



LOANLINER

REAL ESTATE LENDING



POWERED BY
CUNA MUTUAL
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.

DRAW PERIOD PAYMENT OPTIONS: When you establish the plan, you will be able to select the payment option desired during the draw period. The first option will be referred to as "Interest Only". The second option will be referred to as "Amortization". Unless otherwise specified, the language within this disclosure will apply to both options.

MINIMUM PAYMENT REQUIREMENTS – INTEREST ONLY: 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 and remaining term with a maximum of 10 years.

You will be required to make monthly payments during both the draw and repayment periods. There will be two different payment calculation methods used during the draw period. During the first five years of the draw period, your monthly payment will equal the finance charges

(interest) that accrued on the outstanding balance during the preceding month. If the interest rate increases, you will be required to make a higher payment. At the beginning of the sixth year of the draw period, we will recalculate your payment. Your payment will be amortized to repay the balance at the current annual percentage rate over the time remaining to maturity. Each time the annual percentage rate changes, we will re-amortize your payment to repay the balance over the time remaining to maturity. During the last 5 years of the draw period and throughout the repayment period, your payment will never be less than the smaller of \$85.00 or the full amount that you owe.

During both the draw and repayment periods, your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

NEGATIVE AMORTIZATION: Under some circumstances, your payment will not cover the finance charges (interest) that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce the equity in your home.

MINIMUM PAYMENT REQUIREMENTS - AMORTIZATION: 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 and remaining term.

You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of up to 240 monthly payments will be used to calculate your payment. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the final payment date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, using the lesser of 240 monthly payments or the time remaining to the final payment date. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the time remaining to the final payment date. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$85.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE – INTEREST ONLY: If you made only the minimum monthly payment and took no other credit advances it would take 17 years 1 month to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.5%. During that period, you would make 60 payments of \$26.85 to \$29.73, followed by 144 payments of \$85.00 and one (1) final payment of \$26.48.

MINIMUM PAYMENT EXAMPLE - AMORTIZATION: If you made only the minimum monthly payment and took no other credit advances it would take

12 years 1 month to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.5%. During that period, you would make 144 payments of \$85.00 and one (1) final payment of \$27.62.

FEES AND CHARGES AND REIMBURSEMENT: You may have to pay bona-fide third party fees to open the plan. These bona-fide third party fees generally total between \$550.00 and \$3,000.00.

If the Lender paid the bona-fide third party fees on your behalf and Borrower closes the plan within 36 months of the funding date, you will be required to reimburse the Lender for the bona-fide third party fees, as permitted by applicable law.

Also, if the Lender paid the bona-fide third party fees on your behalf and the Borrower fails to maintain the minimum balance requirement stated in the table below for the first 36 months after the funding date, you will be required to reimburse the Lender for the bona-fide third party fees, as permitted by applicable law.

Plan's Credit Limit	Minimum Balance Requirement
Up to \$250,000.00	\$25,000.00
\$250,000.01 to \$500,000.00	\$50,000.00
\$500,000.01 to \$1,000,000.00	\$100,000.00

The bona-fide third party fees will be taken from your shares and deposits with the credit union or added to the outstanding loan balance, unless other payment arrangements are made.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

The following notice is required by New York law. You are required to obtain property insurance on the property that is security for your mortgage loan. We cannot require you to obtain an insurance policy in excess of the replacement cost of the improvements on the property securing the loan.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business 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) and the minimum payment 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 Money Rates column of the *Wall Street Journal*. When a range of rates has been published the highest rate will be used. We will use the most recent index value available as of the 25th day of the month preceding 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. The margin you receive will be based on your loan to value ratio, your creditworthiness, whether the dwelling is a primary residence, and whether the dwelling is located outside of the state of New York.

The initial discounted rate may not be based on the index and margin used for later rate adjustments. The initial discounted rate will be in effect for 12 months. Please refer to the Transaction Requirements language in this disclosure to see how to qualify. When the Borrower no longer qualifies for the initial discounted rate, Lender will immediately increase your annual percentage rate to the current index rate plus margin, and thereafter the annual percentage rate will vary according to the non-discounted rate terms of this plan as described herein. Ask us for the current index value, margin, discount and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$500.00 for the first advance. However, if you would like to take full advantage of the initial discounted rate feature, you must meet the two requirements stated in the table below: obtain the Minimum First Advance; and maintain the Minimum Balance Requirement for the first 36 months after the funding date. Failure to meet the two requirements, will result in the revocation of the initial discounted rate feature and we will immediately increase your annual percentage rate to the current index rate plus margin. You will also be subject to the 'FEE REIMBURSEMENT' feature described in this plan.

