

San Diego County Credit Union

HELOC EARLY DISCLOSURE AND IMPORTANT TERMS OF LINE OF CREDIT PLAN

This disclosure contains important information about the San Diego County Credit Union home equity line of credit account. You should read it carefully and keep a copy for your records.

Availability of Terms. All of the terms below are subject to change. If any of the following 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 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 your obligations set forth in your Home Equity Line of Credit Agreement and Disclosure (the "Agreement").

Possible Actions. Under certain circumstances, we may (1) terminate your line of credit, require you to pay us the entire outstanding balance in one payment and charge you certain fees; (2) refuse to make additional extensions of credit; and (3) reduce your credit limit.

If you ask, we will give you more specific information concerning when we can take these actions.

Minimum Payment. You may obtain advances for 10 years. This period is called the "draw period." During the draw period your payments will be due monthly and will equal the periodic interest finance charges accrued on the outstanding balance during the billing period, plus any amount that is past due, plus any other finance charges imposed during the billing cycle. Your minimum monthly payment during the draw period may not reduce the principal that is outstanding on your line.

After the draw period ends, you will no longer be able to obtain advances and must pay the outstanding balance over the remaining 20 years (the "repayment period"). During the repayment period payments will be due monthly. Your minimum monthly payment will equal the balance outstanding at the end of the draw period fully amortized over 240 months, plus any amount that is past due, plus all unpaid finance charges. During the repayment period your minimum monthly payment may increase or decrease based upon a change in the index value and the remaining balance outstanding on your Account. However, at no point will your minimum monthly payment be less than the smaller of \$100.00 or the full outstanding balance that you owe.

Minimum Payment Example. If you took a single \$10,000 advance and the ANNUAL PERCENTAGE RATE was 6.750%, it would take 22 years and 4 months to pay off the advance if you made only the minimum payment. During the draw period you would make 120 monthly payments of \$56.25, followed by 147 monthly payments of \$100.00 during the repayment period, followed by one monthly payment of \$37.93.

Closing Costs. We do not currently intend to charge you any closing costs to open, use or maintain your line of credit. If we are required to perform certain services that are not part of our standard services, such as an appraisal reevaluation that you might request, then we may charge you for those services. We will pay certain fees to third parties on your behalf to open a line of credit, such as fees to appraisers, title companies and government agencies. These fees generally total between \$500.00 and \$2,000.00. If you ask, we will give you a good faith itemization of these fees.

Closing Cost Reimbursement. If your Home Equity Line of Credit (HELOC) is closed or refinanced within three years of origination with a lender other than us, you will have to reimburse us for the third party fees that were paid by us on your behalf.

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.



Periodic Interest Finance Charge Accrual. The periodic interest finance charge begins to accrue on the date that a Loan Advance is made from your Account

Tax Deductibility. You should consult a tax advisor regarding the deductibility of interest and charges on your line of credit.

Variable Rate Information. This line of credit has a variable rate of interest. The annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result.

The annual percentage rate includes only interest finance charges and no other finance charges.

The annual percentage rate is based on the value of an index. The index is the highest "Prime Rate" as published in the "Money Rates" table of the online or print edition of *The Wall Street Journal*. To determine the annual percentage rate that will apply to your line, we add a margin ("Margin") to the value of the index. If the annual percentage rate is not already rounded, we then round to the nearest 0.125%. 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 the first year your account is open. Ask us for the current index value, margin, discount, and annual percentage rate. After you open a line of credit, rate information will be provided in monthly billing statements that are sent to you.

Rate Changes. The annual percentage rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.000% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 4.000% at any time during the term of the plan. Ask us for the specific rate limitations that will apply to your credit line.

Maximum Rate and Payment Example. If you had an outstanding balance of \$10,000 during the draw period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000% would be \$150.00. If you had an outstanding balance of \$10,000 during the repayment period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.000% would be \$153.92. This annual percentage rate could be reached in 1 month.



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Historical Example. The following table shows how the annual percentage rate and the monthly payments for a single \$10,000 advance would have changed based on changes in the index over the past 15 years. The index values are from the first business day of June, of each year. While only one payment amount per year is shown, payments would have varied during each year.

The table assumes that no additional advances were taken, that only the minimum payment was made each month, 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.

| Year | Index (%) | Margin* (%) | ANNUAL PERCENTAGE RATE (%) | Minimum Monthly Payment (\$) |
|------|-----------|-------------|----------------------------|------------------------------|
| 2004 | 4.000 | 2.000 | 3.990 ¹ | 33.25 |
| 2005 | 6.000 | 2.000 | 8.000 | 66.67 |
| 2006 | 8.000 | 2.000 | 10.000 | 83.34 |
| 2007 | 8.250 | 2.000 | 10.250 | 85.42 |
| 2008 | 5.000 | 2.000 | 7.000 | 58.34 |
| 2009 | 5.000 | 2.000 | 7.000 | 58.34 |
| 2010 | 3.250 | 2.000 | 5.250 | 43.75 |
| 2011 | 3.250 | 2.000 | 5.250 | 43.75 |
| 2012 | 3.250 | 2.000 | 5.250 | 43.75 |
| 2013 | 3.250 | 2.000 | 5.250 | 100.00 ² |
| 2014 | 3.250 | 2.000 | 5.250 | 100.00 ² |
| 2015 | 3.250 | 2.000 | 5.250 | 100.00 ² |
| 2016 | 3.500 | 2.000 | 5.500 | 100.00 ² |
| 2017 | 4.500 | 2.000 | 6.500 | 100.00 ² |
| 2018 | 4.750 | 2.000 | 6.750 | 100.00 ² |

* This is a margin we have used recently; your margin may be different.

¹ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

² This payment reflects the minimum payment of \$100.00.



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