

**BETHPAGE FEDERAL CREDIT UNION**  
899 SOUTH OYSTER BAY ROAD,  
BETHPAGE, NEW YORK 11714

**IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT**

This disclosure contains important information about our Home Equity Line of Credit 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 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.

"Fixed Rate Loan Option" means a fixed rate, fixed payment Loan ("Fixed Rate Loan") that you can request either at the opening of your account or during the initial 10 years of the Loan (the "Draw Period") as a result of your converting some or all of your Home Equity Line of Credit variable rate account balance into a Fixed Rate Loan. Your ANNUAL PERCENTAGE RATE will be fixed at the rate in effect on the date you choose the Fixed Rate Loan Option. You cannot have more than three (3) active Fixed Rate Loans at any time. The minimum amount of each Fixed Rate Loan is \$10,000.00.

2. **SECURITY INTEREST:** We will take a Mortgage or Deed of Trust on your home. You could lose your home if you do not meet the obligations in your agreement with us.

3. **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 as set forth in the Agreement. 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.

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 10 years (the "Draw Period"). All payments during the draw period will be interest only. Your minimum monthly payment will be established each month to an amount equal to all FINANCE CHARGES that accrued on the last day in the billing cycle. You may choose to pay both interest and principal during the draw period. Monthly Payments. Your monthly payment during the Repayment Period (as defined below) will be due monthly. It may include payments due for any and all active Fixed Rate Loan Option accounts, and will be established on the first day of the Repayment Period (as defined below) and reestablished on any subsequent change in the interest rate, to the amount necessary to fully amortize your then outstanding Account balance over a term not to exceed the Maturity Date (as defined in the Agreement). If the minimum payment is not received on its due date during the Repayment Period (as defined below), it may not fully repay the principal that is outstanding on your Account. If there is a balance on your line of credit on the Maturity Date, you will be required to pay the balance in a single payment. The minimum monthly payment for your variable rate Home Equity Line of Credit will change monthly. After the Draw Period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance over a term of not more than 20 years (the "Repayment Period"). Monthly Payments. Your monthly payment during the Repayment Period will be due monthly and will be established on the first day of the Repayment Period and reestablished on any subsequent change in the interest rate, to the amount necessary to fully amortize your then outstanding Account balance over a term not to exceed the

Maturity Date. If the minimum payment is not received on its due date during the Repayment Period, it may not fully repay the principal that is outstanding on your Account. If there is a balance on your line of credit on the maturity date, you will be required to pay the balance in a single payment

5. **MINIMUM PAYMENT EXAMPLE:** If you took a single \$10,000.00 advance from your Home Equity Line of Credit (HELOC) and the ANNUAL PERCENTAGE RATE was 4.75%, your initial minimum monthly payment would be \$39.58 for the Draw Period (120 months), followed by \$64.63 for the Repayment Period (240 months). It would take 30 years (360 months) to pay off the advance if you make only the minimum payments. If you took a Fixed Rate Loan Option Advance of \$10,000.00 your minimum monthly payment would be \$183.04 based on a rate of 3.75% for a term of 5 years, which would be 60 payments.

6. **FEES AND CHARGES:**

All closing costs will be paid by the credit union for loan amounts up to \$500,000.00. Loan amounts over \$500,000 may be available on a case-by-case basis to qualified applicants, are not eligible for the discounted introductory rate at any time, and the borrower(s) will be responsible for mortgage tax and title insurance costs on the loan value portion over \$500,000. You must carry homeowners insurance on the property that secures this line of credit. Tax deductibility: you should consult your tax advisor regarding the deductibility of interest and charges for the line. If the line of credit is closed for any reason during the first 36 months of the agreement, you will be responsible for the full amount of the closing costs. You will pay all other related fees to third parties which generally total between \$500.00 and \$15,000.00 depending on property value, location and/or property type. This reimbursement is for the closing costs only. At closing we will give you an itemization of the fees the credit union will pay to third parties.

7. **MINIMUM DRAW REQUIREMENT:**

The total amount of advances may not exceed your Home Equity Line of Credit. For a HELOC: (1) There is no limit to the number of advances you may obtain; (2) there are no minimum outstanding balance or minimum draw requirements other than an "initial draw" requirement of \$25,000.00 for the

discounted "Introductory Rate"; and (3) You may obtain advances of credit in any manner we may authorize from time to time. If you do not qualify for Introductory Rate an advance of \$25,000.00 is required and must be maintained for 12 consecutive months from the date of origination to avoid a rate adjustment. For a Fixed Rate Loan: You cannot have more than three (3) active Fixed Rate Loans at any time. The minimum draw amount of each Fixed Rate Loan is \$10,000.00. For example if your Home Equity Line of Credit is for \$50,000.00, you may have the HELOC and up to three Fixed Rate Loans totaling up to \$50,000.00. Your minimum monthly payment for each account will be added together into one minimum monthly payment.

