

# **READY RESERVE ACCOUNT**

**I N F O R M A T I O N  
A N D  
A P P L I C A T I O N**

**SAMPLE**



# Keep This Agreement For Your Records

## READY RESERVE AGREEMENT

If you approve my Ready Reserve Application you will notify me of my Credit Limit, and I agree as follows:

**DEFINITIONS.** As used in this Agreement, these terms have the following meanings.

**Pronouns.** The pronouns "I," "me" and "my" refer to all Applicants applying for this Ready Reserve Line of Credit, jointly and individually, and each other person or legal entity who agrees to pay this Agreement. "You" and "your" refer to the Lender, or any person or legal entity that acquires an interest in the Line of Credit.

**Agreement.** Agreement refers to this Ready Reserve Agreement, and any extensions, renewals, modifications or substitutions of it.

**Billing Cycle.** Billing Cycle means the interval between the days or dates of regular periodic statements.

**Credit Limit.** Credit Limit means the maximum amount of principal you will permit me to owe you under this Line of Credit, at any one time.

**Line of Credit.** Line of Credit refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction.

**Loan Account Balance.** Loan Account Balance means the sum of the unpaid principal balance advanced under the terms of this Agreement, finance charges, fees, and other charges that are due, and other amounts advanced to me or others under the terms of this Agreement.

**Property.** Property means any property, real, personal or intangible, that secures my performance of the obligations of this Line of Credit.

**Transaction Account.** Transaction Account means the account that I have agreed to maintain with you in connection with this Line of Credit. The Transaction Account number is referenced in my Application.

Other important terms are defined throughout this Agreement.

**PROMISE TO PAY.** For value received, I promise to pay to you or your order, at your address, or at such other location as you may designate, so much of the Credit Limit as may be advanced from time to time under the terms of this Agreement, plus finance charges (including accrued interest), fees, charges, costs and expenses as described in this Agreement.

**AGREEMENT TERM.** The Draw Period is the period during the term of this Agreement that I may request advances. I may not request advances during the Repayment Period. Periodic minimum payments are required during both the Draw Period and Repayment Period. The Draw Period is three years (Draw Term) beginning on the date you approve my Application. The Repayment Period will then continue for five years (Repayment Term). Except where otherwise indicated, the regulatory disclosures contained in this Agreement apply to both the Draw and Repayment Periods.

**ADVANCES.** I request advances by drawing my Transaction Account below \$0.00 (Triggering Balance). During the term of this Agreement I will maintain my Transaction Account with you. You will make the advance by depositing the advance amount in my Transaction Account. You will record the amount as an advance and increase my Loan Account Balance.

**ADVANCE LIMITATIONS.** My ability to request and access advances is subject to the following limitations.

- **Minimum Advance.** When I request an advance, the minimum amount you will advance will be \$100.00 (Minimum Advance). You will, subject to the limitations contained in this Agreement, advance either the Minimum Advance, or the smallest multiple of the Minimum Advance necessary to cover my request.

**CREDIT LIMIT.** Subject to the terms and conditions of this Agreement, I may borrow on this Line of Credit up to the Credit Limit. I agree not to request or obtain an advance that will cause the unpaid principal of my Loan Account Balance to exceed the Credit Limit. I understand that you will not ordinarily grant a request for an advance that would cause the unpaid principal of my Loan Account Balance to be greater than the Credit Limit, but that you may, at your option, grant such a request without obligating yourselves to do so in the future. My Credit Limit will not be increased if I overdraw the Line of Credit. If I exceed the Credit Limit, I agree to pay the amount by which the unpaid principal of my Loan Account Balance exceeds the Credit Limit immediately, even if you have not yet billed me.

**COMPUTATION OF FINANCE CHARGES.** Finance charges begin to accrue immediately when you make an advance to me. To figure a portion of the finance charge for each Billing Cycle, a daily periodic rate is multiplied by the Daily Balance of my Loan Account Balance each day. To figure the Daily Balance, you first take my Loan Account Balance at the beginning of each day, and add any new advances, and subtract any payments or credits that apply to debt repayment, and any unpaid finance charges, fees, and charges. This gives you the Daily Balance.

