increases or decreases in the Interest Rate will cause like increases or decreases in the Finance Charge and will affect the number of Your regularly scheduled payments. Other than the maximum and minimum Interest Rates that can apply at any time, Your Interest Rate will never increase or decrease by more than 2.00 percentage points on any change date nor more than 8.00 percentage points during any twelve consecutive month period. Your Interest Rate will never be greater than 25.00% nor less than 5.00% and will apply to Your remaining principal balance.

SHARE SECURED STANDARD-VARIABLE RATE. Share Secured-Standard advances are subject to a Variable Rate which is based on the highest Dividend Rate being paid at the credit union in effect on the last day of each month ("Index") plus Our Margin. The Index plus the Margin equals the Interest Rate. Changes in the Index will cause changes in the Interest Rate on the first day of the month immediately following any such change in the index. Increases or decreases in the Interest Rate will cause like increases or decreases in the Finance Charge and will affect the number of Your regularly scheduled payments. Your Interest Rate will never be greater than 25.00% nor less than 3.00% and will apply to Your remaining principal balance.

For the applicable Index, Margin, Daily or Monthly Periodic Rates and corresponding Annual Percentage Rates for all Feature Categories, refer to the separate page titled "Additional Disclosure - Federal Truth-in-Lending Act" and/or "Credit Line Account Advance Request and Security Agreement" which We have included with and made a part of this Agreement.

OVERDRAFT PROTECTION. We may transfer funds in the amount necessary (or in such increments as We may from time to time determine) to Your Share Draft Account by an advance on Signature Line of Credit Feature Category, subject to this provision, to clear any Overdraft on Your Share Draft Account. Whether or not such transfers occur will be controlled by this Agreement. In any event, You hold Us harmless for any and all liability which might otherwise arise if the transfer does not occur. Overdraft Protection automatically ceases if this Agreement is ever cancelled or terminated or Your Account is in default.

PERIODIC STATEMENTS. On a regular basis, You will receive a statement showing all transactions on Your Account including amounts paid and borrowed since Your last statement. If We have issued You a Credit Card, We will mail You a statement each month in which there is a debit or credit balance or when a Finance Charge is imposed. We need not send You a statement if We feel Your Account is uncollectible or if We have started collection proceedings against You because You defaulted. Each statement is deemed to be a correct statement of account unless You establish a billing error pursuant to the Federal Truth-in-Lending Act.

OUR RESPONSIBILITIES TO HONOR CONVENIENCE CHECKS. We are under no obligation to honor Your Convenience Checks if: (1) by paying a Convenience Check, You would exceed Your Credit Limit; (2) Your Cards or Convenience Checks have been reported lost or stolen; (3) Your Account has been cancelled or has expired. If a postdated Convenience Check is paid and, as a result, any other Convenience Check is returned unpaid, We are not responsible for any resulting loss or liability.

DEFAULT. You will be in default if:

- You do not make any payment or perform any obligation under this Agreement, or any other agreement that You may have with Us; or
- You should die, become involved in any insolvency, receivership or custodial proceeding brought by or against You; or
- You have made a false or misleading statement in Your credit application and/or in Your representations to Us while You owe money on Your Account; or
- A judgment or tax lien should be filed against You or any attachment or garnishment should be issued against any of Your property or rights, specifically including anyone starting an action or proceeding to seize any of Your funds on deposit with Us; and/or
- We should, in good faith, believe Your ability to repay Your indebtedness hereunder is or soon will be impaired, time being of the very essence.

Upon any occurrence of default, We may, to the extent permitted by law, cancel Your rights under this Agreement, require the return of all access devices and declare the entire balance of every Feature Category of Your Account immediately due and payable, without prior notice or demand. If Your entire Account balance is not then paid immediately upon default, and if permitted by law, the collateral shall be voluntarily surrendered to the Credit Union at a time and place acceptable to it. If this is not done, to the extent permitted by law, the Credit Union may enter the premises where the collateral is located and take possession of it and the Credit Union may assert the defense of a superior right of possession as the holder of a security interest to any offense of alleged wrongful taking and conversion. The Credit Union may sell or dispose of the collateral in any manner permitted by law, and any resulting deficiency on Your Account shall be immediately paid to the Credit Union.

