



AFTRA-SAG Federal Credit Union Home Equity Line of Credit - Program Disclosure

This Program Disclosure contains important information about the AFTRA-SAG Federal Credit Union Home Equity Line of Credit. Please read it carefully and retain it for your records.

GENERAL: The Home Equity Line of Credit ("HELOC" or "line of credit" or "Account") is a revolving line of credit secured by the borrower's principal residence. The HELOC permits borrowers to obtain credit advances (or "draws") up to a specified credit limit throughout the term of the loan as long as credit is available. The HELOC has a 15-year term and is a variable-rate loan with the index based on the Prime Rate as published in The Wall Street Journal. Interest only payments are required monthly with the outstanding principal balance due at maturity as a "Balloon" payment.

TERMS SUBJECT TO CHANGE: The terms of this disclosure are current; however, all terms are subject to change at any time. **If any of the terms described below change prior to the opening of your HELOC (other than changes due to fluctuations in the index and corresponding ANNUAL PERCENTAGE RATE), and as a result of the change you elect not to enter into an agreement with us, you are entitled to a refund of all fees that you paid to us or anyone else in connection with your application.**

SECURITY INTEREST: We will take a security interest (a deed of trust or mortgage) on your home as security for the Home Equity Line of Credit. You could lose your home if you do not meet the obligations in your agreement with us.

POSSIBLE ACTIONS: Under certain circumstances as specified in our Agreement with you, the Credit Union may: (1) terminate your Account and require you to pay us the entire outstanding balance in one payment and also charge you certain fees; (2) refuse to make additional extensions of credit; (3) reduce your credit limit; and, (4) make specific changes to the terms that are set forth in your Agreement with us. If you ask, we will provide you with specific information about the circumstances under which we could take these actions.

COSTS PAID BY THE CREDIT UNION AND OTHER FEES AND CHARGES: There are costs associated with obtaining a HELOC that must be paid to third parties, such as fees for the credit report, appraisal and title report. These fees are tied to the loan amount and generally should not exceed \$1,000. **The Credit Union will waive the first \$700 of these fees and charges,** however, if you pay off and close your HELOC within the first 36 months, you will be required to reimburse us for these costs (see "Termination Fee for Early Closure" below). If you ask, we will provide you with an itemization of the fees to be paid to third parties.

Attorneys' Fees: If your property is located outside of California in a "non-Trust Deed state" such as Florida, you must pay Attorneys' Fees and related costs incurred in connection with issuing or executing any required documentation and facilitating the closing process. These fees and related costs range from \$300 to \$1,000.

The above fees and charges must be paid by the date the Account is established.

Termination Fee For Early Closure: If you repay and close your HELOC within the first 36 months following the date your line of credit is established, we will assess a **Termination Fee for Early Closure** and you must reimburse the Credit Union for all upfront fees and charges waived on your Account, but which were paid by us to third parties in connection with the origination of your line of credit. Generally, these reimbursable costs should not exceed \$700.

Other Fees and Charges: There may be other fees and charges in connection with your HELOC, such as: (a) **Late Charges:** If any payment is 15 or more days late, a Late Charge will be assessed equal to 20% of the interest due, or \$10, whichever is greater. Also, if you make a payment which is less than the Minimum Monthly Payment when due, we will assess a Late Charge as stated above; (b) **Returned Payment Fee:** \$20 per item; (c) **Overlimit Fee:** \$10 per billing cycle; (d) **Stop Payment on Home Equity Check:** \$20 per item; and, (e) **Research/Copy Fee:** \$25 per hour (\$25 minimum - Fee is waived if it is determined there was a Credit Union error). We will also assess a **Reconveyance Fee** to release our security interest in the property securing your line of credit once final payoff of the line of credit has been received. The amount of the Reconveyance Fee varies by state but generally will not exceed \$45 in California.

MINIMUM CREDIT LIMIT AND MINIMUM DRAW AMOUNT: The minimum Credit Limit for a Home Equity Line of Credit is \$10,000 and the minimum amount for each draw or advance is \$100.

