



## OPTIONAL DEBT CANCELLATION PROGRAM CONTRACT

You, meaning a Borrower enrolled in the Program, should read this contract carefully and keep it in Your files.  
This contract explains the terms that both You and We agree to follow for the Program.

### DEFINITIONS

**ADMINISTRATOR** means CSO Family of Companies; P.O. Box 641668; Omaha, NE 68164-7668.

**ADVANCE** means each extension of credit We provide to You under a Covered Loan.

**BORROWER** means a person who is obligated to repay the Advance to Us, either principally or jointly and severally. It does not include guarantors.

**DAILY PAYMENT** means the Protected Periodic Payment converted to an equivalent amount per day and is equal to 1/30<sup>th</sup> of the Protected Periodic Payment.

**EFFECTIVE DATE OF PROTECTION** means the later of the date You enrolled in a Program Option or the date of an Advance.

**FULL TIME EMPLOYMENT** or **EMPLOYED FULL TIME** means actively working for income 25 hours or more per week.

**COVERED LOAN** means a loan identified on this Program Contract as a Covered Loan Number.

**NON-PROTECTED ADVANCE** means any Advance not protected according to the Non-Protected Events section of this Program Contract.

**PRE-EXISTING CONDITION** means a condition for which You received advice, diagnosis or treatment (including medication) within the 6 months immediately preceding the Effective Date of Protection for the Advance.

**PROTECTED BALANCE** means the pay-off amount owed under the Covered Loan on the first day of a protected event less any Non-Protected Advances. There may be protection limitations for borrowers with multiple program contracts. The Maximum Aggregate Limit for all loans per borrower is based upon Our lending limits and contractual agreements.

**PROTECTED PERIODIC PAYMENT** means the minimum payment amount, including principal, interest, and the Program Fee, due on the Protected Balance and that is eligible for protection. Protected Periodic Payment does not include any other fee or insurance amount not included in the Protected Balance, scheduled balloon payment, escrow amounts, the amount of any minimum payment that represents past due payments, or amounts that exceed any credit limit for the Covered Loan. For balloon loans, the Protected Periodic Payment will be determined using the minimum payment amount due for the period immediately preceding the scheduled balloon payment. For variable rate and/or variable payment loans, the Protected Periodic Payment will remain equal to the Protected Periodic Payment as of the first day of the protected event. The Protected Periodic Payment cannot exceed an amount equivalent to [\$-----] per month. When a benefit request is approved, the Protected Periodic Payment will be converted to an equivalent monthly amount if Your Covered Loan payment is due other than on a monthly basis.

**WE, US, OUR** means the Credit Union named on the Covered Loan and this Program Contract.

### GENERAL PROVISIONS

**PROOF OF A PROTECTED EVENT.** You must notify Us or Our Administrator when a protected event occurs. Benefit request forms and written evidence may be required periodically to show that conditions of the Program Contract are satisfied. If You do not submit a benefit request or provide initial or continued proof of a protected event within one year of the date requested, We will not accept (or continue to accept) Your benefit request.

**EMPLOYMENT STATUS CHANGE (Applies to Option 2, Option 3 and Option 4).** If Your employment status changes and You are no longer Employed Full Time and do not anticipate returning to Full Time Employment at some point during the remaining term of the Program Contract, You may only qualify for the Loss of Life benefit. In this event, You should consider either changing to Option 1, or terminating this Program Contract. You must provide Us or Our Administrator written notice of Your decision to change or terminate Your protection.

Administrator  
P. O. Box 641668  
Omaha, NE 68164-7668

**PAST EVENTS.** This Program Contract does not protect You from events that occurred before the Effective Date of Protection.

**TAX IMPLICATIONS.** You may be subject to federal, state, and local taxes on the amount of a canceled debt. You should consult Your tax advisor. Neither We, nor Our Administrator, are able to provide You with tax guidance.

**PROGRAM FEE.** The Program Fee is the amount You pay for protection under this Program Contract. The rate used to determine the Program Fee is subject to change. You will receive notice before any increase goes into effect.

**CHANGING THE TERMS OF THIS CONTRACT.** We have the right to change (including the addition or deletion of) the terms of this Program Contract. You will receive notice before **any** change goes into effect. Your continued payment of the Program Fee will constitute Your acceptance of the change in terms. You have the right to cancel this Program Contract at any time.

**CHANGING BETWEEN OPTIONS.** If You change from one Program Option (the "prior Program Option") to a different Program Option (the "current Program Option"), and an event occurs that does not qualify for protection under the current Program Option because of the new Effective Date of Protection, We will recognize the continuous time protected for a specific event under both Program Options. However, the level of protection available will be the lesser of:

- the protection that would be provided under the current Program Option if the Effective Date of Protection was adjusted to be the same as the Effective Date of Protection under the prior Program Option; or
- the protection that would have been provided under the prior Program Option if it had remained in effect.

