



# HEALTHCARE ASSOCIATES CREDIT UNION

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## 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 in the agreement; (6) the priority of our security interest is adversely affected by government action to the extent that the value of the security interest is less than 120 percent of the credit line; (7) a regulatory agency has notified us that continued advances would constitute an unsafe and unsound business practice, or (8) the maximum annual percentage rate is reached.

**MINIMUM PAYMENT REQUIREMENTS:** You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. During the draw period your payments will be due monthly and will equal the finance charges (interest) that accrued on the outstanding balance during the preceding month. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

The minimum payment will not reduce the principal that is outstanding on your plan. At the end of the draw period you will be required to make a single balloon payment at the maturity date. Unless otherwise required by applicable law, we are under no obligation to refinance the balloon payment at that time. You may be required to make payment out of other assets you own or find a lender, which may be us, willing to lend you the money. If you refinance the balloon with us, you may have to pay some or all of the closing costs.

**MINIMUM PAYMENT EXAMPLE:** If you made only the minimum monthly payment and took no other credit advances it would take 10 years to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 8.5%. During that period, you would make 119 payments of \$65.21 to \$72.19 and a final balloon payment of \$10,072.19.

**FEES AND CHARGES:** In order to open, use and maintain a line of credit plan, you must pay the following fees to us:

Late Charges: \$30.00 if your payment is more than 5 days late.

**Reimbursement Fees:** On your behalf we will pay closing costs if your initial advance is a minimum of \$25,000.00 of new money or in addition to your current loan balance with us. Closing costs specifically refer to the credit report fee, title examination fee, appraisal fee, flood determination fee and recording fee. All other costs associated with the funding of this Home Equity Line of Credit are your responsibility. However, if you should close your Home Equity Line of Credit within twenty-four (24) months of the date of your Home Equity Credit Agreement and Truth in Lending Disclosure and the Addendum, you must reimburse us for bona-fide third party costs, up to an amount of \$900.00.

**Third Party Fees:** You may have to pay certain fees to third parties to open the plan. These fees generally total between \$90.00 and \$900.00. If you ask, we will provide you with an itemization of the fees you will have to pay to third parties.

**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.

**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.

**TRANSACTION REQUIREMENTS:** The minimum credit advance that you can receive is \$500.00.

**TAX DEDUCTIBILITY:** You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

**VARIABLE RATE FEATURE:** This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the amount of the monthly 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*. When a range of rates has been published the highest rate will be

used. We will use the most recent index value available to us as of 10 days before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. The margin for your plan will be based on your credit limit.

Ask us for the index value, margin 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 quarterly on the last day of March, June, September, and December. The rate cannot increase or decrease more than 2 percentage points in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 16% or the maximum permitted by law, whichever is less. However, under no circumstances will your **ANNUAL PERCENTAGE RATE** go below 5% at any time during the term of the plan.

**MAXIMUM RATE AND PAYMENT EXAMPLES:** If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL**

**PERCENTAGE RATE** of 16% would be \$135.89. This annual percentage rate could be reached at the time of the 37th payment.

**MARGIN:** The margin you receive is based on your creditworthiness. Please ask us for the margin for which you qualify.

**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 <sup>(1)</sup> (Percent)	<b>ANNUAL PERCENTAGE RATE</b>	Monthly Payment (Dollars)
2011.....	3.250	1.00	5.000 <sup>(2)</sup>	42.47
2012.....	3.250	1.00	5.000 <sup>(2)</sup>	42.47
2013.....	3.250	1.00	5.000 <sup>(2)</sup>	42.47
2014.....	3.250	1.00	5.000 <sup>(2)</sup>	42.47
2015.....	3.250	1.00	5.000 <sup>(2)</sup>	42.47
2016.....	3.500	1.00	5.000 <sup>(2)</sup>	42.47
2017.....	3.750	1.00	5.000 <sup>(2)</sup>	42.47
2018.....	4.500	1.00	5.500	46.71
2019.....	5.500	1.00	6.500	55.21
2020.....	4.750	1.00	5.750	48.84 <sup>(4)</sup>
2021.....	3.250	1.00	5.000 <sup>(2)</sup>	
2022.....	3.250	1.00	5.000 <sup>(2)</sup>	
2023.....	7.500	1.00	7.000 <sup>(3)</sup>	
2024.....	8.500	1.00	9.000 <sup>(3)</sup>	
2025.....	7.500	1.00	8.500	

<sup>(1)</sup> This is a margin we have used recently; your margin may be different.

<sup>(2)</sup> This **ANNUAL PERCENTAGE RATE** reflects a 5.000% floor.

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

<sup>(4)</sup> The last payment for this year would be a final balloon payment of \$10,048.84.