

HOME EQUITY EARLY DISCLOSURE
IMPORTANT TERMS OF OUR HOME EQUITY PLUS LOAN AGREEMENT

NOTICE: This disclosure contains important information about our Home Equity Plus Loan Agreement (called "Agreement" below). You should read it carefully and keep a copy for your records.

(1) **Availability of Terms:** All of the terms described below are subject to change. If these terms change (other than the variable 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 have paid to us or anyone else in connection with your application.

(2) **Security Interest:** We will take a mortgage on your home. You could lose your home if you do not meet the obligations in your agreement with us.

(3) **Possible Actions:**

A. Termination of Agreement. We can terminate the Agreement and require you to pay us the entire outstanding balance in one payment if:

- You engage in fraud or material misrepresentation in connection with your application and/or Agreement.
- You do not meet the repayment terms of your Agreement and after we give you any notice required under the Maine Consumer Credit Code.
- Any action or inaction by you adversely affects the collateral or our rights in the collateral. Some examples of when we may terminate your account include: your transfer of title to the collateral without our permission; your failure to pay required insurance or taxes; or your destruction of or failure to maintain the collateral such that our rights are affected.
- You die.

If we have the right to terminate your Agreement or take less serious action, but do not do so immediately, we may take that action later on if the event allowing us to terminate your account still exists at that time or another event allowing termination occurs.

B. Refusing Advances or Reducing Your Credit Limit. We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing your Agreement declines significantly below its appraised value for purposes of your Agreement.
- 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 any 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% of your credit limit.
- A regulatory agency has notified us that continued advances would be an unsafe and unsound practice.
- The maximum annual percentage rate is reached.
- Any event or condition stated in Paragraph (3) A occurs and we decide to take less serious action than terminating your Agreement entirely.
- You ask us in writing to stop making advances under your Agreement. If more than one borrower has signed the Agreement, we may honor such a request from any one of you by stopping payment on any Home Equity Plus checks.

The initial Agreement permits us to make certain changes to the terms of the Agreement at specified times or upon the occurrence of specified events.

(4) **Minimum Payment Requirements:** You can obtain advances of credit for three (3) years (the "draw period"). During the draw period, your payments will be due monthly. Your minimum monthly payment will equal 1.0 % of the outstanding balance determined on the last day of the month of your last advance, or \$50.00, whichever is greater.

After the draw period ends, and if the Agreement is not renewed, you will no longer be able to obtain credit advances and must continue to make at least the minimum payments described above for as long as it takes to pay off your account (the "repayment period"). The length of the repayment period will depend on the balance outstanding at the beginning of the repayment period.

(5) **Negative Amortization:** Under some circumstances, your payments 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.

(6) **Minimum Payment Example:** If you took a single \$10,000 advance and the **ANNUAL PERCENTAGE RATE** was 3.50%, it would take nine years and eleven months to pay off the advance if you made only the minimum payments. During that period, you would make 118 payments of \$100.00 and one payment of \$43.04.

(7) **Fees and Charges:** We do not charge an application or other fee to open and maintain your credit line under the Agreement. You must pay certain fees to third parties to open a line. These fees generally total between \$300.00 and \$500.00. The credit union will give you a list of the fees you will have to pay to third parties.

(8) **Minimum Draw Requirement:** The minimum credit advance that you can receive is **\$100.00**.

(9) **Tax Deductibility:** You should consult a tax advisor regarding the deductibility of interest and charges under this Agreement.

(10) **Variable-Rate Information:** The Agreement has a variable-rate feature, and the annual percentage rate (corresponding to the periodic rate) and the minimum monthly payment can change as a result. The annual percentage rate includes only interest and no other costs.

A. Index and Margin. The **ANNUAL PERCENTAGE RATE** is based on the value of an Index. The Index is prime rate as published in the *Wall Street Journal*. If more than one rate is published, the lowest rate will be used. After you open your credit line, rate information will be provided on periodic statements that we will send you.

B. Rate Changes. The **ANNUAL PERCENTAGE RATE** will change on the first of day of each month to equal the most recently published index value as of the 15th day of the preceding calendar month. The minimum **ANNUAL PERCENTAGE RATE** that can apply is 3.50% The maximum **ANNUAL PERCENTAGE RATE** that can apply is 16.00%. Subject to the maximum rate, there is no limitation on increases or decreases in your rate at any one time over the life of the account.

