



Educators
CREDIT UNION™

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REAL ESTATE LENDING



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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 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.

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) you engage in fraud or material misrepresentation in connection with this plan.

PLAN OPTIONS: There are 3 home equity line of credit options available from the credit union. The option you receive will be based on your loan-to-value ratio. The terms of each option are described below.

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 be 15 years. You will be required to make monthly payments during the draw and repayment periods. Your payment will be \$1.50 per \$100.00 of your outstanding balance at the time you obtain an advance, or \$50.00, whichever is greater. We will round the payment to the next highest dollar. Your payment due date is the 25th day of each month. Your payment will 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. If the interest rate increases, you will be required to make more payments of the same amount.

MINIMUM PAYMENT EXAMPLE – Option 1 (80% or less Loan-to-Value Ratio Plan): If you made only the minimum monthly payment and took no other credit advances it would take 6 years 3 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.49%. During that period, you would make 74 payments of \$150.00 and one (1) final payment of \$32.21.

MINIMUM PAYMENT EXAMPLE – Option 2 (80.01% - 90% Loan-to-Value Ratio Plan): If you made only the minimum monthly payment and took no other credit advances it would take 6 years 7 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.99%. During that period, you would make 78 payments of \$150.00 and one (1) final payment of \$34.71.

MINIMUM PAYMENT EXAMPLE – Option 3 (90.01% - 100% Loan-to-Value Ratio Plan): If you made only the minimum monthly payment and took no other credit advances it would take 6 years 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.99%. During that period, you would make 81 payments of \$150.00 and one (1) final payment of \$38.84.

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

Flood Zone Determination Fee: \$8.00 (Due at closing)

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 credit advance that you can receive is \$1,000.00 for the first advance. You must maintain a minimum balance of \$50.00.

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 number of payments you will make during the term of the plan 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 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. Ask us for the current index value, margin 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. 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 17.9% or the maximum permitted by law, whichever is less. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 3.49% for the 80% or less loan-to-value plan. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 4.99% for the 80.01% to 90% loan-to-value plan. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 5.99% for the 90.01% to 100% loan-to-value plan.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 17.9% would be \$150.00. This annual percentage rate could be reached at the time of the 1st payment.

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 – Option 1 – 80% or Less Loan-to-Value Ratio Plan

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2003.....	4.250	-0.51	3.740	150.00
2004.....	4.000	-0.51	3.490	150.00
2005.....	5.250	-0.51	4.740	150.00
2006.....	7.500	-0.51	6.990	150.00
2007.....	8.250	-0.51	7.740	150.00
2008.....	6.000	-0.51	5.490	150.00
2009.....	3.250	-0.51	3.490 ⁽²⁾	150.00
2010.....	3.250	-0.51	3.490 ⁽²⁾	
2011.....	3.250	-0.51	3.490 ⁽²⁾	
2012.....	3.250	-0.51	3.490 ⁽²⁾	
2013.....	3.250	-0.51	3.490 ⁽²⁾	
2014.....	3.250	-0.51	3.490 ⁽²⁾	
2015.....	3.250	-0.51	3.490 ⁽²⁾	
2016.....	3.500	-0.51	3.490 ⁽²⁾	
2017.....	3.750	-0.51	3.490 ⁽²⁾	

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 3.490% floor.

***** SEE FOLLOWING PAGE FOR ADDITIONAL DISCLOSURE TABLES *****

WALL STREET JOURNAL PRIME RATE INDEX TABLE – Option 2 – 80.01% - 90% Loan-to-Value Ratio Plan

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2003.....	4.250	0.99	5.240	150.00
2004.....	4.000	0.99	4.990	150.00
2005.....	5.250	0.99	6.240	150.00
2006.....	7.500	0.99	8.490	150.00
2007.....	8.250	0.99	9.240	150.00
2008.....	6.000	0.99	6.990	150.00
2009.....	3.250	0.99	4.990 ⁽²⁾	150.00
2010.....	3.250	0.99	4.990 ⁽²⁾	
2011.....	3.250	0.99	4.990 ⁽²⁾	
2012.....	3.250	0.99	4.990 ⁽²⁾	
2013.....	3.250	0.99	4.990 ⁽²⁾	
2014.....	3.250	0.99	4.990 ⁽²⁾	
2015.....	3.250	0.99	4.990 ⁽²⁾	
2016.....	3.500	0.99	4.990 ⁽²⁾	
2017.....	3.750	0.99	4.990 ⁽²⁾	

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

⁽²⁾ This ANNUAL PERCENTAGE RATE reflects a 4.990% floor.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – Option 3 – 90.01% - 100% Loan-to-Value Ratio Plan

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2003.....	4.250	1.99	6.240	150.00
2004.....	4.000	1.99	5.990	150.00
2005.....	5.250	1.99	7.240	150.00
2006.....	7.500	1.99	9.490	150.00
2007.....	8.250	1.99	10.240	150.00
2008.....	6.000	1.99	7.990	150.00
2009.....	3.250	1.99	5.990 ⁽²⁾	150.00
2010.....	3.250	1.99	5.990 ⁽²⁾	150.00
2011.....	3.250	1.99	5.990 ⁽²⁾	
2012.....	3.250	1.99	5.990 ⁽²⁾	
2013.....	3.250	1.99	5.990 ⁽²⁾	
2014.....	3.250	1.99	5.990 ⁽²⁾	
2015.....	3.250	1.99	5.990 ⁽²⁾	
2016.....	3.500	1.99	5.990 ⁽²⁾	
2017.....	3.750	1.99	5.990 ⁽²⁾	

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

⁽²⁾ This ANNUAL PERCENTAGE RATE reflects a 5.990% floor.