

**OPEN END HOME EQUITY REVOLVING CREDIT AGREEMENT  
AND DISCLOSURE STATEMENT**

Borrower(s)			Account Number	Date
Property Address			Credit Limit	Draw Period  5 years
Index	Margin	DPR	<b>ANNUAL PERCENTAGE RATE</b>	Initial Advance
				Minimum Payment \$125.00

This document is an **Open End Home Equity Revolving Credit Agreement**. It is a binding contract covering all of the transactions on your Equity Line of credit. **PLEASE READ ALL OF THE TERMS AND CONDITIONS OF THIS AGREEMENT BEFORE SIGNING IT.**

This **Open End Home Equity Revolving Credit Agreement** is secured by a Mortgage (the "Mortgage") on borrower(s) Property Address Location specified above on this page. Borrower(s) has signed a separate Mortgage which describes fully the Mortgaged property. Borrower(s) agrees that all the terms in the Mortgage are made a part of this Agreement as though they were fully stated in this Agreement.

- Definitions:** (a) In this Agreement, the words "you" and "your" mean each of the persons who sign below as borrowers; or "we", "us" and "our" mean \_\_\_ Credit Union, or our successors or assigns; (b) "Borrower" means each and every individual signing this Note. "Creditor" means \_\_\_ Credit Union or its successors and assigns.
- Revolving Credit:** Upon borrower(s) signing this Open End Revolving Credit Agreement, the Credit Union will establish a Revolving Credit Account for said borrower(s), which will allow borrower(s) to obtain one or more advances of funds, from time to time, up to the Credit Limit established for said borrower(s). The total amount of credit available to borrower(s) at any time is referred to as the "Revolving Credit". Each advance of funds under this Note is referred to as an "Advance", and will relate back to this original Note. Each payment you make to your Account will restore your credit limit by the amount of the payment, unless you are over your credit limit. If you are over your credit limit, you must pay the amount you are over before payments will begin to restore your credit limit. You may request an increase in your credit limit only by a method acceptable to the Credit Union. The Credit Union has the right to reduce your credit limit, refuse to make an advance and/or terminate your Account at any time for any reason not prohibited by law.
- Credit Limit:** The amount of the Revolving Credit being established by this Note is \$ \_\_\_\_\_. Each Advance will reduce the balance available on borrower(s) Revolving Credit and each principal payment will increase the balance available. After borrower(s) receives the first Advance, this Credit Union, our successors or assigns, will, at our discretion, make additional Advances to borrower(s) providing that (a) all the information supplied by borrower(s) at the time said borrower(s) submitted the original Residential Loan Application is still true; (b) borrower(s) are not in default under this Agreement or under the Mortgage executed to secure this Agreement; (c) the additional Advance combined with the balance still due on any other amount given to borrower(s) under this Agreement will not exceed the Credit Limit established above; and (d) borrower(s) request for an Advance is made on or before \_\_\_\_\_.
- Initial Loan Advance:** The initial Advance we will give borrower(s) will be in the amount of \$ \_\_\_\_\_.
- Additional Loan Requests:** Requests for additional Advances must be made in person to our office or by sharedraft or convenience checks if made available to you by the credit union or by telephone through the credit union's audio response system, by Internet access or by any other means authorized by the Credit Union.
- Access by Sharedrafts and Other Methods:** If we authorize you to obtain credit advances on this line of credit by writing sharedrafts on this home equity account, or with other checks made available to access this account, we reserve the right not to honor said sharedrafts/checks in the following circumstances: (a) your credit limit has been or would be exceeded by paying on the sharedraft/check; (b) your sharedraft/check is post-dated, however, if a sharedraft /check is paid and as a result, any other check is returned or not paid, we are not responsible; (c) your sharedrafts/checks have been reported lost or stolen [You should notify us at once if your sharedrafts/checks are lost or stolen]; (d) your sharedraft/check is not signed by an "Authorized Signer", which means a person who signed this Agreement or has a separate signature card for this account; (e) your account has been terminated or suspended as provided in this Agreement; (f) the amount of the sharedraft/check is less than the minimum amount required by this Agreement or if you are in violation of any other transaction requirements, or if there is unacceptable banking activity in your account.

