

Payment Protection Plan Agreement and Disclosure

Please read this document carefully. There are terms and conditions on both sides of this document. You are bound by these terms and conditions. Navy Federal Credit Union is identified in this document as “Navy Federal,” “We,” “Us,” or “Our.” The Borrower (member) will be identified as “Borrower,” “You,” or “Your.”

The Payment Protection Program (also referred to as “the Program”) is voluntary and optional on Your part and is not required to obtain credit. We will not consider whether or not You elect the Payment Protection Program in making a credit decision.

We reserve the right to refuse Your purchase of the Payment Protection Program for any reason in Our sole judgment and discretion. This Agreement explains the terms that both You and Navy Federal agree to follow for the Program. You should read this Agreement carefully and keep it in Your files. This Agreement contains the conditions upon which We will cancel all or a portion of the Protected Balance and/or cancel interest and/or the Daily Payment. It replaces any and all Program Agreements previously issued with respect to the Loan.

Definitions

Accidental Injury means an occurrence that is unforeseen, unexpected, involuntary, and due to an external cause.

Actively at Work means actively working and actually performing Your job duties and not off work due to a leave of absence, layoff, furlough, routine or seasonal work interruption, or any other reason.

Administrator means CUNA Mutual Insurance Agency, Inc., 5910 Mineral Point Road, Madison, WI 53705, or an affiliate.

Advance means each extension of credit We provide to You under a Loan.

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

Daily Payment means 1/30th of the monthly Protected Periodic Payment.

Effective Date of Protection means the latter of: (1) the date You enrolled in the Program option; or (2) the date of Your first Advance under a protected Loan.

Full-Time Employment or Employed Full-Time means that You are Actively at Work for income twenty-five (25) hours or more per week.

Loan means a closed-end note or an open-end line of credit.

Non-Protected Advance means any Advance not protected according to the “Non-Protected Events” section of this Agreement.

Outstanding Balance or Protected Balance means the outstanding loan balance under a protected Loan as of the date a Protected Event occurs, less any Advance.

Protected Periodic Payment means the minimum payment amount, including principal, interest, and the Program fee, due on the Protected Balance. It does not include any other fees, the amount of any payment that represents past-due payments, or amounts that exceed any credit limit for the Loan. For credit card loans, the Protected Periodic Payment means the greater of (a) the minimum payment required on your Protected Balance, or (b) \$100. The amount We cancel will never be greater than the amount You owe on the Protected Balance.

Protection Activation means the cancellation of Your Daily Payment will be activated in accordance with the terms and provisions of the Payment Protection Program.

Protected Events

A Loan is protected according to the terms of this Agreement if You purchased the Program and You have paid the applicable Program fee.

- **Loss of Life:** If You have a Protected Balance and You die, We will cancel the amount of Your Protected Balance as of the date of death, up to a maximum of \$100,000. If joint protection is in effect and both Borrowers simultaneously (defined as occurring at or around the same time) die, We will cancel the amount of Your Protected Balance as of the date of death, up to a maximum of \$100,000.

- **Disability:** Disability means You are unable to engage in the significant duties of Your occupation due to sickness or injury and You are under the regular care and treatment of a licensed physician. If You are not employed when Your disability starts, “Disability” always means You are unable, because of medically determined Accidental Injury or Sickness, to perform the essential functions required of any occupation for which You are reasonably qualified by training, education, or experience. To qualify for Disability Protection, You must be: (a) Actively at Work for income twenty-five (25) hours or more per week at the time of enrollment in the Program; (b) disabled for thirty (30) consecutive days; and (c) not Actively at Work at any job or combination of jobs paying You an income equal to or exceeding 80% of the income You were earning from Your Full-Time Employment immediately preceding the date You became disabled. If You have a Protected Balance, for each occurrence of Disability, We will cancel the Daily Payment for each day that You are disabled beginning with the first (1st) day of Disability and continuing for up to twelve (12) months or a maximum amount of \$12,000.00 per occurrence.

