



United Federal Credit Union  
2807 S. State Street  
St. Joseph, MI 49085  
(888) 982-1400



## IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about your Home Equity Open-End 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 any of 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 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:

#### Termination and Acceleration

*For Wisconsin Borrowers Only:*

We can terminate the Home Equity Open-end Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you fail to make a required payment when due two times within a twelve month period, or
- (b) 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:*

We can terminate the Home Equity Open-end Credit Plan and require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- (a) you commit fraud or material misrepresentation at any time in connection with this Plan;
- (b) you do not meet the repayment terms of this Plan;
- (c) your action or inaction adversely affects the collateral for the Plan or our rights in the collateral.

#### Suspension or Reduction

*For All Borrowers:*

We can refuse to make additional extensions of credit or reduce your credit line if:

- (a) the value of your dwelling declines significantly below its appraised value for purposes of this Plan;
- (b) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances;
- (c) you are in default of a material obligation of this Plan;
- (d) government action prevents us from imposing the **ANNUAL PERCENTAGE RATE** provided for under this Plan or impairs our security interest such that the value of the interest is less than 120 percent of the credit line;
- (e) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice;
- (f) the maximum **ANNUAL PERCENTAGE RATE** under this Plan is reached.
- (g) *For Wisconsin Borrowers Only:* you engage in fraud or material misrepresentation in connection with the Plan;
- (h) *For Wisconsin Borrowers Only:* upon our receipt of a notice of termination under Wis. Stat. 766.55(2)(b).

#### Change in Terms

Our home equity credit agreement permits us to make certain changes to the terms of this Plan at specified times or upon the occurrence of specified events.

**Minimum Payment Requirements:** You can obtain advances of credit for 10 years (the "draw period"). Unless at our option we renew or extend the draw period. After the draw period ends, you will no longer be able to obtain credit advances and you must pay the outstanding balance on your account. During this period, payments will be due monthly. Your minimum monthly payment will equal 1.5% of the loan account balance or \$100.00 whichever is greater, rounded up to the nearest \$1.00. Your minimum monthly payment will include any amounts past due and any amount by which you have exceeded your credit limit and any other charges. The minimum monthly payments may not be sufficient to fully repay the principal on your line by the end of the draw period. If they are not, you will then be required to pay the entire balance in a single balloon payment.

**Balloon Payment:** The minimum payment may not reduce the principal that is outstanding on your line by the final payment date. You will then be required to pay the entire balance in a single "balloon" payment. You will also be required to immediately pay the entire balance in a balloon payment if you terminate your Plan. 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 money. If you refinance the balloon, you may have to pay some or all of the closing costs normally associated with a new loan.

**Negative Amortization:** Under some circumstances, your payments will not cover the finance charges that accrue and "negative amortization" will occur. Negative amortization will increase the amount that you owe us and reduce your 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 to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.25%. During that period, you would make 119 monthly payments varying between \$152.00 and \$100.00, with a final payment of \$1,805.63.

**Fees and Charges:** To open and maintain an account, you must pay the following fees to us:

*Late Charges:* If your payment is not paid within 10 days of the payment due date, you will be charged 5% of payment due or \$25.00, whichever is greater.

*Modification Fee:* \$50.00

You must also pay certain fees to third parties such as appraisers, credit reporting firms, and government agencies. These fees generally total \$200-900.00 not including our administrative costs of \$250.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

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.

**Early Termination Fee; Lien:** If you close this Plan within 24 months of the date you opened the Plan, you will have to pay an administrative cost of \$250.00 that we have incurred on your behalf to establish your account. We may take this fee from your savings or checking account or you may pay this fee in any other manner acceptable to us. **The Early Termination Fee shall be secured by the Security Instrument securing this Plan, and United Federal Credit Union's Lien against the Property shall not be satisfied, nor the Security Instrument released, until the Fee is paid in full.** Additionally, the Fee will be added to the payoff amount (including the beneficiary's demand) and must be paid prior to the issuance of any reconveyance.

**Access to the Plan:** You may obtain advances under this Plan by telephone, in person, by visa credit card, by loan drafts, or by online banking.

**Transaction Requirements:** The minimum initial credit advance must be at least \$10,000.00. There is no minimum requirement for subsequent advances.

**Refundability of Fees:** If you decide not to enter into this Plan within three business days of receiving this disclosure and the handbook entitled "When Your Home is on the Line: What You Should Know About Home Equity Lines of Credit," you are entitled to a refund of any fees you may have already paid.

**Variable Rate Feature:** This Plan has a variable rate feature, and the **ANNUAL PERCENTAGE RATE** and corresponding periodic rate and minimum payment can change as a result. The **ANNUAL PERCENTAGE RATE** includes only interest and no other costs.

To determine the **ANNUAL PERCENTAGE RATE**, you multiply the daily periodic rate by the number of days in a year. The **ANNUAL PERCENTAGE RATE** is based on the value of an index. The index is the highest rate of interest identified as the 'Prime Rate' in the 'Money Rates' section of the Wall Street Journal. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your account, we add a margin to the value of the index, and then round up to the nearest 0.25%. Your margin will be based on your creditworthiness, Loan-to-Value (LTV) Ratio and loan amount.

Ask us for the current index value, margins and **ANNUAL PERCENTAGE RATES**. After you open an account, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The **ANNUAL PERCENTAGE RATE** can change monthly on the first day of your next billing cycle that begins after the rate change date. 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 during the plan is 18%. The minimum **ANNUAL PERCENTAGE RATE** that can apply during the plan is 5%.

**Maximum Rate and Payment Example:** If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$153.00. The maximum annual percentage rate could be reached in the first month following an initial hold of one month.

**Historical Example:** The following table shows how the 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 first business day in June.

The table assumes that no additional credit advances were taken and that only the minimum payment was made. It does not necessarily indicate how the index or your payments would change in the future.

YEAR	INDEX (%)	MARGIN (1) (Percent)	ANNUAL PERCENTAGE RATE	MONTHLY PAYMENT (Dollars)
1993	6.00	0.00	6.00	\$151.00
1994	7.25	0.00	7.25	\$134.00
1995	9.00	0.00	9.00	\$120.00
1996	8.25	0.00	8.25	\$110.00
1997	8.50	0.00	8.50	\$100.00
1998	8.50	0.00	8.50	\$100.00
1999	7.75	0.00	7.75	\$100.00
2000	9.50	0.00	9.50	\$100.00
2001	7.00	0.00	7.00	\$100.00
2002	4.75	0.00	5.00 (2)	\$100.00 (3)
2003	4.25	0.00	5.00 (2)	
2004	4.00	0.00	5.00 (2)	
2005	6.00	0.00	6.00	
2006	8.00	0.00	8.00	
2007	8.25	0.00	8.25	

1. This is a margin we have used recently; your margin may be different and will be based on creditworthiness, LTV Ratio, and loan amount.
2. This rate reflects a lifetime floor of 5%.
3. At the end of this year a balloon payment of \$1,499.77 would occur. You would be required to pay the entire balance in one payment.