

**GREAT LAKES CREDIT UNION**  
**2525 Green Bay Road**  
**North Chicago, IL 60064**

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

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 mortgage 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 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 5 years (the "draw period"). After the draw period ends, the repayment period will begin. The length of the repayment period will be 15 years from the date of the last advance you obtain before the draw period ends. Payments will be due monthly during both the draw period and repayment period. The minimum payment will be determined at the time of the advance based on the annual percentage rate in effect at the time of the advance. The minimum payment will be the greater of \$100 or the amount necessary to pay off the balance within 15 years of the last advance. The payment will change if you obtain another advance. The minimum monthly payments may not be sufficient to fully repay the principal that is outstanding on your line at the end of 15 years. If they are not, you will then be required to pay the entire balance in a single payment.

**Minimum Payment Example:** If you made only the minimum payment and took no other credit advances, it would take 10 years and 3 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 4.000%. You would make 60 monthly payments of \$100 during the draw period, followed by 62 monthly payments of \$100 during the repayment period and then a final payment of \$7.12.

**Minimum Payment Example:** If you made only the minimum payment and took no other credit advances, it would take 11 years and 8 months to pay off a credit advance of \$10,000 at an ANNUAL PERCENTAGE RATE of 6.000%. You would make 60 monthly payments of \$100 during the draw period, followed by 79 monthly payments of \$100 during the repayment period and then a final payment of \$43.51.

**Fees and Charges:** You must pay certain fees to third parties. These fees generally total between \$50.00 and \$2,500.00. If you ask, we will give you an itemization of the fees you will have to pay to third parties. You will be required to pay an annual fee of \$50.00 after the first year.

**Refundability of Fees:** If you decide not to enter into this plan within three days of receiving this disclosure and the Home Equity booklet, you are entitled to a refund of any fees you may have already paid.

**Transaction Requirements:** You must carry insurance on the property that secures this Plan. Great Lakes Credit Union must be named as lienholder on the policy. The dollar amount of the coverage must be equal to or greater than the total amount of the loan(s) in which the dwelling is used as collateral. You agree to provide a copy of the policy upon request. The equity in your dwelling must be sufficient to qualify you for a minimum \$5,000.00 Line of Credit.

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

**Variable-Rate Feature:** This plan has a variable-rate feature and the annual percentage rate (corresponding to the periodic rate), and minimum payment can 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.

**Initial Rate:** Your initial rate will be calculated on the date of your loan closing by adding the appropriate margin to the prevailing index as published in the Money Rates column of the *Wall Street Journal*. The initial rate will remain in effect until the first rate change date as described below.

**Description of index:** The index is the highest Prime Rate published in the Money Rates column of the *Wall Street Journal* on the 1st Business day of January and July.

Initial Rate: Your initial rate will be calculated on the date of your loan closing by adding the appropriate margin to the prevailing index as published in the Money Rates column of the *Wall Street Journal*. The initial rate will remain in effect until the first rate change date as described below.

**Source of index:** The index is published in the *Wall Street Journal*. If the index is no longer available, we will choose a new index which is based on comparable information. To determine the annual percentage rate that will apply to your line, we add a margin to the value of the index and then round up to the nearest 0.125%. Ask us for the current index value, margin, and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**Rate Changes:** The annual percentage rate can change semi-annually on January 20 and July 20. The rate cannot increase or decrease by more than 0.500 percentage points per adjustment. The maximum ANNUAL PERCENTAGE RATE cannot increase by more than 6.000 percentage points above the initial rate during the life of the loan. The minimum ANNUAL PERCENTAGE RATE that can apply during the Plan is 4.000% for loans with 80% or less loan to value and 6.000% for loans 80.01% or higher loan to value. Ask us for the current index value, margin and annual percentage rate. After you open a credit line, rate information will be provided on periodic statements that we send you.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 11.250% would be \$112.50. This annual percentage rate could be reached in the 72<sup>nd</sup> month of the plan.

**Maximum Rate and Payment Examples:** If you had an outstanding balance of \$10,000 at the beginning of the draw period, the minimum monthly payment at the maximum ANNUAL PERCENTAGE RATE of 12.750% would be \$127.50. This annual percentage rate could be reached in the 72<sup>nd</sup> month of the plan.

**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 day in January. 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.

**80% or less**

<u>YEAR</u>	<u>INDEX (%)</u>	<u>MARGIN (%)*</u>	<u>ANNUAL PERCENTAGE RATE</u>	<u>MINIMUM PAYMENT (\$)</u>
2002	4.750	0.500	5.250	100.00
2003	4.250	0.500	4.750	100.00
2004	4.000	0.500	4.500	100.00
2005	5.250	0.500	5.500 **	100.00
2006	7.250	0.500	6.500 **	100.00
2007	8.250	0.500	7.500 **	100.00
2008	7.250	0.500	7.750	100.00
2009	3.250	0.500	6.750 **	100.00
2010	3.250	0.500	5.750 **	100.00
2011	3.250	0.500	4.750 **	100.00
2012	3.250	0.500	4.000 ***	100.00
2013	3.250	0.500	4.000 ***	100.00
2014	3.250	0.500	4.000 ***	100.00
2015	3.250	0.500	4.000 ***	100.00
2016	3.500	0.500	4.000 ***	100.00

- \* This is a margin we have used recently.
- \*\* This interest rate reflects the 1.000% periodic interest rate cap.
- \*\*\* This rate represents the 4.00% interest rate floor.

**80.01% to 90%**

<u>YEAR</u>	<u>INDEX (%)</u>	<u>MARGIN (%)*</u>	<u>ANNUAL PERCENTAGE RATE</u>	<u>MINIMUM PAYMENT (\$)</u>
2002	4.750	2.000	6.750	100.00
2003	4.250	2.000	6.250	100.00
2004	4.000	2.000	6.000	100.00
2005	5.250	2.000	7.000 ***	100.00
2006	7.250	2.000	8.000 ***	100.00
2007	8.250	2.000	9.000 ***	100.00
2008	7.250	2.000	9.250	100.00
2009	3.250	2.000	8.250 ***	100.00
2010	3.250	2.000	7.250 ***	100.00
2011	3.250	2.000	6.250 ***	100.00
2012	3.250	2.000	6.000 ***	100.00
2013	3.250	2.000	6.000 ***	100.00
2014	3.250	2.000	6.000 ***	100.00
2015	3.250	2.000	6.000 ***	100.00
2016	3.500	3.500	6.000 ***	100.00

- \* This is a margin we have used recently.
- \*\* This interest rate reflects the 1.00% periodic interest rate cap.
- \*\*\* This rate represents the 6.00% interest rate floor.

I/We hereby acknowledge receipt of this disclosure and a copy of the home equity brochure or comparable publication provided by the lender.

\_\_\_\_\_  
(Recipient)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Recipient)

\_\_\_\_\_  
Date