

**Patelco Credit Union Home Equity Line of Credit - Program Disclosure**

**This Program Disclosure contains important information about Patelco Credit Union Home Equity Line of Credit. Please read it carefully and retain for your records.**

**General:** Patelco CU Home Equity Line of Credit (“HELOC” or “line of credit” or “Account” is a revolving line of credit secured by the borrower’s principal residence. The HELOC permits borrowers to obtain credit advances (or draws) up to a specific credit limit throughout the term of the loan as long as credit is available. The HELOC has a 25 year term and is a variable-rate loan with the index based on the Prime Rate as published in the Wall Street Journal.

You understand that the interest rate, points, and/or origination fee for your Account will be set at the time the loan documents are prepared for signature and, therefore, may be higher or lower than the rate, points, and/or origination fee at the time of application. You understand and agree that Patelco Credit Union will determine the date on which your loan documents are prepared and the date of loan funding.

**Availability of Terms – All 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 have paid to us or anyone else in connection with your application. Maximum combined loans to value cannot exceed 90%.

**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:** Under certain circumstances, we can (1) terminate your Account and require you to pay us the entire outstanding balance in one payment, and also change certain fees; (2) refuse to make additional extensions of credit; (3) reduce your credit limit; and (4) make specific changes to the terms that are set forth in your Agreement with us. If you ask, we will provide you with specific information about the circumstances under which we could take these actions.

**Minimum-payment Requirements:** You can obtain advances of credit for the first 10 years (the “draw period”).

*Monthly interest-only payments:* During the draw period, your payments will be due monthly and will equal the finance charges that accrued on the outstanding balance during the preceding month. This minimum payment method, however, will not reduce the principal that is outstanding on your line.

After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the “repayment period”). The length of the repayment period is 15 years. During the Repayment Period, you will repay the entire balance outstanding at the end of the draw period. Your minimum monthly payment will be the amount necessary to pay off the balance in full at the then-current Annual Percentage Rate over the number of months remaining in the repayment period. Increases in the Annual percentage rate and the outstanding principal balance will increase the required minimum monthly payment.

**The Minimum-payment Example:** If you took a single \$10,000 advance and the ANNUAL PERCENTAGE RATE was 7% with the monthly interest only draw period and 15-year repayment period, it would take 25 years to pay off the advance if you made only the minimum payments. During that period, you would make 120 payments of \$58.33 (*Interest Only*), followed by 179 payments of \$89.88 and one final payments of \$90.78

**Fees and Charges:** To open and maintain a Home Equity Line of Credit, you may be required to pay a Lender Fee of \$250.00.

You may also be required to pay certain third-party fees to open this credit line. These fees generally total between \$0 and \$2,500. If you ask, we will provide you with an itemization of these fees you may have to pay.

If your Account is opened under the “No Closing Cost” loan program, there will be no lender fee and no charge for customary closing costs including: Automated Valuation Model (AVM) to determine property value, Lender’s title insurance, courier, points, wire fees, notary, escrow fee, recording of Patelco documents, flood certification, credit report, loan origination, or tax service. Only these fees listed will be paid by Patelco Credit Union. The “No Closing Cost” program does not include extraordinary items, including but not limited to the following: “complex” residential real estate appraisals as defined by the USPAP, additional credit reports for the same loan transaction, grant deeds and any associated notary or recording fees, missed appraisal appointments or ‘trip charges’ and any fees to close another account as the result of this Account.

**Other Fees and Charges:**

- Annual maintenance fee: None
- Late Charges: If any payment is more than 10 days late, a Late Charge will be assessed equal to 3% of the interest due, or \$5.00 whichever is greater. Also, when you make a payment which is less than the Minimum Monthly Payment when due you will be assessed Late Charge.
- Checks returned unpaid for NSF/Uncollected Funds per Item: \$28
- Checks returned unpaid for HELOC Payment per item: \$28
- Stop Payment on Home Equity Check per item: \$15
- Research/Copy Fee: \$2 per page
- Demand Fee: \$30
- Subordination Fee: \$200
- Recast or Amortization Fee: \$250
- Reconveyance Fee: \$120-\$151 for CA Properties, All Other States, \$35-\$234

**Minimum Credit Limit, Draw and Initial Advance Requirements:** The minimum Credit Limit for a Home Equity Line of Credit is \$10,000. The minimum initial draw amount and each subsequent minimum advance is \$0.

**Property Insurance:** You must carry adequate hazard insurance on the property that secures this plan at all times. If the property is located in a Special Flood Hazard Zone, we will require you to obtain flood insurance if it is available.

**Prepayment:** You may repay your Home Equity Line of Credit in whole or in part at any time without penalty.

**Introductory Rate:** The Credit Union may offer an Introductory Discounted Margin for an Initial Introductory period. During the Introductory period the discounted APR is still subject to change each month, based on periodic changes to the index. Immediately following the Introductory period the APR will convert to the Index Value then in effect, plus the Margin disclosed in the Truth In Lending Disclosure and Open-end Loan Agreement.