**PERIODIC RATE AND ANNUAL PERCENTAGE RATE.** The current periodic rate(s) used in calculating the **FINANCE CHARGE** and the corresponding **ANNUAL PERCENTAGE RATE(S)** have been given to me separately.

**VARIABLE RATE.** The annual percentage rate may change. It will always be the value of the Index described as the the highest rate on corporate loans posted by at least 75% of the USA's 30 largest banks known as The Wall Street Journal Prime Rate and is published in The Wall Street Journal plus 2 percentage points. This rate will be rounded up to the nearest .25%. The annual percentage rate may increase if the Index rate increases. An Index rate increase will result in an increase in the interest portion of the finance charge and it may have the effect of increasing my periodic Minimum Payment. A decrease in the Index rate will have the opposite effect as an increase. An index rate increase or decrease will take effect on the first day of the month. The annual percentage rate can increase or decrease monthly. If the Index rate changes more frequently than the annual percentage rate, you will use the Index rate in effect on the day you adjust the annual percentage rate to determine the new annual percentage rate. In such a case, you will ignore any changes in the Index rate that occur between annual percentage rate adjustments.

The annual percentage rate will never exceed the maximum rate allowed by applicable law.

The **ANNUAL PERCENTAGE RATE** cannot increase or decrease by more than 2 percentage points annually.

**ADDITIONAL FINANCE CHARGES.** I agree to pay the following **ADDITIONAL FINANCE CHARGES:**

- **Transaction Fee.** A transaction fee of \$5.00 for each advance you make to me under this Agreement. This fee will be added to my Loan Account Balance at the time you make the advance.

**OTHER FEES AND CHARGES.** I agree to pay the following additional fees and charges:

- **Annual Fee.** A fee of \$25.00 due annually in order to continue this Line of Credit. You will add this amount to my Loan Account Balance annually.
- **Late Charge.** A late charge on the portion of any payment not paid within 15 days of the Payment Date equal to 5% of the payment or \$10.00, whichever is greater.

**PAYMENT DATE.** During the term of this Agreement, a Minimum Payment will be due on or before the Payment Date indicated on my periodic statement for any Billing Cycle in which there is an outstanding balance on my account. My Minimum Payments will be due monthly.

## Keep This Agreement For Your Records

**MINIMUM PAYMENT.** On or before each Payment Date, I agree to make a payment of at least the Minimum Payment amount. During the Draw Period the Minimum Payment will equal any amount past due, any fees and charges that are due, and the amount of accrued finance charges on the last day of the Billing Cycle. During the Repayment Period the Minimum Payment will equal any amount past due, any fees and charges that are due, and an amortized payment of the Loan Account Balance on the last day of the Draw Period. This balance will be amortized over 60 payments.

The minimum payment will be rounded to the nearest \$1.00.

If my Loan Account Balance at the end of a Billing Cycle is less than \$50.00 my Minimum Payment will equal the entire outstanding Loan Account Balance.

On the maturity date I must pay the entire outstanding Loan Account Balance.

**ADDITIONAL PAYMENT TERMS.** If my Loan Account Balance on a Payment Date is less than the Minimum Payment amount, I must pay only the amount necessary to reduce the Loan Account Balance to zero. If I otherwise fail to fully pay the Minimum Payment amount, you may, but are not required to, advance money to me to make the payment. All the terms of this Agreement would apply to such an advance. I can pay off all or part of what I owe at any time. I must continue to make my periodic Minimum Payment so long as I owe any amount.

Unless otherwise agreed or required by law, payments and other credits will be applied first to any charges I owe other than principal and finance charges, then to any finance charges that are due, and finally to principal.

