

## **IMPORTANT TERMS OF OUR 80% LTV - HOME EQUITY LINE OF CREDIT**

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 mortgage 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 account, require you to pay us the entire outstanding balance in one payment 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:

- 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 or impairs our security interest such that the value of the 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 advances of credit for ten years (the “Draw Period”). After the Draw Period ends, you will no longer be able to obtain credit advances and must pay any outstanding balance (the “Repayment Period”). The length of the Repayment Period is indefinite; it will depend on the balance outstanding at the beginning of it. During both the Draw Period and the Repayment Period, payments will be due monthly. Your minimum monthly payment will equal the greater of \$15.00 or \$1.50 for each \$100 (and fraction thereof) of the outstanding balance as of the date of the most recent advance.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payments and took no other credit advances, it would take 6 years and 3 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 3.00%. During that period, you would make 73 monthly payments of \$150 plus a final payment of \$4.28.

**FEES AND CHARGES:** To open and maintain a line of credit, you must pay us a \$100 application fee due at application. You may also pay certain fees to third parties to open a line. If an appraisal is required, you would pay an additional cost up to \$450.00.

**MINIMUM DRAW AND BALANCE REQUIREMENTS:** The minimum credit advance you can receive is \$500. There is no minimum balance requirement.

**TAX DEDUCTIBILITY:** You should consult a tax adviser regarding the deductibility of interest and charges for the line.

**OTHER PRODUCTS:** If you ask, we will provide you with information on our other available home equity lines.

**PROPERTY INSURANCE:** You are required to maintain property insurance coverage on your home with a loss payable clause in favor of the credit union.

**VARIABLE RATE INFORMATION:** The line has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate), and the length of the repayment term can change as a result. The annual percentage rate includes only interest and not other costs.

The annual percentage rate is based on the value of an index. The index is the monthly bank prime loan rate as reported in the money rates listing in *The Wall Street Journal* on the 15th day of each month. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index. Ask us for the current index value, margin, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we will send you.

**RATE CHANGES:** Your annual percentage rate will be fixed at 4.24% until your initial rate change date and then the annual percentage rate can change monthly. The minimum ANNUAL PERCENTAGE RATE that can apply is 3.00% after the initial rate change date. The maximum ANNUAL PERCENTAGE RATE that can apply is 18.00%. Except for these limitations, there is no limit on the amount by which the rate can change during any period.

**MAXIMUM RATE AND PAYMENT EXAMPLE:** If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be \$150. This annual percentage rate could be reached on the initial rate change date.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate would have changed based on changes in the index over the past 15 years. The index values are from January 1<sup>st</sup> of each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

<b>YEAR</b>	<b>INDEX</b>	<b>MARGIN**</b>	<b>ANNUAL PERCENTAGE RATE (APR)</b>	<b>MINIMUM PAYMENT</b>
2009	3.25%	-1.00%	3.00%*	\$150.00
2010	3.25%	-1.00%	3.00%*	\$150.00
2011	3.25%	-1.00%	3.00%*	\$150.00
2012	3.25%	-1.00%	3.00%*	\$150.00
2013	3.25%	-1.00%	3.00%*	\$150.00
2014	3.25%	-1.00%	3.00%*	\$150.00
2015	3.25%	-1.00%	3.00%*	\$150.00
2016	3.50%	-1.00%	3.00%*	
2017	3.50%	-1.00%	3.00%*	
2018	4.50%	-1.00%	3.50%	
	<b>Draw</b>	<b>Period</b>	<b>Ends</b>	
2019	5.50%	-1.00%	4.50%	
2020	4.75%	-1.00%	3.75%	
2021	3.25%	-1.00%	3.00%*	
2022	3.25%	-1.00%	3.00%*	
2023	7.50%	-1.00%	6.50%	

**\* This rate reflects the 3.00% lifetime rate floor.**

**\*\*This is a margin we have used recently. Borrower's actual margin will be based on his or her credit score and Loan-to-Value percentage of the property securing the loan.**