



1610 Eglin Street
Hanscom A.F.B., MA 01731
(800) 656-4328

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.

PLAN OPTIONS: We offer a home equity plan with a variable rate option, credit card access option and a fixed rate option. The terms of all available options are explained in this disclosure. You may choose whether you want a variable rate option or fixed rate option at the time of an advance. Your credit limit will apply to the combined total of all amounts owing under the variable rate option, credit card access option and the fixed rate option. Please see the specific options for any limitations. All other terms if not identified to the variable rate option, credit card access option or fixed rate option will apply to all options.

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. After the draw period ends the repayment period will begin. The length of the repayment period will be up to 20 years. You will be required to make monthly payments during both the draw and repayment periods. In addition to your minimum payment, you will be required to pay any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. You may make additional principal payments at any time as long as your regularly scheduled payment has been made.

VARIABLE RATE OPTION - During the draw period, your minimum payment will be equal to the interest that accrued on your outstanding balance during the preceding month. The minimum payment will not reduce the principal that is outstanding. Your payment can change monthly.

At the beginning of the repayment period we will recalculate your payment over a maximum of 20 years. During the repayment period, your payment will be recalculated each month to repay your balance at the current annual percentage rate by the maturity date. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the remaining repayment period.

During the draw and repayment periods your payment will never be less than \$10.00 or the full amount that you owe, whichever is less.

MINIMUM PAYMENT EXAMPLE VARIABLE RATE OPTION: 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 8.5%. During that period, you would make 120 payments of \$65.21 to \$72.19, followed by 239 payments of \$86.77 to \$86.89 and one (1) final payment of \$86.90.

CREDIT CARD OPTION - Upon your request and our approval, we will issue a Visa credit card to access this plan. The total amount of advances under this option cannot exceed \$50,000.00 or the applicable credit limit at any time. The daily limit for purchases and/or cash advances cannot exceed \$10,000.00.

During the draw period, your minimum payment will be either a) 1.0% of your total outstanding balance each month, or \$10.00, whichever is greater, or b) your total new balance if it is less than \$10.00. If the interest rate increases, you will be required to make more payments until the balance is repaid. At the end of the draw period your credit card will be closed and the balance transferred to the variable rate line of credit. Please see Variable Rate Option.

If the interest rate increases so much that the minimum payment is not adequate to pay the accrued finance charges (interest), we will increase your payment to 1.5% of your total outstanding balance each month. If the interest rate decreases after we make an adjustment for negative amortization, your payment will be decreased to 1.0% of your total outstanding balance each month.

MINIMUM PAYMENT EXAMPLE CREDIT CARD VARIABLE RATE OPTION: 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 8.5%. During that period, you would make 120 payments of \$70.66 to \$100.00, followed by 239 payments of \$61.15 to \$61.22 and one (1) final payment of \$61.22.

VARIABLE RATE AND CREDIT CARD OPTIONS ANNUAL PERCENTAGE RATE INFORMATION: These options have a variable rate and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result or 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. 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 20 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. The initial annual percentage rate may be "discounted" - it may not be based on the index and margin used for later rate adjustments. If we are currently offering an initial discounted rate it will not be in effect for 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: During and after any discount period, the annual percentage rate can change on the first day of each month for the Variable Rate Option and on the first day of the billing cycle for the Variable Rate Credit Card Option. 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

circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.49% at any time during the term of the plan.

FIXED RATE OPTION – Your minimum payment will be set to repay the balance, at the applicable fixed rate within the repayment term disclosed at the time of each advance. The repayment period will never be longer than 20 years. Your payment will be calculated separately from the minimum payment on your other fixed rate advances. Your payment will never be less than \$100.00 or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE FIXED RATE OPTION: If you made only the minimum monthly payment and took no other credit advances it would take 10 years 4 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.25%. During that period, you would make 123 payments of \$100.00 and one (1) final payment of \$68.41.

FIXED RATE OPTION ANNUAL PERCENTAGE RATE INFORMATION: 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 date of the fixed rate advance request. To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. The margin we add will be based on your loan to value ratio and creditworthiness. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% or the maximum permitted by law, whichever is less. The annual percentage rate under this option will not change during the term of the advance. However, if you request a second fixed rate advance the annual percentage rate may change based on the current index rate. 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. The annual percentage rate does not include costs other than interest.

During the draw period, you may have three fixed rate advances at any one time. You must borrow a minimum of \$5,000.00 to qualify for this option. You may not take additional advances if your credit limit will be exceeded.

FEES AND CHARGES: In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Non-usage Fee: During the draw period, when there are no advances taken for any twelve (12) consecutive months following your anniversary date, you agree to pay the Lender a Non-Usage fee of \$50.00.

You may have to pay certain fees to third parties to open the plan. These fees generally total between \$500.00 and \$2,000.00. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

FEE REIMBURSEMENT: If you repay the entire principal amount outstanding and request a discharge of the mortgage securing this plan within 24 months from the date your plan was opened, you will be required to reimburse the credit union for all bona-fide third party fees paid on your behalf.

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 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.

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

MAXIMUM RATE AND PAYMENT EXAMPLES:

VARIABLE RATE OPTION, Draw Period - If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$152.88. This annual percentage rate could be reached at the time of the 13th payment during the draw period.

CREDIT CARD OPTION, Draw Period – If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$150.00. This annual percentage rate could be reached at the time of the 13th payment during the draw period.

VARIABLE RATE AND CREDIT CARD OPTIONS, Repayment Period - If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$154.35. This annual percentage rate could be reached at the time of the 1st payment during the repayment period.

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 July 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 July)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars) VARIABLE RATE OPTION	Monthly Payment (Dollars) CREDIT CARD OPTION
2011.....	3.250	1.00	5.000 ⁽²⁾	42.47	100.00
2012.....	3.250	1.00	4.250	36.10	93.22
2013.....	3.250	1.00	4.250	36.10	86.26
2014.....	3.250	1.00	4.250	36.10	79.81
2015.....	3.250	1.00	4.250	36.10	73.83
2016.....	3.500	1.00	4.500	38.22	68.31
2017.....	4.250	1.00	5.250	44.59	63.37
2018.....	5.000	1.00	6.000	50.96	59.22
2019.....	5.500	1.00	6.500	55.21	55.76
2020.....	3.250	1.00	4.250	36.10	52.77
2021.....	3.250	1.00	4.250	61.94	30.25
2022.....	5.500	1.00	6.500	74.02	36.15
2023.....	8.500	1.00	9.500	91.09	44.48
2024.....	8.500	1.00	9.500	91.10	44.48
2025.....	7.500	1.00	8.500	85.67	41.83

⁽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.