To make Program Option changes, a new Program Contract must be completed showing the subsequent election change, and any additional fees must be paid. This Program Contract will terminate upon Our acceptance of the new Program Contract application.

**TERMINATION OF THE PROGRAM.** You may terminate this Program Contract at any time by providing Us with written notice at least 5 business days prior to the requested termination date. If You do so within 30 days of enrolling in the Program, We will return the Program Fee charged, if any.

Your protection under this Program Contract will automatically terminate:

- on the last day of the month during which You reach age 70.
- when any portion of the Program Fee is past due for 90 days or more. Protection will terminate on the due date for which You last paid the Program Fee. You must re-apply to participate in the Program.
- for any other reason if We give You written notice at least 30 days in advance of the termination (or as required by law).

Termination will not affect benefits for a protected event that occurred prior to the termination date as long as an outstanding balance remains on the loan.

**ERRORS AND ADJUSTMENTS.** If We cancel more or less than We should have according to the terms of this Program Contract, We will adjust the balance when the error is discovered.

If We issued protection under the Program due to Our own error, and We recognize Our error before a protected event occurs, this Program Contract will be void as of the Enrollment Date and Our obligation to You is limited to return of any Program Fee You paid. If We recognize Our error after a protected event occurs, We will provide benefits for that protected event in the amount and for the duration set forth in this Program Contract. However, this Program Contract will otherwise terminate as of the date the protected event occurred and any events occurring after that date will not be protected.

However, if You misstated a material fact when enrolling for the Program that caused Us to issue protection under this Program Contract when We otherwise would not have, We will return any Program Fee You paid when We discover this, and We will not provide any benefits even if an otherwise protected event has already occurred.

**WAIVER OF PROVISIONS.** We reserve the right to waive any of the requirements described in this Program Contract, at Our sole discretion. If We do so, We will not be obligated to waive the same requirements in any other situation and Our waiver will not constitute a waiver of any other requirements.

**CONTINUED EFFECTIVENESS.** If any part of this Program Contract is determined to be unenforceable, the rest will remain in effect.

### PROTECTED EVENTS

A Covered Loan is protected according to the terms of this Program Contract if You are enrolled for the specified Program Option, You experience a protected event before the end of the month during which You reach age 70, and You have paid the applicable Program Fee.

#### LOSS OF LIFE (Included with Option 1, Option 2, Option 3 and Option 4)

If You die, We will cancel the lesser of 100% of the Protected Balance or [-----].

#### DISABILITY (Included with Option 2 and Option 4)

Disability/Disabled means that You are totally Disabled. This means, during the first 12 consecutive months of Disability, You:

- are unable to engage in the significant duties of Your occupation; and
- are under the regular care and treatment of a physician for Your Disability; and
- are not working at any job or combination of jobs for pay or benefits; and
- have not been released by Your physician for light or partial duty.

After the first 12 consecutive months of Disability, the definition changes and requires that You:

- are not able to perform the important duties of any occupation for which You are reasonably qualified by education, training or experience; and
- are under the regular care and treatment of a physician for Your Disability; and
- are not working any job or combination of jobs for pay or benefits; and
- have not been release by Your physician for light or partial duty.

Total Disability begins on the first day You receive medical treatment and are deemed unable to work by a physician, due to total Disability.

If You are Employed Full Time when You become Disabled, and You are Disabled for [14 or 30] consecutive days, We will cancel the Daily Payment for each day that You are Disabled:

- beginning with the [1<sup>st</sup> or 15<sup>th</sup> or 31<sup>st</sup>] day of Disability; and
- for up to the next 24 months of Disability or until the entire Protected Balance is canceled, whichever occurs first.

#### INVOLUNTARY UNEMPLOYMENT (Included with Option 3 and Option 4)

Involuntary Unemployment means that You are not working at any job, or any combination of jobs for pay or benefits and that You are actively seeking Full Time Employment. Involuntary Unemployment does not include any annual, regularly scheduled, or seasonal layoff or any period of unemployment that occurs while You are a temporary employee, independent contractor, self-employed, or employed by a joint Borrower. It also does not include any retirement, vacation, strike, unionized labor dispute, lockout, sabbatical, family leave, disability, termination due to Your willful or criminal misconduct, resignation by agreement with Your employer, voluntary furlough, voluntary unemployment or voluntary loss of wages.