COLLECTION COSTS. In the event collection efforts are required to obtain payment on this Account, to the extent permitted by law, You agree to pay all court costs, private process server fees, investigation fees or other costs incurred in collection and reasonable attorney fees incurred in the course of collecting any amounts owed under this Agreement or in the recovery of any collateral.

ENFORCEMENT. We do not lose Our rights under this or any related agreement if We delay enforcing them. We can accept late payments, partial payments or any other payments, even if they are marked "paid in full" without losing any of Our rights under this Agreement. If any provision of this or any related agreement is determined to be unenforceable or invalid, all other provisions remain in full force and effect.

NOTIFICATION OF ADDRESS CHANGE. You will notify Us promptly if You move or otherwise have a change of address.

CHANGE IN TERMS. We may change the terms of this Agreement by mailing or delivering to You written notice of the changes as prescribed by the Federal Truth-in-Lending Act. To the extent permitted by law, the right to change the terms of this Agreement includes, but is not limited to, the right to change the periodic rate applicable to Your unpaid balance and/or future advances.

PROPERTY INSURANCE. You agree to insure the collateral described in any Credit Line Account Advance Request and Security Agreement against fire and other hazards, with a policy as specified by Us, in the amount and for the period required by Us, with Us named as loss payee for Our protection. You may purchase the insurance from any insurer You want, but We have the right not to accept the insurer for reasonable cause. You agree to deliver satisfactory evidence of the insurance policy to Us within any time period specified in any notice from Us or on Our behalf.

Unless You provide evidence of the insurance coverage required by Your Agreement with Us, We may purchase insurance at Your expense to protect Our interests in the collateral. If We do purchase insurance, You understand that We may obtain 100% coverage with no deductible. This insurance may, but need not, protect Your interests. The coverage that We purchase may not pay any claim that You make or any claim that is made against You in connection with the collateral. You may later cancel any insurance purchased by Us, but only after providing evidence that You have obtained insurance as required by this Agreement. If We purchase insurance for the collateral, You will be responsible for the costs of that insurance, including the insurance premiums, interest and any other charges We may impose in connection with

the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to Your total outstanding balance or obligation. The costs of the insurance may be more than the cost of insurance You may be able to obtain on Your own. In any case, We have the authority to obtain, adjust, settle or cancel insurance and may endorse any party's name on any draft.

If we obtain any necessary insurance, Your payment may be increased and/or We may demand that You pay the cost in a single lump sum.

CREDIT INSURANCE. Credit insurance is not required for any extension of credit under this Agreement. However, You may purchase any credit insurance available through Us and have the premiums added to Your outstanding balance. If You elect to do so, You will be given the necessary disclosures and documents separately.

INTEGRATED DOCUMENTS. Any separate sheet of paper labeled "Additional Disclosure - Federal Truth-In-Lending Act", "Additional Disclosure" and/or "Credit Line Account Advance Request and Security Agreement" which is delivered together with this Agreement or at a later date becomes an integrated part of this Agreement and Disclosure.

CONSENT TO AGREEMENT. You acknowledge receipt of a copy of this Agreement. By signing the application; or by using Your Account or any Account access device; or by authorizing another to use Your Account, You agree to and accept its terms.

UPDATING AND DISCLOSING FINANCIAL INFORMATION. You will provide facts to up-date information contained in Your original Account application or other financial information related to You, at Our request. You also agree that We may, from time to time, as We deem necessary, make inquiries pertaining to Your employment, credit standing and financial responsibility in accordance with applicable laws and regulations. You further agree that We may give information about the status and payment history of Your Account to consumer credit reporting agencies, a prospective employer or insurer, or a state or federal licensing agency having any apparent legitimate business need for such information.

