

## Home Equity Line of Credit

(Adjustable Rate) (Prime Rate Program)

### Initial Disclosure

This brochure describes Technology Credit Union's adjustable Equity Line of Credit with monthly adjustments.

#### IMPORTANT TERMS OF TECHNOLOGY CREDIT UNION'S HOME EQUITY LINE OF CREDIT—PRIME RATE PROGRAM

This disclosure contains important information about our Equity Line of Credit. You should read it carefully and keep a copy for your records. You will find other essential information in this brochure and in the loan note itself.

**Availability of Terms:** All of the terms described below are subject to change prior to a final decision on your loan application.

If any of 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 mortgage on 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 loan account and require you to pay us the entire outstanding balance in one payment and also charge you certain fees for any one of the following reasons:

- You engage in fraud or material misrepresentation in connection with this line of credit.
- You do not make payments as scheduled.
- The security for the loan is impaired.

We can also refuse to make additional extensions of credit, or reduce your credit limit, if:

- The security is worth significantly less than its value at the time you applied for the line of credit.
- Your financial circumstances have materially changed.
- You are in default in a material obligation under the line of credit agreement.
- Government action prevents us from continuing to use the annual percentage rate formula or making further loan advances under the account terms.
- A governmental agency takes some action that has the effect of impairing our security interest in your home, such as the imposition of a tax lien.
- The maximum annual percentage rate provided under the formula is reached.
- A regulatory agency advises us that further extensions of credit would be unsafe and unsound under the circumstances.
- Ten years have passed since the signing of the line of credit agreement.

The line of credit agreement allows the lender to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events such as your default.

**Minimum Advance:** There is no minimum advance amount.

**Minimum Payment Requirements:** Your minimum monthly payment varies with the amount borrowed and with fluctuations in the annual percentage rate.

You can obtain loan advances for ten years. During the draw period, the payment will equal the finance charges that accrued on the outstanding balance during the preceding month. No principal is included in this minimum payment amount.

After the draw period ends, the minimum payment will change with the interest rate to an amount sufficient to amortize the outstanding balance over a repayment period of fifteen years.

During both the draw and repayment periods, increases in the interest rate will increase the minimum payment amount. During the draw period, decreases in the interest rate will decrease the payment amount. During the repayment period, increases in the interest rate will increase the minimum payment only if the current payment is not sufficient to fully amortize the outstanding balance over the time remaining in the repayment period. During the repayment period, decreases in the interest rate will not decrease the payment amount. Rate decreases during the repayment period may result in early loan payoff.

**Minimum Payment Example:** If you made only the minimum monthly payments and took no other credit advances, it would take 25 years to pay off a credit advance of \$10,000. The amount of the payments during the draw and repayment periods would depend on the initial APR that applied to your loan. Interest rate increases will increase your minimum monthly payments during the draw period and may increase your minimum monthly payments during the repayment period. Examples assume that the interest rate remains constant.

Initial APR	120 payments of:	followed by 179 payments of:	and a final payment of:
3.75%	\$31.25	\$72.74	\$72.04
4.24%	\$35.33	\$75.20	\$73.82
4.25%	\$35.42	\$75.25	\$73.86
4.49%	\$37.42	\$76.47	\$75.50

**Fees and Charges:** To open and maintain an Equity Line of Credit, you may be required to pay certain fees and charges.

We will absorb all costs establishing your equity line of credit, including appraisal, title insurance, flood hazard review, and document recording. These fees generally total between \$500 and \$2,500. If you pay off your equity line of credit balance and close your line of credit within three years of opening it, we will add an Early Closure Fee to your outstanding loan balance. The Early Closure Fee is based on the credit limit at the time the line is opened. For limits of \$10,000 to \$250,000, the Fee is \$500. For limits of \$250,001 to \$500,000, the Fee is \$750. For limits of \$500,001 and up, the Fee is \$1,500.00. You may request an itemization of fees but one will be given to you in any event when the loan closes.

You must carry insurance on the property that secures this loan.

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

**Variable-Rate Information:** The line has a variable-rate feature, and the annual percentage rate (APR) and the minimum monthly payment can change as a result.

The annual percentage rate includes only interest. Other costs are not included.

The APR is calculated monthly on the 24th day of each month by adding an index to a margin. The index is the highest commercial prime rate correctly published in the Wall Street Journal, Western Edition, on the 15th day of the month prior to the rate change. (If the 15th is not a business day, the prime rate published on the next business day will be used.) To obtain the APR that will apply to your account, we add/subtract a margin to the index. The index is published in the Wall Street Journal and the financial pages of many newspapers.

Ask us for the current index value, margins and annual percentage rates. After you open a Line of Credit, rate information will be provided on periodic statements that we will send you.

**Rate Changes:** In no event will the ANNUAL PERCENTAGE RATE exceed 18%. Otherwise, no limits apply to rate adjustments. If an introductory rate applies to your line of credit, the rate and time through which it will apply will be disclosed to you. At the end of the period, your rate will adjust to equal the index plus margin then in effect.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 with the following initial interest rates, the minimum monthly payments at the following hypothetical maximum ANNUAL PERCENTAGE RATES would be the following amounts during the draw and repayment periods. The maximum annual percentage rates could be reached any time during the draw or repayment periods, including the first scheduled rate adjustment.

Initial APR	Maximum APR	Draw Period	Repayment Period
3.75%	18%	\$150.00	\$161.11
4.24%	18%	\$150.00	\$161.11
4.25%	18%	\$150.00	\$161.11
4.49%	18%	\$150.00	\$161.11

**Historical Example:** The following tables show how the annual percentage rate and the minimum monthly payments for a single \$10,000 credit advance would have changed at different margins based on changes in the index over the past 15 years. The index values are from January of each year. While only one payment amount per year is shown, payments would have varied during the year.

