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# IMPORTANT TERMS OF OUR HOME EQUITY CREDIT LINE (INTRO)

NMLS/MLO No.: \_\_\_\_\_

This disclosure contains important information about the Eagle Community Credit Union Home Equity Credit Line. You should keep a copy for your records. Information on other Home Equity Programs is available on request. As used in this disclosure, the words "you" and "your" mean each and all of the persons who sign an agreement or plan with the Lender, that is, the borrowers. The words "we", "us" and "our" mean Eagle Community Credit Union, that is, the Lender.

**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 credit line and 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 credit line; (2) you do not meet the repayment terms; or (3) you act or fail to act in a way which 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) the value of the dwelling securing the credit line declines significantly below its appraised value used to establish the credit line; (2) we reasonably believe that you will not be able to meet the repayment terms due to a material change in your financial circumstances; (3) you are in default of a material obligation in the agreement; (4) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided in the agreement or impairs our security interest such that the value of the security is less than 120% of the credit line; (5) a regulatory agency has notified us that continued advances may constitute an unsafe or unsound practice; (6) the maximum **ANNUAL PERCENTAGE RATE** is reached; (7) any person liable on the credit line requests that advances be discontinued; or (8) your membership in the Credit Union is terminated.

The agreement permits us to make certain changes to the terms of the initial agreement at specified times or upon the occurrence of specified events.

**Minimum Payment Requirement:** You can obtain advances of credit for fifteen (15) years (the "Draw Period"). Your minimum payment during the Draw Period will be an amount sufficient to pay accrued interest and principal at the then current rate within fifteen (15) years from the date of the last advance or \$50, whichever is greater. The minimum payment will be increased by any past due amount and any amount over your credit limit and all other charges. A payment is due every month. When the **ANNUAL PERCENTAGE RATE** increases or decreases, the allocation of the payment to interest and principal will be adjusted, but the amount of your monthly payment will remain the same unless you obtain another advance. The minimum payment will not repay the entire balance during the Draw Period. After the Draw Period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "Repayment Period"). Your minimum payment during the Repayment Period will continue to be the payment calculated to pay accrued interest and principal within fifteen (15) years from the date of the last advance or \$50, whichever is greater. The length of the Repayment Period will be fifteen (15) years from the date of the end of the Draw Period. The minimum payment may not fully repay the balance outstanding on your Plan during the Repayment Period. You will then be required to repay the entire outstanding balance in a single "balloon" payment.

**NEGATIVE AMORTIZATION:** Under some circumstances, your minimum monthly payments may not cover the Finance Charges that will accrue, in which case "Negative Amortization" may occur. This means that even though you are making monthly payments, the Finance Charges not covered by your payments will increase the amount that you owe us and will reduce the equity in your home by increasing the amount of the outstanding balance owed on your obligation.

**Minimum Payment Examples:** If you took a single \$10,000.00 advance and the **ANNUAL PERCENTAGE RATE** was 4.25% (a rate recently in effect on our credit line), and separately paid the \$75 annual fee during the Repayment Period, it would take 15 years to pay off the advance if you made only the minimum payments. During that time you would make 179 payments of \$75.23, and one final payment of \$74.71.

**Fees and Charges:** To open and maintain a Home Equity Credit Line you must pay the following fees to us:

- Application Fee: None • Points: None • Annual Maintenance Fee: \$75.00 (due each year on the 12 month anniversary date of loan funding during the Draw Period). You must maintain insurance coverage on the property that secures this plan.
- You also must pay certain fees to third parties to open a credit line. These fees typically total between \$350 and \$625. If you ask, we will give you an itemization of the fees you will have to pay to third parties. The Credit Union may waive the third party fees. However, if you close (reconvey) this Home Equity Credit Line during the first three years of the Draw Period, you will be assessed the third party fees not to exceed \$625. The Draw Period commences on the date of the loan closing.

**Minimum Draw Requirements:** There is a \$100 mandatory minimum initial advance. The minimum subsequent advance is \$100.

