



OAKLAND COUNTY
CREDIT UNION

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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.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 5 years. This period is called the "draw period." At our option, we may renew or extend the draw period. The length of the repayment period will be 15 years. You will be required to make monthly payments during both the draw and repayment periods.

Your minimum payment will be 1% of the outstanding balance at the time you obtain an advance, or \$100.00, 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. If the interest rate increases, you will be required to make more payments of the same amount until the end of the repayment period. The minimum payment may not repay the outstanding balance by the end of the repayment period. You will then be required to make a single balloon payment at the maturity date. 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 the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

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 EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 10 years 10 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 5.0%. During that period, you would make 129 payments of \$100.00 and one (1) final payment of \$65.12.

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

Loan Processing Fee: \$ 250. (Due at closing)

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.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$100.00 for the first advance and \$100.00 for each subsequent advance.

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 you will have to make a higher balloon payment. 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 the last business 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. If the rate is not already rounded we then round up to the next .25%.

We may offer a "discount" promotion from time to time in which the initial rate will not be based on the index and margin used for subsequent rate adjustments. We have recently offered a discount that was in effect for four months.

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

NOTE: The margin used with your plan will be determined by the amount of equity in the property used to secure this plan. Please ask your loan officer for the margin you qualify for.

RATE CHANGES: The annual percentage rate can change quarterly on the first day of January, April, July, and October after the expiration of any discounted initial rate. The rate cannot increase or decrease more than 2 percentage points in any one year period. The maximum ANNUAL PERCENTAGE RATE that can apply is 18%. However, the ANNUAL PERCENTAGE RATE will never go below the minimum floor rate after the expiration of any discount period. The minimum ANNUAL PERCENTAGE RATE depends on the amount of equity in your property; it is 4.5% unless the Loan to Value Ratio exceeds 80% in which case it is 5.0%. For purposes of this disclosure, it is 5.0%.

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 \$100.00. This annual percentage rate could be reached at the time of the 73rd payment if the initial rate is not discounted, and by the 77th payment if the initial rate is discounted.

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.

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 ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	Monthly Payment (Dollars)
			No Discount	With Discount	No Discount	With Discount
2002.....	4.750	0.50	5.250	4.990 ⁽⁴⁾	100.00	100.00
2003.....	4.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2004.....	4.000	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2005.....	5.250	0.50	5.750	5.750	100.00	100.00
2006.....	7.500	0.50	7.750 ⁽³⁾	7.750 ⁽³⁾	100.00	100.00
2007.....	8.250	0.50	8.750	8.750	100.00	100.00
2008.....	6.000	0.50	6.750 ⁽³⁾	6.750 ⁽³⁾	100.00	100.00
2009.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2010.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2011.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2012.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2013.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾	100.00	100.00
2014.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾		
2015.....	3.250	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾		
2016.....	3.500	0.50	5.000 ⁽²⁾	5.000 ⁽²⁾		

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

⁽²⁾ This ANNUAL PERCENTAGE RATE reflects the minimum floor rate of 5.000%.

⁽³⁾ This ANNUAL PERCENTAGE RATE reflects a periodic cap of 2.000% per year.

⁽⁴⁾ This ANNUAL PERCENTAGE RATE reflects a discount that we have provided recently; your plan may be discounted by a different amount, or not at all.