**Loan Term, Draw and Repayment Periods:** The Home Equity Line of Credit loan term is twenty five (25) years. You can obtain draw/advances under the line of credit for the first ten years (the “draw period”). After the draw period you will no longer be able to obtain credit advances and must repay the outstanding balance (the “repayment period”). The length of the repayment is 15 years. Repayment in full is due on the Maturity Date.



**Variable Rate Information:** The line of credit has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum payment can change as a result. **The Annual Percentage Rate includes only interest. Other costs are not included.**

The **Annual Percentage Rate** is based on an Index Value plus a Margin. The Margin is a specific number of percentage points which is added to the Index Value to calculate the Annual Percentage Rate that we will apply to the line of credit at origination and when the rate adjusts. **Ask us for the current Index Value and Margin, as well as the current Annual Percentage Rate.** After you open your Account, rate information will be provided on the periodic statements that we send to you.

**Fixed Rate Option:** After your loan is completed, you have the option to lock in a portion or all of your existing equity balance on your new Patelco Home Equity Line of Credit into a fixed rate at 7, 10, or 15 years. Rates may vary and are subject to change. For the latest rates visit [patelco.org/HomeEquity](http://patelco.org/HomeEquity). You may only have one fixed-rate option on either all or a portion of your balance at a time. Your fixed rate balance will reduce the amount of available credit for future draws on your equity line. Any future draws will be at the variable rate and payment in effect on your loan at the time of the draw. You will receive a separate statement and make separate payments for the fixed-rate portion of your balance. The maximum term available for a fixed rate option is 15 years. Other restrictions may apply.

**The Index** is the highest commercial **Prime Rate** as published in the Wall Street Journal, Western Edition, on the last business day of the month prior to the change. Should the index be discontinued or otherwise be made unavailable during the term of your line of credit we will choose a new index that is based on comparable information and will provide you notice of this change.

**Rate Changes:** Increases and decreases in the ANNUAL PERCENTAGE RATE resulting from changes in the Index can occur monthly on the first day of each calendar month of each year during the term of the Account (the "Change Date"). On the first day of each calendar month we will adjust the ANNUAL PERCENTAGE RATE on the Account subject to the Limits on Rate Changes as set forth below, to agree to a newly computed **Annual Percentage Rate** based on the Index Value in effect as of the first day of the current month, plus the Margin. If there is no change in the Index Value on the Change Date the **Annual Percentage Rate** will not change.

**Limits on Rate Changes:** Unless we are offering a discounted introductory rate, the Annual Percentage rate can generally change once each month on the first day of the month. If an introductory rate is offered, the first rate change will occur on the first day of the month after the expiration of the introductory period and every month thereafter. In no event can your rate decrease below **3.000%** or increase above **17.000% Annual Percentage Rate**.

**Maximum Rate and Payment Example:** If you had an outstanding balance of \$10,000, the Minimum Monthly Payment at the maximum ANNUAL PERCENTAGE RATE of 17% would vary between \$141.67 and \$153.90 per month. If the initial ANNUAL PERCENTAGE RATE was 3.99% (the January 2015 Index Value plus the Margin) the maximum ANNUAL PERCENTAGE RATE of 17% could be reached at the beginning of the second (2<sup>nd</sup>) month.

**Historical Example:** The following table shows how the ANNUAL PERCENTAGE RATE and the Monthly 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 December 1 of each year. While only one payment amount per year is shown, the payments during the repayment period would have varied during each year. The table assumes that no additional credit advances were taken and that only the Minimum.

Monthly Payment was made each month and that rate remained constant during the year. It does not necessarily indicate how the index or your payments would change in the future.

	Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE	Minimum Monthly Payment
Interest Only	2005	7.00	0.74	7.74	\$64.50
Draw Period	2006	8.25	0.74	8.99	\$74.92
	2007	7.50	0.74	8.24	\$68.67
	2008	4.00	0.74	4.74	\$39.50
	2009	3.25	0.74	3.99	\$33.25
	2010	3.25	0.74	3.99	\$33.25
	2011	3.25	0.74	3.99	\$33.25
	2012	3.25	0.74	3.99	\$33.25
	2013	3.25	0.74	3.99	\$33.25
Repayment Period	2014	3.25	0.74	3.99	\$73.92
	2015	3.25	0.74	3.99	\$73.92
	2016	3.50	0.74	4.24	\$75.18
	2017	4.50	0.74	5.24	\$80.34
	2018	5.25	0.74	5.99	\$84.33
	2019	4.75	0.74	5.49	\$81.49
	2020	3.25	0.74	3.99	\$73.92

\*Margin listed was recently used. Margins are determined by your credit history, loan-to-value, and whether the property securing the loan is owner-occupied. Yours could be higher. Please ask about our current margins.

