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## Home Equity Early Disclosure Important Terms of our Home Equity Line of Credit Plan

This disclosure contains important information about our Home Equity Line of Credit. You should read it carefully and keep a copy for your records.

**Availability of Terms:** All of the terms described below are subject to change. If these terms change (other than the annual percentage rate) and you decide, as a result, not to enter into an agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application.

**Security Interest:** We will take a security interest on your home. You could lose your home if you do not meet the obligations in your agreement with us.

**Possible Actions:** We can terminate your line, require you to pay us the entire outstanding balance in one payment and charge you certain fees, if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- Any of the reasons above exist.
- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for in this Agreement.
- The priority of our security interest is adversely affected by government action to the extent the value of the security interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

**Minimum Payment Requirements:** You can obtain credit advances for 120 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at an amount equal to the interest due at the end of each billing cycle, rounded up to the nearest dollar and subject to a minimum of \$25.00 or your account balance.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay the outstanding account balance (the repayment period). The length of the repayment period will depend on your outstanding account balance at the beginning of the repayment period but in no event exceed 180 months. During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period or change in interest rate at an amount necessary to fully amortize your outstanding account balance over 180 months, rounded up to the nearest dollar and subject to a minimum of \$25.00 or your account balance.

**Minimum Payment Example:** If you made only the minimum monthly payment and took no other credit advances, it would take 300 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.75%. You would make 120 monthly payments of \$73.00, followed by 179 monthly payments of \$100.00 and a final payment of \$19.87.

**Other Fees and Charges:** There may be other fees and charges associated with this account. Please refer to the credit union's fee schedule for more information.

❖ **Check Printing Fee:** You may be charged a fee per order for checks used to obtain advances under your Plan.

**Third Party Fees:** You may have to pay certain fees to third parties. These fees generally total between \$0 and \$1,000. If you ask, we will give you an itemization of the fees you will have to pay to third parties.

**Late Charge:** If your payment is more than 10 days late, you will be charged 5.00% of the payment due, subject to a minimum of \$25.00.

**Transaction Limitations:** The minimum advance by check is \$200.00. Debit card minimum advances are \$200.00. If you request and advance below the stated minimums you will be charged \$2.00.

**Property Insurance:** You must carry insurance on the property securing this Plan, with the Credit Union listed as loss payee. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Variable Rate:** Your Plan will be subject to a Variable Rate and the Annual Percentage Rate (corresponding to the periodic rate) can change as a result. The Annual Percentage Rate is based on the Prime Rate as published in the Money Rates Section of The Wall Street Journal ("Index") and will be the rate in effect 10 days prior to the first day of each calendar quarter. If the index becomes unavailable, we will choose another Index with a similar Interest Rate. To determine the Annual Percentage Rate that will apply to your line of credit, we add our margin to the value of the index. The Index plus the margin equals the Interest Rate. Increases in the

Interest Rate will result in like increases in the Finance Charge on the first business day of January, April, July and October and may affect the amount of your scheduled payments during the draw and repayment periods. The Annual Percentage Rate includes only interest and no other costs.

Ask us for the current index value, margin, and Annual Percentage Rate. After you open a credit line, rate information will be provided in periodic statements we send you.

**Rate Changes:** Your Annual Percentage Rate can change on the 1<sup>st</sup> day of January, April, July and October. There is no limit on the amount by which your Annual Percentage Rate can change per year. Your Annual Percentage Rate will never be greater than 18.00% or the maximum allowed by law. Your Annual Percentage Rate will never be less than 3.00%.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$150.00. This Annual Percentage Rate could be reached in the 1<sup>st</sup> month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$162.00. This Annual Percentage Rate could be reached in the 1<sup>st</sup> month of the repayment period.

**Historical Examples:** The following table shows how the annual percentage rate and the minimum payments for a single \$10,000 credit advance would have changed based on changes in the index over the last 15 years. The index values are from the first business day in January of each year. While only one payment amount per year is shown, payments would have varied slightly during the year.

The table assumes no additional credit advances were taken, only the minimum payment was made, and the rate remained constant during each year. It does not necessarily indicate how your index, margin, APR or monthly payment would change in the future.

Year	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2010	3.25	0.25	3.50	30.00 (2)
2011	3.25	0.25	3.50	30.00 (2)
2012	3.25	0.25	3.50	30.00 (2)
2013	3.25	0.25	3.50	30.00 (2)
2014	3.25	0.25	3.50	30.00 (2)
2015	3.25	0.25	3.50	30.00 (2)
2016	3.50	0.25	3.75	32.00 (2)
2017	3.75	0.25	4.00	34.00 (2)
2018	4.50	0.25	4.75	40.00 (2)
2019	5.50	0.25	5.75	48.00 (2)
2020	4.75	0.25	5.00	79.00 (2)
2021	3.25	0.25	3.50	72.00 (2)
2022	3.25	0.25	3.50	72.00 (2)
2023	7.50	0.25	7.75	90.00 (2)
2024	8.50	0.25	8.75	94.00 (2)

(1) This is a margin we have used recently. Your margin may be different.  
(2) This represents the rounding of the payment up to the nearest dollar.