If we pay any sharedraft/check under these conditions, you must repay us for the amount of the sharedraft/check and any charges permitted by law. The sharedraft/check itself will be evidence of your debt to us together with this Agreement. Our liability, if any, for wrongful dishonor of a sharedraft/check is limited to your actual damages. Dishonor for any reason as provided in this Agreement is not wrongful dishonor. We may not return the sharedrafts along with periodic statements; however, your use of a sharedraft/check will be reflected on your periodic statement as a credit advance. We do not "certify" sharedrafts drawn on your account.

- 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: (a) You engage in fraud or material misrepresentation in connection with the line; (b) You do not meet the repayment terms; (c) Your action or inaction adversely affects the collateral or our rights in the collateral.

When borrower(s) request an additional Advance, the Credit Union may check all information given to us from said borrower(s) or obtained by creditor when borrower(s) applied for this Revolving Credit. If there has been any material change in this information which creditor, in its sole discretion, believes will affect the ability of borrower(s) to repay the amount now due and owing or will be due and owing for repayment of the additional Advance, said Credit Union has the right to refuse to make the requested Advance. In addition, we can refuse to make additional extensions of credit or reduce your credit limit if: (1) you violate any of the terms of this agreement; (2) the value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of maintaining the line of credit; (3) we reasonably believe that you will not be able to meet the required repayment terms of this, agreement due to a material change in your financial circumstances; (4) you are in default of the terms of this agreement; (5) government action prevents us from imposing the **Annual Percentage Rate** provided for in this 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.

- Loan Purpose:** Borrower(s) may obtain an Advance for any legal purpose except: (a) buying stocks or bonds; (b) buying or building the residential property borrower(s) intend to occupy as his/her/their principal residence; (b) gambling or engaging in Internet gambling or fraud,

engaging in illegal activities or (c) making any payment borrower(s) is required to make under this Agreement. We may deny authorization for any purpose prohibited in this section or for any illegal purpose including restricted transactions as defined in Federal Reserve Regulation GG.

9. **Unlawful Internet Gambling Notice:** Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.
10. **Responsibility:** You agree to pay all charges (purchases and cash advances) to your Account that are made by you or anyone whom you authorize to use your Account. You agree not to authorize anyone to use your Account without the prior written consent of the Credit Union. You also agree to pay all finance charges and other charges added to your Account under the terms of this Agreement or another agreement you made with the Credit Union.
11. **"Draw Period" and "Loan Term":** You may obtain advances of credit for 5 years (the "draw period"). After that, except in the event of an extension of the draw period by the Credit Union, your loan would convert into the repayment period during which you would no longer be permitted to obtain advances. The length of the repayment period will depend on the balance at the time of the last advance before the draw period ends. You are required to make monthly payments during both the draw and repayment periods.
12. **Transaction Requirements:** The minimum amount of the first credit advance is \$2,500.00. You do not need to maintain an outstanding balance to keep your Plan open.
13. **Repayment Of Loans:** By signing this Agreement, borrower(s) promise to pay said Credit Union, in monthly installments, all sums borrowed under this Note, as well as all Future Advances, plus **FINANCE CHARGES**. **FINANCE CHARGES** are the same as interest and start to accrue on each Advance on the date it is made. There is no period in which any Advance may be repaid without incurring a **FINANCE CHARGE**.
14. **Variable Interest Rate:** This Home Equity line of credit has a variable interest rate feature and the **ANNUAL PERCENTAGE RATE** (corresponding to the periodic rate) may change.
15. **Variable-Rate Feature:** The annual percentage rate is based on the value of an Index. The Index is the highest Prime Rate of Interest published daily in the *Wall Street Journal's* listing of "Money Rates" (the "Index") and is also available from the Treasury Department website at: [www.publicdebt.treasury.gov](http://www.publicdebt.treasury.gov). Your loan has a variable interest rate, and the annual percentage rate could change as a result. The **Annual Percentage Rate** would not include costs other than interest. Your interest rate will be determined fifteen calendar days before any interest rate change that will become effective on the first day of January and July of each year following your Mortgage closing. If the rate is not already rounded, we will then round to the nearest 0.25%. If the *Wall Street Journal* ceases to publish the Index, we will choose a substitute Index that is based upon comparable information and, if necessary, a substitute margin, so that the change in the Index results in substantially the same rate as required under the previous Index. The rate cannot increase or decrease more than 0.50 percent (0.5%) at each interest rate adjustment. You will be notified in writing on your periodic statement(s) when your interest rate is changed. This notice will contain information about your interest rate, payment and loan balance. Your interest rate will never be greater than 15.00%, or the maximum permitted by law, and never be less than a floor interest rate established by the Credit Union of 8.0%.

