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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 15 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. The length of the repayment period will depend on the balance at the time of the last advance you obtain before the draw period ends. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 180 monthly payments will be used to calculate your payment. The payoff period will always be the shorter of the payoff period for your outstanding balance or the time remaining to the maturity date. Your payment will be set to repay the balance after the advance, at the current annual percentage rate, within the payoff period. Your payment will be rounded up to the nearest five dollars. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases or decreases. Each time the annual percentage rate changes, we will adjust your payment to repay the balance within the original payoff period. Your payment will include any amounts past due and any amount by which you have exceeded your

credit limit, and all other charges. Your payment will never be less than the smaller of \$125.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 7 years 8 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 4.75%. During that period, you would make 92 payments of \$130.00.

FEE REIMBURSEMENT: You may pay certain fees to third parties to open the plan. These fees generally total between \$300.00 and \$1,487.00. If you ask, we will provide you with an itemization of the fees you may have to pay third parties. The credit union may pay these fees on your behalf. You agree to pay a reimbursement fee for bona-fide third party fees paid by the credit union of \$300.00 to the credit union if you close your line of credit plan within 36 months from its opening.

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 \$5,000.00 for the first advance and \$500.00 for each subsequent advance. The minimum overdraft transfer advance 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 minimum 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. If the rate is not already rounded we then round up to the next .25%. The initial annual percentage rate is "discounted" - it is not based on the index and margin used for later rate adjustments. The initial rate will be in effect for 12 months. Ask us for the current index value, margin, discount 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 first day of January, April, July and October. There is no limit on the



amount by which the annual percentage rate can change during any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18.0% or the maximum permitted by law, whichever is less. A representative floor rate of 3.0% and a margin of 1.0% have been used throughout this disclosure. Please ask your loan officer about your qualifying floor rate and margin.

MAXIMUM RATE AND PAYMENT EXAMPLES: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 18.0% would be \$170.00. This annual percentage rate could be reached at the time of the 13th payment.

MARGIN ADDED TO INDEX: The margin that will apply to your plan will be based on your creditworthiness. Please ask the credit union for your particular margin.

OVERDRAFT PROTECTION: Overdrafts must be used primarily for personal, family or household purposes. Each overdraft must be for at least \$500.00. Overdrafts should only be used so that the total amount owed the Credit Union under the Plan is not more than your credit limit. You agree not to use an overdraft to (a) pay the interest on any other amount you owe us under this agreement; or (b) to buy the property.

OVERDRAFT ADVANCES: When the Credit Union receives an overdraft advance, you authorize and direct us to pay it by lending to you the

amount of the overdraft. You agree that we may hold an overdraft, for the time allowed by law, if we think it advisable, until we can be sure you wrote it.

REFUSAL TO HONOR: The Credit Union's overdraft advances are not discretionary. We can refuse to honor a proper overdraft only if: we have declared you in default; you or we have suspended or cancelled your use of the Plan; or if the overdraft would cause you to exceed your credit limit; or if you have properly and in a timely fashion stopped payment of the share.

ADDITIONAL HOME EQUITY PLANS: Please ask us about our other available home equity line of credit plans.

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 as of 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 ⁽¹⁾ (Percent)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2003.....	4.250	1.000	1.990 ⁽²⁾	\$125.00 ⁽³⁾
2004.....	4.000	1.000	5.000	\$125.00 ⁽³⁾
2005.....	5.250	1.000	6.250	\$125.00 ⁽³⁾
2006.....	7.500	1.000	8.500	\$125.00 ⁽³⁾
2007.....	8.250	1.000	9.250	\$125.00 ⁽³⁾
2008.....	6.000	1.000	7.000	\$125.00 ⁽³⁾
2009.....	3.250	1.000	4.250	\$125.00 ⁽³⁾
2010.....	3.250	1.000	4.250	\$125.00 ⁽³⁾
2011.....	3.250	1.000	4.250	\$125.00 ⁽³⁾
2012.....	3.250	1.000	4.250	
2013.....	3.250	1.000	4.250	
2014.....	3.250	1.000	4.250	
2015.....	3.250	1.000	4.250	
2016.....	3.500	1.000	4.500	
2017.....	3.750	1.000	4.750	

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

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently; your plan may be discounted by a different amount.

⁽³⁾ This payment reflects the minimum payment of \$125.00.