TERMINATION. Either You or We may cancel Your Account or any particular Feature Category of Your Account, at any time, whether or not You are in default. You will, in any case, remain liable to pay any unpaid balances according to the terms of Your Account.

GOVERNING LAW. This Agreement is controlled and governed by the laws of the State of Ohio except to the extent that such laws are inconsistent with controlling federal law.

SPECIAL TERMS APPLICABLE TO YOUR FIRST TIME USER/STUDENT VISA, VISA PLATINUM, SHARE SECURED VISA, FIRST TIME USER/STUDENT MASTERCARD, MASTERCARD PLATINUM AND SHARE SECURED MASTERCARD CREDIT CARDS

USE OF YOUR CARD. You may use Your Card to buy goods and services in any place that it is honored and to get cash advances at participating financial institutions. You agree not to use Your Card for illegal transactions including, but not limited to, advances made for the purpose of gambling and/or wagering where such practices are in violation of applicable state and/or federal law.

EFFECT OF AGREEMENT. Even though the sales, cash advance, credit or other slips You may sign or receive when using Your Card contain terms, this Agreement is the contract which solely applies to all transactions involving the Card.

UNAUTHORIZED USE. You may be liable for the unauthorized use of Your Card. You will not be liable for the unauthorized use that occurs after You notify Us of the loss, theft, or possible unauthorized use by calling Us at the telephone number shown in this Agreement or by writing to Us at the address shown in this Agreement. In any case, Your liability will not exceed \$50.

REFUSAL TO HONOR CARDS OR CONVENIENCE CHECKS. We are not liable for the refusal or inability of merchants, financial institutions and others to accept the Cards or Convenience Checks, or electronic terminals to honor the Cards or complete a Card withdrawal, or for their retention of the Cards or Convenience Checks.

FOREIGN TRANSACTIONS. For transactions initiated in foreign currencies, the exchange rate between the transaction currency and the billing currency (U.S. dollars) will be: (a) a rate selected by VISA and/or MasterCard, as is applicable, from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA or MasterCard itself receives; or (b) the government-mandated rate in effect for the applicable central processing date.

For transactions involving Your VISA Card, You will be charged 1.00% calculated on the final settlement amount. For transactions involving Your MasterCard Card, You will be charged 8/10th of 1.00% calculated on the final settlement amount for transactions that are initiated in foreign countries, and if Your transaction is also initiated in a foreign currency You will be charged an additional 2/10th of 1.00% calculated on the final converted settlement amount.

TRANSACTION SLIPS. Your monthly statement will identify that merchant, electronic terminal or financial institution at which transactions were made, but sales, cash advances, credit or other slips cannot be returned with the statement.

LATE CHARGE. If Your payment is 5 or more days late, You will be charged \$20.

OTHER FEES AND CHARGES. You will be charged the following fees associated with the use of Your Card: (a) \$25 for any check (or other negotiable instrument used for payment) which is returned unpaid; and (b) \$20 for each billing cycle during which You exceed Your Credit Limit.

LATE PAYMENT ANNUAL PERCENTAGE RATE. If Your VISA or MasterCard Feature Category is ever 30 or more days past due twice in any 6 consecutive month period, the Monthly Periodic Rate applicable to Your entire balance existing at that time and in the future will immediately increase to 1.50% (corresponding ANNUAL PERCENTAGE RATE 18.00%).

LOST CARDS OR CONVENIENCE CHECKS. To report lost or stolen Credit Cards or Convenience Checks, You will immediately call Us at or write to Us at the address shown in this Agreement.

CREDITS. If a merchant who honors Your Card gives You credit for returns or adjustments, they will do so by sending Us a slip which will be posted to Your Account. If Your credits and payments exceed what You owe Us, We will hold and apply this credit against future purchases and cash advances, or if it is \$1.00 or more refund it on Your written request or automatically deposit it to Your Share Account after 6 months.

**YOUR BILLING RIGHTS
KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about Your rights and Our responsibilities under the Federal Truth-In-Lending Act.