Plan's Credit Limit	Minimum First Advance and Minimum Balance Requirement
Up to \$250,000.00	\$25,000.00
\$250,000.01 to \$500,000.00	\$50,000.00
\$500,000.01 to \$1,000,000.00	\$100,000.00

RATE CHANGES: The annual percentage rate can change on the first day of each month unless a discount feature applies. There is no limit on the amount by which the annual percentage rate can change during any time period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 16.0% or the maximum permitted by law, whichever is less.

MAXIMUM RATE AND PAYMENT EXAMPLE – INTEREST ONLY: If you had an outstanding balance of \$10,000 during the draw period for the first payment type, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 16.0% would be \$135.89. This annual percentage rate could be reached at the time of the 13th payment during the draw period if there is a discount, and at the time of the 1st payment if there is not a discount. If you had an outstanding balance of \$10,000 during the draw period for the second payment type, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 16.0% would be \$139.17. This annual percentage rate could be reached at the time of the 1st payment during the draw period for the second payment type. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 16.0% would be \$146.93. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

MAXIMUM RATE AND PAYMENT EXAMPLE - AMORTIZATION: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 16.0% would be \$139.19. This annual percentage rate could be reached at the time of the 13th payment if there is a discount, and at the time of the 1st payment if there is not a discount.

HISTORICAL EXAMPLES: The following tables show 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. constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

The tables assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained

HISTORICAL EXAMPLES:

WALL STREET JOURNAL PRIME RATE INDEX TABLE – INTEREST ONLY

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	With Discount		Without Discount	
			ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2002.....	4.750	0.00	1.990 ⁽²⁾	16.90	4.750	40.34
2003.....	4.250	0.00	4.250	36.10	4.250	36.10
2004.....	4.000	0.00	4.000	33.97	4.000	33.97
2005.....	5.250	0.00	5.250	44.59	5.250	44.59
2006.....	7.500	0.00	7.500	63.70	7.500	63.70
2007.....	8.250	0.00	8.250	97.04	8.250	97.04
2008.....	6.000	0.00	6.000	85.04	6.000	85.04
2009.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2010.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2011.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2012.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2013.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2014.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2015.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2016.....	3.500	0.00	3.500	85.00 ⁽³⁾	3.500	85.00 ⁽³⁾

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

⁽²⁾ This ANNUAL PERCENTAGE RATE reflects a discount rate that we have provided recently, your plan may reflect a different amount.

⁽³⁾ This payment reflects the minimum payment of \$85.00.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – AMORTIZATION

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	With Discount		Without Discount	
			ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2002.....	4.750	0.00	1.990 ⁽²⁾	85.00 ⁽³⁾	4.750	85.00 ⁽³⁾
2003.....	4.250	0.00	4.250	85.00 ⁽³⁾	4.250	85.00 ⁽³⁾
2004.....	4.000	0.00	4.000	85.00 ⁽³⁾	4.000	85.00 ⁽³⁾
2005.....	5.250	0.00	5.250	85.00 ⁽³⁾	5.250	85.00 ⁽³⁾
2006.....	7.500	0.00	7.500	85.00 ⁽³⁾	7.500	85.00 ⁽³⁾
2007.....	8.250	0.00	8.250	85.00 ⁽³⁾	8.250	85.00 ⁽³⁾
2008.....	6.000	0.00	6.000	85.00 ⁽³⁾	6.000	85.00 ⁽³⁾
2009.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2010.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2011.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2012.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2013.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2014.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2015.....	3.250	0.00	3.250	85.00 ⁽³⁾	3.250	85.00 ⁽³⁾
2016.....	3.500	0.00	3.500	85.00 ⁽³⁾	3.500	85.00 ⁽³⁾

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

⁽²⁾ This ANNUAL PERCENTAGE RATE reflects a discount rate that we have provided recently, your plan may reflect a different amount.

⁽³⁾ This payment reflects the minimum payment of \$85.00.

DATE

DATE