



## HOME EQUITY EARLY DISCLOSURE IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

**This disclosure contains important information about Actors Federal Credit Union Home Equity Line of Credit. 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 will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 240 monthly payments will be used to calculate your payment.

The payoff will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will be rounded up to the nearest dollar. Your payment will change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your

payment to repay the balance within the original payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges. Your payment will never be less than \$100.00, or the full amount that you owe.

**FEES AND CHARGES:** You must pay certain fees to third parties to open the plan. These fees generally total between \$0.00 and \$5,000.00. If you ask, we will provide you with an itemization of the fees you will have to make to third parties.

You must pay for the cost of the appraisal.

You must pay a fee of \$500 if you do not draw at least \$25,000 at the initial funding of the line of credit.

If you close your line of credit or reduce it to less than \$10,000 within the first 6 months following the date your line of credit was established, we will charge a closing cost recapture fee of \$1000.

There may be other fees and charges in connection with your HELOC, such as: (1) Late Payment Fees: Up to \$25 based on balance.

**VARIABLE RATE FEATURE:** This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may change as a result. The annual percentage rate includes only interest and no other costs. Notwithstanding the above, minimum monthly payments shall be calculated as 0.85% of the current balance, applied to accrued interest first and then to principle.

The **ANNUAL PERCENTAGE RATE** is based on an index. The index is the **Prime Rate** as published in the Wall Street Journal. 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.

**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 improvement on the property securing this 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 paid.

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