To determine the annual percentage rate that will apply to your line, we adjust the Index figure by adding a margin to the Index as disclosed to you in the box on the top of page 1 of this Agreement. The annual percentage rate includes only interest and not other costs.

16. **Rate Adjustments and Maximum Interest Rate:** Your interest rate will be determined fifteen calendar days before any interest rate change that will become effective on the first day of January and July of each year following your Mortgage closing. The rate cannot increase or decrease more than 0.50 percent (0.5%) at each interest rate adjustment. The Maximum interest rate will never be greater than 15.00%, or the maximum permitted by law, and never be less than a floor interest rate established by the Credit Union of 8.0%.

If your interest rate increases pursuant to the paragraph above in this Section, the result is that you would be required to make larger monthly payments so that your loan is paid off within the remaining Payoff Period defined in the chart in the immediately following section. Your payment will include any amounts past due and any amount by which you have exceeded your credit limit, and all other charges.

17. **Minimum Payment Requirements:** You must make monthly payments both during the draw period and the repayment period. Interest accrues on your total balance owing from the date of each advance and there is no time period within which any credit extended may be repaid without incurring a finance charge. At the time of each credit advance a payoff period will be established based upon the following chart for the outstanding balance then owed at the time of the last advance:

<u>Range of Balances</u>	<u>Payoff Period</u>
Up to \$10,000.00	60 Monthly Payments
\$5,000.01 to \$20,000.00	96 Monthly Payments
\$20,000.01 and Above	120 Monthly Payments

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. 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 dollar. Upon each advance, we will calculate your payments as specified in this paragraph.

The payment will remain the same unless you obtain another credit advance. Your payments may also change if the annual percentage rate increases. We will check your account each year and if the annual percentage rate increases, we will review the effect the increase has had on your plan. If the annual percentage rate has increased so much that your payment is not sufficient to repay the balance within the payoff period, we will adjust your payment to repay the balance within the 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 a minimum payment established by the Credit Union of \$25.00 or, if the balance owing is less than \$25.00, the remaining balance owing.

You may receive advances by using your Home Equity Line of Credit that will not be paid off during the Draw Period. After the draw period ends, you will no longer be able to obtain credit advances and must repay the outstanding balance (the "repayment period") in monthly payments calculated in the same manner as your payments during the Draw Period.

18. **Finance Charges:** Interest will begin to accrue on purchases and cash advances on the date of the purchase and/or cash advance. There is no period in which you will not incur interest on purchases and/or cash advances and there is no "grace period" upon which no interest will accrue on an outstanding balance. A finance charge will not be imposed for any day during which no loan balance is outstanding.

A **FINANCE CHARGE** will be assessed on the daily unpaid loan balance of the account for every day the balance is outstanding during each billing cycle. A **FINANCE CHARGE** begins whenever an advance is posted to the account, regardless of when or how much is paid on the account during the billing cycle.

