



**U. S. POSTAL SERVICE**  
**FEDERAL CREDIT UNION**  
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## **HOME EQUITY EARLY DISCLOSURE**

### **IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN – INTEREST ONLY**

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. 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 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 line, require you to pay us the entire outstanding balance in one payment and charge you certain fees, 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.
- 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 120 months from the date of Agreement (the “draw period”). During the draw period, minimum payments will be due monthly and will be established at an amount equal to all accrued but unpaid Finance Charges due at the end of each billing cycle. Your payment will also include any portion of minimum payment(s) shown on prior statement(s) which remain unpaid and any other applicable charges.

After the draw period ends, you will no longer be able to obtain credit advances and you must repay the outstanding account balance (the “repayment period”). The length of the repayment period will depend on your outstanding account balance at the beginning of the repayment period but in no event exceed 240 months. During the repayment period, minimum payments will be due monthly and will be established on the first day of the repayment period or change in interest rate, at an amount necessary to amortize your then outstanding account balance over 240 months, rounded to the nearest dollar and subject to a minimum of \$45 or your account balance.

**NEGATIVE AMORTIZATION:** Under some circumstances, your payment will not cover the Finance Charges that accrue and Negative Amortization will occur. Negative Amortization will increase the amount that you owe us and reduce your equity in your home.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances, it would take 359 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 10.50%. During the draw period you would make 120 monthly payments of \$87.50. During the repayment period you would make 238 monthly payments of \$100.00 and 1 final payment of \$68.36.

**FEES AND CHARGES:** You may have to pay certain fees to third parties. These fees generally total between \$0 and \$1,800. If you ask, we will give you an itemization of the fees you will have to pay to third parties. **If the closing fees are paid by the Credit Union and your account is paid in full and closed within 36 months, you will be required to reimburse the credit union for all fees paid on your behalf upon closing your account.**

**PROPERTY INSURANCE:** You must carry insurance on the property that secures this plan.

**REFUNDABILITY OF FEES:** If you decide not to enter into this plan within three days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

**TRANSACTION REQUIREMENTS:** The minimum initial credit advance that you can receive is \$10,000.00.

**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. The index is the Prime Rate published in the Wall Street Journal. We will use the most recent index value available to us the month before the date of any annual percentage rate adjustment. To determine the annual percentage rate that will apply to your account, we use the value of the index plus our margin. Ask us for the current index value, margin, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**RATE CHANGES:** The annual percentage rate can change anytime the index value changes. The Annual Percentage Rate cannot increase or decrease more than 0.5 percentage points at each adjustment. The maximum **ANNUAL PERCENTAGE RATE** that can apply during the Plan is 18.00%. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 3.50% at any time during the term of the Plan.

**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 18.00% would be \$150.00. This Annual Percentage Rate could be reached in the 19<sup>th</sup> month of the draw period.

If you had an outstanding balance of \$10,000 during the repayment period, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.00% would be \$154.00. This Annual Percentage Rate could be reached in the 19<sup>th</sup> month of the repayment period.

**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 last 15 years. The index values are from the first business day in **August** of each year. While only one payment amount per year is shown, payments would have varied slightly during the 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.

Year	Index (Percent)	Margin (1) (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars \$)
2010	3.25	2.00	5.25	43.75
2011	3.25	2.00	5.25	43.75
2012	3.25	2.00	5.25	43.75
2013	3.25	2.00	5.25	43.75
2014	3.25	2.00	5.25	43.75
2015	3.25	2.00	5.25	43.75
2016	3.50	2.00	5.50	45.83
2017	4.25	2.00	6.25	52.08
2018	5.00	2.00	7.00	58.33
2019	5.25	2.00	7.25	60.42
2020	3.25	2.00	5.25	67.00 <sup>(2)</sup>
2021	3.25	2.00	5.25	67.00 <sup>(2)</sup>
2022	5.50	2.00	7.50	80.00 <sup>(2)</sup>
2023	8.50	2.00	10.50	96.00 <sup>(2)</sup>
2024	8.50	2.00	10.50	96.00 <sup>(2)</sup>

(1) This is a margin we have used recently. Your margin may be different.  
 (2) This represents the rounding of the payment to the nearest dollar.

**SIGNATURES**

By signing below, you acknowledge receipt of the Home Equity Early Disclosure.

<b>X</b>	<b>X</b>
BORROWER	BORROWER
DATE	DATE