

Monterra Credit Union

**HELOC EARLY DISCLOSURE AND
IMPORTANT TERMS OF LINE OF CREDIT PLAN**

This disclosure contains important information about the **Monterra Credit Union** home equity line of credit account. You should read it carefully and keep a copy for your records.

Availability of Terms. All of the terms below are subject to change. If any of the following 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 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 your obligations in your Home Equity Line of Credit Agreement.

Possible Actions. We can terminate your line of credit, require you to pay us the entire outstanding balance in one payment and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with the line of credit.
- You do not meet the repayment terms of the line of credit.
- Your action or inaction adversely affects the collateral (your home) or our rights in the collateral.

We can refuse to make additional extensions of credit ("advances") or reduce your credit limit if:

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

The home equity line of credit agreement and disclosure permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

Minimum Payment. You can obtain advances for **10** years. This period is called the "draw period." During the draw period your payments will be due monthly and will equal the finance charges (interest) accrued on the outstanding balance during the billing period. Your payment will be rounded to the nearest dollar, plus any amount that is past due, plus any amount by which your outstanding balance exceeds your credit limit, plus any other charges imposed on your line of credit during the billing cycle. If you pay only the minimum payment during the draw period, your minimum monthly payment during the draw period may not reduce the principal that is outstanding on your line of credit.

After the draw period ends, you will no longer be able to obtain advances and must pay the outstanding balance over **15** years (the "repayment period"). During the repayment period payments will be due monthly. Your minimum monthly payment will equal 100.000% of the outstanding balance of your account



at the end of the billing period. Your minimum monthly payment will not be sufficient to fully repay the principal that is outstanding on your line. You will be required to pay the entire outstanding balance in a single payment at the end of the repayment period.

Minimum Payment Example. If you took a single \$10,000 advance and the **ANNUAL PERCENTAGE RATE** were 4.000 %, it would take 25 years to pay off the advance if you made only the minimum payment. During the draw period you would make 120 monthly payments of \$33.33, followed by 180 monthly payments of \$73.97 during the repayment period.

Fees and Charges. To open and maintain a line of credit, you must pay us the following fees:

Fees

Doc Prep Fee (Lender) \$37.00

Other Charges

(a) **Late Charge.** If we do not receive your minimum payment within ten (10) days of its due date, we will charge you a late charge equal to the greater of 6.000% of the payment past due or \$10.00.

(b) **Returned Item Charge.** If a check you use to pay us is returned to us unpaid, we will charge you a returned item fee of \$28.00 in addition to any late charge that may result.

(c) **Stop Payment Fee.** We will charge you a \$28.00 fee for each stop payment and renewal order.

(d) **Demand Statement.** If we receive a request from you or made on your behalf for a statement of the amount due on your Account, we will charge you a **FINANCE CHARGE** of \$30.00.

You also must pay certain fees to third parties to open a line of credit such as appraisers, title companies and government agencies. These fees generally total between \$500.00 and \$2,000.00. In addition, you must carry insurance on the property that secures the line of credit. If you ask, we will give you a good faith itemization of the fees you will have to pay to third parties.

Finance Charge Accrual. The periodic interest finance charge begins to accrue on the date that a Loan Advance is made from your Account.

Fee Reimbursement. If your line of credit is paid in full, closed or refinanced within twenty-four (24) months of the date of this Agreement, you agree to pay an early closure fee of based on the following schedule:

HELOC Limit	Reimbursable Amount
Up to \$50,000	\$195
\$50,001 - \$100,000	\$395
\$100,001 - \$150,000	\$595
\$150,001 - \$200,000	\$795
Over \$200,000	\$995

Tax Deductibility. You should consult a tax advisor regarding the deductibility of interest and charges on your line of credit.

Variable Rate Information. This line of credit has a variable rate of interest. The annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

The annual percentage rate includes only interest and not other costs.

The annual percentage rate is based on the value of an index. The index is the highest "Prime Rate" as published in the "Money Rates" table of the online or print edition of *The Wall Street Journal*. To



determine the annual percentage rate that will apply to your line, we add a margin ("Margin") of 0.250% to the value of the index. If the annual percentage rate is not already rounded, we then round to the nearest 0.250%. Your initial annual percentage rate may be "discounted," in which case it is not based on the index and margin used for later rate adjustments after the end of the initial discounted period. Ask us for the current index value, margin, discount (if applicable), and annual percentage rate. After you open a line of credit, rate information will be provided in monthly billing statements that are sent to you.

Rate Changes. The annual percentage rate can change quarterly. The rate cannot increase or decrease more than 2.000% at each adjustment or during any year. The initial discounted annual percentage rate will not be taken into account in applying this periodic rate adjustment cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.000 % or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.000% at any time during the term of the plan.

Maximum Rate and Payment Example. If you had an outstanding balance of \$10,000 during the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.000% would be \$125.00. If you had an outstanding balance of \$10,000 during the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.000% would be \$139.96. This annual percentage rate could be reached in 6 years.



Historical Example. The following table shows how the annual percentage rate and the monthly payments for a single \$10,000 advance would have changed based on changes in the Index over the past 15 years. The Index values are from the first business day of June, of each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes that no additional advances were taken, that only the minimum payment was made each month, 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.

Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)***	Minimum Monthly Payment (\$) **
2006	8.000	0.250	8.250	66.67
2007	8.250	0.250	8.500	68.75
2008	5.000	0.250	5.250	41.67
2009	3.250	0.250	4.000	33.33
2010	3.250	0.250	4.000	33.33
2011	3.250	0.250	4.000	33.33
2012	3.250	0.250	4.000	33.33
2013	3.250	0.250	4.000	33.33
2014	3.250	0.250	4.000	33.33
2015	3.250	0.250	4.000	33.33
2016	3.500	0.250	4.000	73.97
2017	4.000	0.250	4.250	73.97
2018	4.750	0.250	5.000	73.97
2019	5.500	0.250	5.750	82.71
2020	3.250	0.250	4.000	73.97
2021	3.250	0.250	4.000	73.97

*This is a margin we have used recently, your margin may be different.

** Minimum monthly payment amount is shown for a 10-year draw period an 15-year repayment period.

***Assumes a floor we have used recently; your floor may be different.

