

UT-MUO FEDERAL 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. 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 96 months (the draw period). During the draw period, payments will be due on a monthly basis. Your minimum monthly payment will be established at the time of each advance at an amount equal to 1.00% of your outstanding account balance, plus any portion of the Minimum Payments shown on prior statements which remains unpaid, subject to a minimum of \$100 or your Account balance, plus any amount that exceeds your approved Maximum Credit Limit.

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). You must discontinue the use of any Account access devices and return them to us immediately. 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 144 months. During the repayment period, minimum payments will be due on a monthly basis and will be established on the first day of the repayment period or change in interest rate, at an amount necessary to fully amortize your then outstanding account balance according to the following table, subject to a minimum of \$100 or your account balance.

| <u>Balance Remaining</u> | <u>Repayment Term</u> |
|---------------------------|-----------------------|
| Up to \$5,000.00 | 60 Months |
| \$5,000.01 - \$15,000.00 | 96 Months |
| \$15,000.01 - \$25,000.00 | 120 Months |
| \$25,000.01 and above | 144 Months |

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. In the event this should occur, we will adjust your payment accordingly to avoid Negative Amortization.

Minimum Payment Example: If you made only the minimum monthly payment and took no other credit advances, it would take 154 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 7.25%. You would make 153 monthly payments of \$100.00 followed a final payment of \$84.56.

Late Charge: If your payment is 10 or more days late you will be charged 10.00% of the payment due or \$10.00 whichever is greater.

Annual Fee: To open and maintain a Home Equity Line of Credit you will have to pay us an Annual Fee of \$25. This Annual Fee is due when your Account is established and annually thereafter if your account balance falls below \$5,000.

Third Party Fees: You may have to pay certain fees to third parties. These fees generally total between \$0 and \$1,000. If you ask, we will give you 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.

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

Variable Rate: Your Plan is subject to a Variable Rate and the annual percentage rate (corresponding to the periodic rate) can change as a result. The annual percentage rate is based on the highest Prime Rate as published in the Money Rates section of The Wall Street Journal in effect on the 1st day of January, April, July and October ("Index"). To determine the Annual Percentage Rate that will apply to your line of credit, we add our margin to the value of the index. Changes in the Index will cause changes in the Interest Rate on the first day of January, April, July and October or each year. Increases and decreases in the Interest Rate will result in like increases or decreases in Finance Charge and may affect the amount of your scheduled payments during the draw and repayment periods. If the index becomes unavailable, we will choose another Index with a similar Interest Rate. The Annual Percentage Rate includes only interest and no other costs.

Your Annual Percentage Rate cannot change more than 2.00% during any 12-month period. Your Annual Percentage Rate will never be greater than 18.00% (or the maximum allowed by applicable law) nor less than the current Prime Rate.

The Lender has the right to waive an increase in the Annual Percentage Rate on any change date, but such a waiver shall not be construed as a waiver of the Lender's right to increase the Annual Percentage Rate at a future change date. The stated Annual Percentage Rate is also the effective rate and reflects only cost of interest.

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 \$100.00. This Annual Percentage Rate could be reached in the 6th year 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 \$197.24. This Annual Percentage Rate could be reached in the 6th year of the repayment period.

Historical Examples: 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 January 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) |
|------|--------------------|-------------------------|------------------------------|------------------------------|
| 1994 | 6.00 | 0.00 | 6.00 | \$100.00 (3) |
| 1995 | 8.50 | 0.00 | 8.00 (2) | 100.00 (3) |
| 1996 | 8.50 | 0.00 | 8.50 | 100.00 (3) |
| 1997 | 8.25 | 0.00 | 8.25 | 100.00 (3) |
| 1998 | 8.50 | 0.00 | 8.50 | 100.00 (3) |
| 1999 | 7.75 | 0.00 | 7.75 | 100.00 (3) |
| 2000 | 8.50 | 0.00 | 8.50 | 100.00 (3) |
| 2001 | 9.50 | 0.00 | 9.50 (2) | 100.00 (3) |
| 2002 | 4.75 | 0.00 | 7.50 (2) | 100.00 (3) |
| 2003 | 4.25 | 0.00 | 5.50 | 100.00 (3) |
| 2004 | 4.00 | 0.00 | 4.00 | 100.00 (3) |
| 2005 | 5.25 | 0.00 | 5.25 | -0- |
| 2006 | 7.25 | 0.00 | 7.25 | -0- |
| 2007 | 8.25 | 0.00 | 8.25 | -0- |
| 2008 | 7.25 | 0.00 | 7.25 | -0- |

(1) This is a margin we have used recently. Your margin may be different.

(2) This represents the 2.00% per year rate change limitation.

(3) This represents the minimum payment of \$100.