

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 or impairs our security interest such that the value of the interest is less than 120 percent of the credit line; (6) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (7) the maximum annual percentage rate is reached.

The initial agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

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. Your minimum monthly payment during the draw period will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month.

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 will depend on your outstanding balance but it will never exceed 15 years. Your minimum monthly payment during the repayment period will be set to repay the outstanding balance, at the prevailing annual percentage rate, within the repayment period. Your payment will change if the annual percentage rate increases or decreases. Your payment will never be less than the smaller of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 14 years 9 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 3.25%. During the draw period, you would make 60 payments of \$24.93 to \$27.60, followed by 116 payments of \$100.00 and one (1) final payment of \$78.69 in the repayment period.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan, which generally total between \$0.00 and \$3,500.00. The credit union currently waives the bona fide closing costs with the exception of title insurance in certain scenarios at loan origination which is a conditional benefit being provided to you. The collection and recovery of these conditionally waived costs would only occur upon full payoff and closure of the loan within three years of the origination. If you ask, we will provide you with an itemization of the fees you will have to reimburse us.

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.

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.

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* which is in effect on the fifth to last business day of the preceding month. When a range of rates has been published the highest rate will be used.

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 is "discounted" – it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for initial 6 billing cycles. Ask us for the current index value, margin, discount 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 on the first day of each month following the initial 6 billing cycles. The rate cannot increase or decrease more than 2.0 percentage points during any annual anniversary period. The initial discount rate will not be taken into account in applying this periodic rate cap. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by NCUA. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.0% at any time during the term of the plan.

LIMITED EXCEPTION TO MINIMUM RATE FLOOR. Regardless of any statement to the contrary herein, the Credit Union, in its sole discretion,

may waive the minimum **ANNUAL PERCENTAGE RATE** from time to time during the term of your plan. Our waiver of the minimum **ANNUAL PERCENTAGE RATE** shall in no way impair our right to impose the minimum rate on any annual percentage rate adjustment date as provided herein.

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.

AUTOMATIC DEDUCTION PAYMENTS: You may be eligible to receive a margin reduction of 0.25% if you voluntarily elect to have your payment automatically transferred from a HVFCU account. If you choose to cancel automatic transfer the margin will be increased by 0.25%. This deduction does not affect the amount of your monthly payment during the repayment 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 18.0% would be \$152.88. This annual percentage rate could be reached at the time of the 91st payment. If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$161.06. This annual percentage rate could be reached at the time of the 85th payment.

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 January 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 January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2000	8.500	0.00	1.990 ⁽²⁾	16.90
2001	9.000	0.00	9.000	76.44
2002	4.750	0.00	7.000 ⁽³⁾	59.45
2003	4.250	0.00	5.000 ⁽³⁾	42.47
2004	4.000	0.00	4.000	33.97
Start of repayment period				
2005	5.250	0.00	5.250	100.00 ⁽⁴⁾
2006	7.500	0.00	7.250 ⁽³⁾	100.00 ⁽⁴⁾
2007	8.250	0.00	8.250	100.00 ⁽⁴⁾
2008	6.000	0.00	6.250 ⁽³⁾	100.00 ⁽⁴⁾
2009	3.250	0.00	4.250 ⁽³⁾	100.00 ⁽⁴⁾
2010	3.250	0.00	3.250	100.00 ⁽⁴⁾
2011	3.250	0.00	3.250	100.00 ⁽⁴⁾
2012	3.250	0.00	3.250	100.00 ⁽⁴⁾
2013	3.250	0.00	3.250	100.00 ⁽⁴⁾
2014	3.250	0.00	3.250	100.00 ⁽⁴⁾

⁽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.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

⁽⁴⁾ This payment reflects the minimum payment of \$100.00.