



**APL
Federal
Credit Union**

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IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our Home Equity Line of Credit. 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 prior to the opening of your Home Equity account. 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 you paid to us or anyone else in connection with your application.

Security Interest: We will take a mortgage on 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 if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- The maximum annual percentage rate is reached.

Minimum Payment Requirements: The length of the draw period is 10 years during which time you will be able to obtain credit advances. The Credit Union may at its option, extend the draw period. The scheduled periodic payment will be set to repay the outstanding balance after each advance, at the then Annual Percentage Rate in effect based upon 1% of the outstanding principal balance. Payment for the next billing cycle is determined on your monthly cycle date. The minimum payment is the scheduled periodic payment, plus any past due amount, plus any amount in excess of your credit limit and all other charges prior to calculating the payment amount. Your minimum payment will never be less than \$100 or the full amount owed. Payments are due monthly. Each time the payment changes you will be given a notice showing the amount and due date of your next payment. You agree to always pay the minimum amount due on or before the due date.

Minimum Payment Example: If you made only the minimum payments and took no other credit advances it would take 14 years and 7 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 8.50%. During that period, you would make 174 monthly payments of \$100.00 and a final payment of \$43.13.

Negative Amortization: If the interest rate exceeds 12.00% and you make only the required minimum payment of \$100.00, negative amortization may occur. Negative amortization increases the principal balance and reduces your equity in the dwelling.

Early Termination Fees: If you repay and close your Home Equity Line of Credit, within the first 36 months that your line is established, you will be assessed an early termination fee. You must reimburse APL Federal Credit Union for all settlement charges, waived in the establishment of your Home Equity Line of Credit, but which were paid by APL Federal Credit Union to third parties in connection with the origination of your Home Equity Line of Credit. These settlement charges are itemized within the "Other Charges" section of your Line of Credit Home Equity Agreement, which will be provided to you upon closing.

Insurance: You must carry insurance on the property that secures this plan.

Transaction Requirements: You must be a member of the Credit Union in good standing to obtain an advance.

Tax Deductibility: You should consult a tax advisor regarding the deductibility of interest and charges for the line.

Variable-Rate Feature: This plan has a variable-rate feature and the annual percentage rate (corresponding to the daily periodic rate), can change as a result. When a rate change occurs, you may be required to make more payments until the balance is repaid. The annual percentage rate includes only interest and no other costs. The annual percentage rate is based on the value of an index. **Description of index:** The index is the highest Prime Rate published in the *Wall Street Journal* on the last day of the month preceding any change.

Source of index: The index is published in the *Wall Street Journal*. If the index is no longer available, we will choose a new index which is based on comparable information. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index. Ask us for the current index value, margin, and annual percentage rate.

After you open a credit line, 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 each month. There is no limit on the amount by which the rate can change in any one-year period.

The maximum ANNUAL PERCENTAGE RATE that can apply during the plan is 18.000%.

Ask us for the specific rate limitations that will apply to your credit line.

Maximum Rate and Payment Examples: If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.000% would be \$100.00. This annual percentage rate could be reached after the first month of the draw period.

Historical Examples: 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 last 15 years. The index values are from the last day in January. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

Late Fee: If your payment is received 15 or more days after the due date, you may be assessed a late charge of 5% of the scheduled payment.

YEAR	INDEX (%)	MARGIN (%)	ANNUAL PERCENTAGE	MINIMUM
			RATE (%)	PAYMENT (\$)
2010	3.250	0.000	3.250	100.00
2011	3.250	0.000	3.250	100.00
2012	3.250	0.000	3.250	100.00
2013	3.250	0.000	3.250	100.00
2014	3.250	0.000	3.250	100.00
2015	3.250	0.000	3.250	100.00
2016	3.500	0.000	3.500	100.00
2017	3.750	0.000	3.750	100.00
2018	4.500	0.000	4.500	100.00
2019	5.500	0.000	5.500	100.00
2020	4.750	0.000	4.750	100.00
2021	3.250	0.000	3.250	100.00
2022	3.250	0.000	3.250	100.00
2023	7.500	0.000	7.500	100.00
2024	8.500	0.000	8.500	100.00

I/We hereby acknowledge receipt of this disclosure and a copy of the home equity brochure or comparable publication provided by the lender.

(Recipient)

Date

(Recipient)

Date