If You are Employed Full Time when You become Involuntarily Unemployed, and You are Involuntarily Unemployed for at least [14 or 30] consecutive days, We will cancel 100% of the Daily Payment if Single Protection is elected or 50% of the Daily Payment if Joint Protection is elected for each day that You are Involuntarily Unemployed:

- beginning with the [1<sup>st</sup> or 15<sup>th</sup> or 31<sup>st</sup>] day of Involuntary Unemployment or the first day after any severance pay has ceased, whichever comes later; and
- for up to the next 6 months of Involuntary Unemployment or until the entire Protected Balance has been canceled, whichever occurs first. For Involuntary Unemployment, We will initially require proof that You have received federal, state, or railroad unemployment benefits for the period of unemployment to determine if You meet the definition of Involuntarily Unemployed. You must provide evidence of Your continued Involuntary Unemployment each month by demonstrating Your continued registration with a state unemployment office or a recognized employment agency.

#### FAMILY LEAVE (Included in Option 3 and Option 4)

Family Leave means that You take an unpaid leave of absence from Your Full Time Employment, with Your employer's written approval, to attend to the needs of Your newborn, newly adopted or foster child, or to care for a spouse, child or parent with a serious health condition, as defined by the Federal Family and Medical Leave Act. It does not include any leave of absence that occurs while You are a temporary employee, independent contractor, self-employed, or employed by a joint Borrower.

If You are Employed Full Time when You begin a Family Leave, and are on Family Leave for at least [14 or 30] consecutive days, We will cancel 100% of the Daily Payment if Single Protection is elected or 50% of the Daily Payment if Joint Protection is elected for each day of Your Family Leave:

- beginning with the [1<sup>st</sup> or 15<sup>th</sup> or 31<sup>st</sup>] day of the Family Leave; and
- for up to the next 3 months of Family Leave or until the entire Protected Balance has been canceled, whichever occurs first.

#### NON-PROTECTED EVENTS

An Advance is not protected by this Program Contract if the event:

- is due to committing or attempting to commit a felony, or
- is caused by or results from an atomic explosion or any other release of nuclear energy (except when used solely for medical treatment), or
- occurs after the end of the month during which You reach age 70.

Additional non-protected events are specified below.

An Advance is not protected by **Loss of Life** protection if the event:

- occurs within the 6 months immediately following the Effective Date of Protection for the Advance and is caused by or contributed to a Pre-existing Condition, or
- is the result of a suicide or an intentionally self-inflicted injury that occurs within the 12 months immediately following the Effective Date of Protection for the Advance.

An Advance is not protected by **Disability** protection if the event:

- occurs within the 6 months immediately following the Effective Date of Protection for the Advance and is caused by or contributed to a Pre-existing Condition, or
- is related to a normal pregnancy or childbirth, or
- is due to an intentionally self-inflicted injury.

An Advance is not protected by **Involuntary Unemployment** protection if the event:

- occurs within the 6 months immediately following the Effective Date of Protection for the Advance, or
- is due to an intentionally self-inflicted injury.

An Advance is not protected by **Family Leave** protection if the event:

- occurs within the 6 months immediately following the Effective Date of Protection for the Advance.

#### **CONCURRENT PROTECTED EVENTS**

If We are canceling the Daily Payment for one protected event and another protected event occurs either to the same Borrower or to the other Borrower if Joint Protection is chosen:

- the amount canceled will be determined according to the terms applicable to the first protected event.
- When benefits are no longer available for the first protected event, the amount canceled, if any, will be determined according to the terms applicable to the second protected event.
- We will not cancel more than the Daily Payment for any one day.

If two protected Borrowers die at the same time, We will cancel the lesser of the Protected Balance or [ \$----- ] for Option 1, Option 2, Option 3 and Option 4.

#### **RECURRENT EVENTS**

If You experience the same type of protected event again less than 12 months after You have returned to Full Time Employment, We will consider this a continuation of the prior event. For Disability, however, this only applies if You are Disabled due to the same or related condition. Any remaining time period available from the earlier protected event will continue beginning with the date of the recurrence. If You experience the same type of protected event after returning to Full Time Employment for at least 12 continuous months, We will consider it a new protected event. This provision applies whether You return to work with the same or a different employer.

#### **STATUS OF THE COVERED LOAN AFTER A PROTECTED EVENT**

The cancellation of debt may be less than the minimum payment due on the Covered Loan and may not coincide with the minimum payment due date. You are responsible for any difference between the minimum payment due on the Covered Loan and the amount canceled. Also, during the time it takes to process a benefit request, You remain responsible for making at least the minimum payment due on the Covered Loan by the payment due date.

**Contact Us with any questions on the Program.**

**[Credit Union Name]  
[Address]  
[City, State, Zip]  
[Phone Number]**