



Redwood Credit Union  
Budget Drafting Plan Agreement

I, the undersigned borrower(s)/co-borrower(s) (hereinafter referred to as "I" or "**Borrower**"), desire to enroll in an alternative Mortgage Loan payment plan with **Redwood Credit Union** (hereinafter referred to as "**Lender**" or "**you**") that automatically drafts one-half of what constitutes my regular monthly Mortgage Loan payment, as prepayment of my next Mortgage Loan payment, every two weeks from the checking or savings account indicated on page 4 of this document (my "**Authorized Account**") in lieu of the current Mortgage Loan payment method that I use to pay my Mortgage Loan, as hereinafter described (the "**Budget Drafting Plan**" or "**Plan**"). In this enrollment agreement (the "**Agreement**"), the term "**Mortgage Loan**" means my home loan, including the promissory note and the security instrument (whether called a mortgage, deed of trust, deed to secure debt, or otherwise), and any modifications or amendments to these documents.

By signing this Agreement, I understand, agree and consent to the following terms and conditions:

1. The Plan will involve me making Mortgage Loan prepayments every two weeks, rather than monthly Mortgage Loan payments in arrears. My Mortgage Loan must be one month prepaid no later than five business days prior to the date of the first scheduled draft under the Plan in order to participate in the Plan. You will provide me with written notice of the date upon which the first payment under the Plan will be drafted from my Authorized Account. The first draft under the Plan will occur on the first Friday of the month that the Plan begins in.

2. Until this Agreement terminates, every two weeks you will draft from my Authorized Account one-half of the amount constituting my monthly Mortgage Loan payment that is due at the time I enter into the Plan (each a "**Half Payment**"), and apply these drafted payments each time that two unapplied Half Payments are collected (a "**Full Payment**"). If any Half Payment drafted plus any amount in suspense does not total at least a Full Payment, then such amounts will be held in suspense in a non-interest bearing account until a Full Payment is collected. Any payments that I make for my mortgage loan other than those drafted under the Plan ("**Separate Payments**") will be applied as principal curtailments and will not combine with any unapplied Half Payment in suspense to collectively constitute a Full Payment, provided that there are no outstanding late charges on my mortgage loan and provided further that my mortgage loan remains prepaid under the Plan, as contemplated herein. I acknowledge and understand the amounts constituting Half Payments, Full Payments and Separate Payments are subject to change pursuant to Section 4 of this Agreement.



3. I understand and agree that it is solely my responsibility to cancel any other electronic or automatic payment program(s) through which I make my regular monthly Mortgage Loan payment, and that you are not, and will not be, responsible for any double payment(s) that might occur because of my failure to do so.

4. If there is any change in my Mortgage Loan during the Plan (such as a change in the escrow requirements), then you may adjust my records and drafts under the Plan in order to reflect any necessary changes in my Mortgage Loan payments that are due under the Plan. **I acknowledge and understand that any change related to escrow analysis affecting my Mortgage Loan payments will take effect in less than 30 calendar days.**

5. If my draft date under the Plan falls on a weekend or a legal or banking holiday, then the draft will be accomplished on the next business day. I understand that such an occurrence will not change the draft date of any subsequent draft that is to be made under the Plan.

6. A full year of drafts under the Plan will result in me making 26 or 27 Half Payments to you each year every two weeks, as opposed to the 12 monthly Mortgage Loan payments that I am currently required to make each year. All drafts made under the Plan in excess of 24 per year ("**Excess Drafts**") will be applied to the outstanding principal balance of my Mortgage Loan in the month that they are received.

7. If my financial institution returns your draft request from my Authorized Account under the Plan for any reason (for example, there are insufficient funds in my Authorized Account), then you have the right to charge me, and I will pay to you, a fee in an amount permitted under law, unless otherwise prohibited by law. If a draft request under the Plan is returned for any reason, then automatic drafting will be suspended under the Plan until I will pay you the amount owed. After being informed of a returned draft, I will pay you the returned amount as instructed within five business days after being informed of the situation. I understand that returned draft requests might cause drafting under the Plan to be suspended, and resumption of Plan drafting will require me to pay any amounts owed and not successfully drafted no less than five business days prior to the date of the next scheduled draft under the Plan. I understand and agree that if two or more draft requests from my Authorized Account are returned under the Plan within any 12 month period, then you will have the right to remove me from the Plan and terminate this Agreement.

8. I will promptly inform you in writing of any changes that I make to my Authorized Account that might affect the Plan or any payments or drafts made thereunder.

9. I am giving you (or your agent, assignee or successor in interest) the authority to make drafts from my Authorized Account in accordance with the terms of this Agreement, to apply the drafts made under the Plan to my Mortgage Loan, to hold Half Payments in suspense in a non-interest bearing account until at least a Full Payment is collected, and to take any related actions necessary to carry out this Agreement. This delegation of authority will remain in effect until this Agreement is terminated.



10. Termination of the Plan.

10.1. Borrower's Right to Terminate the Plan. Upon 30 calendar days' prior written notice, I am permitted to cancel this Agreement for any reason. To the extent possible, I will also provide you with 30 calendar days' prior written notice of my intent to pay off my Mortgage Loan prior to its natural payoff date under the Plan. If I do not provide you with 30 calendar days' prior written notice of a payoff, then I understand that your system might draft an extra draft from my Authorized Account following my payoff, in which case I understand that such payment will be returned to me after the tenth business day following that draft.

10.2. Lender's Right to Terminate the Plan. You have the right to terminate this Agreement if (i) two or more of my drafts under the Plan are returned for any reason, (ii) if I do not comply with the terms of this Agreement, (iii) if, after drafting begins, my loan payments can no longer be drafted because my loan is no longer prepaid and remains in that state for no less than six months and you provide me with 60 days' prior written notice of termination, or (iv) you provide me with 30 calendar days' prior written notice of termination, which is permitted to be given for any other reason, including if my Mortgage Loan is sold to a third party.

10.3. Automatic Termination. If my next payment due under the Plan is greater than or equal to the outstanding principal balance of my Mortgage, then the Plan will automatically terminate and you will provide me with notice thereof along with a payoff statement within five business days of such termination.

10.4. Upon termination of this Agreement, my participation in the Plan will cease, and I will be required to make all future Mortgage Loan payments due in accordance with the terms of my Mortgage Loan. Following termination of this Agreement, I understand that I will not be permitted to re-apply for enrollment in the Plan for one calendar year.

**11. I understand that I will need to fully complete this application and that if I fail to include all the necessary information, then my application to enroll in the Plan will be rejected.**

12. This Agreement constitutes the complete understanding of the parties hereto with respect to the subject matter herein, and cannot be modified except by a writing that is signed by an authorized representative of both you and me.

13. This Agreement will be governed in all respects with the laws of the state of Illinois.

14. The Plan does not modify the terms of my Mortgage Loan, which will continue to apply and be fully enforceable.