**NOTIFY US IN CASE OF ERRORS
OR QUESTIONS ABOUT YOUR STATEMENT**

If You think Your statement is wrong, or if You need more information about a transaction on Your statement, write Us on a separate sheet, at Our address shown in this Agreement. Write to Us as soon as possible. We must hear from You no later than 60 days after We sent You the first statement 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:

- Your Name and Account number.
- Dollar amount of the suspected error.
- 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 bill automatically from Your Share or Share Draft 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.

**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 statement is 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 statement that are not in question.

If We find that We made a mistake on Your statement, 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 10 days telling Us that You still refuse to pay, We must tell anyone We reported You to that You have a question about Your statement and, We must tell You the name of anyone We reported You to. We must tell anyone We reported 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 statement is correct.

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.

Wright-Patt Credit Union

STRETCHPAY LINE OF CREDIT PROCEDURES

Revised August 2006

The StretchPay Line of Credit is a Credit Union Salary Advance Alternative. This loan is designed to help members whose credit histories preclude them from qualifying for loans under current WPCU criteria. This product would serve to reduce member dependency on "Payday Loans" or other predatory lending practices.

Program Details

1. Members may initiate a StretchPay Line-of-Credit loan with a \$250 credit limit or a \$500 credit limit.
2. At any time during the life of a StretchPay Line of Credit, the member can request to increase the limit to \$500 (see instructions on page 4). After a 12 month payment history on the StretchPay Line of Credit, the member may apply for a traditional line of credit.
3. An annual participation fee is collected when the loan is initially disbursed and each year thereafter on the anniversary date (date in the Credit Limit Expiration field in the loan record).
 - a. Loans with a \$250 credit limit will have a \$35.00 annual participation fee.
 - b. Loans with a \$500 credit limit will have a \$70.00 annual participation fee (effective August 1, 2006)
4. If a member moves from a \$250 limit to a \$500 limit before the Credit Limit Expiration date is met, they must pay the \$70 annual participation fee. There will not be any refund given on the participation fee already paid for the year on the \$250 StretchPay Line of Credit.
5. The "approval" of these loans will not be based upon credit history or credit score. A minimal review of the member's activity with payday lenders will be performed. A credit report will be pulled on each applicant in an effort to counsel them on their current financial status and provide guidance for future financial requests.
6. The member must provide full information on 2 references when applying for a StretchPay Line of Credit.
 - a. References should be family or a close family friend.
 - b. Information required includes name, address and phone number for each reference.
 - c. Reference information provided must be different from the member and different from other references.
7. The balance of the StretchPay Line of Credit must be paid within 30 days of the date of the most recent advance. Payments may be made at any Member Center, through the mail, or by automatic payment such as direct deposit.
8. The StretchPay Line of Credit can be cancelled by Wright-Patt Credit Union (at any time during the life of the loan) if it is delinquent more than 15 days.
9. Applications for StretchPay Lines of Credit are processed via E-Loan. Please see the E-Loan procedure for detailed instructions. Also, the paperwork used for StretchPay Lines of Credit is the same as what is used for traditional Lines of Credit (open end).

10. The member will also sign a StretchPay Line of Credit Agreement when the loan is initially advanced.
11. Each advance must be equal to the full credit limit. Partial advances are not allowed. Advances are not permitted through Home Banking or Call-24.
12. StretchPay Line of Credit loans do not qualify for Credit Life Insurance products.

Member Qualifications

1. Must be at least 18 years of age
2. Account must be open for 60 days
3. Must have verifiable income. An example of verifiable income would be, but is not limited to, copies of current pay stubs with the member's current address.
4. Must be a Member in Good Standing at the time the loan is applied for and/or at the time each advance is made. Refer to Management Policy 3003: Member in Good Standing for details.
5. Loan deferments/amendments will not be granted on these loans
6. Must not be in the process of filing for bankruptcy under any chapter of the bankruptcy code.

