

Bethpage Federal Credit Union
899 S Oyster Bay Rd, Bethpage, NY 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.

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 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.

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").

- **Monthly Payments:** your payments during the Draw Period will be due monthly and will be set monthly to an amount equal to 0.25% of your then unpaid Account balance at the end of each billing cycle (other than any credit insurance premiums) plus all Finance Charges that accrued as of the last day in the billing cycle.
- **Interest Only Option:** All payments during the draw period will be interest only. You may choose to pay both interest and principal during the draw period. If you choose the interest only option, your minimum monthly payment will be established each month to an amount equal to all Finance Charges that accrued as of the last day in the billing cycle.
- Your minimum Periodic Payment 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.** You 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 Agreement 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 advance and the ANNUAL PERCENTAGE RATE was 4.75%, your initial minimum monthly payment would be \$65.34. It would take 30 years (360 months) to pay off the advance if you make only the minimum payments.

6. **FEES AND CHARGES:**

- All closing costs will be paid by the credit union for loan amounts up to \$500,000.00
- You must carry home owners 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 \$400 and \$3,600.
- 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:** There are no limitations on the number of extensions of credit and the amount of credit (not to exceed your established credit limit) that may be obtained during the draw period; nor are there any minimum outstanding balance or minimum draw requirements other than an "initial draw" requirement of \$25,000 for the "Intro Rate".

8. **VARIABLE RATE FEATURE:** The line has a variable rate feature, and the Annual Percentage Rate (corresponding to the periodic rate) is subject to change each month. If the annual percentage rate increases, your monthly payment will change.

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.

10. **RATE CHANGES:** The annual percentage rate can change monthly during both the Draw and Repayment Periods. In no event will the annual percentage rate go below the floor of 3.50%, (if not repaid through our electronic preferred payment program) or increase above the maximum rate permitted by the National Credit Union Administration, which is currently 18.00%.

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 during the Draw Period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 18% would be \$177.89. This annual percentage rate could be reached during the first month of the Draw Period. If you had an outstanding balance of \$10,000 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 17 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
	%	%	%	(\$)
1999	8.00	-0.75%	7.25	58.61
2000	9.50	-0.75%	8.75	65.01
2001	6.75	-0.75%	6.00	53.98
2002	4.75	-0.75%	5.00**	50.40
2003	4.00	-0.75%	3.75**	46.35
2004	4.00	-0.75%	3.75**	46.35
2005	7.00	-0.26%	6.74**	88.44
2006	7.75	-0.26%	7.49**	92.65
2007	8.25	-0.51%	7.74**	63.62
2008	5.00	-0.56%	4.44**	36.49
2009	3.25	-0.74%	3.99**	32.79
2010	3.25	0%	3.99**	32.79
2011	3.25	0%	3.99**	32.79
2012	3.25	0%	3.99**	32.79
2013	3.25	0%	3.25**	26.71
2014	3.25	0%	3.25**	26.71
2015	3.50	0%	3.50**	28.77
2016	3.50	0%	3.50**	28.77

* This is a margin we have used recently

** This was the minimum annual percentage rate in effect at the time.