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**LOANLINER**

REAL ESTATE LENDING



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GROUP

## 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 Plan. 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 that you pay to us or anyone else in connection with your application.

**SECURITY INTEREST:** We will take a security interest in 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 (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan; or (3) 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 (1) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. Your minimum payment will be 1.00% of the outstanding balance as of your last draw, or \$60.00, whichever is greater. Your payment will also include any amounts past due and any amount by which you have exceeded your credit limit and all other charges. We will recalculate your payment each time you obtain an advance. Your payment will not change when the interest rate increases. If the interest rate increases, you will be required to make more payments of the same amount or you will have a larger balloon payment.

If the interest rate increases so much that the minimum payment is not adequate to pay the accrued finance charges we will recalculate your payment by increasing the payment to 1.7% of the outstanding balance after you obtain an advance. If the interest rate decreases after we make an adjustment for negative amortization, your payment will be 1.00% of the outstanding balance after you obtain an advance.

The minimum payment may not fully repay the principal that is outstanding on your line by the final payment date. You will then be required to either pay the entire balance in a single "balloon" payment or refinance the balloon with us. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payments out of other assets you own or find a lender, which may be us, willing to lend you money. If you refinance the balloon with us, you may have to pay some or all of the closing costs normally associated with a new loan.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 14 years 7 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.5%. During that period, you would make 174 payments of \$100.00 and one (1) final payment of \$63.50.

**FEES AND CHARGES:** You may be required to pay certain fees to third parties to open the plan. These fees generally total between \$100.00 and \$600.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

**FEE REIMBURSEMENT:** The credit union may pay bona fide third-party fees on your behalf. However, if you close your line of credit plan within 24 months of the date of this Home Equity Credit Agreement, you will be required to reimburse the credit union for the bona fide third-party fees paid on your behalf.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures this plan.

**REFUNDABILITY OF FEES:** If you decide not to enter into this plan within three days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

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

**VARIABLE RATE FEATURE:** This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) the length of the plan and the amount of the balloon payment, if any may change as a result. The annual percentage rate includes only interest and no other costs.

The annual percentage rate is based on the value of an index. The index is the Prime Rate published in the Wall Street Journal. When a range of rates has been published, the highest rate is used. We will use the most recent index value available to us as of 10 days before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the index. If the rate is not already rounded we then round up to the next .25%.

The initial annual percentage rate may be "discounted" – that is, not based on the index and margin used for subsequent rate adjustments. We have recently offered a discounted rate in effect for 6 months.

Ask us for the current index value, margin, discount availability and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The annual percentage rate can change quarterly on the first day of January, April, July, and October after the expiration of any discount period. There is no limit on the amount by which the annual percentage rate can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0%.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$170.00. This annual percentage rate could be reached at the time of the 1<sup>st</sup> payment if the initial rate is not

discounted and at the time of the 7<sup>th</sup> payment if the initial rate is discounted.

**MARGIN:** The margin you receive will be based on your credit score and Loan to Value (LTV). Please ask us for the margin that you qualify for. You may receive a different margin than what appears in the Historical Example.

**PREFERRED RATE:** You may be entitled to initially receive a preferred rate under this plan. You will be eligible for the preferred rate if you have automatic loan payment for this plan. If you fail to maintain preferred rate status, we may increase your **ANNUAL PERCENTAGE RATE** by 0.25% above the preferred rate for each relationship cancelled.

**HISTORICAL EXAMPLE:** 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 past 15 years. The index values are from the last business day of January of each year.

While only one payment per year is shown, payments may have varied during 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.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
			Without Discount	Without Discount	With Discount	With Discount
2009.....	3.250	1.00	4.250	100.00	2.990 <sup>(2)</sup>	100.00
2010.....	3.250	1.00	4.250	100.00	4.250	100.00
2011.....	3.250	1.00	4.250	100.00	4.250	100.00
2012.....	3.250	1.00	4.250	100.00	4.250	100.00
2013.....	3.250	1.00	4.250	100.00	4.250	100.00
2014.....	3.250	1.00	4.250	100.00	4.250	100.00
2015.....	3.250	1.00	4.250	100.00	4.250	100.00
2016.....	3.500	1.00	4.500	100.00	4.500	100.00
2017.....	3.750	1.00	4.750	100.00	4.750	100.00
2018.....	4.500	1.00	5.500	100.00	5.500	100.00
2019.....	5.500	1.00	6.500	100.00	6.500	100.00
2020.....	4.750	1.00	5.750		5.750	
2021.....	3.250	1.00	4.250		4.250	
2022.....	3.250	1.00	4.250		4.250	
2023.....	7.500	1.00	8.500		8.500	

<sup>(1)</sup> This is a margin we have used recently; your margin may be different.

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.