E-Loan Set-Up Information

\$250.00 Credit Limits:

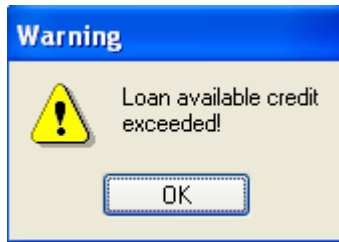
Interest Rate=18% fixed
Loan ID=38
Collateral Code=380
Purpose Code=138
Monthly Payment=\$253.70 (based on 30 days interest)
Term= 1 month
Insurance Code=00

\$500.00 Credit Limits:

Interest Rate=18% fixed
Loan ID=39 (Episys will assign the next available Loan ID)
Collateral Code=380
Purpose Code=139
Monthly Payment=\$507.40 (based on 30 days interest)
Term= 1 month
Insurance Code=00

12 Month Review

Once the Credit Limit Expiration date has arrived, advances can no longer be made. The MSR will receive a message that reads "Credit Limit has been exceeded" when processing the advance.



Please use the following guidelines to proceed:

Account Status: If the member is negative in their account or delinquent on other WPCU loans at the time of the request, see your facility/department supervisor before proceeding.

Keeping the \$250 credit limit:

1. Collect the \$35.00 annual participation fee. The command is SWGL. The annual participation fee can not be deducted from the available credit limit. If the member does not want to pay the annual participation fee, the Stretch Pay Line of Credit must be closed. Closing instructions are provided below.
 - a. The GL lookup to enter is 'BLOC.'

HELP	CR-SD	KR-SD	SW-CD	SW-KD	SW-X-SD
IQ	ED	CA	LF	RG	VO
Share Withdrawal					
Share ID:					00
Share 00 REGULAR SHARE ACCT					
Share balance:					405.93
Minimum balance:					-5.00
Available:					400.93
Withdrawal:					35.00
General Ledger					
GL Account :					
GL Account Name					
800119-0000.0000 ANNUAL FEE - BLOC SUSPENSE				BLOC	
Selection:					Credit
Amount:					35.00
Member Account: [REDACTED]					

2. Update the 'Credit Limit Expiration' field in the loan record. The new expiration date should be 1 year from the date the annual participation fee is paid.

Account		Loan 39	
Description:	BRIDGE LOC	Loan Balance:	0.00
Loan Type:	04 BRIDGE LOC	Original Balance:	500.00
Loan ID:	0039	Credit Limit:	500.00
Loan Code:	2 Line of credit	Available Credit:	0.00
Activity Date:	06/18/2006	Credit Limit Expiration:	06/01/2006
Check Digits:		Available Credit Calculation:	0 Revolving
Reference:	390/139/510	Credit Limit Group:	0

Increasing the limit to \$500 as a StretchPay Line-of-Credit OR change to a traditional Line of Credit:

1. The \$250 StretchPay Line-of-Credit will need to be paid off and cancelled.
2. Once the current StretchPay Line of Credit is cancelled, the member will need to complete an application for either the \$500 StretchPay Line of Credit or a traditional line of credit.
 - a. The application for a \$500 StretchPay Line of Credit should be reviewed in the member center by an MAS with Level II or higher loan approval. Remember to get 2 references. If no such approval authority is present; forward the application to Underwriting.
 - b. The \$70.00 annual participation fee must be collected when the first advance is made on the new loan.
 - i. The command is SWGL.
 - ii. Members increasing their credit line from \$250 to \$500 will not be given a refund of the \$35 annual participation fee already paid for the current year.
 - c. The application for a regular line of credit should be reviewed as per normal lending guidelines.

To cancel the STRETCHPAY LINE OF CREDIT:

1. The StretchPay Line of Credit should be at a zero balance. If it is not, process the transaction to pay it in full.
2. In the Loan Record, update the following fields:
 - a. Credit Limit Expiration: Click on this field and hit the delete button on your keyboard to remove the credit limit expiration date.
 - b. Credit Limit: Click on this field and hit the delete button on your keyboard to remove the credit limit.
 - c. Close Date: Enter in the date the loan is being cancelled. This will most often be the current date.