LOAN TERM, DRAW AND REPAYMENT PERIODS: The Home Equity Line of Credit loan term is fifteen (15) years. You can obtain draws/advances under the line of credit for the entire term of the loan up to the maturity date. Repayment in full is due on the Maturity Date.

MINIMUM MONTHLY PAYMENTS: Your payments will be due monthly. The Minimum Monthly Payment will equal the finance charges that accrued on the outstanding principal balance during the preceding month. **Paying only the Minimum Monthly Payment will not reduce the principal balance that is outstanding on your line of credit.** You may make larger payments at any time.

Balloon Payment Feature: If you make only the required Minimum Monthly Payment each month, or you pay an amount which will not fully repay the outstanding balance by the Maturity Date, you must pay off your entire remaining balance on the Maturity Date in a single "**Balloon Payment**" which may be much larger than the preceding payments.

PREPAYMENT: You may repay your Home Equity Line of Credit in whole or in part at any time without penalty. However, see Termination Fee for Early Closure, whereby certain upfront fees and charges which were waived by us at origination of your HELOC may be charged to you.

NEGATIVE AMORTIZATION: If you do not pay the Minimum Monthly Payment in full each month, your payments may not cover the Finance Charges that will accrue, in which case "Negative Amortization" may occur. This means that even though you are making monthly payments, the Finance Charges not covered by your payments will increase the amount that you owe us and will reduce the equity in your home by increasing the amount of the outstanding balance owed on your obligation.

VARIABLE-RATE INFORMATION: The Home Equity Line of Credit has a variable-rate feature and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) and Minimum Monthly Payment can change as a result. **The ANNUAL PERCENTAGE RATE includes only interest and not other costs.**

The **ANNUAL PERCENTAGE RATE** is based on an Index Value plus a Margin. The Margin is a specific number of percentage points which is added to the Index Value to calculate the **Annual Percentage Rate** that we will apply to the line of credit at origination and when the rate adjusts. **Ask us for the current Index Value and Margin, as well as the current Annual Percentage Rate.** After you open a PrimeLine HELOC, rate information will be provided on the periodic statements that we send to you.

The Index: The **Index** is the **Prime Rate** as published in the Wall Street Journal on the first day of each calendar month, rounded up to the nearest one-quarter of one percent (0.250%) (the "Index Value"). Details of the Prime Rate are located in the "Money Rates" section of The Wall Street Journal and are published daily. Should the Index be discontinued or otherwise be made unavailable during the term of your line of credit, we will choose a new Index that is based on comparable information and will provide you notice of this change.

Rate Changes: Increases and decreases in the **ANNUAL PERCENTAGE RATE** resulting from changes in the Index can occur monthly on the first day of each calendar month of each year during the term of the Account (the "Change Date"). On the first day of each calendar month we will adjust the **Annual Percentage Rate** on the Account, subject to the Limits on Rate Changes as set forth below, to agree to a newly computed **Annual Percentage Rate** based on the Index Value in effect as of the first day of the then current month, plus the Margin. If there is no change in the Index Value on the Change Date the **Annual Percentage Rate** will not change.

Limits on Rate Changes: The **ANNUAL PERCENTAGE RATE** cannot increase or decrease by more than two percentage points (2.00%) on any monthly Change Date, nor can the **ANNUAL PERCENTAGE RATE** increase or decrease by more than two percentage points (2.00%) in any consecutive 12-month period. This limitation is called the "Periodic Rate Cap". The **ANNUAL PERCENTAGE RATE** will never be more than 18%, nor less than the Index Value plus your Margin.

MINIMUM PAYMENT EXAMPLE: If you took a single \$10,000 advance and made no other payments other than the required Minimum Monthly Payment amount, and the **ANNUAL PERCENTAGE RATE** was 4.25% (the January 2010 Index Value plus the Margin) for the term of the line of credit, the Minimum Monthly Payment would vary between \$32.60 and \$36.10 per month for 180 months, and you would be required to pay the entire balance of \$10,000 in a single "**balloon**" payment on the maturity date.

