

## Home Equity Early Disclosure

### IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

#### HELOC-M1

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

For Wisconsin Borrowers Only: (1) you fail to make a required payment when due two times within a twelve month period, or (2) your failure to observe the terms of this plan materially impairs the condition, value or protection of, or our rights in, the property securing this plan.

For All Other Borrowers: (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; (8) the maximum annual percentage rate is reached, or (9) For Wisconsin Borrowers Only: you engage in fraud or material misrepresentation in connection with this plan.

**PLAN OPTIONS:** There are 2 home equity line of credit options available from the Credit Union. One plan has a 2 year draw period and the other plan has a 10 year draw period.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 2 years or 10 years, depending on the plan offered to you. 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 outstanding balance

at the end of the draw period and changes in the interest rate, if applicable, but will never be greater than 20 years. During the draw period your monthly payment will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. At the beginning of the repayment period, we will recalculate your payment based upon your outstanding principal balance, to include any past due amounts and all other charges. Your payment will be set to repay the balance at the current annual percentage rate over 20 years.

During the repayment period your monthly payment will be adjusted monthly to repay the outstanding balance over the remaining repayment term. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit and all other charges. During the draw period your payment will never be less than \$10.00. During the repayment period your minimum payment will be a \$100.00 principal payment plus the finance charge accrued, or the full amount that you owe, whichever is less.

**MINIMUM PAYMENT EXAMPLE – 2 Year Draw Period Plan:** If you made only the minimum monthly payment and took no other credit advances it would take 10 years 4 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.75%. During that period, you would make 24 payments of \$59.45 to \$65.82, followed by 99 payments of \$101.32 to \$165.83 and one (1) final payment of \$99.64.

**MINIMUM PAYMENT EXAMPLE – 10 Year Draw Period Plan:** If you made only the minimum monthly payment and took no other credit advances it would take 18 years 4 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 7.75%. During that period, you would make 120 payments of \$59.45 to \$65.82, followed by 99 payments of \$101.32 to \$165.83 and one (1) final payment of \$99.64.

**FEES AND CHARGES:** In order to open, use or maintain a line of credit plan, you must pay the following fees to us:

Processing Fee: \$300.00 (May be charged at closing if the required initial advance amount is not taken.)

Non-Use Fee: \$50.00 (A non-use fee may be charged if the account has not been used in a 24 month period.) This fee is a **FINANCE CHARGE**.

You must pay certain fees to third parties to open the plan. These fees generally total between .50% and 2.00% of your total loan. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

**FEE REIMBURSEMENT:** We may pay some third party fees on your behalf. If we do and you close your Home Equity Line of Credit Plan within 36 months of the opening date, you may be required to pay the Credit Union the bona fide third party costs associated with the origination of your loan, as permitted by applicable law.

**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.

**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.

**TRANSACTION REQUIREMENTS:** The minimum initial credit advance that you can receive is \$25,000.00 and must be advanced immediately following the expiration of your three (3) day Right of Rescission period or you may be subject to a processing fee. Thereafter, the minimum subsequent advance amount is \$500.00.

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

**YOU SHOULD CHECK WITH YOUR LEGAL ADVISOR AND WITH OTHER MORTGAGE LIEN HOLDERS AS TO WHETHER ANY PRIOR LIENS CONTAIN ACCELERATION CLAUSES WHICH WOULD BE ACTIVATED BY A JUNIOR ENCUMBRANCE.**

**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 to us as of the 25<sup>th</sup> day of each month, or if the 25<sup>th</sup> is on a Saturday, Sunday or a holiday, we will use the index value available on the Friday before the 25<sup>th</sup> 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. Ask us for the current index value, margin and annual percentage rate.

The margin that will apply to your plan will be based on your Loan to Value Ratio and your creditworthiness. Please ask a loan officer for details regarding how your margin is determined.

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 on the first day of each month. 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% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the plan.

**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% would be \$152.88. This annual percentage rate could be reached at the time of the 1st payment during 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% would be \$154.39. This annual percentage rate could be reached at the time of the 1<sup>st</sup> payment during the repayment period.

**HISTORICAL EXAMPLE:** 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.

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 2 Year Draw Period Plan (Dollars)	Monthly Payment 10 Year Draw Period Plan (Dollars)
2009.....	3.250	0.25	4.000 <sup>(2)</sup>	33.97	33.97
2010.....	3.250	0.25	4.000 <sup>(2)</sup>	33.97	33.97
2011.....	3.250	0.25	4.000 <sup>(2)</sup>	133.98 <sup>(3)</sup>	33.97
2012.....	3.250	0.25	4.000 <sup>(2)</sup>	129.91 <sup>(3)</sup>	33.97
2013.....	3.250	0.25	4.000 <sup>(2)</sup>	125.83 <sup>(3)</sup>	33.97
2014.....	3.250	0.25	4.000 <sup>(2)</sup>	121.75 <sup>(3)</sup>	33.97
2015.....	3.250	0.25	4.000 <sup>(2)</sup>	117.67 <sup>(3)</sup>	33.97
2016.....	3.500	0.25	4.000 <sup>(2)</sup>	113.60 <sup>(3)</sup>	33.97
2017.....	3.750	0.25	4.000	109.52 <sup>(3)</sup>	33.97
2018.....	4.500	0.25	4.750	106.46 <sup>(3)</sup>	40.34
2019.....	5.500	0.25	5.750	101.96 <sup>(3)</sup>	148.85 <sup>(3)</sup>
2020.....	4.750	0.25	5.000		137.38 <sup>(3)</sup>
2021.....	3.250	0.25	4.000 <sup>(2)</sup>		125.83 <sup>(3)</sup>
2022.....	3.250	0.25	4.000 <sup>(2)</sup>		121.75 <sup>(3)</sup>
2023.....	7.500	0.25	7.750		134.23 <sup>(3)</sup>

<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 4.000% floor.

<sup>(3)</sup> This payment reflects the minimum payment of \$100.00 plus interest.