Account 0004110475 Loan 39 Revision

OK Cancel

Description:	BRIDGE LOC	Loan Balance:	0.00
Loan Type:	04 BRIDGE LOC	Original Balance:	500.00
Loan ID:	0039	Credit Limit:	500.00
Loan Code:	2 Line of credit	Available Credit:	0.00
Activity Date:	06/18/2006	Credit Limit Expiration:	06/01/2006
Check Digits:		Available Credit Calculation:	0 Revolving
Reference:	390/139/510	Credit Limit Group:	0
Branch:	7	Note Number:	288911
Loan Purpose:	139	MICR Account Number:	
Coupon Code:	0 Normal	Amount Advanced:	11,399.75
VIN #:		Last Advance Date:	06/16/2006
Last Payment Date:	06/18/2006	Payment:	507.40
First Payment Date:	10/16/2003	Alternate Payment:	0.00
Payment Type:	0 Level payment	Alternate Pmt Effective:	__/__/__
Payment Method:	5 Distribution	Alternate Pmt Expiration:	__/__/__
Payment Frequency:	04 Monthly	Partial Payment:	0.00
Original Loan Date:	09/11/2003	Last FM Date:	06/18/2006
Open Date:	09/11/2003	Last Transaction Date:	06/18/2006
Close Date:	__/__/__	Last Purge Date:	02/18/2005

Change to 00.00

Delete

Change to current date

Loan Type 0004 Defaults

06/27/2005

Description:	BRIDGE LOC	Warning 1 Code:	00 <None>
Close Date:	__/__/____	Warning 2 Code:	00 <None>
Check Digits:		Warning 3 Code:	00 <None>
Note Number:		Warning 4 Code:	00 <None>
Reference:		Warning 5 Code:	00 <None>
Loan Code:	2 Line of credit	Warning 6 Code:	00 <None>
Collateral Code:	0	Warning 7 Code:	00 <None>
Approval Code:	0	Warning 8 Code:	00 <None>
Loan Purpose:	0		
Payment Type:	0 Level payment	Service 1:	1
Payment Method:	0 Cash	Service 2:	30
Payment Frequency:	04 Monthly	Service 3:	0
Payment Skips:	0	Service 4:	0
Payment Skip Start Day:	0	Service 5:	0
Payment Calc Type:	0	Service 6:	0
Payment:	0.00	Service 7:	0
Payment Count:	0	Service 8:	0

Available Credit Calculation:	0 Revolving		
New Loan Due Date Code:	30 30 Days	FASB 91 Code:	0
Due Date Advance Code:	1 One period max	Effective APR:	0.000%
Due Day 1:	0	Original Rate:	0.000%
Due Day 2:	0	Unamortized Fees:	0.00
Refund Post Code:	0 To Share	Credit Limit:	0.00
Interest Type:	0	Credit Limit Expiration:	__/__/____
Interest Rate:	0.000%	Credit Limit Group:	0
Interest Rate Index:	0	Insurance Type:	0
Interest Rate Margin:	0.000%	Insurance Maximum:	0.00
Interest Rate Margin Sign:	0 Positive margin	Credit Reporting Code:	0
Interest Rate Maximum:	0.000%	Statement Group:	3
Interest Rate Minimum:	0.000%	Statement Mail Code:	00 Normal
Risk Rate:	0.000%	DQ Calculation Method:	0 Payment buckets only contain chan...
Discount Rate:	0.000%	DQ Notice:	0
Periodic Cap:	0.000%	Late Charge Type:	0
Periodic Cap Start Rate:	0.000%	Minimum Balance:	0.00
Periodic Cap Start Date:	__/__/____	Minimum Advance:	250.00
Periodic Cap Frequency:	0 Annual		
CU Totals Code:	0 Use record in credit union totals		
Secured Code:	0 Not pledged		
Student Loan Code:	0 Not a student loan		
ECOA Code:	00 Individual (Default)		
Split Rate:	0.000%		
Split Rate Balance:	0.00		
Amortization Schedule:	0		
Amortize Schd Type:	0 Local		
Call Item Schedule:	0		
Call Item Schd Type:	0 Local		

