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**LOANLINER**

REAL ESTATE LENDING



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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.

**PRIMARY RESIDENCE:** You must use the property offered as collateral as your primary residence or a vacation home. If the property offered as collateral is a vacation home, it must meet all requirements of the Credit Union to be considered a vacation home and cannot be used as an investment property at any time during the life of the plan. This is a material obligation under the Agreement and if the property is not used as your primary residence or vacation home, we may refuse to make additional advances under the plan.

**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 10 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 20 years.

You will be required to make monthly payments during both the draw and repayment periods. 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 also include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. If the interest rate increases, you will be required to make a higher payment. If you make only your minimum monthly payments during the draw period, you will not have repaid any of the outstanding principal balance.

At the beginning of the repayment period, we will recalculate your minimum monthly payment. Your minimum monthly payment will be the sum of: a) outstanding finance charge; b) any amounts past due, any amount by which you have exceeded your credit limit, and all other charges; c) 1/240<sup>th</sup> of the outstanding principal balance on the closing date of the last billing cycle of the draw period. During the repayment period, if the interest rate increases you will

be required to make a higher payment. In any event, you will be required to pay off this plan in full within 30 years from the date the plan was established.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 30 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.75%. During that period, you would make 120 payments of \$36.44 to \$40.34, followed by 239 payments of \$41.99 to \$82.01 and one (1) final payment of \$41.82.

**FEES, CHARGES AND REIMBURSEMENT:** You may have to pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$40,000.00. The Credit Union may pay these fees on your behalf; however, if you payoff and close the plan within 36 months from its opening date you agree to reimburse the Credit Union for those fees. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

**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.

The following notice is required by New York law. You are required to obtain property insurance on the property that is security for your mortgage loan. We cannot require you to obtain an insurance policy in excess of the replacement cost of the improvements on the property securing the loan.

**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 advance required in order to waive closing costs is based on the plan's credit limit. When the plan's credit limit is up to \$100,000.00, the minimum initial credit advance in order to waive closing costs is \$25,000.00. When the plan's credit limit is \$100,001 to \$250,000, the minimum initial credit advance in order to waive closing costs is \$50,000.00. When the plan's credit limit is \$250,001 to \$1,500,000, the minimum initial credit advance in order to waive closing costs is \$100,000.00.

**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 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 30 days before the date of any annual percentage rate adjustment.

JFFCU offers two Home Equity Line of Credit plans. Members who have not had a Powerline or Primeline Plan previously, and meet the minimum credit score requirements set by the Credit Union, are eligible for the initial discount rate plan. All other members are eligible for the non-initial discount rate plan.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. If the initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. If the initial rate is discounted, the initial rate will be in effect for 6 months, 9 months or for 12 months. This disclosure illustrates a plan with a 6 month initial discount rate. Ask us for the current index value, margin,

discount, length of discount 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 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 18.0% or the maximum permitted by law, whichever is less. However, under no circumstance will your **ANNUAL PERCENTAGE RATE** go below 3.25% at any time during the term of the Plan.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** During the draw period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$152.88. This annual percentage rate could be reached at the time of the 7th payment for the discounted plan and at the time of the 1st payment for the non-discounted plan.

During the repayment period, if you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$194.54. This annual percentage rate could be reached at the time of the 1st payment.

**MARGIN:** The margin you receive will be based on your credit history. The margin for your credit plan will be disclosed on your Home Equity Addendum provided at closing. You can inquire with us at any time to find out the margin that you qualify for. You may receive a different margin than what appears in the Historical Example.

**FIXED RATE OPTION:** During the draw period, this plan has a fixed rate option (the "option") which you may exercise for up to three (3) advances at any one time and seven (7) advances over the life of the line. The option must be exercised for an advance of at least \$20,000.00.

At the time that you exercise the option, that portion of your balance will have a fixed rate. You may exercise the option at different times and therefore have different "Fixed Rate Loan Portions." You may not exercise the option if your

credit limit will be exceeded. Your credit limit will apply to the combined total of all amounts owing under the variable and fixed rate features. All future advances will be at the current variable rate according to the terms disclosed above, unless another option is exercised.

When you exercise the option, the interest rate will be fixed on the balance you elect until the balance is repaid. Your fixed interest rate will be equal to the value of the highest Prime Rate published in The Wall Street Journal at the time you exercise the option plus a margin. You can call us to find out the then current Prime Rate and margin in effect on the day you exercise such Option. To exercise the option, you must deliver written notice of such exercise to us specifying the principal amount you wish to fix the rate on. The rate shall be the highest Prime Rate published in the Wall Street Journal plus the index then in effect by Lender on the day Lender acknowledges receipt of such written notice. If you elect the option, your minimum payment will be calculated separately from the minimum payment on your variable rate and other Fixed Rate Loan Portions. Your minimum payment will be set to repay the balance, at the applicable fixed rate within a payoff period of the earlier of final Maturity Date of the Loan or 240 months. Your payment will include all amounts past due and all other charges.

**ADDITIONAL PROVISIONS:** You must use the property as your primary residence or vacation home. This is a material obligation under the Agreement and if the property is not used as your primary residence or vacation home we may refuse to make additional advances under the Plan.

**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

Year (as of the last business day of January)	Index (Percent)	Margin <sup>(1)</sup> (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
			Initial Discount Rate Plan	Initial Discount Rate Plan	Non Discounted Rate Plan	Non Discounted Rate Plan
2006.....	7.500	0.00	0.990 <sup>(2)</sup>	8.41	7.500	63.70
2007.....	8.250	0.00	8.250	70.07	8.250	70.07
2008.....	6.000	0.00	6.000	50.96	6.000	50.96
2009.....	3.250	0.00	3.250	27.60	3.250	27.60
2010.....	3.250	0.00	3.250	27.60	3.250	27.60
2011.....	3.250	0.00	3.250	27.60	3.250	27.60
2012.....	3.250	0.00	3.250	27.60	3.250	27.60
2013.....	3.250	0.00	3.250	27.60	3.250	27.60
2014.....	3.250	0.00	3.250	27.60	3.250	27.60
2015.....	3.250	0.00	3.250	27.60	3.250	27.60
2016.....	3.500	0.00	3.500	71.39	3.500	71.39
2017.....	3.750	0.00	3.750	71.92	3.750	71.92
2018.....	4.500	0.00	4.500	76.06	4.500	76.06
2019.....	5.500	0.00	5.500	81.37	5.500	81.37
2020.....	4.750	0.00	4.750	73.94	4.750	73.94

<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 discount that we have provided recently, your plan may be discounted by a different amount.