19. **Periodic Rate And Corresponding Annual Percentage Rate:** To determine the periodic rate that will apply to your account, we add a margin of \_\_\_\_\_%, to the value of the Index. Then we divide this sum by the number of days in a year (365). This result is the annual percentage rate. Finance charges include interest only and do not include any other charges.
20. **Late Charges:** If a payment is late 20 days or more, you may be charged 20% of the interest due, to compensate us for the additional time and expense involved in processing late payments.
21. **Other Fees:**
  - **Collection Costs:** If this Contract is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings at law or in equity or in bankruptcy, receivership or other court proceedings, borrower(s) and/or cosigners promise to pay, subject to any limits under applicable law, all costs and expenses of collection including, but not limited to, court costs and the reasonable attorney's fees of the holder hereof.
  - **Other Fees:** Your account may also be assessed other fees according to the Credit Union's fee schedule, as adjusted from time to time.
21. **Prepayment:** There is no prepayment penalty, however, your account may be assessed an early termination fee of equal to the total of all fees paid to third parties on your behalf as closing costs, to reimburse the Credit Union for all fees paid on your behalf by the Credit Union if you close your credit line within thirty-six (36) months from the date of opening. Borrower(s) may also make larger payments than the minimum monthly payment due which will reduce the Outstanding Balance. However, a larger payment will not relieve Borrower(s) of the obligation to make a minimum payment each month.
22. **Default:** Borrower(s) will be in default under this Agreement if any of the following occur: (a) Borrower(s) fail to make a monthly payment when due; (b) Borrower(s) does not comply with any obligation imposed by this Agreement or the Mortgage given to this creditor in connection with this Agreement; (c) any borrower dies; (d) Borrower(s) gave this creditor false or misleading information on their loan application or supporting documentation; (e) Borrower(s) is not generally paying debts as they become due, or borrower(s) personally file a bankruptcy proceeding; or (f) a levy, writ of garnishment or similar process is issued against borrower(s).
23. **Effects Of Default:** If borrower(s) is in default, the Credit Union may declare the entire balance of the Revolving Credit to be due and payable at once, and may suspend or terminate the Revolving Credit without notice to borrower(s). After declaring the entire balance due, said creditor may enforce any or all of its rights under this Agreement and the Mortgage given to said creditor. These rights include the right to initiate foreclosure proceedings on the Mortgage. If borrower(s) is in default, the Credit Union also has the right to apply any amount the borrower(s) may have on deposit now or in the future with the Credit Union against any amounts due and payable under this Agreement. The Credit Union may exercise this right without notice to borrower(s) any time borrower(s) is in default.
24. **Cancellation:** Borrower(s) have the right to cancel this Revolving Credit at any time by giving this Credit Union notice in writing. Cancellation by any one borrower will cancel the option to receive additional advances by any borrower. Of course, cancellation does not relieve either borrower of the obligation to repay all amounts due under this Revolving Credit at the time of cancellation. In addition, the Mortgage previously executed and given to this Credit Union will remain in effect until all of the obligations under this Revolving Credit have been paid in full.
25. **Change Of Terms:** This Credit Union, its successors or assigns, reserve the right to change the monthly payment due date, the method used to compute the Finance Charge and the minimum payment amount. We will send you written notice at least 15 days prior to the effective date of any such changes.
26. **Financial Information:** Borrower(s) agree to give this Credit Union such updated financial and credit information as may reasonably be required from time to time during the term of this Agreement. Said Credit Union has the right to obtain credit information about borrower(s) from a credit reporting agency or other person. Said Credit Union also has the right to report the credit experience on this Line of Credit to any credit reporting agency.
27. **Statements:** This Credit Union will send borrower(s) a statement showing the status of your account for each billing cycle in which there is account activity. This statement will itemize the Advances that have requested during the previous month, the total Outstanding Balance Due on the Revolving Credit, the current Finance Charge, payments received during that period, any available Revolving Credit, and any other fees or charges as well as the current Annual Percentage Rate.
28. **Forbearance:** Even if the Credit Union elects not to utilize one of its remedies when borrower(s) is in default, said Credit Union can still utilize that remedy if a default occurs again. If the Credit Union does not use a remedy when this Note is in default, we can still consider that act of default as a default in the future.
29. **Property Insurance Required:** You must carry insurance on the property that secures this revolving of credit plan. If the property is located in a special Flood Hazard Area, we will require you to obtain flood insurance if it is available. Your Mortgage provides that the Credit Union may pay any such insurance and add those fees to your loan as a cash advance, with interest accruing thereon, if you do not provide the necessary insurance coverage.
30. **Assignment And Termination:** Borrower(s) may not assign any rights or obligations under this Agreement to any other party. The Credit Union may transfer its rights under this Agreement to another party and may assign the Mortgage you gave to the Credit Union to another party. The Credit Union may terminate this Agreement at any time after first sending borrower(s) notice in writing and the effective date of the termination. If the Credit Union terminates this Agreement, borrower(s) will no longer be entitled to receive future advances. Termination by you or the Credit Union will not affect your obligation to pay the Account balance plus any finance and other charges you owe under this Agreement. You are also responsible for all transactions made to your Account after termination, unless the transactions were unauthorized. The Card or Cards you receive remain the property of the Credit Union and you must recover and surrender to the Credit Union all Cards upon request or upon termination of this Agreement whether by you or the Credit Union. The Credit Union has the right to require you to pay your full Account balance at any time after your Account is terminated, whether you or the Credit Union terminate it. If this is a joint Account, this Agreement also applies to termination of the Account.
31. **Severability:** If any provisions of this Agreement or the Mortgage given to secure this Agreement are found to be illegal or unenforceable by a court of law, that will not affect the validity or the remaining provisions of this Agreement and the Mortgage.
32. **Credit Information:** You authorize the Credit Union to investigate your credit standing when opening or reviewing your Account. We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report. You also authorize the Credit Union to disclose information regarding your Account to credit bureaus and creditors who inquire about your credit standing.