Lease Termination Date:	__/__/____	Sales Tax State Indicator:	0 No State Tax
Lease Termination Fee:	0.00	Sales Tax County Indicator:	0 No County Tax
		Sales Tax City Indicator:	0 No City Tax

Lessee State:		Dealer State:	
Lessee County:		Dealer County:	
Lessee City:		Dealer City:	

Promo 1 Type:	0	Promo 2 Type:	0
Promo 1 Effective Date:	__/__/____	Promo 2 Effective Date:	__/__/____
Promo 1 Expiration Date:	__/__/____	Promo 2 Expiration Date:	__/__/____
Promo 1 Rate Type:	0 Fixed	Promo 2 Rate Type:	0 Fixed
Promo 1 Rate:	0.000%	Promo 2 Rate:	0.000%

Promo 1 Rate Offset:	0.000%	Promo 2 Rate Offset:	0.000%
Promo 1 Rate Minimum:	0.000%	Promo 2 Rate Minimum:	0.000%
Promo 1 Rate Maximum:	0.000%	Promo 2 Rate Maximum:	0.000%
Promo 1 Advance Cutoff:	0.00	Promo 2 Advance Cutoff:	0.00
Member User Transfer Code:	0		
Corporate User Transfer Code:	0		

Loan Procedure-Stretch Pay Loan

Purpose of Procedure:

To help established members who need a small dollar loan to carry them over until they receive their next regularly scheduled income check. This loan is designed for members to use instead of borrowing from a for-profit payday lender. The Stretch Pay Loan is for emergency situations and not for an on-going solution to member liquidity issues. The Credit Union's goal is to educate members on wise financial management and budgeting so the need for such emergency loans diminishes over time.

To qualify for a Stretch Pay Loan a Member must be:

- 18 years of age and legally capable of entering into a binding contract.
- An established member of Day Air Credit Union for a minimum of 60 days
- No Chex System hits indicating fraud during the past 12 months (check any Enotes on the account or refer to the Optical system to review the Chex System report that was printed when the account was opened).
- A member in good standing at the time the loan is applied for and/or at the time each advance is made.
- Employed continuously for a period of 6 months, or be receiving verifiable fixed income for a period of at least 6 months, and must provide proof of income at the time of application
- Not in the process of filing for bankruptcy under any chapter of the bankruptcy code.

Specifications of the Loan:

- \$35 annual participation fee for a limit of \$250 (first year's fee paid at time of initial loan advance - \$250 advance - \$215 to member - \$35 annual fee).
- \$500 potential credit limit at annual review if each advance has been paid as agreed (member to request limit increase) - \$70 annual participation fee for a limit of \$500 – fee is collected at renewal
- Credit limit (\$250 or \$500) is the minimum amount of each advance
- 30 day repayment term
- Advances must be paid in full prior to new/additional advances
- 18% Interest Rate.
- Preferred payment method would be through payroll deduction or automatic transfer.
Please refer to the current Funds Availability Check Holds Procedure when accepting any payment by check.

Responsibility:

A Loan Officer (see Exhibit A of the Loan Policy) normally performs the following:

Process for establishing the credit line:

1. Review the borrower's Member Profile (MP) to determine:
 - a. Age

- b. Length of membership
- c. In good standing with DACU
- 2. Review proof of income:
 - a. Verify length of continuous employment from pay stub, letter from employer, or verbal verification from employer. Social Security income or Retirement income does not require a 6-month verification only proof that they are currently receiving.
- 3. Verify that all above listed qualifications are met.
 - a. If no, deny the request. Complete a preprinted Adverse Action Notice and give a copy to the member. Forward a copy of the Member Profile and the completed Adverse Action Notice to the Loan Clerk for scanning and filing.
 - b. If yes, continue with the process.
- 4. Copy the proof of income
- 5. Copy photo identification from the borrower.
- 6. In Lending Navigator
 - a. Complete a SALRYADV loan application
 - b. Set-up as loan type O/E (open-end line of credit).
 - c. Assign the loan suffix 45.
 - d. Limit and minimum draw is \$250.00. (After the first year the member would be eligible for a \$500 limit and draw if the loan was paid as agreed and the member is still in good standing with DACU).
 - e. Use purpose code 45 (Stretch Pay)
 - f. Collateral code SALADV.
 - g. Payment Protection coverage is not available on this loan type, so the insurance code should be N/A.
 - h. Set Loan Review Date 1 year from first advance date
 - i. Request and print a consumer credit report.
 - j. Review the credit report for any possible alternatives to the Stretch Pay Loan or any additional lending opportunities. When applicable educate the member on how to improve their credit score and cash flow
 - k. Approve the request on the application and in Lending Navigator in the “Underwriting” section.
 - l. Disburse the loan and print the Laser Forms (GRP-Stretch Pay Disclosure)
 - m. Set the minimum payment to \$253.70 for a \$250 limit and \$507.40 for a \$500 limit and the due date to 30 days from date of disbursement.
 - n. If applicable set-up on automatic transfer or payroll deduction.
- 7. Explain to the borrower:
 - a. The qualifications of the Stretch Pay Loan.
 - b. Read to the borrower the Stretch Pay Plan letter, verify that they understand what you have read to them
 - c. Have the member sign the letter
 - d. Associate signs as a witness on the letter.
 - e. Have the borrower sign the credit application and Stretch Pay Agreement/Truth-in-Lending Disclosure. Give borrower a copy of the Agreement and Plan letter.
 - f. Explain to the borrower in order to obtain additional advances on this credit line the balance of the line must be zero. Additional advances can be made at the teller line with photo identification. The credit line will expire each year and the member would need to submit a new credit application annually if they wish to continue taking advances. Failure to make the

minimum payment within the 30-day time frame will be cause for the credit line to be closed.

8. Process a LDP (Loan Debit to Principal) in Data Safe as a voucher with a general ledger (GL #80750 SALARYADV) offset for the amount of the annual fee of \$35.00. Process a second LDP as a check source and print a check made to the borrower in the amount of \$215.00 for a \$250 limit or \$430 for a \$500 limit.
9. Scan the paperwork into optical
10. Forward all paperwork to the Consumer Loan Department for filing.

Additional Advances:

If Loan Review Date has not expired:

- Member takes photo identification to any Day Air Member Service Representative (MSR) to obtain an advance. \$250.00 must be available and \$250.00 is the minimum advance. MSR advances the funds by LDP (Loan Debit to Principle) and has the member sign for the advance. The due date must be set for 30 days from date of advance. If the Loan Review date has expired the member must be referred to a Loan Officer.

If Loan Review Date has expired

- Member must be referred to a Loan Officer to repeat the procedure listed above under “The Process for Establishing the Credit Line”. Note: If member is still eligible and wishes to continue the credit line, reset the “Loan Review Date” for another year and collect the annual participation fee. If the member is receiving the higher limit of \$500 a new loan Disclosure/ Truth in Lending form must be completed and signed.

Special Services performs the following duties:

1. Collects

Accounting Department performs the following duties on a monthly basis:

1. Balance the following General Ledger account:
 - a. 80750 Accounts payable – stretch pay
2. Track the following:
 - a. Number of new Stretch Pay Loans
 - b. Number of Renewed Stretch Pay Loans with credit limit of \$250 and \$500
 - c. Dollar of annual fees collected from \$250 and \$500 limits
 - d. Interest earned on the Stretch Pay loan portfolio
 - e. Number of loans charged-off
 - f. Total dollar of loans to charge-off
 - g. Total dollar of loans covered by CUSO
 - h. Actual dollar of loans charged-off by DACU
 - i. Recovery dollars on charged-off loans
 - j. Recovery dollars due CUSO
3. Complete the Stretch Pay monthly accounting form for the CUSO (exhibit 1)
 - a. Based on the monthly activity DACU will send a check to the CUSO if annual fees collected exceed charge-off dollars. If charge-off dollars exceed annual fees collected the CUSO will send DACU a check