**AUTOMATIC WITHDRAWAL.** I authorize you to automatically withdraw the Minimum Payment from my Transaction Account on each Payment Date. If my Transaction Account does not have enough money in it to fully pay the Minimum Payment amount, you may, but are not required to, advance money to me to make the payment. All the terms of this Agreement would apply to such an advance. If my Loan Account Balance is less than the Minimum Payment amount, you will withdraw only the amount necessary to reduce my Loan Account Balance to zero.

**PERIODIC STATEMENTS.** If I have an outstanding balance on my account or have any account activity, you will send me a periodic statement at the end of each Billing Cycle. This periodic statement will reflect, among other things, credit advances, finance charges, other charges, payments made, other credits, my previous account balance and my new account balance. The periodic statement will also identify my Minimum Payment for the cycle and the date it is due (Payment Date).

**SECURITY.** Property securing any other loans that I have with you may also secure this Agreement.

**DEFAULT.** I will be in default if any of the following occur:

1. **Payments.** I fail to make a payment when due;
2. **Insecurity.** Anything else happens that causes you to reasonably believe that the prospect of payment or performance is impaired.

**REMEDIES.** After I default, and after you give any legally required notice and opportunity to cure the default, you may at your option do any one or more of the following:

1. **Termination and Acceleration.** You may terminate this Line of Credit and make all or any part of the amount owing by the terms of this Agreement immediately due.
2. **Sources.** You may use any and all remedies you have under state or federal law.

Except as otherwise required by law, by choosing a remedy you do not give up your right to use another remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

**COLLECTION EXPENSES AND ATTORNEYS' FEES.** On or after Default, to the extent permitted by law, I agree to pay all expenses of collection, enforcement or protection of your rights and remedies under this Line of Credit. Expenses include reasonable attorneys' fees. To the extent permitted by the United States Bankruptcy Code, I agree to pay the reasonable attorneys' fees you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

**AMENDMENTS.** You may amend or change any term of this Agreement upon appropriate advance notice as required by law.

**TERMINATION.** Either you or I may terminate this Line of Credit at any time by giving written notice to the other. Termination by one Applicant terminates the Line of Credit for all Applicants. Termination will not affect my obligation to repay advances made prior to the termination.

**WAIVERS.** To the extent not prohibited by law, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor. No delay or forbearance on your part in exercising any of your rights or remedies will be construed as a waiver by you, unless any such waiver is in writing and is signed by you.

**APPLICABLE LAW.** This Agreement is governed by the laws of Illinois and the United States of America.

**JOINT AND INDIVIDUAL LIABILITY.** If my Transaction Account is a joint account, all persons on the Transaction Account have signed the Application and read this Agreement. My obligation to pay this Line of Credit is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on this Line of Credit, or any number of us together, to collect this Line of Credit. You may make an advance upon the request of any one person signing the Application or authorized to sign on the Transaction Account.

**INTEGRATION AND SEVERABILITY.** This Agreement is the complete and final expression of the agreement, and it may not be modified by oral agreement. If any provision of this Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

**INTERPRETATION.** Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Agreement.

**NOTICE.** Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address, or to any other address designated in writing. Notice to one party will be deemed to be notice to all parties. I will inform you in writing of any change in my name, address or other Application information. Your address is 1234 Main Street, Hometown, USA 55104-9938.

**CREDIT INFORMATION.** I agree that from time to time you may obtain credit information about me from others, including other lenders and credit reporting agencies, and report to others (such as a credit reporting agency) your credit experience with me. I agree that you will not be liable for any claim arising from the use of information provided to you by others or for providing such information to others.

Further, I agree to supply you with whatever information you reasonably feel you need to decide whether to continue this Line of Credit. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

# READY RESERVE ACCOUNT

Your reward for good credit

## Financial Convenience

Ready Reserve means that we've approved, in advance, a personal, unsecured loan to balance your account if you should overdraw. It's designed to end checking account overdraft complications and charges and embarrassing delays.

## Financial Freedom

Use your good credit to qualify for our plan, and your checking account will become a personal loan account. You may write your own loan any time you need extra money for pleasure or an emergency. It's the freedom of having a reserve fund at your command.