Cancellation of Your Protected Periodic Payment will stop upon the earliest of any one of the following events to occur: (a) twelve (12) months of Daily Payments have been canceled; (b) maximum amount of \$12,000.00 per occurrence of Daily Payment has been canceled; (c) You no longer have a Protected Balance, or Your loan is paid off or discharged for any reason; (d) the date You return or could return to Full-Time Employment; or (e) the date of Your death. If joint protection is in effect and both Borrowers are simultaneously (defined as occurring at or around the same time) disabled, We will cancel the Protected Periodic Payments as though only one Borrower was disabled.

- **Involuntary Unemployment:** Involuntary Unemployment means that You involuntarily lost Your Full-Time Employment. Involuntary Unemployment includes an honorable discharge from Active Duty service by the United States Armed Forces. To qualify for Involuntary Unemployment protection, the following requirements must be met: (a) Actively at Work for income twenty-five (25) hours or more per week at the time of enrollment in the Program; (b) You are involuntarily unemployed for thirty (30) consecutive days; (c) You are receiving unemployment benefits for the period of unemployment for which You are making a Protection Activation filing under this Agreement; and (d) You are actively seeking Full-Time Employment. **Note: An award for Involuntary Unemployment benefits from Your state agency does not guarantee cancellation of Your Protected Periodic Payment under this Agreement.**

You are required to provide Us or Our Administrator with initial proof that You are receiving federal, state, or railroad unemployment benefits for the occurrence of unemployment You are requesting Protection Activation. We will determine if You meet the definition of involuntarily unemployed in Our sole judgment and discretion based on information and documents provided for Our review. You must continue to provide Us or Our Administrator with proof of Your continued Involuntary Unemployment each month throughout the period for which Daily Payments are being canceled by demonstrating Your continued registration with a state unemployment office or a recognized employment agency along with proof of Your continued receipt of unemployment benefits.

We will cancel the Daily Payment for each day that You are involuntarily unemployed, beginning with the latter of the first (1st) day of Involuntary Unemployment, or the first (1st) day after any severance pay has ceased and continuing until canceled as set forth below.

Payment Protection Program Fees		
Primary Protection		
Loss of Life \$0.072 per \$100 of loan balance per month	Loss of Life and Disability \$0.1608 per \$100 of loan balance per month	Loss of Life, Disability, and Involuntary Unemployment \$0.3536 per \$100 of loan balance per month
Joint Protection		
Loss of Life \$0.144 per \$100 of loan balance per month	Loss of Life and Disability \$0.3216 per \$100 of loan balance per month	Loss of Life, Disability, and Involuntary Unemployment \$0.7072 per \$100 of loan balance per month

Cancellation of Your Protected Periodic Payment will stop upon the earliest of the following events to occur: (a) We have canceled six (6) months of Daily Payment per occurrence of Involuntary Unemployment; (b) Your entire Protected Balance has been canceled; or (c) We have canceled a maximum amount of \$6,000.00 of Daily Payment per occurrence of Involuntary Unemployment. If joint protection is in effect and both Borrowers are simultaneously (defined as occurring at or around the same time) involuntarily unemployed, We will cancel the Protected Periodic Payments as though only one Borrower was involuntarily unemployed.

Protection Activation will not be provided for Involuntary Unemployment as a result of: (a) 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; (b) retirement; (c) vacation; (d) strike; (e) unionized labor dispute; (f) lockout; (g) sabbatical; (h) family leave; (i) disability; (j) termination due to Your willful or criminal misconduct; (k) resignation by agreement with Your employer; (l) voluntary furlough; (m) voluntary unemployment; (n) voluntary loss of wages; or (o) spousal relocation.

Non-Protected Events

An Advance is not protected by the Program if the Protected Event:

- occurred prior to enrolling in the Program;
- is due to the commission of a felony;
- is due to an intentionally self-inflicted injury for Disability, Involuntary Unemployment, or death;
- is the result of cosmetic surgery;
- is the result of an assisted suicide or an attempted assisted suicide; or
- is caused by or results from an atomic explosion or any other release of nuclear energy (except when used solely for medical treatment).

An Advance is not protected by Loss of Life protection if the Protected Event:

- is the result of a suicide that occurs within six (6) months from the Effective Date of Protection; or
- is due to an intentionally self-inflicted injury within six (6) months of enrollment for loss of life.

An Advance is not protected by Disability protection if the Protected Event:

- is related to normal pregnancy.

