

## GREENSBORO POSTAL CREDIT UNION

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### IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT

This disclosure contains important information about our 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 prior to the opening of your Home Equity account. 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 you paid 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 if:

- You engage in fraud or material misrepresentation in connection with the line.
- You do not meet the repayment terms.
- 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:

- The value of the dwelling securing the line declines significantly below its appraised value for purposes of the line such as your encumbered equity declining by 50.00% or more.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the agreement.
- 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.
- A regulatory agency has notified us that continued advances would constitute an unsafe and unsound practice.
- 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 of the credit advance a payoff period of 180 monthly payments will be used to calculate your payment.

The payoff period 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 remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases. Each time the annual percentage rate increases, we will review the effect the increase has had on your plan. If the annual percentage rate has increased so much that your payment is not sufficient to repay the balance within the payoff period, 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.

**Minimum Payment Example:** If you make only the minimum payment and took no other credit advances, it would take 9 years and 11 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 3.50%. You would make 60 monthly payments of \$100.00 during the draw period. You would make 58 monthly payments of \$100.00 during the repayment period. You would then make a final payment of \$40.37.

**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.

**Transaction Requirements:** The minimum amount of the first credit advance is \$2,000.00 and \$2,000.00 for each subsequent advance. The minimum number of transactions in any one year is six (6).

**Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges for the line.

**Variable-Rate Feature:** This plan has a variable-rate feature and the ANNUAL PERCENTAGE RATE (corresponding to the periodic rate), and minimum payment can 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.

**Description of Index:** The Index is the highest Prime Interest Rate as published in the Wall Street Journal.

**Source of Index:** The Index is published in the *Wall Street Journal*. We will use the most recent index value available to us. To determine the annual percentage rate that will apply to your Plan, 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 the account, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The Annual Percentage Rate can change quarterly on the first day of the month following a change in the index. The maximum ANNUAL PERCENTAGE RATE that can apply is 18.00% or the maximum permitted by law, whichever is less.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18.00% would be \$161.04. This ANNUAL PERCENTAGE RATE could be reached immediately after the draw period.

**Historical Examples:** 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 last 15 years.

Period or date each year from which index values were taken: as of the first week in January of each year. While only one payment amount per year is shown, payments would have varied slightly during each year. The table assumes that no additional credit advances were taken, that only the minimum payment was made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments would change in the future.

<u>YEAR</u>	<u>INDEX (%)</u>	<u>MARGIN (%) *</u>	<u>ANNUAL PERCENTAGE RATE</u>	<u>MINIMUM PAYMENT (\$) **</u>
2002	4.750	0.000	4.750	100.00
2003	4.250	0.000	4.250	100.00
2004	4.000	0.000	4.000	100.00
2005	5.250	0.000	5.250	100.00
2006	7.250	0.000	7.250	100.00
2007	8.250	0.000	8.250	100.00
2008	7.250	0.000	7.250	100.00
2009	3.250	0.000	3.250	100.00
2010	3.250	0.000	3.250	100.00
2011	3.250	0.000	3.250	100.00
2012	3.250	0.000	3.250	100.00
2013	3.250	0.000	3.250	0
2014	3.250	0.000	3.250	0
2015	3.250	0.000	3.250	0
2016	3.500	0.000	3.500	0

\* This is a margin we have used recently. Yours may be different based on your credit score or loan to value ratio.

\*\* This payment represents the minimum payment of \$100.00.

I/We hereby acknowledge receipt of this disclosure and a copy of the home equity brochure or comparable publication provided by the lender.

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(Recipient)

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Date

\_\_\_\_\_  
(Recipient)

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Date