## Investigate the Possibilities

Apply today! Simply complete and return the attached application or talk with your Personal Loan Officer.

## Any Questions?

*We'll be glad to talk with you about the ways to access your credit line, finance charges, pay schedules, and your personal credit loan limit.*

**APPLY NOW!  
WE VALUE YOUR  
GOOD CREDIT.**

## YOUR BILLING RIGHTS

### KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and our responsibilities under the Fair Credit Billing Act.

#### Notify Us In Case of Errors or Questions About Your Bill

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill 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.
- The 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 savings, checking or other 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 bill was 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 bill that are not in question.

If we find that we made a mistake on your bill, 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 ten days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your bill. And, we must tell you the name of anyone we reported you to. We must tell anyone we report 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 bill was correct.

*(continued on back)*



### **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.

### **LIABILITY FOR UNAUTHORIZED USE OF A CREDIT CARD**

You may be liable for the unauthorized use of your credit card. You will not be liable for unauthorized use that occurs after you notify us at the address above, orally or in writing, of the loss, theft, or possible unauthorized use. In any case, your liability will not exceed \$50.



**HOMETOWN FINANCIAL INSTITUTION**  
**1234 MAIN STREET**  
**HOMETOWN, USA 55104**

# Ready Reserve Credit Application

Date of Application \_\_\_\_\_  
 Loan Amount/Credit Limit requested \$ \_\_\_\_\_  
 Deposit Account # \_\_\_\_\_

Check One:  Individual Credit Line - relying solely on my income  Joint Credit Line  
 Individual Credit Line - relying on my income as well as income from other sources

## SECTION A - INDIVIDUAL APPLICANT INFORMATION

Name \_\_\_\_\_ LAST FIRST M.I. Birth Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Tel. No. \_\_\_\_\_ Soc. Sec. No. \_\_\_\_\_  
 Present Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ County \_\_\_\_\_ How Long \_\_\_\_\_  
 Previous Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ County \_\_\_\_\_ How Long \_\_\_\_\_  
 Name of Nearest Relative Not Living With You \_\_\_\_\_ Relationship \_\_\_\_\_ No. of Dependents \_\_\_\_\_  
 Address \_\_\_\_\_ Tel. No. (\_\_\_\_) \_\_\_\_\_  
 Employer (Company Name & Address) \_\_\_\_\_ How Long \_\_\_\_\_  
 Bus. Tel. \_\_\_\_\_ Position/Title \_\_\_\_\_ How Often Paid? \_\_\_\_\_ Take Home Salary Per Month \$ \_\_\_\_\_  
 Previous Employer (Company Name & Address) \_\_\_\_\_ How Long \_\_\_\_\_

**Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.**

Alimony, child support, separate maintenance received under:  Court Order  Written Agreement  Oral Understanding

Sources of Other Income \_\_\_\_\_ Amount Per Month \$ \_\_\_\_\_

## SECTION B - JOINT APPLICANT OR OTHER PARTY INFORMATION

Complete only if: for joint credit, for individual credit relying on income or assets from other sources, or applicant is married and resides in a community property state.

Name \_\_\_\_\_ LAST FIRST M.I. Birth Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Tel. No. \_\_\_\_\_ Soc. Sec. No. \_\_\_\_\_  
 Present Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ County \_\_\_\_\_ How Long \_\_\_\_\_  
 Relationship To Applicant (If Any) \_\_\_\_\_ No. of Dependents \_\_\_\_\_  
 Name of Nearest Relative Not Living With You \_\_\_\_\_ Relationship \_\_\_\_\_  
 Address \_\_\_\_\_ Tel. No. (\_\_\_\_) \_\_\_\_\_  
 Employer (Company Name & Address) \_\_\_\_\_ How Long \_\_\_\_\_  
 Bus. Tel. \_\_\_\_\_ Position/Title \_\_\_\_\_ How Often Paid? \_\_\_\_\_ Take Home Salary Per Month \$ \_\_\_\_\_

**Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.**

Alimony, child support, separate maintenance received under:  Court Order  Written Agreement  Oral Understanding

Sources of Other Income \_\_\_\_\_ Amount Per Month \$ \_\_\_\_\_

## SECTION C - MARITAL STATUS

Complete only if: for joint credit or applicant resides in a community property state. (\*includes single, divorced and widowed)

Applicant  Married  Separated  Unmarried \* Other Party  Married  Separated  Unmarried \*

## SECTION D - ASSET & DEBT INFORMATION

If Section B has been completed, this Section should be completed giving information about both the Applicant and Joint Applicant or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.