8. **HOME EQUITY LINE OF CREDIT (HELOC):** For a Home Equity Line of Credit the ANNUAL PERCENTAGE RATE is based on the value of an index. The Index is the Prime Rate and is published in The Wall Street Journal. To determine the ANNUAL PERCENTAGE RATE that will apply to your Home Equity Line of Credit, we add a margin to the value of an index. The ANNUAL PERCENTAGE RATE (corresponding to the Periodic Rate), minimum monthly payment or term can change as a result of the variable rate feature. Your ANNUAL PERCENTAGE RATE can change each month. In no event will the minimum ANNUAL PERCENTAGE RATE ("Floor Rate") be less than 3.25%; with the exception of our Introductory Rate offering, or the maximum ANNUAL PERCENTAGE RATE will not increase above the maximum rate permitted by National Credit Union Association, which is currently 18.00%. Except for the 18.00% "cap", there is no limit on the amount by which the rate can change during any month. The ANNUAL PERCENTAGE RATE includes only interest and no other costs. The ANNUAL PERCENTAGE RATE is based on the value of an index. During both the Draw Period and the Repayment Period, the index is the Prime Rate as published in the Wall Street Journal on the 25th day of each month (or the next day of publication if not published on that date). To determine the ANNUAL PERCENTAGE RATE that will apply to your line, we add or subtract a margin to the value of the index. Ask us for the current index values, margin and ANNUAL PERCENTAGE RATE. After you open a credit line, rate information will be provided on periodic statements that we send you.

9. **FIXED RATE LOAN OPTION (FRLO):** For the Fixed Rate Loans, the ANNUAL PERCENTAGE RATE is the rate in effect on the date of each Fixed Rate Loan Option advance. The fixed ANNUAL PERCENTAGE RATES that we have recently offered range from 3.25% to 18.00%. Your ANNUAL PERCENTAGE RATE is based on your credit history and LTV (Loan to Value Ratio) at the time of this application and the term selected for the Fixed Rate Loan.
  
10. **INTRODUCTORY RATE:** If you are approved for an introductory rate that we offer, the Initial ANNUAL PERCENTAGE RATE is "discounted" - it is not based on the index and margin used for later rate adjustments. For our introductory rate offering, the initial ANNUAL PERCENTAGE RATE will be in effect for 12 months, with a maximum 75% Loan-to-Value (LTV), and members who take an initial draw of \$25,000.00, maintain this balance for 12 months, and have automatic transfers from any Bethpage account for the monthly payment on the account. Published rates and terms based on primary homes. The introductory rate only applies to loans that have not had an introductory rate within the past five years. If the borrower does not qualify for the introductory rate, by not taking an advance of \$25,000.00 or maintaining this balance for 12 months, and/or having automatic transfers from any Bethpage personal savings or checking account for the monthly HELOC payment, then the borrower will have an increased APR rate. Ask us for the current index value, margin and ANNUAL PERCENTAGE RATE. After you open a line of credit, rate information will be provided on a periodic statement that we send you.
  
11. **MAXIMUM RATE AND PAYMENT EXAMPLE:** The periodic payment may increase or decrease substantially depending on changes in the ANNUAL PERCENTAGE RATE. If you had an outstanding balance of \$10,000.00 during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$147.95. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Draw Period. If you had an outstanding balance of \$10,000.00 at the beginning of the Repayment Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$154.33. This ANNUAL PERCENTAGE RATE could be reached during the first month of the Repayment Period.

12. **HISTORICAL EXAMPLE:** The following table shows how the ANNUAL PERCENTAGE RATE and the minimum monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 20 years. The index values for the prime rate are from July of each year. While only one ANNUAL PERCENTAGE RATE per year is shown, ANNUAL PERCENTAGE RATES would have varied during each year. This table assumes that no additional credit advances were taken, that only the minimum payments were made, that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

Year	Index	Margin*		Annual Percentage Rate	Monthly Payment
	(%)	(%)	<b>Draw Period</b>	(%)	(\$)
1997	8.50	-0.75%		7.75	65.82
1998	8.50	-0.75%		7.75	65.82
1999	8.00	-0.75%		7.25	61.58
2000	9.50	-0.75%		8.75	74.32
2001	6.75	-0.75%		6.00	50.96
2002	4.75	-0.75%		5.00**	42.47
2003	4.00	-0.75%		3.75**	31.85
2004	4.00	-0.75%		3.75**	31.85
2005	7.00	-0.26%		6.74**	57.24
2006	7.75	-0.26%		7.49**	63.61
2007	8.25	-0.51%	<b>Repayment Period</b>	7.74**	63.62
2008	5.00	-0.56%		4.44**	37.71
2009	3.25	-0.74%		3.99**	34.36
2010	3.25	0%		3.99**	34.36
2011	3.25	0%		3.99**	34.36
2012	3.25	0%		3.99**	34.36
2013	3.25	0%		3.25**	27.6
2014	3.25	0%		3.25**	27.6
2015	3.50	0%		3.50**	29.73
2016	3.75	0%		3.75**	31.85
2017	3.75	0%		3.75**	31.85
2018	5.50	0%		5.50**	55.50

\* This is a margin we have used recently.

\*\* This was the minimum ANNUAL PERCENTAGE RATE in effect at the time.