

Important Terms of MSUFCU's Home Equity Loan

This disclosure contains important information about our home equity line of credit — the Real Estate Secured Home Equity Loan Plan. You should read it carefully and keep a copy for your records.

Availability of Terms

The terms described below are subject to change. If these terms change (other than the **ANNUAL PERCENTAGE RATE (APR)** due to fluctuations in the index) and you decide, as a result, to not enter into an agreement with us, you are entitled to a refund of any fees that you paid 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 amend your line of credit plan and implement certain changes as specified in the Home Equity Loan Plan Agreement. You may receive from us, upon request, information about the conditions under which such changes may occur. We can terminate your line of credit, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- (1) You engage in fraud or material misrepresentation in connection with the line of credit
- (2) You do not meet repayment terms
- (3) 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:

- (1) The value of the dwelling securing the line of credit declines significantly below its appraised value for purposes of the credit line
- (2) We reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances
- (3) You are in default of a material obligation in the agreement
- (4) Government action prevents us from imposing the annual percentage rate provided or impairs our security interest such that the value of the interest is less than 120% of the credit line
- (5) A regulatory agency has notified us that continued advances will constitute an unsafe and unsound practice
- (6) The maximum annual percentage rate is reached

MINIMUM MONTHLY PAYMENT 70% LTV				
Year ¹	Index (%)	Up to 70% Margin ²	Up to 70% Annual Percentage Rate (%)	Minimum Payment ⁴
2005	5.25	-.25	5.00	\$150
2006	7.00	-.25	6.75	\$150
2007	8.25	-.25	8.00	\$150
2008	7.25	-.25	7.00	\$150
2009	3.25	-.25	4.00 ³	\$150
2010	3.25	-.25	4.00 ³	\$150
2011	3.25	-.25	4.00 ³	\$150
2012	3.25	-.25	4.00 ³	\$150
2013	3.25	-.25	4.00 ³	\$150
2014	3.25	+0.0	3.25	\$150
2015	3.25	+0.0	3.25	\$150
2016	3.50	+0.0	3.50	\$150
2017	3.75	+0.0	3.75	\$150
2018	4.50	+0.0	4.50	\$150
2019	5.50	+0.0	5.50	\$150

80% LTV and 90% LTV (loan-to-value) options also available.

¹ Rate stated reflects January 1 rate only.
² This is a margin we have used recently.
³ Rate stated reflects Floor Rate.
⁴ Payment rounded to nearest whole dollar.



Minimum Payment Requirements

You can obtain credit advances for 10 years (the “draw period”). During that period, payments will be due monthly. Your minimum payment will be equal to 1.50 percent of the “new balance,” rounded up to the nearest whole \$10.00, but not less than \$20.00. The payment will not change until a subsequent advance is taken. After the draw period ends, you will no longer be able to obtain credit advances and must pay the outstanding balance over five years (the “repayment period”). Payments during the repayment period are calculated in the same way as during the draw period. The minimum monthly payment may not pay all of the principal. You will then be required to pay the entire remaining balance in a single “balloon” payment at the end of the repayment period.

Minimum Payment Example

If you took a single \$10,000.00 advance and the **ANNUAL PERCENTAGE RATE** was 4.00% APR, it would take six years and four months to pay off the advance if you made only the minimum payments of \$150.00 per month until the final payment, which would be \$78.79.

Fees and Charges

In most cases, there are no closing costs* in setting up your home equity loan. Should you stop payment on a loan check or electronic request drawn on your home equity loan account, a stop payment fee of \$25.00 will apply. A late fee of \$35.00 will apply if your payment is received seven days or more after the due date. A non-sufficient funds fee of \$30.00 will apply should a check overdraft or electronic loan request exceed your credit limit. The Home Equity Platinum Visa Credit Card has a transaction fee for purchases and cash advances equal to 1% or 3% of the transaction for international transactions.

You may also be required to pay certain fees to third parties to open this line of credit. These fees generally total between \$250 and \$500. Upon your request, we will provide an itemization of the fees you will have to pay to a third party. Also, you must insure on the property that secures the line of credit.

* *Bridge loan fees may apply.*

Tax Deductibility

You should consult a tax advisor regarding the deductibility of interest and charges for the line of credit.

Minimum Draw Requirement

The minimum credit advance that you can receive is \$250. Your total loan balance cannot exceed your credit limit as established by us.

Variable Rate Information

The line of credit has a variable rate feature, and the **ANNUAL PERCENTAGE RATE**

(corresponding to the daily periodic rate) can change as a result.

The **ANNUAL PERCENTAGE RATE** includes only interest.

The **ANNUAL PERCENTAGE RATE** is based on your credit score and the prime rate published in the *Wall Street Journal*. To determine the **ANNUAL PERCENTAGE RATE** that will apply to your credit line, we subtract or add a margin to the value of the index.

Upon your request, we will provide you with the current index value, margin and **ANNUAL PERCENTAGE RATE**. If you open a credit line, **ANNUAL PERCENTAGE RATE** information will be provided on periodic statements we send you.

Rate Changes

The **ANNUAL PERCENTAGE RATE** can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18% APR (the “cap”). There is no limit on the amount by which the rate can change during any one-year period.

Maximum Rate and Payment Example

If you had an outstanding balance of \$10,000, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% APR would be \$150.00. This maximum **ANNUAL PERCENTAGE RATE** could be imposed within the first month if the index and/or margin increase sufficiently.

Historical Example

The following table shows how the **ANNUAL PERCENTAGE RATE** for a single \$10,000 credit advance would have changed based on changes in the index over the last 15 years. The values are from January 1 of each year. The values shown in the following tables are for Tier 1 rated members with credit scores of 720 or above.

The table assumes that no additional credit advances were taken, that only the minimum payments were made each month, and that the rate remained constant during each year. It does not necessarily indicate how the index or **ANNUAL PERCENTAGE RATE** will change in the future. Rate information will be provided on or with each periodic statement you receive from us.