33. **Returns and Adjustments:** Merchants and others who honor your Card may give credit for returns or adjustments, and they will do so by sending the Credit Union a credit slip that will be posted to your Account. If your credits and payments exceed what you owe the Credit Union, the amount will be applied against future purchases and cash advances. If the credit balance amount is \$1 or more, it will be refunded upon your written request or automatically after six months.
34. **Joint Accounts:** If this is a joint Account, each person on the Account must sign the Agreement. Each of you will be individually and jointly responsible for paying all amounts owed under this Agreement. This means that the Credit Union can require any one of you individually to repay the entire amount owed under this Agreement. Each of you authorizes the other(s) to make purchases or cash advances individually. Any one of you may terminate the Account and the termination will be effective as to all of you.
35. **Effect of Agreement:** This Agreement is the contract that applies to all transactions on your Account.
36. **Primary Residence:** You must occupy the home/residence pledged as collateral for this Home Equity loan and, if the residence securing this Home Equity loan ceases to be owner-occupied for more than 30 consecutive calendar days during the term of this Plan, we may, at the Credit Union's sole discretion, increase the Margin added to the Interest Rate Index, by one percentage point (1.00%).
37. **Access Devices:** I/We agree to immediately notify the Credit Union if any Access Device to this account is compromised, lost or stolen. I further acknowledge that any device issued by the Credit Union for my/our use of this account is the property of the Credit Union and will be surrendered to the Credit Union upon demand.
38. **Notices:** The Credit Union will send any notices required under this Agreement by first class mail to the borrower(s) address at the property described in the Mortgage. Borrower(s) must send this creditor any notice required under this Agreement by certified mail, return receipt requested. Unless the Credit Union notifies you otherwise, all notices to us must be sent to: \_\_\_\_\_ Credit Union.

**The undersigned borrower(s) acknowledge receipt of a copy of this agreement and a copy of the billing rights. The undersigned also acknowledges that there is no obligation to sign this document even though an application for credit was submitted. The undersigned should only sign this agreement if the borrower(s) wish to open a line of credit agreement.**

\_\_\_\_\_  
Borrower: \_\_\_\_\_ Date \_\_\_\_\_ Borrower: \_\_\_\_\_ Date \_\_\_\_\_

Loan Originator Organization and NMLS #: \_\_\_\_\_ Credit Union # \_\_\_\_\_

Loan Originator Name and NMLS # \_\_\_\_\_

**USA PATRIOT ACT**

In accordance with the USA PATRIOT ACT, Federal law requires all financial institutions to obtain, verify, and record information that identifies each individual or entity opening an account. This includes all personal and commercial accounts including loan and deposit accounts, as well as trust, brokerage, insurance, and investment management accounts.

**What This Means To Our Members**

When you open an account, you will be asked for your name, address, social security or tax identification number, date of birth (if applicable) and other information that will allow \_\_\_\_\_ Credit Union to identify you. You will also be asked to furnish your drivers license or other identifying documents. We are required to follow this procedure each time an account is opened, even if you are a current member of \_\_\_\_\_ Credit Union.