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

**Variable-Rate Feature:** The credit line has a variable-rate feature, and the **ANNUAL PERCENTAGE RATE** (corresponding to the daily periodic rate) can 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 as published in the Western Edition of the Wall Street Journal. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your credit line, we add a margin as stated in your credit agreement to the value of the Index as of the third Thursday of the month prior to the Change Date. 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 send you.

**Rate Changes:** On the Equity Credit Line Plan the initial **ANNUAL PERCENTAGE RATE** will be discounted for the first 12 months of the Plan. The initial discount rate is not based on the index and margin used for later rate adjustments and will be set at a rate as disclosed on the Eagle Community Credit Union Home Equity Credit Line Credit Agreement and Truth-In-Lending Disclosure. After the initial discount period the **ANNUAL PERCENTAGE RATE** will revert back to the fully indexed rate and can change on the first day of each calendar quarter (such dates referred to as the "Change Date"), and will equal the most recently published value of the Index as of the third Thursday of the month prior to the Change Date. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18%. The minimum **ANNUAL PERCENTAGE RATE** that can apply is as stated on the Credit Line Credit Agreement and Truth-In-Lending Disclosure. Apart from these caps, there is no limit on the amount by which the rate may change each quarter.

If applicable and in addition to the initial 12 month discount, the **ANNUAL PERCENTAGE RATE** may also be discounted a certain amount of basis points, as set forth in the Eagle Community Credit Union Home Equity Credit Line Credit Agreement and Truth-in-Lending Disclosure, for Automatic Payment from a checking account. If this discount is applicable to you, you understand that if you discontinue Automatic Payments, the basis points will be added to and increase the **ANNUAL PERCENTAGE RATE** back to the initial rate, if you are still in the first 12 months of the Plan, or the fully indexed rate, as applicable.

**Maximum Rate and Payment Examples:** During the Draw Period or the Repayment Period, if the **ANNUAL PERCENTAGE RATE** equaled the 18% maximum and you had an outstanding balance of \$10,000 after your last advance, the minimum monthly payment would be \$161.04. This maximum **ANNUAL PERCENTAGE RATE** could be reached upon the first Change date after the initial discount period of 12 months.

**Historical Example:** The following table shows how the **ANNUAL PERCENTAGE RATE** and the monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. For the example below the Index is for the June 1 of each year. While only one payment amount per year is shown, payments could have varied each quarter during the year. This table assumes that no additional credit advances were taken, that only the minimum payment was made and the rate remained constant throughout each year (your rate may change each quarter). It does not necessarily indicate how the index or your payments will change in the future.

Year	Index Payment (Percent)	Margin* (Percentage Points)	Draw Period	ANNUAL PERCENTAGE RATE (Percent)	Monthly
2001	7.00	1.00		3.49 (D)	\$71.44
2002	4.75	1.00		5.75	\$71.44
2003	4.25	1.00		5.25	\$71.44
2004	4.00	1.00		5.00	\$71.44
2005	6.00	1.00		7.00	\$71.44
2006	8.00	1.00		9.00	\$71.44
2007	8.25	1.00		9.25	\$71.44
2008	5.00	1.00		6.00	\$71.44
2009	3.25	1.00		4.25 **	\$71.44
2010	3.25	1.00		4.25 **	\$71.44
2011	3.25	1.00		4.25 **	\$71.44
2012	3.25	1.00		4.25 **	\$71.44
2013	3.25	1.00		4.25 **	\$71.44
2014	3.25	1.00		4.25 **	\$71.44
2015	3.25	1.00		4.25 **	\$71.44
			Repayment Period		

\* This is a margin we have used recently.

(D) This rate reflects a 3.49% initial discount **ANNUAL PERCENTAGE RATE** that we have used recently

\*\* After the Initial Discount Rate this rate reflects the 4.25% minimum **ANNUAL PERCENTAGE RATE** that we have used recently.

Rates shown above do not include a possible 0.50% reduction of the rate for automatic loan payments.

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RECEIVED BY X \_\_\_\_\_ X \_\_\_\_\_  
 Signature Date Signature Date

PLEASE SIGN ABOVE AND RETURN ONE COPY TO THE CREDIT UNION WITH THE COMPLETED APPLICATION.