The tables assume that no additional credit advances were taken and that only the initial minimum payment was made each month. They do not necessarily indicate how the index or your payments would change in the future. The margins have been used recently.

A copy of this disclosure is part of the loan agreement.

#### Home Equity Line of Credit Rates Prime + .25%

Year	Prime Rate	Margin	APR	Payment
2002	4.75%	0.25%	5.00%	\$41.67
2003	4.25%	0.25%	4.50%	\$37.50
2004	4.00%	0.25%	4.25%	\$35.42
2005	5.25%	0.25%	5.50%	\$45.83
2006	7.25%	0.25%	7.50%	\$62.50
2007	8.25%	0.25%	8.50%	\$70.83
2008	7.25%	0.25%	7.50%	\$62.50
2009	3.25%	0.25%	3.50%	\$29.17
2010	3.25%	0.25%	3.50%	\$29.17
2011	3.25%	0.25%	3.50%	\$29.17
<b>Draw Period<sup>1</sup></b>				
<b>Repayment Period<sup>2</sup></b>				
2012	3.25%	0.25%	3.50%	\$71.40
2013	3.25%	0.25%	3.50%	\$71.40
2014	3.25%	0.25%	3.50%	\$71.40
2015	3.25%	0.25%	3.50%	\$71.40
2016	3.50%	0.25%	3.75%	\$72.38

<sup>1</sup> Minimum payments during the draw period include finance charges only.

<sup>2</sup> Minimum payments during the repayment period include principal and finance charges.

#### Home Equity Line of Credit Rates Prime + .74%

Year	Prime Rate	Margin	APR	Payment
2002	4.75%	0.74%	5.49%	\$45.75
2003	4.25%	0.74%	4.99%	\$41.58
2004	4.00%	0.74%	4.74%	\$39.50
2005	5.25%	0.74%	5.99%	\$49.92
2006	7.25%	0.74%	7.99%	\$66.58
2007	8.25%	0.74%	8.99%	\$74.92
2008	7.25%	0.74%	7.99%	\$66.58
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
<b>Draw Period<sup>1</sup></b>				
<b>Repayment Period<sup>2</sup></b>				
2012	3.25%	0.74%	3.99%	\$73.81
2013	3.25%	0.74%	3.99%	\$73.81
2014	3.25%	0.74%	3.99%	\$73.81
2015	3.25%	0.74%	3.99%	\$73.81
2016	3.50%	0.74%	4.24%	\$74.80

<sup>1</sup> Minimum payments during the draw period include finance charges only.

<sup>2</sup> Minimum payments during the repayment period include principal and finance charges.

#### Home Equity Line of Credit Rates Prime + .75%

Year	Prime Rate	Margin	APR	Payment
2002	4.75%	0.75%	5.50%	\$45.83
2003	4.25%	0.75%	5.00%	\$41.67
2004	4.00%	0.75%	4.75%	\$39.58
2005	5.25%	0.75%	6.00%	\$50.00
2006	7.25%	0.75%	8.00%	\$66.67
2007	8.25%	0.75%	9.00%	\$75.00
2008	7.25%	0.75%	8.00%	\$66.67
2009	3.25%	0.75%	4.00%	\$33.33
2010	3.25%	0.75%	4.00%	\$33.33
2011	3.25%	0.75%	4.00%	\$33.33
<b>Draw Period<sup>1</sup></b>				
<b>Repayment Period<sup>2</sup></b>				
2012	3.25%	0.75%	4.00%	\$73.99
2013	3.25%	0.75%	4.00%	\$73.99
2014	3.25%	0.75%	4.00%	\$73.99
2015	3.25%	0.75%	4.00%	\$73.99
2016	3.50%	0.75%	4.25%	\$74.93

<sup>1</sup> Minimum payments during the draw period include finance charges only.

<sup>2</sup> Minimum payments during the repayment period include principal and finance charges.

#### Home Equity Line of Credit Rates Prime + .99%

Year	Prime Rate	Margin	APR	Payment
2002	4.75%	0.99%	5.74%	\$47.83
2003	4.25%	0.99%	5.24%	\$43.67
2004	4.00%	0.99%	4.99%	\$41.58
2005	5.25%	0.99%	6.24%	\$52.00
2006	7.25%	0.99%	8.24%	\$68.67
2007	8.25%	0.99%	9.24%	\$77.00
2008	7.25%	0.99%	8.24%	\$68.67
2009	3.25%	0.99%	4.24%	\$35.33
2010	3.25%	0.99%	4.24%	\$35.33
2011	3.25%	0.99%	4.24%	\$35.33
<b>Draw Period<sup>1</sup></b>				
<b>Repayment Period<sup>2</sup></b>				
2012	3.25%	0.99%	4.24%	\$75.20
2013	3.25%	0.99%	4.24%	\$75.20
2014	3.25%	0.99%	4.24%	\$75.20
2015	3.25%	0.99%	4.24%	\$75.20
2016	3.50%	0.99%	4.49%	\$76.15

<sup>1</sup> Minimum payments during the draw period include finance charges only.

<sup>2</sup> Minimum payments during the repayment period include principal and finance charges.

**Appraisal Disclosure:** We may order an appraisal to determine the property's value and charge you for this appraisal. If your home equity line of credit (if approved) will be secured by a first lien on your property, we will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