**ASSETS OWNED** (Include cash in financial institutions, stocks, bonds, autos, etc. Use separate sheet if necessary.)

DESCRIPTION OF ASSETS (Type/Account No., Location)	NAME IN WHICH THE ACCOUNT IS CARRIED	VALUE
		\$

**OUTSTANDING DEBTS** (Include charge accounts, installment contracts, credit cards, rent, mortgages and other obligations. Use separate sheet if necessary.)

CREDITOR	ACCOUNT NUMBER	NAME THE ACCT. IS UNDER	ORIGINAL AMT. (OMIT RENT)	PRESENT BAL. (OMIT RENT)	MO. PMTS.
Landlord or Mortgage Holder	<input type="checkbox"/> Rent Payment <input type="checkbox"/> Mortgage		\$	\$	\$

Complete the following information about both the Applicant and Joint Applicant or Other Person (if applicable):

Are you obligated to make Alimony, Support or Maintenance Payments?  No  Yes  
 If yes, to (Name & Address) \_\_\_\_\_ Amount Per Month \$ \_\_\_\_\_  
 Are you a comaker, endorser, or guarantor on any loan or contract?  No  Yes If yes, for whom? \_\_\_\_\_ To whom? \_\_\_\_\_  
 Are there any unsatisfied judgments against you?  No  Yes If yes, to whom owed? \_\_\_\_\_ Amount \$ \_\_\_\_\_  
 Have you been declared bankrupt in the last 10 years?  No  Yes If yes, where? \_\_\_\_\_ Year? \_\_\_\_\_

## AFFIRMATION

I certify that everything I have stated in this application and on any attachments is correct. You may keep this Application whether or not it is approved. By signing below I authorize you to check my credit and employment history and to answer questions others may ask you about my credit record with you. I understand that I must update this credit information at your request and if my financial condition changes. By signing below, I also certify that I have read the attached Agreement and agree to its terms. I understand that the attached Agreement will not become effective unless, and until, you approve my Application.

Applicant X \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Co-Applicant X \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

# DO NOT WRITE ON THIS PAGE - CREDITOR WORKSHEET

TOTAL DEBT	AVAILABLE CREDIT	BALANCE	PAYMENTS
UNSECURED	\$ _____	\$ _____	\$ _____
SECURED	\$ _____	\$ _____	\$ _____
MORTGAGES	\$ _____	\$ _____	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

GROSS INCOME	MONTH	ANNUAL
APPLICANT	\$ _____	\$ _____
CO-APPLICANT	\$ _____	\$ _____

DEBT TO INCOME BEFORE LOAN \_\_\_\_\_%

DEBT TO INCOME AFTER LINE MAX. \_\_\_\_\_%

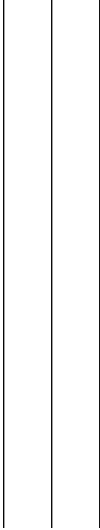
CREDIT SCORE (Type): \_\_\_\_\_

REASON/EXCEPTIONS: \_\_\_\_\_

RECOMMENDED CREDIT LIMIT:

\$ \_\_\_\_\_

Date Application Received:	Approved By:	Approved By:	Instructions for completion or reason for denial:
Received By:			



Place  
Stamp  
Here

ATTN XXXX  
HOMETOWN FINANCIAL INSTITUTION  
1234 MAIN ST  
HOMETOWN USA 55104-9938

