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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:

For Wisconsin Borrowers Only:

(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.

For All Other Borrowers:

(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:

For All Borrowers:

(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.

For Wisconsin Borrowers Only:

(9) you engage in fraud or material misrepresentation in connection with the Plan.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 7 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 depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time you open the plan you will be able to choose a payoff period which we will use to calculate all payments you make under the plan. The length of the payoff period cannot exceed 180 months. All of the examples in this disclosure are based on a payoff period of 180 months.

The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the final payment date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will remain the same unless you obtain another credit advance. Your payment will also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the original payoff period. 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 \$25.00, or the full amount that you owe.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 15 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.0%. During that period, you would make 179 payments of \$73.97 and one (1) final payment of \$74.87.

**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 days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

**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 *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 30 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. If the rate is not already rounded we then round up to the next .125%. 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 annually on the anniversary date. 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 16.0%. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.0% at any time during the term of the 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 16.0% would be \$146.87. This annual percentage rate could be reached at the time of the 72nd payment.

**FEES AND CHARGES:** You may be required to pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$1000.00. If you ask, we will provide you with an itemization of the fees you may have to pay to third parties. If the state and county that the collateral is located in charges additional fees or taxes, the borrower will be responsible for payment.

**FEE REIMBURSEMENT:** If you payoff and close your Home Equity Line of Credit (HELOC) plan within 12 months of its opening date, you may be required to reimburse the Credit Union for up to \$200.00 for those bona-fide third party fees that may have been paid on your behalf, as permitted by applicable law.

**FINANCE CHARGE: MODIFICATION FEE:** If you request to modify some feature of your Home Equity Line of Credit with us, we will require you to pay \$250.00 or increase your new Home Equity Line balance by 10,000.00 or more (over the original line amount).

**EXCEEDING THE CREDIT LIMIT:** We will not allow you to access funds that would exceed your established credit limit. In the event that you would exceed your credit limit, we will charge your account \$20.00 for each occurrence.

**PROPERTY VALUE:** We may use an Automated Valuation Model to determine the equity in your home. You reserve the option to obtain a Credit Union approved appraisal at your expense. If you disagree with our determination of the equity in your home, we will consider the appraisal you may present to us.

You have the right to a copy of the appraisal report and/or the Automated Valuation Model used in connection with your application for credit. If you wish to obtain a copy, please write to us at the mailing address we have provided. We must hear from you no later than 90 days after we notify you about the action taken on your credit application or you withdraw your application. We will charge you a photocopy and delivery fee of \$25.00.

The annual percentage rate you receive on your Home Equity Line of Credit (HELOC) will be determined by your creditworthiness, loan amount and property value. Please ask a loan officer for information and criteria.

**ADDITIONAL PLANS:** If you ask, we will provide you with information on other available home equity lines.

**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)
2003.....	4.250	- 0.50	4.000 <sup>(2)</sup>	73.97
2004.....	4.000	- 0.50	4.000 <sup>(2)</sup>	73.97
2005.....	5.250	- 0.50	4.750	77.33
2006.....	7.500	- 0.50	6.750 <sup>(3)</sup>	86.03
2007.....	8.250	- 0.50	7.750	90.26
2008.....	6.000	- 0.50	5.750 <sup>(3)</sup>	82.55
2009.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2010.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2011.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2012.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2013.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2014.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2015.....	3.250	- 0.50	4.000 <sup>(2)</sup>	76.71
2016.....	3.500	- 0.50	4.000 <sup>(2)</sup>	76.71
2017.....	3.750	- 0.50	4.000 <sup>(2)</sup>	76.71

<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 4.000% floor.

<sup>(3)</sup> This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.