



TCT FEDERAL CREDIT UNION
416 Rowland St.
Ballston Spa, NY 12020

Home Equity Early Disclosure

IMPORTANT TERMS OF OUR HOME EQUITY LINE OF CREDIT PLAN

This disclosure contains important information about our Home Equity Line of Credit Plan. 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 that you pay to us or anyone else in connection with your application.

SECURITY INTEREST: We will take a security interest in 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, and charge you certain fees, if (1) you engage in fraud or material misrepresentation in connection with the plan; (2) you do not meet the repayment terms of this plan, or (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) any reasons mentioned above exist; (2) the value of the dwelling securing the line declines significantly below its appraised value for purposes of the line; (3) we reasonably believe that you will not be able to meet the repayment requirements due to a material change in your financial circumstances; (4) you are in default of a material obligation of the agreement; (5) government action prevents us from imposing the annual percentage rate provided for in the 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.

MINIMUM PAYMENT REQUIREMENTS: You can obtain credit advances for 10 years. This period is called the "draw period." At our option, we may renew or extend the draw period. After the draw period ends the repayment period will begin. 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. You will be required to make monthly payments during both the draw and repayment periods. At the time you obtain a credit advance a payoff period of 300 monthly payments will be used to calculate your payment.

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. Your payment will remain the same unless you obtain another credit advance. Your payment may also change if the annual percentage rate increases. Each time 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 original 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 the smaller of \$100.00, or the full amount that you owe.

MINIMUM PAYMENT EXAMPLE: If you made only the minimum monthly payment and took no other credit advances it would take 16 years 8 months to pay off a credit advance of \$10,000 at an **ANNUAL PERCENTAGE RATE** of 9.5%. During that period, you would make 199 payments of \$100.00 and one (1) final payment of \$8.17.

FEES AND CHARGES: You must pay certain fees to third parties to open the plan. These fees generally total between \$245.00 and \$2645.00. The credit union may pay some of these on your behalf. If we do, and you close your plan with 36 months of the opening date, you agree to reimburse the credit union for the bona fide third party fees paid on your behalf. If you ask, we will provide you with an itemization of the fees you will have to pay third parties.

PROPERTY INSURANCE: You must carry insurance on the property that secures this plan. If the property is located in a Special Flood Hazard Area we will require you to obtain flood insurance if it is available.

The following notice is required by New York law. You are required to obtain property insurance on the property that is security for your mortgage loan. We cannot require you to obtain an insurance policy in excess of the replacement cost of the improvements on the property securing the loan.

REFUNDABILITY OF FEES: If you decide not to enter into this plan within three business days of receiving this disclosure and the home equity brochure, you are entitled to a refund of any fee you may have already paid.

TRANSACTION REQUIREMENTS: If the credit union pays bona fide third party fees on your behalf, a minimum initial advance of \$10,000.00 is required at closing. The minimum subsequent advance you can receive is \$250.00.

TAX DEDUCTIBILITY: You should consult a tax advisor regarding the deductibility of interest and charges for the plan.

VARIABLE RATE FEATURE: This plan has a variable rate feature and the annual percentage rate (corresponding to the periodic rate) and the minimum payment may 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. The index is the Prime Rate published in the Money Rates column of the *Wall Street Journal*. When a range of rates has been published the highest rate will be

used. We will use the most recent index value available to us as of 30 days before the date of any annual percentage rate adjustment.

To determine the annual percentage rate that will apply to your account, we add a margin to the value of the Index. The initial annual percentage rate may be "discounted" - it may not be based on the index and margin used for later rate adjustments. An initial discounted rate we have offered recently has been in effect for 36 months. Any initial discounted rate will be disclosed on the Addendum you receive at closing. Ask us for the current index value, margin, discount availability and annual percentage rate. After you open a plan, rate information will be provided on periodic statements that we send you.

RATE CHANGES: The annual percentage rate can change annually on the anniversary date of opening your plan. The rate cannot increase or decrease more than 2.0 percentage points in any one year period. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 15.0% or the maximum permitted by law, whichever is less. However, under no circumstances will your annual percentage rate go below the floor rate disclosed on the Addendum you receive at closing. The floor rate that will apply to your plan will be based on your creditworthiness. For purposes of this Early Disclosure we have used a floor **ANNUAL PERCENTAGE RATE** of 5.0%. Your floor rate may be different.

MAXIMUM RATE AND PAYMENT EXAMPLES:

Discounted Plan: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.0% would be \$129.00. This annual percentage rate could be reached at the time of the 72nd payment.

Non-Discounted Plan: If you had an outstanding balance of \$10,000, the minimum payment at the maximum **ANNUAL PERCENTAGE RATE** of 15.0% would be \$129.00. This annual percentage rate could be reached at the time of the 72nd payment.

HISTORICAL EXAMPLE: 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 past 15 years. The index values are from the last business day of January of each year. While only one payment per year is shown, payments may have varied during each year.

The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

WALL STREET JOURNAL PRIME RATE INDEX TABLE

Year (as of the last business day of January)	Index (Percent)	Margin ⁽¹⁾ (Percent)	DISCOUNT		NON-DISCOUNT	
			ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)	ANNUAL PERCENTAGE RATE	Monthly Payment (Dollars)
2010.....	3.250	1.00	3.490 ⁽²⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2011.....	3.250	1.00	3.490 ⁽²⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2012.....	3.250	1.00	3.490 ⁽²⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2013.....	3.250	1.00	5.000 ⁽³⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2014.....	3.250	1.00	5.000 ⁽³⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2015.....	3.250	1.00	5.000 ⁽³⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2016.....	3.500	1.00	5.000 ⁽³⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2017.....	3.750	1.00	5.000 ⁽³⁾	100.00 ⁽⁵⁾	5.000 ⁽³⁾	100.00 ⁽⁵⁾
2018.....	4.500	1.00	5.500	100.00 ⁽⁵⁾	5.500	100.00 ⁽⁵⁾
2019.....	5.500	1.00	6.500	100.00 ⁽⁵⁾	6.500	100.00 ⁽⁵⁾
2020.....	4.750	1.00	5.750	100.00 ⁽⁵⁾	5.750	100.00 ⁽⁵⁾
2021.....	3.250	1.00	5.000 ⁽³⁾		5.000 ⁽³⁾	
2022.....	3.250	1.00	5.000 ⁽³⁾		5.000 ⁽³⁾	
2023.....	7.500	1.00	7.000 ⁽⁴⁾		7.000 ⁽⁴⁾	
2024.....	8.500	1.00	9.000 ⁽⁴⁾		9.000 ⁽⁴⁾	

⁽¹⁾ This is a margin we have used recently; your margin may be different.

⁽²⁾ This **ANNUAL PERCENTAGE RATE** reflects a discount that we have provided recently, your plan may be discounted by a different amount or it may not be discounted at all.

⁽³⁾ This **ANNUAL PERCENTAGE RATE** reflects a 5.000% floor.

⁽⁴⁾ This **ANNUAL PERCENTAGE RATE** reflects an annual percentage rate periodic cap of 2.000% per year.

⁽⁵⁾ This payment reflects the minimum payment of \$100.00.