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LOANLINER

REAL ESTATE LENDING



POWERED BY
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 (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." 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 is 180 months. You will be required to make monthly payments during both the draw and repayment periods. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

At the time you obtain a credit advance a payoff period of 180 monthly payments will be used to calculate your payment. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. We will recalculate your payment each time you obtain an advance. If you choose the **VARIABLE RATE FEATURE** option, your payment may also change if the annual percentage rate increases. If you choose the **FIXED/VARIABLE RATE FEATURE** option, your payment may also change during the repayment period if the annual percentage rate increases. Each time the annual

percentage rate increases, we will adjust your payment to repay the balance within the original payoff period.

MINIMUM PAYMENT EXAMPLE, OPTION 1, VARIABLE RATE: 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 5.0%. During that period, you would make 179 payments of \$79.08 and one (1) final payment of \$78.57.

MINIMUM PAYMENT EXAMPLE, OPTION 2, FIXED/VARIABLE RATE: If you made only the minimum monthly payment and took no other credit advances it would take 13 years 9 months to pay off a credit advance of \$10,000. During that period, you would make 60 payments of \$92.66 at an **ANNUAL PERCENTAGE RATE** of 7.49%, followed by 104 payments of \$92.66 and one (1) final payment of \$2.24 at an **ANNUAL PERCENTAGE RATE** of 5.0%.

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.

The following notice is required by New York law. You are required to obtain property insurance on the property that is security for your mortgage loan. We cannot require you to obtain an insurance policy in excess of the replacement cost of the improvements on the property securing the loan.

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.

TRANSACTION REQUIREMENTS: The minimum credit advance that you can receive is \$10,000.00 for the first advance and \$500.00 for each subsequent advance.

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

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) may change. As a result, you will have to make more payments or higher payments until the balance is repaid. The annual percentage rate includes only interest and no other costs.

FIXED/VARIABLE RATE FEATURE: A fixed annual percentage rate will be used for the first 5 years of the plan. An **ANNUAL PERCENTAGE RATE** of 7.49% is representative of a fixed rate we have offered recently. Please ask us for the current fixed rate under this plan.

This plan also contains a variable rate feature and beginning with the 6th year of the plan the annual percentage rate (corresponding to the periodic rate) may change. As a result, you will have to make more payments or higher payments until the balance is repaid. The annual percentage rate includes only interest and no other costs.

For both the VARIABLE RATE and the FIXED/VARIABLE RATE plans, 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 any annual percentage rate adjustment.

We will determine the annual percentage rate that will apply to your account, by adding a margin to the value of the Index. The margin you receive is based on your loan-to-value ratio and your creditworthiness and will be disclosed on the Addendum at closing.

However, the initial annual percentage rate may be "discounted" if you choose the FIXED/VARIABLE RATE plan – 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, VARIABLE RATE PLAN: The annual percentage rate can change quarterly on the first day of January, April, July and October. 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 14.9% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 5.0% during the term of the plan.

RATE CHANGES, FIXED/VARIABLE RATE PLAN: The annual percentage rate will not change for the first 5 years, unless there is an initial discounted rate. After the expiration of any initial discounted rate period, your annual percentage rate will not change until the first of January following the expiration of the 5 year fixed rate term and every January 1st thereafter. 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 14.9% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 5.0% during the term of the plan

MAXIMUM RATE AND PAYMENT EXAMPLES, VARIABLE RATE PLAN: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 14.9% would be \$139.30. This annual percentage rate could be reached at the time of the 1st payment.

MAXIMUM RATE AND PAYMENT EXAMPLES, FIXED/VARIABLE RATE PLAN: If you had an outstanding balance of \$10,000 during the draw period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 14.9% would be \$139.30. This annual percentage rate could be reached at the time of the 61st payment.

PREFERRED RATE: You may be entitled to receive a preferred rate. You will be eligible for the preferred rate if you make your home equity loan payments through payroll deduction. If you fail to maintain preferred rate status, we may increase your **ANNUAL PERCENTAGE RATE** .25% above the preferred rate.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$500.00 - 1,000.00 depending upon the loan amount and property location.

The credit union is currently paying your third party charges. If you pay off the mortgage during the first three years of the existence of the plan, you will reimburse the credit union for these charges at the time the mortgage is paid off.

HISTORICAL EXAMPLE: The following tables show 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 tables assume 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.

HISTORICAL EXAMPLES appear on the following page.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – OPTION 1 Variable Rate

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2004.....	4.000	0.50	5.000 ⁽²⁾	79.10
2005.....	5.250	0.50	5.750	82.83
2006.....	7.500	0.50	8.000	93.86
2007.....	8.250	0.50	8.750	97.47
2008.....	6.000	0.50	6.500	97.47
2009.....	3.250	0.50	5.000 ⁽²⁾	97.47
2010.....	3.250	0.50	5.000 ⁽²⁾	97.47
2011.....	3.250	0.50	5.000 ⁽²⁾	97.47
2012.....	3.250	0.50	5.000 ⁽²⁾	97.47
2013.....	3.250	0.50	5.000 ⁽²⁾	97.47
2014.....	3.250	0.50	5.000 ⁽²⁾	97.47
2015.....	3.250	0.50	5.000 ⁽²⁾	97.47
2016.....	3.500	0.50	5.000 ⁽²⁾	97.47
2017.....	3.750	0.50	5.000 ⁽²⁾	97.47
2018.....	4.500	0.50	5.000	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a 5.000% floor.

WALL STREET JOURNAL PRIME RATE INDEX TABLE – OPTION 2 Fixed/Variable Rate

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2004.....	4.000	0.50	5.490 ⁽³⁾	81.67
2005.....	5.250	0.50	7.490 ⁽³⁾	81.67
2006.....	7.500	0.50	7.490 ⁽³⁾	81.67
2007.....	8.250	0.50	7.490 ⁽³⁾	81.67
2008.....	6.000	0.50	7.490 ⁽³⁾	81.67
2009.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2010.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2011.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2012.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2013.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2014.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2015.....	3.250	0.50	5.000 ⁽⁴⁾	81.67
2016.....	3.500	0.50	5.000 ⁽⁴⁾	81.67
2017.....	3.750	0.50	5.000 ⁽⁴⁾	81.67
2018.....	4.500	0.50	5.000 ⁽⁴⁾	81.67

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount we have provided recently, your plan may be discounted by a different amount or may not be discounted at all.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** represents a fixed rate we have used recently.

⁽⁴⁾ This **ANNUAL PERCENTAGE RATE** reflects a 5.000% floor.