General Provisions

Proof of a Protected Event. You must notify Us or Our Administrator of a Protected Event as soon as possible. You must provide any documentation or information required by Us to Us or Our Administrator initially and throughout the period for which Payments are being canceled. This documentation or information must verify the Protected Event to Our satisfaction and sole discretion and judgment. If We or Our Administrator do/does not receive the required proof, documentation, or information allowing Us to determine protection eligibility under the Program, or proof within a reasonable period, then no benefit will be activated, and Your payment(s) will not be canceled.

Past Events. The Program does not protect You from events that occurred before Your enrollment in the Program.

Tax Implications. You may be subject to federal, state, and local taxes on the amount of Your canceled Protected Periodic Payment or Protected Balance. You should consult Your tax advisor. Neither We nor the Administrator will provide You with guidance concerning tax implications, if any, of a canceled debt.

Program Fee. The Program fee is the amount You pay for protection under the Program. 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 in This Agreement. We reserve the right to change the terms of this Agreement at any time and apply those changes to the Outstanding Balance. Your continued payment of the Program fee will constitute Your acceptance of the change in terms. You are not allowed to alter this document.

Termination of the Program. You may terminate this Program at any time by providing Us with written notice at least five (5) business days prior to the requested termination date. If You do so within sixty (60) days of enrolling in the Program, or fail to provide written confirmation of Your agreement to the program, We will credit Your Outstanding Balance for any fees charged for the Program. 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. Your protection under the Program will automatically terminate when: (a) any portion of any required Loan payment is past due for sixty (60) days or more, and if You bring Your Loan current, Your protection under the Program will not be reinstated automatically; You must re-apply to participate in the Program; (b) Your account is closed or credit revoked; (c) You fail to pay the Program fee when due; (d) for any other reason by Us giving You written notice at least thirty (30) days in advance of the termination (or as required by law); (e) Your loan is paid off, refinanced, or discharged for any reason; or (f) the protected Borrower under single protection dies or both Borrowers under joint protection die.

Errors and Adjustments. If We have inadvertently deviated from the terms of this Agreement, We will make the necessary adjustments when the error is discovered.

Occurrence of Unrelated Protected Events While Disabled. If You are disabled (original occurrence) and sustain an additional sickness or injury that would be in and of itself disabling, the additional sickness or injury will not be considered a new occurrence of Disability, but rather will be considered the same occurrence. This means that You will receive benefits only if You did not exhaust Your maximum per-occurrence benefits in connection with the original occurrence.

Recurrence of Same or Related Protected Events. If You submit a Protection Activation notice for the same type of Protected Event again within one (1) year after You have recovered or 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 condition. This means that the maximum number of cancellations per occurrence for the prior event will still apply; if that maximum was already reached, no benefits will be issued. If You submit a Protection Activation notice for the same type of Protected Event again more than one (1) year after You have recovered or returned to Full-Time Employment, We will consider this a new event, and the terms and conditions of the Plan will apply as if no prior event occurred. This provision applies whether You return to work full-time with the same or different employer.

Loan Obligation After a Protected Event. During the time it takes to process Your Protection Activation, You remain responsible for making at least the minimum payment due on the Loan by the payment due date. You are responsible for any difference between the minimum payment due on the Loan and the amount canceled.

Severability. If any provision of this Agreement is determined to be unenforceable by a court of law, the remaining provisions will remain in effect.

Governing Law. This Agreement will be governed by the local laws of the Commonwealth of Virginia.

Contact Us With Any Questions

For information about the Program, to enroll in the Program, or to make a change to Your existing enrollment, call toll-free in the U.S. at 1-888-842-6328. For toll-free numbers when overseas, visit navyfederal.org. Use 1-703-255-8837 for collect international calls.

To notify Us of a Protection Activation for a Protected Event, call toll-free in the U.S. at 1-888-842-6328. For toll-free numbers when overseas, visit navyfederal.org. Use 1-703-255-8837 for collect international calls.

To obtain status of a Protection Activation notification, provide Protection Activation information, or ask questions on a Protected Periodic Payment amount, call 1-888-859-NAVY (6289), M-F, 8:00 am to 7:00 pm, Eastern Time.