MAXIMUM RATE AND PAYMENT EXAMPLE: If you had an outstanding balance of \$10,000, the Minimum Monthly Payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would vary between \$138.08 and \$152.88 per month. If your initial **ANNUAL PERCENTAGE RATE** was 4.25% (the January 2010 Index Value plus the Margin) the maximum **ANNUAL PERCENTAGE RATE** of 18% could be reached at the beginning of the seventh (7th) year.

VARIABLE-RATE 15-YEAR HISTORICAL EXAMPLE: The following table shows how the **ANNUAL PERCENTAGE RATE** and the Minimum Monthly Payments for an initial \$10,000 credit advance would have changed based on changes in the Prime Rate index over the last 15 years. The Index Values are as of the first week of January of each year. The table assumes no additional credit advances were taken, only Minimum Monthly Payments were made each month, and that the rate remained constant during each year. **This table does not necessarily indicate how the Index or your payments will change in the future.**

REMINDER: Making only the Minimum Monthly Payment (which is interest only) will NOT reduce the Outstanding Principal Balance and will result in a Balloon Payment of the entire Outstanding Principal Balance on the Maturity Date.

VARIABLE-RATE 15-YEAR HISTORICAL EXAMPLE:

| Year as of January | Index Value | Margin (1) | Annual Percentage Rate | Minimum Monthly Payment (3) | Outstanding Principal Balance (4) |
|--------------------|-------------|------------|------------------------|-----------------------------|-----------------------------------|
| 1996 | 8.50 % | 1.00 % | 9.50 % | \$ 80.68 | \$10,000.00 |
| 1997 | 8.25 % | 1.00 % | 9.25 % | \$ 78.56 | \$10,000.00 |
| 1998 | 8.50 % | 1.00 % | 9.50 % | \$ 80.68 | \$10,000.00 |
| 1999 | 7.75 % | 1.00 % | 8.75 % | \$ 74.32 | \$10,000.00 |
| 2000 | 8.50 % | 1.00 % | 9.50 % | \$ 80.68 | \$10,000.00 |
| 2001 | 9.50 % | 1.00 % | 10.50 % | \$ 89.18 | \$10,000.00 |
| 2002 | 4.75 % | 1.00 % | 8.50 %(2) | \$ 72.19 | \$10,000.00 |
| 2003 | 4.25 % | 1.00 % | 6.50 %(2) | \$ 55.21 | \$10,000.00 |
| 2004 | 4.00 % | 1.00 % | 5.00 % | \$ 42.47 | \$10,000.00 |
| 2005 | 5.25 % | 1.00 % | 6.25 % | \$ 53.08 | \$10,000.00 |
| 2006 | 7.25 % | 1.00 % | 8.25 % | \$ 70.07 | \$10,000.00 |
| 2007 | 8.25 % | 1.00 % | 9.25 % | \$ 78.56 | \$10,000.00 |
| 2008 | 7.25 % | 1.00 % | 8.25 % | \$ 70.07 | \$10,000.00 |
| 2009 | 3.25 % | 1.00 % | 6.25 %(2) | \$ 53.08 | \$10,000.00 |
| 2010 | 3.25 % | 1.00 % | 4.25 %(2) | \$ 36.10 | \$10,000.00 |

NOTES:

- (1) This is a margin we have used recently.
- (2) This rate represents a maximum 2.00% "Periodic Rate Cap" adjustment.
- (3) The Minimum Monthly Payment represents interest only.
- (4) If you make only the Minimum Monthly Payment (which is interest only) the Outstanding Principal Balance will be due in full as a Balloon Payment on the Maturity Date.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for this line of credit.



We Do Business in Accordance With the federal Fair Housing Law and the Equal Credit Opportunity Act.