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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.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

MINIMUM PAYMENT REQUIREMENTS: We offer 2 different payment options (Option 1 = Standard; Option 2 = Home Improvement). Unless otherwise specified, the language within this disclosure applies to both options. The payment option that applies to your plan will be determined at closing. For all payment options you may obtain advances for a certain number of 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. You will be required to make monthly payments during both the draw and repayment periods. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

OPTION 1: The draw period is 5 years. The length of the repayment period will depend upon the balance at the end of the draw period but it will never exceed 15 years. During the draw period your payment will be 1% of the outstanding balance each month or \$100.00, whichever is greater. If the interest rate increases you will be required to make more payments. We will round the payment up to the next highest dollar.

After the draw period ends the repayment period will begin. At the beginning of the repayment period we will recalculate your payment to pay off the outstanding balance over 180 monthly payments. Your payment will be rounded up to the nearest dollar. Your payment will remain the same throughout the entire 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. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

NEGATIVE AMORTIZATION: Under some circumstances your payment may 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.

OPTION 2 (HOME IMPROVEMENT): The draw period is 2 years. The length of the repayment period will depend upon the balance at the end of the draw period but it will never exceed 5 years. During the draw period your payment will be 1.5% of the outstanding balance each month or \$100.00, whichever is greater. If the interest rate increases you will be required to make more payments. We will round the payment up to the next highest dollar.

After the draw period ends the repayment period will begin. At the beginning of the repayment period we will recalculate your payment to pay off the outstanding balance over 60 monthly payments. Your payment will be rounded up to the nearest dollar. Your payment will remain the same throughout the entire 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. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLES:

OPTION 1 - If you made only the minimum monthly payment and took no other credit advances it would take 10 years 1 month to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.75%. During that period, you would make 60 payments of \$100.00, followed by 60 payments of \$100.00 and one (1) final payment of \$9.07.

OPTION 2 - If you made only the minimum monthly payment and took no other credit advances it would take 7 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 6.0%. During that period, you would

make 24 payments of \$119.00 to \$150.00, followed by 59 payments of \$152.00 and one (1) final payment of \$130.78.

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 \$5,000.00 for the first advance.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$300.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEES REIMBURSEMENT: Lender may pay bona-fide third party fees on Borrower's your behalf. If Lender does, Borrower may have to keep the plan open for a minimum of three years or be liable to reimburse Lender for the bona-fide third party fees. Any amounts owed may be added onto the principal balance.

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.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may increase requiring you to make more payments during the plan and the amount of a balloon payment, if any, will increase. 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 the last day of the month preceding each rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. The initial annual percentage rate may be "discounted" – it may not be based on the index and margin used for later rate adjustments. Any initial rate will be in effect for no more than 12 months. Ask us for the current index value, margin, discount availability 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 monthly on the first day of your billing cycle. 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 15% or the maximum permitted by law, whichever is less.

A minimum annual percentage rate will apply to this plan, commonly referred to as a "Floor". If you choose Payment Option 1, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.25% at any time during the term of this plan, except when an initial discount feature applies. If you choose Payment Option 2, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 6.00% at any time during the term of this plan, except when an initial discount feature applies. Ask us for the specific rate limitations that will apply to your credit line.

MAXIMUM RATE AND PAYMENT EXAMPLES:

OPTION 1 – If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$100.00. This annual percentage rate could be reached at the time of the 13th payment during the draw period. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$100.00. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

OPTION 2 - If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$150.00. This annual percentage rate could be reached at the time of the 13th payment. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15% would be \$194.00. This annual percentage rate could be reached at the time of the 1st payment.

ADDITIONAL HOME EQUITY PLANS: Please ask us about our other available home equity line of credit plans.

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 ⁽¹⁾ (Percent) | Standard Option | | Home Improvement Option | |
|---|--------------------|------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
| | | | ANNUAL PERCENTAGE RATE | Monthly Payment (Dollars) | ANNUAL PERCENTAGE RATE | Monthly Payment (Dollars) |
| 2003..... | 4.250 | 0.00 | 1.990 ⁽²⁾ | 100.00 | 1.990 ⁽²⁾ | 150.00 |
| 2004..... | 4.000 | 0.00 | 4.000 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | 128.00 |
| 2005..... | 5.250 | 0.00 | 5.250 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | 146.00 |
| 2006..... | 7.500 | 0.00 | 7.500 | 100.00 ⁽⁴⁾ | 7.500 | 146.00 |
| 2007..... | 8.250 | 0.00 | 8.250 | 100.00 ⁽⁴⁾ | 8.250 | 146.00 |
| 2008..... | 6.000 | 0.00 | 6.000 | 100.00 ⁽⁴⁾ | 6.000 | 146.00 |
| 2009..... | 3.250 | 0.00 | 3.250 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | 146.00 ⁽⁵⁾ |
| 2010..... | 3.250 | 0.00 | 3.250 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | |
| 2011..... | 3.250 | 0.00 | 3.250 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | |
| 2012..... | 3.250 | 0.00 | 3.250 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | |
| 2013..... | 3.250 | 0.00 | 3.250 | 100.00 ⁽⁴⁾ | 6.000 ⁽³⁾ | |
| 2014..... | 3.250 | 0.00 | 3.250 | | 6.000 ⁽³⁾ | |
| 2015..... | 3.250 | 0.00 | 3.250 | | 6.000 ⁽³⁾ | |
| 2016..... | 3.500 | 0.00 | 3.500 | | 6.000 ⁽³⁾ | |
| 2017..... | 3.750 | 0.00 | 3.750 | | 6.000 ⁽³⁾ | |

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently, your plan may be discounted by a different amount or it may not be discounted at all.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a 6.000% floor.

⁽⁴⁾ This payment reflects the minimum payment of \$100.00.

⁽⁵⁾ The last payment for this year would be a final balloon payment of \$334.99.