

## HAYWARD COMMUNITY CREDIT UNION

### 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.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 5 years. This period is called the "draw period." Your minimum payment during the draw period will be equal to the accrued interest on your outstanding balance each month. During the draw period, your payment may change monthly. The minimum payment will not fully repay the principal that is outstanding on your line at the end of the draw period. You will then be required to pay the entire balance in a single "balloon" payment.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 5 years to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 3.75%. During that period, you would make 60 of \$31.25 followed by a balloon payment of \$10,000.

**PROPERTY INSURANCE:** You must carry insurance on the property that secures this plan.

**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.

**TRANSACTION REQUIREMENTS:** The minimum credit advance that you can receive is \$100.00 for each subsequent advance.

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

**VARIABLE RATE INFORMATION:** The line of credit has a variable-rate feature. The annual percentage rate (corresponding to the periodic rate), and repayment term of the line 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 published in the Wall Street Journal. The index rate will be the highest prime rate published in the Wall Street Journal "Money Rates Table" on the 15<sup>th</sup> day of the prior month. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index.

To determine the periodic rate that will apply to your account, 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 plan, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The annual percentage rate can change. The maximum ANNUAL PERCENTAGE RATE that can apply is 18%. There are no rate floors. Except for this 18% rate cap, there are no limits on the amount by which the rate can change during any one-year period.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** 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 2<sup>nd</sup> payment during the draw period.

**FEES AND CHARGES:** To open and maintain a line of credit, you must pay the following fees:

Annual maintenance fee due each year: \$0.00

You also must pay certain fees to third parties to open a line. These fees generally total between \$120 and \$1,000. If you ask us, we will give you an itemization of the fees you will have to pay to third parties. You must carry insurance on the property that secures this plan.

**HISTORICAL EXAMPLE:** The following table shows how the annual percentage rate and the minimum payment 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 July 1st of each year.

This table assumes that no additional credit advances are 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.

YEAR	INDEX %	MARGIN %	ANNUAL PERCENTAGE RATE %	MINIMUM PAYMENTS \$
1998	8.50	.50	9.00	75.00
1999 Repayment Period – Balloon Payment	8.00	.50	8.50	70.83
2000	9.50	.50	10.00	77.83
2001	6.75	.50	7.25	60.42
2002	4.75	.50	5.25	43.75
2003	4.00	.50	4.50	37.50
2004	4.25	.50	4.75	39.58
2005	6.25	.50	6.75	56.25
2006	8.25	.50	8.75	72.92
2007	8.25	.50	8.75	72.92
2008	5.00	.50	5.50	45.83
2009	3.25	.50	3.75	31.25
2010	3.25	.50	3.75	31.25
2011	3.25	.50	3.75	31.25
2012	3.25	.50	3.75	31.25

\* This is a margin we recently used.  
This is not a commitment to lend.

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